

Leave of Absence

Saturday, November 28, 1992

HOUSE OF REPRESENTATIVES

Saturday, November 28, 1992

The House met at 9.40 a.m.

PRAYERS

[MADAM SPEAKER *in the Chair*]

LEAVE OF ABSENCE

Madam Speaker: Hon. Members, I have granted leave of absence for today's sitting to the Member for Tabaquite, Dr. C. Singh.

**APPROPRIATION BILL
(BUDGET)**

[FOURTH DAY]

Order read for resuming adjourned debate on question [November 20, 1992]:

That the bill be now read a second time.

Question again proposed.

Mr. Ramesh Lawrence Maharaj (*Couva South*): Madam Speaker, the hon. Minister of Finance has described the budget as from stabilization to growth. It would seem to me that a more apt description would have been from stagnation to pauperization.

The fiscal measures outlined in the budget and the policy upon which the measures are based are rooted in structural adjustment principles and prescriptions which are being imposed upon countries, and Trinidad and Tobago, in particular, by the multilateral agencies and institutions. The economic doctors of these agencies consider that this prescription is one for growth in the individual countries. In examining the fiscal measures and policies, one has to see whether true development and growth can occur as a result of the policies and measures which have been adopted by the Government of Trinidad and Tobago.

Madam Speaker, the hon. Member for Diego Martin Central stated that the budget can be likened to the stages in which a butterfly develops. What he said is that we are now at the stage of the cocoon, and that ultimately we would get into that beautiful butterfly. The People's National Movement, from 1956—1986 had the cocoon, and they allowed the butterfly to fly away. What they want to do now

Appropriation Bill (Budget)

Saturday, November 28, 1992

[MR. MAHARAJ]

is catch the butterfly, but they do not have the creativity to catch it. For 30 years this cocoon has developed, but they allowed the butterfly to escape; now they want the butterfly to return. In order for the butterfly to come back, they expect to stand at attention and adopt the policy of the World Bank, the IMF and the multilateral agencies, with no creativity.

What the measures of this budget are about, is whether we as a country, and we as an Opposition party, are going to endorse the economic independence of Trinidad and Tobago to be taken away. Whether we are going to endorse the action of a Government being like a robot and merely accepting what is handed over to them.

What I intend to do is to deal a little with the structural adjustment policies which have been followed, and to examine, in some of the countries of the world, from writings, what effects these policies have had on the people of the particular area, and in effect, on the people of the world. What has happened in Trinidad and Tobago, with the greatest respect to the Government, is that economic planning is apparently abandoned and the Government has, in effect, allowed the international agencies to usurp that function.

When one looks at the structural adjustment policies under which the Government of Trinidad and Tobago has been getting these loans; and the records—and one sees where the country expects to get the moneys from over the next few years, one would see almost all of the money is going to be raised externally. Therefore, the policies of these agencies are important in order to see whether we are going to continue adopting this policy.

Madam Speaker, with that policy the power of the state—and the state, really, is the expression that represents the people of Trinidad and Tobago—has been weakened. The state's role is merely regarded as an implementor or facilitator of policies which it has not created. It has abandoned the role as an initiator, as a governor of the people, and in effect, has adopted the role of facilitator.

I have enumerated, in my own way, some of the characteristics of the structural adjustment policies which are common, and what I intend to do, after I go through some of these characteristics, I would like to refer the House to some recent learning on the effects of structural adjustment policies. I would like to refer the House, later on, to a passage from a book *Storm Signals, Structural Adjustment and Development Alternative in the Caribbean*, a 1992 publication, which analyzes, in great detail, the impact and effect of structural adjustment

policies in the Caribbean. There is a book *The IMF and the South, The Social Impact of Crisis and Adjustment*; then there is a book, *The Poverty of Nations, a guide to the debt crisis*. There is an article which contains a lecture on the topic "The impact of external debt and adjustment policies", by Mr. Leonor Briones, the President, Freedom from Debt Coalition, Philippines, published in a magazine called *Torture*. *Torture* is a non governmental institution affiliated to the United Nations, and it sponsored an international symposium on debt under the heading "Democracy, Development and Human Rights."

Madam Speaker, some of the main characteristics of structural adjustment policies they are asked to invoke:

- (i) to adopt policies intended to increase export measures and lower the cost of producing same, such as on earnings and wages;
- (ii) removal or reduction of tariffs and levies on exports;
- (iii) decrease public spending on services to local citizens including health, education, housing, sanitation or other activities that do not enhance export earnings;
- (iv) dismantling, scaling down or sale of government-owned enterprises;
- (v) reduction of the number of government employees;
- (vi) lower wages;
- (vii) opening up domestic markets to foreign based exporters;
- (viii) privatization;
- (ix) free zones, EPZs;
- (x) devaluation.

Well, we have not had that yet from the Government of Trinidad and Tobago.

I think I will be correct in saying that most of those characteristics have appeared on the local scene, in respect of the economic policy—and I say it with great reservations of Trinidad and Tobago.

9.50 a.m.

When I say that in this context I mean, the economic policy of Trinidad and Tobago as adopted by the Government of Trinidad and Tobago from the multilateral agencies. The horrendous story is that these policies have shown that

Appropriation Bill (Budget)

Saturday, November 28, 1992

[MR. MAHARAJ]

they have drained the natural and human resources of countries, they have created extremes of wealth and poverty; have inflicted terrible human suffering on people, have created unemployment, a decline in the living standards, decaying services, decreasing food self-sufficiency, and have caused degradation of the environment. These are not exhaustive. These are some of the things in societies which structural adjustment has caused.

If I may refer to the book the '*Poverty of the Nations*'. It is published by Zed Books Limited and edited by Elmar Altvater. It is a 1991 publication. What this book has done is to examine the situation from Argentina to Zaire and has come up with the analysis.

Page 33 states:

'IMF policy on conditionality and the IMF's measures of adjustment'

"According to the IMF's own statements, the objective of a conditioned adjustment programme is 'to restore soundness to the balance of payments within the context of price stability and self-financing economic growth and without recourse to measures which restrict the freedom of trade and the free flow of capital'. A glance at the practice to date reveals, however, that the medium-term restoration of equilibrium to the balance of payments ranks above all other objectives. On the assumption that imbalances in the balance of payments are the result primarily of excess demand and distortions in the structure of relative prices, the measures of adjustment are aimed chiefly at curbing demand by limiting credit expansion, reducing the budget deficit and lowering real wages. The devaluation of the national currency of the country concerned is also intended to increase export production and reduce the demand for imports.

The shortcomings of such adjustment programmes are obvious: cutting public-sector spending and controlling demand by means of high interest rates and currency devaluations has a negative effect on the process of capital formation. Investment opportunities for local entrepreneurs are restricted, and vital primary products can no longer be financed, while all obstacles to financial transactions of a speculative nature are removed. This results in falling production, rising costs and rising prices.

Likewise, the insistence on the deregulation of Third World economies according to the motto 'getting the prices right', in other words the stimulation of production and investment through the creation of 'fair market' prices, has

consistently shown itself to be dysfunctional according to immanent criteria, among them; structural deficits typically found in Third World economies, such as inadequate transport and marketing systems; a lack of industries engaged in primary production; and insufficient warehousing, all of which continue to be ignored.

In fact, IMF crisis management leads regularly to economic overkill for the debtor economies: the GNP declines, the volume of imports has to be cut and investment falls. The principal victims of failed adjustment policies are the members of the lower social strata. For the majority of the population the so-called elimination of inefficiency in the public sector and the introduction of market-oriented prices policies mean, invariably, mass redundancies, the withdrawal of subsidies on basic foodstuffs and public transport, and cuts in public health services and education. As a result, many countries have seen 'IMF riots' during the 1980s, spontaneous acts of resistance to the economic conditions dictated by the IMF.

On account of its rigid austerity programmers also becoming caught in a huge volley of international criticism, the IMF has recently responded with its own study of the effects of its policies on distribution policy. It refutes cynically an allegation levelled repeatedly at the organization that the abolition of prices fixed by the state and cuts in subsidies on foodstuffs increase social hardship, privation and suffering in the debtor nations, saying:

'the application of prices fixed by the state as a means of improving income distribution in favour of the extremely poor is severely limited by objective conditions of poverty. In order to benefit from subsidies one must have the conditions of poverty. In order to benefit from subsidies one must have the purchasing power necessary to acquire subsidized products in the first place.'

Even the former president of the Central Bank of Brazil, C. Langoni, well-known for his adherence to the monetarist Chicago School, has spoken out against the misanthropic ignorance of this policy.

"It is totally unjust that the developing nations should bear the whole burden of the process of adjustment through a decline in real income per head. There are indications that the average profit rates of the commercial banks are not falling, but may instead be rising as a result of debt restructuring...The accompanying social costs are higher than necessary, even if one takes into

Appropriation Bill (Budget)
[MR. MAHARAJ]

Saturday, November 28, 1992

account real economic constraints. The IMF has not yet been able to find an acceptable way to deal with economic structural problems; such adjustments take time. The Fund is asking too much too soon. Since pressure to embark upon a programme of adjustment materializes so suddenly, there is often a dangerous conflict between the demands made by the Fund and that which is politically and socially acceptable within a country."

Madam Speaker, a book written before that, but it is called *The IMF and the South—The Social Impact of Crisis and Adjustment* edited by Dharam Ghai and published by Zed publications. Page 5:

'Adjustment under International auspices'

"The new policies represent a significant break with those associated with the post-war model. Economic planning has been all but abandoned by most countries. There is increasing reliance on market forces for regulating the economy. Price controls and subsidies are yielding place to price determination by supply and demand. Industrialization is no longer being promoted by deliberate policy measures; instead, greater incentives are being given to production of primary commodities. Likewise, the quest for a more integrated national economy has given way to efforts at export promotion. There is increasing liberalization of foreign trade and payments. Greater national ownership and control of the economy are no longer priority objectives of development policy. The "emphasis is instead on incentives to foreign investment and privatization of state properties and their sale to foreign interests. There have been cut-backs in social services and the tax burden has become more regressive in many countries.

The new policies are likely to have far-reaching economic, social and political consequences. Some of these are already visible. In many countries, the relative importance of industry has declined with a corresponding rise in the share of agriculture, mining or services. The formal sector is losing in importance to small-scale and micro-enterprises. There have been significant changes in the level and share of income of different social groups. The urban working classes and sections of the middle classes have been impoverished. Certain groups of persons deriving their income from capital have prospered while others have suffered losses. These changes have given rise to a wide variety of individual and collective strategies of survival. Some of the established social organizations, such as the unions, and co-operatives, have

declined in power and influence in many countries while new ones, such as neighbourhood and self-help groups, have emerged to assist the basic-needs provisioning of the marginal sections of the population.

The power and the reach of the state have declined in practically all countries affected by economic crisis and adjustment measures. There has been transfer of economic decision-making from the state to foreign creditors. The squeeze on state finances has compelled the governments to reduce public services, infrastructural investment, employment and wage levels in the public sector. The growing privatization, marketization, informalization and internationalization of the economy mean that an increasing proportion of economic activity is slipping beyond the direct control of the state. The power of the state has been further weakened by the loss of qualified officials, decline in morale of the public servants and increase in ethnic and religious conflicts and in crime, violence and lawlessness.

The major beneficiaries have been the groups associated in one way or another with the international economy. The two major consequences of the new policies have been the internationalization and informalization of the economies in Africa, the Caribbean and Latin America. The crisis and the new policies have led to a blurring of class distinctions and weakening of the established social organizations and institutions. Together with a massive decline in state power, the social and political situation has become fluid and uncertain, with at best ambiguous prospects for stability and democracy."

10.00 a.m.

Mr. Mottley: Can the hon. Member state why he always reads from the front of these books and never from the middle or the back?

Mr. Maharaj: I was not aware of that. I can assure you what is in the front is also in the back. I can lend him the books so that he can reply.

The power of the state being decreased is a serious matter, especially in economic planning and in its ability to provide services for its people, because when the power of the state is decreased, it means that the power of the people is decreased, and the people become weaker. In effect, it is a form of recolonization.

Coming closer to home, I would like to recommend a more recent book, *Storm Signals*, published in 1982 by Zed Books, to the hon. Minister of Finance. I do not know if he has read it, but it is written by Kathy McAfee, a well-known scholar

Appropriation Bill (Budget)

Saturday, November 28, 1992

[MR. MAHARAJ]

with great experience, associated with Oxfam. It analyzes the effect of the structural adjustment policies in the Caribbean, including Trinidad and Tobago, and she has come up with certain conclusions. The book, in effect, gives alternatives as to what the Government can do. I will read some of the headings because I do not want to take up much of my contribution with the alternatives.

What I would like to do with respect to this book is to refer to two pages and they are not at the beginning, they are at the middle and the end. On page 67, The IMF/World Bank Prescription. It states:

"The devastation wreaked upon the Caribbean peoples, through economic policies whose true purpose is hidden from us, is crushing our hopes for a better future. It is increasing poverty, especially among women, breaking up families, and deepening the cries and pain of our children, even those yet to be born. The dependency syndrome purposely designed to save the US interests has tied our economies in debt and each one of us is forced to pay until we reach our death bed. It is really a recolonization by the North of the South".

This is a quotation from Josephine Dublin. And then the author in the chapter, *Adjusting the Caribbean*, dealt with it to show that what she said was correct.

At page 159, in, *Towards Alternatives*, what the author did was take a quotation and demonstrated that from the facts which existed in the countries what the quotation said is correct. For my purposes, I can make the book available to the Minister of Finance. I am prepared to lend him the book provided he returns it to me. I have no doubt that he would because it is very interesting to see that there are alternatives to these problems.

At page 159:

"The food crisis which is looming in the Third World already raising its ugly head in Africa, will make the debt crisis and the oil crisis of the 1980s and 1990s look like a Sunday picnic. Thus, regardless of what CBIs or other measures presented by officialdom, the Caribbean peoples must maintain the capability to grow and market the basic foods on which the bulk of the population can survive."

When we talk in our budget about the emphasis put on agriculture, one sees that the Government is not putting sufficient emphasis to displace the effects of these adjustment policies.

If I may just whet the appetite of the hon. Minister a bit, by quoting, from page 159, the headings under which there can be alternatives:

“Increased food production for local sale and subsistence

Agro industry and other linkages between farming and non-farmed sectors of the economy

A new approach to import substitution

A new type of tourism, and

Reversing the brain drain.”

For about 100 pages or so, I think, the author has demonstrated that these alternatives, if considered seriously, can work and the Caribbean people can be saved from a situation where, if the policy is continued, the Caribbean people would not have a future. I am no expert in this field, but over the last years I have done extensive reading, and from what I have read, it would seem to me that unless we, as a Caribbean people, and the nation of Trinidad and Tobago consider some way of becoming creative in dealing with this problem, we are doomed to failure.

As a matter of fact, when the hon. Minister was reading his budget I wondered if I were a school child listening to that budget, what future I would say Trinidad and Tobago held for me. Was I going to be listening to a situation where a government, because of the policies that have been adopted, and we have decided to ratify, are we going to be concerned merely with fixing the books and with paying debt and interest. Are we not going to have some initiative of ourselves to create alternatives? I am sure my Friend the hon. Member for St. Augustine would give you the facts and figures where you would see that with this policy there is no future for Trinidad and Tobago.

Before I move from this point, I would like to quote from the lecture printed in the *Torture Magazine*, which says:

"The specific experiences of indebted developing countries indicate that models of development implemented by these countries constitute a major factor in the escalation of external debt to unmanageable proportions. The development models followed by many developing countries that premise on massive external borrowing..."

and then it went on as to what happens—

Appropriation Bill (Budget)

Saturday, November 28, 1992

[MR. MAHARAJ]

"On the other hand adjustment policies which were undertaken by developing countries as part of their recovery programme proved disastrous to development goals and aspirations. If we take into consideration the United Nations definitions of development, where man is the object of development and not its victim, it is obvious that adjustment programmes ironically had anti-development effects. As conceived and implemented adjustment programmes are targetted toward perceived problems in the economy, these are instruments of economic policy with very heavy social and human implications. At the same time adjustment policies as implemented by indebted developing countries had very serious human effect implications. These policies were implemented without public consultation. The sectors most affected were the poor, the marginalized the women and the children."

That is the point made by the hon. Member for Chaguanas.

"As the decade of the 1990s commences, it is therefore most appropriate that a global consultation be conducted on the development of human rights."

Then, Madam Speaker, Adjustment Policies a Cure for All

"While the objective is to adjust the economy, the real target of adjustment are the people. They get thrown out of their jobs, their incomes are reduced because of rising prices and they pay more for basic commodities and necessities. Adjustment involves changes in economic policies, actually, it is the people who are adjusted out of their jobs, homes schools and, in extreme cases out of existence.

What has been the result of these massive adjustment operations?

10.10 a.m.

The World Bank and IMF recognize the direct link between their adjustment programmes and rising levels of poverty. Perhaps, the most comprehensive evaluation of the impact of adjustment on developing economies is the well known study by UNICEF, *Adjustment With A Human Face*. It is a moving plea for protecting the vulnerable who have been hardest hit by adjustment programmes simultaneously conducted during the 80s.

It would seem to me that where we have fiscal measures based upon a policy which could have that effect on a population, it is very difficult for me to support it. What is revealing is that the Members of the PNM when in opposition, whilst the

NAR Government was perpetuating this policy, was in effect implementing this policy has a lot to say in the book, *In Defence Of The People's Rights*.

Hon. Member: Interests.

Mr. Maharaj: *In Defence Of The People's Interests*. I am much obliged to the hon. Minister. It seems to me that I only think of rights and not interests.

In this debate, I would like to introduce in my contribution a passage about which I asked the Minister of Public Utilities, last night. Page 63 states:

"Setting The Stage For Social Unrest by Morris E. Marshall

There is no question about it, Trinidad and Tobago is in serious trouble. Gradually, the workers of this country are being pushed against a wall, by an unconscionable National Alliance for Reconstruction (NAR) Government."

I will like to substitute NAR for PNM and adopt the remarks of the hon. Minister of Public Utilities.

"Very soon, the workers' patience will run thin and they are going to respond. I fear that the outcome may have far-reaching, social and economic implications for the entire country."

I adopt the remarks of the hon. Minister.

"It is to be made absolutely clear that, from the onset, the problem at W.A.S.A. and P.T.S.C had its genesis in the Government's irrevocable commitment to the demands of foreign forces that approximately 4,000 workers be dismissed from these two utilities as a pre-condition for the approval of a Structural Adjustment Loan (SAL) \$40 million from the World Bank.

In fact, the relevant Cabinet Minute (No. 1007) points out with respect to W.A.S.A. 'Trinidad & Tobago will be required to agree to phase out central government transfers to W.A.S.A. except in respect of the financing of essential capital expenditure.' This in reality meant mass retrenchment. The Minister of Public Utilities subsequently confirmed that 2,000 W.A.S.A. workers would have to go.

Obviously, this callous and irresponsible decision does not take into account the far reaching social and economic cost to the workers, their families and, indeed, to society as a whole."

Appropriation Bill (Budget)
[MR. MAHARAJ]

Saturday, November 28, 1992

I adopt those remarks made by the hon. Minister of Public Utilities.

I find it very difficult and I think that we as a nation, have an immense challenge. This policy threatens our sovereignty. We have to work to regain our sovereignty and develop our resources for the benefit of the people of Trinidad and Tobago. The most valuable resource of Trinidad and Tobago is the people, and unless a government is able to mobilize the human resources so that the country would recognize the problem and work towards it; that the country is working towards an aim and there is fair play and equity, if we do not do that, this country cannot go forward.

Therefore, a condition precedent for any economic policy in Trinidad and Tobago to work, whether it be a policy evolved and devised by the Government, or a policy which is adopted by a government, whatever the policy, for that to work, the people must make it work. Unless a government can mobilize and get the people united behind that policy come hell or high water it would not work.

I think that one of the first things this Government must consider is that it has to be creative. It must determine that it is not going to follow this policy. We have to create a policy which would bring economic salvation to the people of Trinidad and Tobago. Secondly, that as a government, we have to do what we say. That is when we say we are going to be equitable, fair and act within the law, we must follow it with our actions.

One of the points raised by the hon. Member for Couva North is the equal opportunities commission. Whenever that is raised, for some reason or other people get the impression that what we on this side of the House are talking about is ethnic discrimination and discrimination only as against Indo-Trinidadians. Over the last year, I have had all kinds of people coming to me.

Even before I entered politics, I had people of all different ethnic and religious backgrounds coming to me. When we stand and talk about equality—as a matter of fact I have had letters from people from Laventille and all over—we are not talking about equality for one section, but equality for all. The reason why I am bringing this up is unless—the Government, where it is enlarging its administration of state funds, we talk a lot about LIDP, but there are other areas—machinery is put in place in which the perception would be that people are getting it on the basis of entitlement and not on the basis of favours, we are going to be in serious trouble in Trinidad and Tobago.

History has taught us and we must learn from history that when a government executes its wishes and programmes, unless those programmes are executed in a way in which the perception of inequality, political manipulation, nepotism or corruption can be out of the scene, or there is some machinery or that perception for it to be agitated, that society ends up in difficulties. It does not matter how long you cap it down, it ends up in difficulties.

We cannot mobilize the people of Trinidad and Tobago, if we are going to turn a blind eye to suggestions, which in other parts of the world with similar problems as ours, have been taken to ensure there is the elimination or reduction of this perception.

I would now like to deal with some of the fiscal measures. I think I would be correct in saying that the fiscal measures constitute an attack on the ordinary man in Trinidad and Tobago. I will show that. The fiscal measure will impact negatively on growth. Small businesses will be affected. Having regard to the high rate of interest in Trinidad and Tobago, there could be no expansion and there will be a reduction in the disposable income of people.

The hon. Member for Tobago West stated that this was a deceptive budget. It was and it is because it gives the impression that since it contains no increases in direct income tax rates, and petrol, alcohol or cigarette, that it does not affect the ordinary man, but it does. The real sting in this budget is in the increases contained in the Provisional Collection Of Taxes Order.

10.20 a.m.

The hon. Minister of Finance mentioned in his budget that there would be some increases. I wrote him a note to ask him how much the Government intends to raise by these measures. So far I have gotten no reply but what I intend to do—I cannot do all—I intend to go through some of these increases to show this House and the country the sting in this budget.

Madam Speaker, the attack on the poorer section of the community can be seen from the measures which include the increased cost of goods and services. As an example, LPG, domestic gas, kerosene and diesel fuels. That, obviously, would affect disposable income and would have an impact on a person's income.

The cost of home ownership has been affected by a reduction in the mortgage interest claims. You will remember, Madam Speaker, that the Minister announced that the allowable deduction for mortgage interest payments in respect of

Appropriation Bill (Budget)

Saturday, November 28, 1992

[MR. MAHARAJ]

residential properties used either by or on behalf of the owner or used rent-free by the occupier, will be reduced from \$36,000 to \$24,000 per annum.

The increase in stamp duty on transfer of property would have an impact on the disposable income. Overseas travel would be affected by the increase of departure tax.

Madam Speaker, let us look at some of the measures before I deal with the Provisional Collection of Taxes Order. The bridging finance: The interest paid by an individual in respect of bridging finance for the construction of a dwelling house to be used as a private residence will be allowed as a deduction. Interest on such bridging finance is capped at \$24,000 in any year.

Madam Speaker, whilst the Minister gave some relief in respect of bridging finance—which spans normally one or two years—he has reduced the relief in respect of mortgage interest, the loss of which is relevant over the whole life of the mortgage. So one sees, depending on the taxpayer's marginal tax rate, the loss could be as much as \$4,800 a year.

My view of that is confirmed in a letter focussed on the Trinidad and Tobago 1993 budget by Ernst & Young. Madam Speaker, the apparent relief for poor people on newly constructed properties, the Minister announced that he will exempt from personal income tax up to the year 2000 and the benefits will accrue to the original owner or any subsequent purchaser, rental income that accrues from residential, industrial and commercial properties, gains of profits including capital gains derived from initial sale of such newly constructed properties. The conditions applied to such properties: The construction must begin after January 1, 1993, and be completed by December 31, 1994.

Mr. Valley: Madam Speaker, I wonder whether the hon. Member could inform us of the minimum limit of such houses and whether that limit suggests if that benefit is for old persons. I am simply making the point, Madam Speaker, that the benefits for the low-income owner are already on the legislation.

Mr. Maharaj: Madam Speaker, I do not understand what the Minister is saying, with respect to the newly constructed property.

Mr. Valley: The minimum limit is \$250,000. What I am saying is that benefit is for construction, it is not for old persons. The benefits for the low-income or middle income persons are already in the legislation.

Mr. Maharaj: Madam Speaker, perhaps the Minister could say whether the present exemption which applies to newly constructed residential property, the cost of which falls below \$250,000, would remain in force.

Mr. Valley: Yes.

Mr. Maharaj: Even if it remains in force, I want to say that this measure would not benefit poor people.

Mr. Valley: But it is not directed to low-income persons.

Mr. Maharaj: Madam Speaker, I am saying that this measure will benefit rich people and it will benefit persons who are already in place to reap it.

Mr. Valley: Madam Speaker, the benefit is designed to stimulate the construction sector. It will benefit the low-income person by providing jobs for them in the construction sector, which is a main mover in the economy.

Mr. Maharaj: Madam Speaker, perhaps since the Minister is interested, he might be able to get the Minister of Finance to answer me. I would want the Minister of Finance to answer me in relation to a publication of November 3, 1992 in the *Guardian*, "Rush for million dollar condos":

"Six penthouse units costing over \$1 million each and not yet built, sold like hot hops yesterday, when a new housing development, The Towers, went on the market.

The development, described as 'dwellings of elegance', included apart from the penthouses other units ranging in price from \$770,000 to \$610,000 depending on the view and the proximity to the marina, which is part of the luxury scheme.

The development is situated at Westmoorings by-the-sea and sale of the luxury houses began yesterday.

The moving-in date is December, 1993."

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

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

Question put and agreed to.

Mr. Maharaj: I must thank hon. Members, Madam Speaker.

Appropriation Bill (Budget)
[MR. MAHARAJ]

Saturday, November 28, 1992

The point I am making is that since this is for rich people, I want the Minister to say whether projects which were on stream are now ready to go, whether the Government knew of those projects, whether the benefit of this relief was geared for those projects, and whether the Government is aware of any factor which can indicate that there is any political interest in any of these projects.

Madam Speaker, the business levy imposition is going to affect small businesses. So that cannot be for the benefit of the small man. That is the benefit for the rich, and the benefit of the very rich. This is a partisan budget. It is a budget which is going to destroy the middle class and pauperize the middle and the lower income groups. It is a budget which is going to make the strong stronger and the weak weaker.

Look how the budget has attacked the weak: Approved agricultural holdings. In agricultural holdings, they have, in effect, eliminated part of the exemption. What effect will that have? It must have an effect, in my view, on the viability of agriculture and ultimately on the price of food. So where can it be said in this budget that this is a budget for the poor people? It is not.

The other aspect of the budget, Madam Speaker, which is misleading, and I feel aggrieved about this, it is said that the steelband would become cheaper. But there is a hitch in that. As a matter of fact, it is not going to become cheaper at all. I would like to refer to what Ernst & Young said about this, at page 11:

"The Minister of Finance proposes to exempt from VAT the production and sale of steelband instruments. The effect of this would be that VAT would be payable on all of the inputs to manufacture these instruments, but the producers would not be able to recover any VAT through the VAT system and therefore would have to increase the price of the product to the consumer. The intention must be to relieve the national instrument from the imposition of VAT, the appropriate mechanism would be a zero-rating. This would allow the producer to get the refund of the VAT and still allow the purchaser to purchase these instruments without a charge to VAT."

They are experts. Therefore, unless the Minister of Finance—

Mr. Valley: That is what was intended.

Mr. Maharaj: If it was intended, why not say so? Madam Speaker, you see what has happened, it has taken this Government from 1956 to 1991 to recognize that the steelband is the national instrument of Trinidad and Tobago. In a simple

thing like that, when I would have thought that, in 1956, the Government would have recognized that the steelband was the national instrument of Trinidad and Tobago. So if it took 30 years to recognize the steelband, which the country and the Government are hearing every day, that is how they regard problems.

The old PNM became the new PNM, they got back into the office; they have come back now with VAT and they say they want to bring relief to the steelband movement. But they come and they do not say zero-rated, they say that is what they intend to do. That is the contempt which this Government holds for the people and its culture; it is the contempt which the Government holds for the steelband men in this country.

The hon. Member for Tunapuna read a letter signed by the hon. Member for Couva North and the hon. Member for Couva North will be making a statement under Personal Explanations at the next sitting. But I want to say that his information was totally erroneous.

Madam Speaker, the question of accountability: When the PNM presented its manifesto for the 1991 election, the Standing Orders were the same. The present Constitution with respect to accountability was the same. The Public Accounts Committee and the Public Accounts (Enterprises) Committee were both in place. But the PNM said that it recognized that there must be accountability at all levels.

What I want to show, is that in countries which have similar systems to ours, with similar systems in place, it has been recognized that Government in secret is a conspiracy to corruption. That is a recognized term. We have been asking for open government.

Madam Speaker, by 1979, in England, it was recognized that the growing power of the executive and the incapacity of the House of Commons to monitor, let alone control the actions of the ministers and of the civil servants created a problem. It created a problem because Parliament was not being effective to monitor, scrutinize and discharge its responsibilities to the population. It was regarded that there was an imbalance of power between Parliament and the executive in that the balance of power had shifted away from Parliament and towards the executive.

In 1918, the Parliament had set up a committee known as the Holdane Committee on the Machinery of Government. It wanted the committee to devise and recommend ways in which Parliament could, in effect, scrutinize executive policy. The Holdane Committee propounded a series of principles in which it

Appropriation Bill (Budget)

Saturday, November 28, 1992

[MR. MAHARAJ]

stated that efficient organization of the central government was necessary and that it could not have been done unless there were investigatory committees to monitor the activities of the executive.

By 1979, the situation had grown very bad in England. There was condemnation by the Opposition about the Government administering government in secret and that there was the risk of corruption, misuse and abuse of power. A committee was appointed on procedure and, in 1979, it was decided to have several select committees in order to monitor every aspect of Government in England. From 1979 to now, that has worked.

Madam Speaker, I do not want this debate to get into the pros and cons of anything, because there will be opportunities for that—with respect to contracts, contracts have been awarded to X, Y, or Z. The situation at the airport may not have developed if we had such a committee to monitor and oversee the situation. There would be no need to appoint a special person to investigate that. If there was such a committee, it would have protected the rights of the public and the Government could not say that they are selling Farrell House hotel for X dollars without the public knowing the basis of that price, the valuation of that price, how it was arrived at, whether it was a marketable price or not, who the owners are, whether there was any abuse or misuse of power.

So that what happened in England in 1979—and perhaps the hon. Member for Diego Martin Central would like to take these words being the leader of the House—in 1979, when they implemented the proposal in England, this is what was stated about those committees:

"The most important parliamentary reforms of the country is to redress the balance of power to enable the House of Commons to do more effectively the job it has been elected to do."

Mr. Valley: If my friend would give way, is it not a fact that Drury—I am sure that is the book from which he is quoting—after reviewing all these committees, made the point that the Public Accounts Committee remains that most important committee, up to today? What we were saying, quite simply, is that we are willing to look at whatever amendments he wants to the Public Accounts Committee, did he not make that point?

Mr. Maharaj: I am not on whether it is the most important. I am on the fact that, in England, it was recognized that the Public Accounts Committee was totally inefficient in the set-up to deal with the problem. We are not saying that the Public

Accounts Committee is not good, we are saying it is not sufficient to deal with the matter.

Madam Speaker, an Independent Senator reported in the *Guardian* recently—I do not have the date—as saying that "There is need for fiscal reform"—Independent Sen. Mansoor. You see, we are being irresponsible when we talk about parliamentary reform to protect the rights of the public. If we are irresponsible, then a Senator who asks for it is also irresponsible and the British Government is irresponsible in rejecting the present system that we have and considered needing reform. The American Government is irresponsible in rejecting the system under which we operate for having a system in which there can be accountability.

Madam Speaker, I would show why they do not want it.

Mr. Valley: Madam Speaker, let me just say once more, what we are saying, quite simply, is that we and they know that the Public Accounts Committee is not functioning effectively. Let us get that committee to do its work. We are a small parliament. We do not have 652 Members.

Mr. Maharaj: Madam Speaker, I would like to get my maximum time, so I hope I would get injury time.

Madam Speaker, the Constitution Commission in 1974, in Trinidad and Tobago, recognized that the present system was not in the public interest and the Commission consisted of the following men: The right hon. Sir Hugh Wooding; the hon. Mr. Telford Georges; Mr. Mitra Sinanan—well he gave a minority report—Mr. Michael de La Bastide; Mr. Gaston Benjamin; Mr. Julius Milton; Mr. Solomon Latchman; Mr. Reginald Dumas and Dr. Anthony Maingot.

In their report, under "parliamentary committees", starting from page 9, one would see that it was recognized:

"Accordingly, we recommend the importance of the committee system should be emphasized by enshrining in the Constitution itself the following committees to deal with specific areas of policy and legislation."

So, in effect, they were saying that committees should deal with policy and legislation, finance and estimates, Public Accounts Committee, public accounts committee statutory authorities and nationally controlled companies.

Mr. Valley: But we have all of those.

Mr. Maharaj: Madam Speaker, at page 91, paragraph 267:

"The Committee will be entitled to call for public comments on bills, to summon Members, et cetera."

Madam Speaker, the Constitutional Commission, in 1974, decided that Government in secret is bad.

Perhaps I could enlighten the Attorney General about a book, "Public access to government-held information". But before I refer it to him—because I want to show him that the modern trend in the world is for government not to hold information to itself and it is not an act of mercy, it is what the public is entitled to and the public is entitled to know what decisions they are making to affect their money. It is taxpayers' money; it does not belong to them.

As a citizen, I would like to say this, before I refer to the book: A citizen of a democracy is entitled to be informed about the operations of the executive government. This is so, because it is fair that any Government allowed to work in secrecy will abuse the power entrusted to it. Secondly, simply that openness of governmental processes is essential to good Government. The withholding of information—and equally important—the power to release information, at an opportune moment, are very powerful weapons in the hands of politicians in office and staying in office may, in effect, depend upon the maintenance of that power.

The essence of democratic Government is that the public should have the right to be informed of the circumstances in which decisions are being taken in their name and at least have an opportunity to express their views.

Madam Speaker, in which country do you have decisions to sell state assets and the country does not know the basis upon which you are making that price? They have no idea whether that is a good price or a bad price. That is information which the public is entitled to know.

The only reason Government would want to perpetuate such a situation is to keep the public uninformed about what is happening.

How much more speaking time do I have, Madam Speaker?

Madam Speaker: About 12 more minutes.

Mr. Maharaj: Madam Speaker, this book, *Public access to Government-held Information*, page 2, quoting from John Stuart Mill:

"The proper function of a representative assembly was to watch and control the Government, to throw the light of publicity on its acts, to compel full exposition and justification of all of them, which any one considers questionable, to ensure them if found commendable and if the men who compose the government abuse their trust, to fulfill in a manner which conflicts with the deliberate sense of the nation to expel them from office."

Woodrow Wilson, President of the United States:

"Everybody knows that corruption thrives in secret places and avoids public places and we believe it is a fair presumption that secrecy means impropriety. The concept of the official secret is a specific invention of the bureaucracy and defends nothing so fanatically as this attitude."

So you see, in secret government, there is a presumption of impropriety.

Madam Speaker, in accountability the governments which have embarked upon privatization, and there is a book, *Privatizing Public Enterprises*, by Anthony Prosser, it is a recent book. In that book, one would see that a study was done with respect to the checks and control to protect the public in privatization, in investment.

What happened, Madam Speaker, one sees that when Government is selling shares, it is selling assets of the company, it sets up machinery whereby the pricing of those shares and the assets can be tested by public opinion as to whether it was a low price or not. Because it is not unknown that governments throughout would enter into secret arrangements so that political partners can benefit from a sale.

What has happened, Madam Speaker, quite recently in the European Court of Human Rights, I think in respect of France, there was no such machinery and the Government did not get an independent valuation and the European Court held that the Government had violated the rights of the people of France.

So when they are talking about accountability, I would like to remind them that we are operating in a country in which the public is guaranteed fundamental human rights and the executive, in the discharge of its duties, in the exercise of its powers, is circumscribed by the provisions of the Constitution to ensure that the people's property is not taken away from them.

Madam Speaker, there is one aspect—since obviously I am the shadow Attorney General and Minister of Legal Affairs—I would like the hon. Attorney

Appropriation Bill (Budget)
[MR. MAHARAJ]

Saturday, November 28, 1992

General to tell this House how much money the taxpayer has paid to date in the recently concluded matter of Justice Crane against the Law Commission.

We would like to know, since we are discussing financial accountability, whether the Government intends to pursue that matter so that taxpayers will have to spend more money.

Madam Speaker, I would like, as the shadow Minister of Justice, to know from the Attorney General, in the light of the finding by the Court of Appeal, as evidenced by the judge, is the Government aware whether the Judicial and Legal Service Commission is going to continue to function, to make appointments to the judiciary and the magistracy and perform its function?

Secondly, I would like to know whether the Government is going to take steps, if any, in order to ensure that there be continued respect for the rule of law in respect of the decision, having regard to the impact of that decision.

I would like to know whether the Government has considered that if the Commission does not take steps, whether Government does not owe a duty—

Mr. Sobion: I wonder if my friend would give way. Madam Speaker, I just wanted to remind the Member for Couva South that this matter of which he is speaking is subject to final determination by another court and that under Standing Order 36(10), the Member ought to refrain from making comments which may affect the determination of the matter.

Madam Speaker: I think the Member is just generalizing and asking the Attorney General to take certain factors which he believes should be taken into consideration.

10.50 a.m.

Mr. Maharaj: Madam Speaker, the point I was making is whether the Government is going to bury its head in the sand or is it going to do its constitutional duty, if the commission on its own motion does not take any step, having regard to the impact of the judgment. Is the Government going to take action behind the scenes or take positive action to ensure that the Judicial and Legal Service Commission ceases to function and certain steps be taken that the chairman and members of that commission do not perform their functions until the determination of any final appeal?

If we are talking about investment climate in a country, and attracting foreign investors, we should take a lesson from Guyana. When in Guyana the perception of foreign investors was that the legal system was not right, that things were not good, what happened in that country was that the financial situation, the economy of the country went down.

There are important matters here and I would expect the Government not to bury its head in the sand. The Government owes a duty to the people of this country to take action in respect of that judgment. It has serious effects and repercussions on the life of this country, and any right-thinking Member would think the Government ought to take positive steps immediately by making decisions: One, is it going further? Is the Government going to appeal to the Privy Council? Is that commission going to function?

It is my view that the members of the commission should resign—Chief Justice included—until the matter is finally determined. The members of the commission and the Chief Justice should tender their resignation until the matter is completed. The resignation can either be effective if they want it to be effective or be held in abeyance until the matter is finished. That has happened. In societies, people do not have to be asked to tender their resignation. I place the questions in those terms. I place the questions that if on their own motion they do not want to do it—

Mr. Sobion: Madam Speaker, again, I want to make the point that what the Member is doing is making a judgment as to the conclusion of this matter which is still before a Court of Appeal of this country. The matter is before the Privy Council in that there is a machinery to get before the Privy Council. Quite apart from Standing Order No. 36 (10), the Member is dealing with the conduct of members of an independent commission and I think he is going too far. He is totally—

Mr. S. Mohammed: I challenge the Attorney General as to whether leave has been granted.

Mr. Sobion: Madam Speaker, I am speaking, I do not know what the Member for Caroni East is doing.

Mr. Panday: Point of order!

Mr. Sobion: If it is a point of order, then make the point of order.

Madam Speaker: The hon. Member for Couva South has indicated to the Chair that he wishes to pass on from that point. Please, let him move on.

Mr. Valley: Madam Speaker, I think before we pass on I want to ask for your ruling.

Madam Speaker: There is no need for any ruling at this point. He has finished and there is no ruling needed at this point. If the matter crops up again, then I will be required to make a ruling. There is no point in ruling when he is ready to move on.

Mr. Maharaj: Madam Speaker, I cannot find any better way of closing my contribution than by quoting Dr. Eric Williams when he presented his first budget to this House. He said on November 30, 1956:

"Today's Budget is not a collection of the pressures and individual lobbies which dominate our political scene. It represents, within the limitations of the extensive commitments inherited from our predecessors, the considered ideas of an organised Party, presented in our Election Manifesto, and based on extensive discussions among first the Ministers and then the Government Members, including the nominated Members, prior to exhaustive consideration by the Executive Council."

So he talked about consultation with the community, the party.

Madam Speaker, on television the other night, Mr. McLeod, President of the National Trade Union Centre, in the presence of Mr. Jackman, stated that the Government did not consult it in relation to the budget; and Mr. Jackman stated that the business community had extensive consultations with the Government.

I make this point because I am saying that, as Dr. Williams, in effect, said here in 1956, we must not have partisan budgets. In effect, what has happened is that the Government has betrayed its manifesto when it talked about consultation. It has betrayed the people and the trade union movement when it did not consult with them in order to decide upon policy with respect to the budget.

Thank you very much, Madam Speaker.

Mr. Mottley: Madam Speaker, if I can correct the records. That information, I did not hear the particular television programme, and I therefore assume that the hon. Member for Couva South is accurately reflecting what he heard. Whatever the facts, as happened on the programme, I categorically deny that I did not consult with the trade union movement. I called and did in fact have consultation with NATUC before the budget was prepared.

The Minister of Education (Hon. Augustus Ramrekersingh): Madam Speaker, first of all permit me to compliment the hon. Minister of Finance, not just on the presentation of his budget but on the achievement of a difficult task in the context of limited resources and numerous and competing demands.

It was the Member for Couva North, the hon. Leader of the Opposition, who used the Old Testament and the Book of Proverbs. I think I would be a little more modern and use the New Testament, that in a real sense the Minister of Finance had few loaves and few fishes and I think he has succeeded in feeding the multitude although we may not have 12 baskets of fragments remaining.

It has been said by many persons during the course of this debate that allocations for this and that have been cut. Yes, it is true. As I said, there are many competing demands and limited resources. My allocations have been cut, as well as others, but I am not prepared to moan and groan and throw my hands up in the air; that will not help us.

In fact, reduced allocations present a challenge to us. It is a challenge to our managerial skills and ability to use optimally the resources at our disposal, and the Members of the Government accept that challenge to optimize the use of the resources at their disposal as a result of this budget. We have to manage in a cost effective and creative manner. It means that we will have to establish clear priorities and direct our energy towards the achievement of those objectives.

11.00 a.m.

Madam Speaker, I propose to touch on several areas. First of all, the National Apprenticeship Programme about which comments were made by the Members for Couva North, Caroni Central, Chaguanas and Naparima. I propose also to deal with the major points which were raised yesterday by the Member for Caroni Central on matters having to do with education.

But permit me, Madam Speaker, before I get into that, to make just a few comments on the contribution of the Member for Couva South. I made a note while he was speaking which reads to the effect, "never have the poor been so popular as they were this morning." The Member for Couva South walked with a lot of literature and read from many books

Mr. B. Panday: You have some kind of objection to standing up for the poor? You used to, before you were on that side.

Hon. A. Ramrekersingh: The Member for Couva South did much reading and I think, maybe, from the Ministry of Education we can give him an award for very good reading skills.

Mr. B. Panday: Apparently you have something against reading too, I thought you would encourage it, as Minister of Education.

Hon. A. Ramrekersingh: If you continue, I may have to give him a lower grade for reading and then we would have to send him for some remedial work. Madam Speaker, the questions raised on the National Apprenticeship System, were: training for what? What happens after the training? The previous government trained under YTEPP and what happened? There was also the allegation by the Member for Naparima that the idea was to train our friends and possibly to train people a week or so before unemployment data is collected, so that they would not show up in the unemployment figures. That, I think, is the epitome of cynicism and irresponsibility. The Member for Chaguanas raised a valid point that it is important to talk about training. It is also important to talk about the job components of training.

Madam Speaker, the idea of the National Apprenticeship System originated out of the national symposium on job creation and in that connection a group of persons were appointed from members of the business community, the public service and the labour movement to come up with proposals for the establishment of the National Apprenticeship System in Trinidad and Tobago. Additionally, earlier in the year, we were concerned about the proliferation of training all over certain sections of the public sector. We felt there was duplication; there were differing standards and, perhaps, we were not being as cost effective in training programmes as we should, and therefore a study was also done in an attempt to rationalize all the training programmes that were taking place.

It is quite clear, Madam Speaker, that there is a shortage of skilled craftsmen in Trinidad and Tobago. There is also the paradox that side by side with high unemployment there is an inability to fill certain jobs because the craftsmen simply do not exist. So that the National Apprenticeship System is at one and the same time an attempt to train our people and to create craftsmen and at the same time to deal with the question of unemployment—and when I use the word "craftsmen," Madam Speaker, I use it in a very broad sense—not just the building and construction trades, but persons in the whole range of job activities.

Mr. B. Panday: Where are these jobs, can you tell us? If you give us the list, we will fill them; we have a labour bureau in the Union.

Hon. A. Ramrekersingh: We will come to that. I quote from one of the reports on the *Rationalization and co-ordination of post secondary, technical and vocational policy* on page 19—

"The task force is satisfied that there is developing in the country a critical shortage of skilled craftsmen which could severely hamper the national developmental efforts and could even lead to existing industries suffering inefficiencies. Further more, any perception of a shortage of skilled manpower could discourage investment in industrial development, other than through the importation of overseas skilled manpower, a prospect that would be unacceptable in the light of our levels of unemployment.

So that the National Apprenticeship System being proposed must be seen in that context—the need to train our people, the unemployment situation and the economic development of the country and in particular industrialization.

Mr. Palackdharrysingh: Would the hon. Minister please give way? Thank you very much. Are you saying that there are students graduating from John Donaldson and San Fernando Technical Institutes and those coming out of the Technical/Vocational sections of the comprehensive schools and those who are trained in-service by many of the industries do not have the skills to work in the industries? I just want that clarified.

Hon. A. Ramrekersingh: Madam Speaker, I am really saying nothing of the sort. I am saying that there exists a situation where we have a shortage of skilled craftsmen in the country.

Mr. Palackdharrysingh: I am also saying that there are a number of students who have been trained at these technical institutions and cannot find jobs. What is the problem?

Hon. A. Ramrekersingh: Madam Speaker, I could make data available for them but you could go through the whole list of craft. Obviously there are some areas—in January, for example, a dictionary of occupations will be published, some 2,400; and you will find that there are some areas in which you may have over supply, but in a large number of areas there is a shortage but the data and the whole list of occupations could be made available.

Appropriation Bill (Budget)
[HON. A. RAMREKERSINGH]

Saturday, November 28, 1992

Now the Minister of Finance has allocated \$30 million to the National Apprenticeship System for 1993. One of the recommendations of the task force coming out of the job creation symposium is that there should be established a training fund to which all of the social partners would contribute.

Madam Speaker, since that recommendation has been made and the report presented, we have not had the opportunity to discuss the matter in any detail with the social partners. What the Government has decided to do is to go ahead, initially, by funding the programme and in the course of time when we engage in consultation with the social partners we will deal with the question of establishing a contributory training fund, so that the initial start is being funded by the state.

11.10 p.m.

It is envisaged that a National Training Authority will be established. However, it will take some time for that body to be legally established as legislation would be needed. In the interim, the responsibility for getting the National Apprenticeship System off the ground will repose with the National Training Board, which has been involved in training for some 20 years. Indeed, what the National Training Authority really would be, is a merging of the Board of Industrial Training, which originates out of the 1906 legislation, and the National Training Board, and putting it in a particular legal framework to carry out the necessary functions.

From the studies which have been done, and the data arrived at in the reports, it is our feeling that in the first year 10,000 persons being put into apprenticeships is a reasonable figure. When I say apprenticeships, I am not talking about putting people in a programme for two or three weeks. Depending on the nature of the craft or skills to be acquired, an appropriate amount of time and contact hours will be determined. It may range, broadly, between six months for a particular kind of skill and two to three years for a more complex skill.

Madam Speaker, what we will be doing is working together with industries, so that people will be, in fact, in industries, being trained on the job, in addition to which that will be re-enforced by institutional training. One of the problems of the YTEPP training is that it does not prepare one adequately for the world of work. It is really pre-vocational training. What we are proposing in the National Apprenticeship System is to go much beyond that. There is an important ingredient of YTEPP that we propose to use in the National Training System. That is, the attitudinal training. It is not enough simply to impart the skills, but to develop certain attitudes in our young people so that when they go on to the job, they

would have a particular kind of value system and attitude. Working together with industry—and again we use the term in the widest sense—it is hoped that in the first year we will reach the figure of 10,000 apprentices and it will develop from there.

Madam Speaker, where will they get the jobs? Firstly, as I said, because of the number of vacancies that now exist for skilled craftsman. Secondly, as a result of policy initiatives and economic activity, opportunities will become available. That must be an objective of economic policy, to create activity which would need certain skills. Thirdly, many of these people, and many craftsmen, are able to create their own employment. What we therefore are doing, is to equip this country on a sustained and continuous basis with a cadre of skilled persons to take Trinidad and Tobago forward into the 21st century, and the years beyond.

The National Apprenticeship System is geared for take-off at the beginning of 1993. Between now and the beginning of the year, the National Training Board will continue to do the preliminary work to ensure that is off the ground and continue that work until the necessary legislation is put in place to establish the National Training Authority.

I come now to some of the points raised by the Member for Caroni Central. He spoke about the education policy as a whole; the Junior and Senior Secondary system and problems associated with it; the question of moral education; appointments, vacancies, teacher training.

Madam Speaker, I want to start first with the overall education policy. In our manifesto, we committed ourselves to a comprehensive review of the education system. In keeping with that, in April this year, the Government appointed a task force to do a comprehensive analysis of the existing education system, and to prepare, on the basis of that, a draft 10-year plan for education.

That task force is about to complete its work and I have been told that during the course of December, a draft will be ready for the Government. It is the most comprehensive review of the education system done since the mid 60s. In the mid 60s a comprehensive review was done in conjunction with certain outside agencies and that work formed the genesis of the 1968—83 draft education plan. This time we are relying entirely on our own resources.

Why are we undertaking this comprehensive reform? It should be recognized that we have had substantial achievements in education. There is no denying that, especially in the area of educational opportunity and in the diversification of the

Appropriation Bill (Budget)
[HON. A. RAMREKERSINGH]

Saturday, November 28, 1992

curriculum. But, there have been objectives that have not been achieved. There have been areas in which we have not been very successful; there are new problems that have arisen as the years have gone by, and the world is changing, there are new challenges to be faced.

We, of course, must consolidate and build on our successes. At the same time, we must be mindful about those areas in which performance has fallen short, or where there have been failures, and seek ways and means of organizing the education system to take care of those deficiencies.

11.20 a.m.

I do not particularly want to anticipate the recommendations of the task force. If one looks at the terms of reference of the task force which were presented in this House in April, it will be seen how wide ranging the task assigned has been. It has to deal with many of the matters my Friend from Caroni Central raised including, the question of values and moral education.

I simply want to inform this House and the national community by extension, that as soon as that draft is presented to the Cabinet it will be made available to the citizens of Trinidad and Tobago. We propose to have very detailed and intensive discussion with the entire national community. Education is everybody's business. The implementation of that report will have tremendous consequences for the future of Trinidad and Tobago, not only the future of Education but the future of Trinidad and Tobago and, therefore, we must have widespread public participation before the plan is finalized.

I can give the assurance that those consultations will be an example of the finest traditions of participatory democracy. I want to assure my hon Friends opposite that they too, will be part of the discussions of that plan. My expectation is that the early months of 1993 will see national discussion on education. We will then take into account the comments and suggestions made and incorporate them into a cohesive education plan that will take us into the 21st century.

I come to the question of teacher training which the hon. Member for Caroni Central raised. The Valsayn Teachers' Training College is not overcrowded. The capacity of the Valsayn Teachers' Training College is 640. For several years in the past the intake has been 220 per year so that at any one time, you have 440. That intake this year has been increased by 100 and will be increased by a further 100 next year. By September 1993, Valsayn Teachers' College will be operating at full capacity in terms of number of places. While that is going on we are putting into

place physical arrangements that will take care of the numbers. As I said, for years it was below capacity.

Teacher training is not confined to the teachers' colleges. Teacher training is going on all the time, and in many ways. I take the opportunity to inform this honourable House, that training programmes are undertaken by the Ministry of Education in conjunction with bodies like UNESCO and also by the Trinidad and Tobago Unified Teachers Association. From the Ministry of Education alone for 1992, a total of 1200 teachers participated in courses which ran for 25 hours over a period of four consecutive Saturdays. Many of these short courses for teacher training take place on Saturdays so that the work in the schools is not unduly interrupted. But, we do have to use school days for training. One must congratulate the members of the teaching service for giving up their Saturdays in order to attend these programmes.

In terms of Teachers I, 1200 participated during the year; in terms of primary school principals, 92 participated in workshops during the year, 60 in five-day workshops and 32 in four-day workshops. New recruits: 1,012 persons received training during the course of this year. There were numerous workshops. For instance, there was a workshop which focused on weak areas in the common entrance examination with respect to science and mathematics. Four hundred and eighty-two primary school teachers attended workshops on that. There have been additional programmes at the Rudranath Capildeo Learning Resource Centre and various other places in Trinidad and Tobago.

Only yesterday a workshop for teacher educators organized by UNESCO, dealing with special education was completed, so that there is a considerable amount of teacher training taking place, both at the level of the teachers' training college and by continuous programmes of training. We recognize that if you want quality education you must have quality teachers. It is therefore important to expose our teachers to the most up-to-date methods and to the most recent developments in education and pedagogy.

Mr. Palackdharrysingh: Let me thank the Minister for giving way. I wonder if the Minister is aware that in spite of all the training taking place that the system for implementation has almost entirely a nil effect. When teachers return to their classrooms, working under the same systems and conditions, they operate as though they have not acquired new skills. Apart from that, we have had principals

Appropriation Bill (Budget)
[MR. PALACKDHARRYSINGH]

Saturday, November 28, 1992

in the system whose only criterion for promotion has been a number of years in the service and who cannot appreciate in any significant way, the new training and qualifications of teachers and they go back to the same syndrome as if nothing else happened. What is being done to transform the school environment with respect to administration and recognition of the teacher's potential for implementing acquired skill for the benefit of students? That is a critical issue.

Hon. A. Ramrekersingh: That is precisely what I was coming to had the Member not been so previous, as the Jamaicans would say. Additionally, in 1993 our principals are going to be exposed to a new type of training that is different from the traditional education administration.

Our principals are increasingly going to be exposed to human resource management training. Our principals are managers and they need to have managerial skills. That kind of training will attune our principals to what is going on with training for teachers, to allow them to do those things within their power in the schools to create an environment where the skills and knowledge gained by teachers intraining can be transferred and used in the system. It takes time. You have to sequence it.

It is always a problem in any kind of training. People say I am trained in this, but when I go back to my work place, I meet so and so. Therefore, we have to sequence certain things and the change will take place, but not by magic.

11.30 a.m.

One of the areas we need to look at in education is the management of education at the national level. At present, we are looking at ways and means of decentralizing the administration of education. The Task Force itself has, as one of its terms of reference, looking at the entire way in which the governance of the education system takes place.

It has become clear to us in the Government and at the Ministry that we need to decentralize certain functions, as we propose to do in the educational districts that exist in Trinidad and Tobago. For purposes of education the country is divided into eight educational districts. We propose to work out a system where some of the functions now being performed at the head office will be performed at the educational district level.

We will redeploy staff and do what is necessary to have that, which means, that the mass of detail which now comes to the central office would be handled to a

large extent in the district, and it will leave the Ministry of Education at the centre to deal with the larger matters of policies and to be more proactive. For too long, the Ministry of Education, because of the centralized nature of the system, has got bogged down in detail and has had inadequate time and energy to focus on the wider issues of education. Decentralization of functions is one of the ways in which we hope to change that.

I think I should come to the question of the common entrance examination which has been raised here and it is raised a lot. About two weeks ago, the hon. Prime Minister in another forum indicated that the vision of the Government, in education, encompassed the abolition of the common entrance examination, that it was an objective. Incidentally, when the Member for Caroni Central was speaking, he seemed to indicate that the Prime Minister was getting involved a lot in education.

I think that is an excellent sign. It is a recognition of the importance of education in and to the society. The vision is the abolition of the common entrance examination, but we are not going to get there in a day or in a week. There is a whole range of things which need to be done. Our idea is to move away from that, what I may call, sudden death, as they say in football; that single morning when your future is virtually determined.

To move from sudden death, to continuous assessment, which involves many things. It means school based assessments; testing and so on. We may have an examination at the end, but it will not be the sole determinant. You put together over a period of time, systems of assessment which will make the common entrance, that sudden death thing, increasingly, less important.

The Task Force is in fact dealing with the common entrance examination. You see, one cannot deal with the common entrance examination in isolation. It is part of a whole system of education. We are taking a systems approach, not just tinkering with things here and there, but looking at the whole system. In the course of time, we will be putting into place mechanisms for making the existing arrangements less important to the point, if I may use the Marxist expression, where it will wither away.

That, of course, means tremendous training in measurement for teachers, in testing in evaluation. We are going to have certain standardized systems. We need to put those things in place as well as to make more places available to students. That reminds me that I should also have added, when I was speaking of teacher

Appropriation Bill (Budget)
[HON. A. RAMREKERSINGH]

Saturday, November 28, 1992

training, that the University of the West Indies started its Bachelor of Education programme this year in September, and the Ministry of Education, in recognition of the importance of educational training for our teachers, has given study leave with full pay to 25 teachers in order to do the Bachelor of Education programme.

Funds permitting, we will be doing it over the next few years, to create in our schools a cadre of highly trained teachers to do many of these things I am talking about—developing evaluation systems, measurement systems and so on. It is a systems approach and sequencing things properly. I want to make it clear that the abolition of the Common Entrance examination is a goal to which we are working and several steps will be put into place over a period of time, until we reach that point when the Common Entrance examination, as it now exists, will not have that importance. That importance will go.

While I am on the question of the common entrance examination, I want to raise something and it will relate to matters which the hon. Member for Caroni Central raised in respect of the junior secondary and senior comprehensive schools.

People form judgments and perceptions on the basis of what information they have. I want to give a certain kind of information, which hitherto has not been available to the national community and to parents of children in schools, so that we can start thinking. What I am going to say here would be put essentially in the form of raising questions rather than answering them. I do it that way because, as I go through it, you will see why it is a question that the national community must face. We must confront it. We may find that in attempting to answer the question that we as a people will have to challenge the traditional orthodoxy in education. We will have to challenge the conventional wisdom.

I asked my officers of the Ministry of Education to do a particular exercise for me; to reduce the common entrance examination marks for 1992 into grades and a spread of the student population that did the examination. To use what we call the raw scores and the converted scores, to reduce them to grades which could mean something. Thirty thousand people, using easy figures, do the examination each year and just over 20,000 are placed, sometimes it goes a little higher.

I am extremely disturbed by some of the results I see here. After the first 12,000 performers, in that examination, and we do not posit that examinations are the only means of assessing ability, but we are using this for what it is worth—

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

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

Question put and agreed to.

11.40 a.m.

Hon. A. Ramrekersingh: After we look at the results of the first 12,000, we begin to see that from 13,000 to 30,000, the grades in the individual subjects begin to get lower and lower, sometimes to a frightening extent. What does it mean? When we complain about lack of performance, low performance, problems of discipline and frustration in certain secondary schools, we need to put it alongside this statistical analysis.

In the first place, the first 6,000 in the Common Entrance examination go to the seven-year or five-year schools. The remaining 14,000 or so go into the Junior Secondary or the Composite schools, so you are talking 20,000 to 21,000. I am saying that after the first 12,000 I have a concern. In other words, there may be 8,000 or 9,000 going into the schools whom these statistics show are not really prepared, so they are thrown into a situation to handle a programme of work for which they are either not yet ready or are not suited. That is the basis of the problem. We have to be careful that we are sending 21,000 forward a year and there is a problem of aptitude and readiness from 12,000 to 21,000. When we increase the numbers, with the same mixture as before, we are merely compounding the problem.

I intend, as soon as this data is finalized, to make the whole range of that data available to the schools, incoming and outgoing, so that the primary schools can see where they are weak and the secondary schools would have an idea of what their intake is like in terms of performance. I have no problem. In fact, I have taken the decision to make certain kinds of information available to the public. The lack of that information has had disastrous effects.

Many parents ask for what is called a late call when their child is not admitted to a school after the Common Entrance examination. I understand and sympathize with that. All of us must, if we understand the history and the sociology of our country and the importance of education and, in particular, secondary education—the door to opportunity. Parents see it that way. Let us say we place 21,000—I already have a problem with 12,000 to 21,000—for the late calls it would be based on those who came lower down the list getting vacancies because some people are repeating and some people are migrating. We are going lower down the ability

Appropriation Bill (Budget)
[HON. A. RAMREKERSINGH]

Saturday, November 28, 1992

range and therefore putting many people again into a situation which they cannot handle. So we are frustrating students and teachers and we are denying the country the fruits of national education in relation to national development. When we put students into a situation that is not appropriate for them, we are not developing those students.

The question we have to ask in the first place is, what do we do in the primary schools—that is where we have to start—to ensure that there is greater readiness. Even after we do certain things in the primary schools to increase readiness, we must admit that there will be a certain number who are more suited to a different programme of work than now exists. Some may take longer. This is why it is possible, if you go into the co-existing post-primary system and you achieve a particular standard, you can rejoin the system.

Recognizing all this range of abilities, we cannot just focus on academic ability, we have to focus on the athletic, the aesthetic, the technical and so on. All people have their talents and aptitude. Our responsibility is to identify those aptitudes and create an environment in which those things can flourish. That is why I am saying that we have to challenge the orthodoxy.

We have post-primary, secondary and technical education, all of that after 11-plus. There is a connotation about post-primary education. It has traditionally been regarded as a place where you put people who are not successful either in the College Exhibition in those days, or in the Common Entrance. Should we not instead look at all education, or the phase after 11-plus as the post-primary phase because that is what it is—the phase after the primary phase—and see traditional secondary education as one strand in that whole thing, and create programmes of study and appropriate schools throughout that post-primary setting and children, based on the assessments over the years and their aptitudes, will move into different streams, which are not necessarily exclusive, because the late developers may acquire certain skills, remedy certain deficiencies and move to another stream.

In other words, I am holding a vision before us of a post-11 or 12-plus system, with many parts, designed in such a way to do what education is supposed to do—create that environment where our children can develop and ultimately contribute to national development, rather than continuing in the way that we are going which is robbing this country of the fruits of development, and which is creating frustration and indiscipline. I am just holding this vision before us. I am saying that we must ask questions.

Mr. Mohammed: How do you relate the junior secondary school and the senior comprehensive school? Was not thought given to this very idea that people at a certain level would be creamed off to the technical, vocational and all those levels of the senior comprehensive?

Hon. A. Ramrekersingh: Thank you very much, hon. Member. I want to say straight off that at 14-plus you are far too young to make that decision as to whether you are going into a traditional academic or you are going to be a craftsman.

11.50 a.m

We have got to look at that. We are looking, for instance, at the introduction of technology studies which would orient the student and then later—and this is one of the reasons for the national apprenticeship system—after school, you can move into that. But let us be clear about it, we are not going to train a craftsman in a senior comprehensive school. You are not going to be able to do it.

The other question, about people moving forward, Madam Speaker, when we look at other statistical data related to the Common Entrance examination and in particular to the junior secondary schools, what do we see? Let me just put it simply: You can come 6,000th, in the exam or you can come 19,010th and find yourself in the same class. So that in most of our junior secondary schools—and I have seen the charts and the statistics—you have a very wide range of abilities. It creates an educational problem for teaching, a very wide range. Now, of course you would have a range in any class, but this range is much too wide and it creates problems. This is why I am asking these questions. How we have put these things together, we need to put them together in another way to cater for this kind of phenomenon. How do you teach a class with a person on the one end who is getting straight A's and the person who may be straight D's or E's in the conventional system with ranges in between? It is noticeable in certain secondary schools, where you have a narrower range of abilities, performance is higher, because the classes are easier to teach.

In fact, Madam Speaker, and we must be clear about this, there are some junior secondary schools in this country, which even in the traditional academics, are high achievers. So that when we talk about the junior secondary schools, we tend to focus on the shift system and we need to do something about that. But I am saying, shift system or no shift system, if you have these kinds of deficiencies in the schools, we are not doing the best that we can do in education.

Appropriation Bill (Budget)
[HON. A. RAMREKERSINGH]

Saturday, November 28, 1992

We are going to have to engage our citizens in discussions. The national community must begin to think about these issues. Is the only form of education academic education? Are the GCE or the CXC the only symbols of excellence? Are there not other symbols of excellence which go even beyond the technical vocational? Once we emphasize that, how do we put systems in place to cater appropriately?

It is important to ask these questions, because the answers to them determine the number and the kind of secondary schools we build in this country. If we have a problem with what we have now, simply building more schools of the same on the same premise will compound the problem. So that we have got to move in new directions.

We have done well by opening up educational opportunity to thousands and thousands of young people who hitherto would not have had the opportunity. We have opened up technical vocational education to people. We must now be able or willing to make a new departure as the circumstances change and as the future of the country demands.

As I say, I raise the question. I do not want to give answers at this stage. The task force itself is looking at these issues. What I want is the national community to engage in discussions about it. We probably have to change—it is a cultural change that is needed because we have a traditional conception of excellence and the importance of secondary school education. We must go beyond that, Madam Speaker, if we are to do the best for our children.

Madam Speaker, how much time do I have?

Madam Speaker: Fifteen minutes.

Hon. A. Ramrekersingh: Madam Speaker, I come to the question of physical facilities and I start with the problem of primary schools. A very large number of our primary schools in this country is at a stage where very serious repairs or renovations are needed and in some cases replacement.

During the course of this year, in terms of primary schools, first of all, we have an ongoing system of repairs. Secondly, within a month or so of my assuming this portfolio there was a cholera scare or warning in this country. We immediately moved in conjunction with the Ministry of Works and Transport and the Ministry of Health to do certain things. Some 56 schools had work done of an urgent nature in that situation of a cholera warning.

I noted in the *Hansard* transcript of the hon. Member for Caroni Central something from a newspaper clipping, "44 schools closed because of cholera". The decision was mine. Because of the seriousness of it, if we had to close a school for two or three days or even a week to get the sanitary fittings done properly, we must do it. You can always make up the week. But if you contract cholera, or we allow a situation to go on where people get sick and die, we cannot make up for that.

Additionally, Madam Speaker, many of the quotations and references which the hon. Member for Caroni Central made really refer to that 1987/1991 period when another administration was in office and he was part of it for two years.

In addition to the routine works done on the schools during the cholera alert, together with the contractors, the denominational boards, the Ministry of Works and Transport and through the generosity or the commitment, I should say, of the Minister of Finance, during the July/August period, we attempted work on 90 schools in this country, a programme attempted on a scale never before. All the work could not have been completed in time for the start of the school, because some of that work involved virtual rebuilding of schools. That vocation programme cost somewhere in the vicinity of \$7 million.

Additionally, Madam Speaker, there are additions and renovations going on to other schools, some of them state schools, some of them assisted schools. During the course of this year, as the hon. Member for Couva South knows very well, the Springvale Hindu School was started and we happened to meet last week Sunday, at the formal opening. Also, the Siparia Hindu School, the much awaited Mohess Road Hindu School, we started them this year and they are expected to be ready for occupation early in January.

There are several more primary schools under the Fincor programme. We are in two stages, the Central Tenders Board has been requested to invite tenders for four of them and for others the drawing designs and the bills of quantities are being evaluated at the present time. So that under the Fincor programme, several more schools will be built next year and there are many other works, primary and secondary; state and church, where schools will be considerable renovated or additions made, including science facilities. I do not want to go into all of the details.

However, Madam Speaker, financial resources are not infinite. Yes, we will be doing some building under the Fincor programme, but the Fincor programme has

Appropriation Bill (Budget)
[HON. A. RAMREKERSINGH]

Saturday, November 28, 1992

its limitations. It is not endless money; it is a certain amount of money. We are, at present, examining our recurrent budget to see what we will be able to do during the course of 1993.

Madam Speaker, when we take into account the rate of population growth and projections to the year 2000 and beyond, we see that in the primary schools, for example, enrollment at this moment is about 195,000. The projection is, by the year 2000, the primary school population will be approximately 225,000. So there is an area that we must look at. How do we provide places for these children at primary schools?

In the case of primary schools, we also need to locate our primary schools appropriately. Many of our primary schools today exist in places where there was a heavy population many, many years ago. There have been population shifts as well as new developments and we must, therefore, take these into account as we build new primary schools.

When you look at it in aggregate, Madam Speaker, we have enough primary school places for all of the children of primary school age. The problem is geography, location and other things.

Similarly, Madam Speaker, we need to push on in increasing facilities and produce more schools as what I said should be called the post-primary sector, rather than merely the secondary sector. But I want to be careful about that. We have to answer some of the questions I have raised today and look at the report of the task force before we take final decisions on what new secondary schools we are going to build. Because the answers to those questions, the work of the task force will determine the nature and kind of schools we have to build. We just cannot say we are going to build schools for the sake of building schools and saying we have schools and then those schools run counter to the programme of work which really should be undertaken.

So that, Madam Speaker, I am quite happy with what we have been able to do with physical facilities this year. When I look at it in terms of the resources which are available, there are many schools, especially primary schools, that I would like to rebuild completely. But then it is a question of loaves and fishes and I do not have any miraculous power; I am merely a human being.

We have to establish priorities and do what we can do. Sometimes it may be necessary to have massive repairs, rather than rebuild, because it may be able to take us for a few years until we can get the resources to rebuild, but at least we are

improving the conditions. There are many good cases for new schools that come to me, Madam Speaker, but we have to look at the resources.

I come, finally, to the question of teacher vacancies in schools. Madam Speaker, I do not wish to shirk the responsibility, but the responsibility under the Constitution for the selection or appointment of teachers resides in the Teaching Service Commission. However, we at the Ministry are required to do a certain amount of preparatory work so that the Teaching Service Commission can operate. We have been able, over the last two or three months, to make considerable progress in appointments, especially at the primary school level. We do not have it 100 per cent yet, but I think, looking at a list that was given to me earlier this week, about the number of appointments made at all levels, I think we have come pretty close to coming to terms with that problem.

However, there are certain critical areas: We have a tremendous shortage of geography teachers in this country. They just do not exist. We are looking at ways and means, we are talking to the university on how to deal with that. There is a problem with teachers in physical education, art and music with which I think we have to come to terms. But when we use those teachers and put them into the secondary schools, vacancies are created in the primary schools.

Also, Madam Speaker, there are vacancies for principals and vice-principals. Some of these are being filled and/or advertised. But it is a difficult thing, when you promote a vice-principal to principal, immediately you create a vacancy for vice-principal and it goes on.

Nevertheless, Madam Speaker, I think what we need to do is to streamline methods of selection in an appointment and to this effect, officers of my Ministry are in contact with the Teaching Service Commission—note I say "officers of my Ministry", not "the Minister"—to see how we can streamline the system of appointments so that our schools will be adequately staffed on a timely basis.

There is the additional question, Madam Speaker, of schools in remote areas. We have a difficulty: People are appointed, but sometimes they do not accept the appointment—or when they go to those areas, they do not stay long. We are, therefore, looking at the whole question of teachers in remote areas as a separate issue to see what incentives or facilities could be put to accommodate them, because there are people in all different circumstances so that these schools in remote areas, these children will have as good a chance as anybody else.

Mr. Mohammed: On the question of the appointment of teachers, a couple of years ago a ratio basis was used that is 1 to 25 in the primary schools. I am saying that ratio is not now being followed. I want to know whether the Minister has given any thought to that. There are teachers who have 44, 45 pupils in the class and this ratio of 1 to 25 is no longer operating. What are we doing about that?

Hon. A. Ramreakersingh: The answer to that is yes and no. Madam Speaker, we have to look at the whole ratio again, because you may have a school with 100 students and you say of 1 to 25, that means four teachers. But suppose they are divided into five classes. It has to be looked at, again. It is not a straight aggregate. We have to disaggregate and look at the ratios.

In some schools, Madam Speaker, large numbers of children are taken on to help people, with the best of intentions, and what happens? Each school has an establishment based on the number of students that it is supposed to have. If it takes more, that establishment has to be changed and it is a fairly lengthy process. We cannot go on assigning teachers or appointing them to positions which are not officially established.

So, yes, the ratio exists to some extent, but we have to be careful. It is not just that aggregate figure. We have got to look at the number of classes. There are some schools which are quite small.

Madam Speaker, I have attempted to put the national apprenticeship system in some perspective—there will be opportunities when the legislation comes to deal with it in greater detail—and to look at certain areas in education, especially some of those raised by the Member for Caroni Central.

I end, Madam Speaker, by inviting all hon. Members and the national community to look closely at some of the questions I raised, because the answers to those questions will determine the validity and the quality of the education and the education system in Trinidad and Tobago.

I thank you, Madam Speaker.

Mr. John Humphrey (*St. Augustine*): Madam Speaker, before I start my contribution, I want to single out the Member for Couva South for congratulations on what I consider to be a very positive contribution in this debate. Unfortunately, the message is lost on the other side.

The debate started, Madam Speaker, with the presentation of the budget speech and a complete analysis of the budget by the Member for Couva North. Quite frankly, Madam Speaker, I think after that stage, we could well have adjourned into the committee stage of the budget and have gone through head-by-head. If there was anything to add to the budget, it should have been added before the budget was presented to this House.

Madam Speaker, coming from that side, I have to also acknowledge the contribution of the last Member who spoke, and I think it is extremely useful that a man be grounded both in politics and in the experience of his particular department, as the Member for St. Joseph has been grounded.

My association with that Member, Madam Speaker, goes very far back. We were both very young men, in fact, when we got into this political struggle. He was a member of Tapia, and with the grounding that he got in those days and with the struggles that we waged in those days, you can see that certain benefits have accrued to that Member.

Mr. Manning: What happened to you?

Mr. Humphrey: Because what we struggled for, Madam Speaker, and I think some of us are still struggling for, is to make a breakthrough for Trinidad and Tobago.

Madam Speaker, the world in which we live is a world that is not solving the human problems. When the Minister of Finance presented the budget, he showed that he is very myopic in his view of the world because he gave world conditions and he confined those conditions to the western developed world.

Let us look at what he said. He was presenting this budget in a certain context and the context that he chose was the world economic context. So he went on to give us a tour of those parts of the world that, in his view and in the view of his Government, impact on the interests and fortunes of Trinidad and Tobago.

Let us see what he said. Very early in his presentation, page 3:

"During the past year, we witnessed a number of international events with significant implications for the fortunes of our economy. In this connection, let me turn to a review of conditions in the international economy as they unfolded during the course of the year."

Appropriation Bill (Budget)
[MR. HUMPHREY]

Saturday, November 28, 1992

He went on, Madam Speaker, to focus on the economies of the United States of America, of the European Community, of Germany and of Japan. He confined his global journey to the developed world.

Madam Speaker, he gave us some indication of the economic problems faced by the developed countries. For example, he said that:

"Some commentators have likened the current state of the world economy to the great depression of the 1930s. While the data may not support such an extreme view, it is certainly the case that they tell a rather grim story. The world economy grew by only point 1 per cent in 1991, due mainly to a decline in the economic growth in the United States, weak growth in all of Europe and a slow down of economic activity in Japan."

Madam Speaker, the Minister of Finance has recognized that the western economies are not, in fact, delivering. Yet, he presents a budget and plans to put this economy, the economy of a Third World, underdeveloped and backward society in the context of those economies and pegs his fortunes to those economies.

I want to say, Madam Speaker, that the title of his budget, "From Stabilization to Growth", is completely erroneous, because there is no stabilization in the economy of Trinidad and Tobago. The hon. Minister of Finance has not persuaded us that we have a stable economy. In fact, I am going to persuade this House that we have quite the opposite.

Listen to what he says in his tour of the world:

"In the United States, economic growth in the first three quarters of the year has been considerably less than originally anticipated, despite the fall in domestic interest rates to their lowest levels in 25 years."

He has focussed on interest rates as an integral part of economic performance, but I want to remind you that in the United States, you have just had a presidential election and the trickle-down President has been removed and a new President is to come into office in January, who recognizes, unlike the PNM regime, headed by the Member for San Fernando East, that the State must play a dynamic role in the economic affairs of any nation, including the advanced capitalist nations.

The Minister of Finance then took us to Germany and Japan, and in analyzing the slow down of economic activity, he recognized that, in Europe, that the Germans had to take certain steps, and I quote what he said:

"In Germany, where the costs of unification were apparently underestimated and the containment of wage increases has proven difficult, the inflation rate has risen, thereby leading to increases in interest rates. For those European countries linked to the Deutschmark in the exchange rate mechanism, the higher interest rates in Germany eventually led to stresses within the exchange rate mechanism, prompting the devaluation of the lira and sterling..."

12.20 p.m.

"Moreover, many non-member countries of the Exchange Rate Mechanism, also had to adjust their interest rates upward in order to safeguard the parity of their own domestic currencies. These developments no doubt have acted as a constraint on economic growth in Europe."

He recognizes that high interest rates constrain economic growth—that is in a developed country. When he went to Japan, this is what he said:

"In Japan, the fall in asset prices and the real effects of balance sheet adjustments have not been as pronounced as in other industrial countries. Nevertheless, growth has slowed in response to low business and consumer confidence. The Japanese authorities have therefore sought to stimulate their economy by sizeable fiscal expenditure in the latter half of 1992 with the expectation that growth will pick up in 1993."

So he has now seen that fiscal management can have an impact on economic response. He has also seen that where loss of confidence occurs there is economic slow-down. Having seen these things, what does he do? He presents a budget that has a primary focus of seeking a fiscal balance and that does absolutely nothing to instil confidence in this society which the Government is depending on to get the engine of growth restarted; that is, the private sector—in fact, he puts pressure on that sector.

Madam Speaker, if you are going to put the budget of Trinidad and Tobago in a world context, it is quite legitimate to present the context of the western developed world; but it is irresponsible not to present the context of the rest of the world, especially as Trinidad and Tobago is not part of the western developed world. We are a Third World country, a former colony, still trying to come out of the colonial era and finding ourselves slipping constantly back into some new colonial dispensation—as we have slipped totally with the NAR regime which the

Appropriation Bill (Budget)
[MR. HUMPHREY]

Saturday, November 28, 1992

electorate of this country just totally rejected, and now with this regime—right back into a colonial syndrome.

I have some advice for the Prime Minister and the Minister of Finance: Do not waste any more time, get an appointment as early as possible with the new President of the United States and his transition team and plead the case for Trinidad and Tobago, that the World Bank and IMF conditionalities which have been imposed on us will take us here—(*Member held up newspaper and pointed to headline, "Coup attempt in Venezuela"*)—and it might not fail in Trinidad and Tobago. We had a taste of it in 1990. The context has to be expanded to include the Third World.

Recently, in this House we were given a very useful publication. It is an extract that was released through the Commonwealth Office. I think every couple months or so we get the publication, but a couple of weeks ago we received this one—*Commonwealth Currents*, dated August/September, 1992. In this issue there is a precis that seems to have emerged from exercises undertaken by the Commonwealth that came out of the Harare Commonwealth Declaration, or at least the conference that resulted in that declaration of October, 1991. Let me quote some of the statistics to present the rest of the context of the world economy. I quote:

"The concern of Commonwealth Heads of Government over growing poverty is expressed more dramatically in statistics: a billion people, representing a fifth of the world, live in absolute poverty; 900 million adults are unable to read or write; 800 million people go hungry every day; 150 million children under 5 years of age are malnourished; 14 million children die each year before their fifth birthdays. About two-thirds of the undernourished live in South Asia and a fifth in Sub-Saharan Africa."

We have those conditions here, Madam Speaker, because while there is richness enjoyed by a few, there is poverty suffered by the majority. I continue:

"Worse is to come. World Bank forecasts predict that absolute numbers of poor in Sub-Saharan Africa are expected to rise from 85 million in 1985 to 265 million by the year 2000. That region's per capita GDP growth in the year 2000 is expected to be lower than in 1985.

The decades-long battle against poverty has simply made little headway. The theory that the benefits of enlarging the economic cake would 'trickle down' to the poorest sectors has largely been discredited. Sectoral policies centring on

improving agriculture, health, education, transport and the like have fared better but have often lacked specific direction to benefit the poor most. Redistributive measures, particularly through land reform, have often stumbled over legislation loopholes and the narrow interests of elite sectors.

Many economists describe the 1980s as a 'lost decade' for efforts to alleviate poverty. Many countries opted for enlarging the economic cake by pursuing export-led or industry-led strategies and neglecting their agricultural sectors. There was little or no 'trickle down' effect and poverty became more widespread."

Madam Speaker, that presents a clearer picture of the Trinidad and Tobago reality of 1992 going into 1993; that we live in a world of extremes—extreme wealth on one hand and extreme poverty on the other hand—and Trinidad and Tobago today is fast heading in that direction. The middle-class that was being built with the independence movement, led by the late Dr. Eric Williams, is now being whittled away by the movement started by the NAR now being carried on and continued by this new PNM.

Hon. Member: Patrick National!

Mr. Humphrey: Madam Speaker, a draft is given. This draft divides the world population into five bands. The poorest one-fifth of the world's population receives 1.4 per cent of total world income. The richest one-fifth of the world's population receives 82.7 per cent of world income. That picture, I think, can be applied to every single Third World country, even those like Trinidad and Tobago that are better off than most: the richest one-fifth command the greatest proportion of the world and the poorest one-fifth are struggling for mere survival.

When I listen to the Minister of Housing describe housing as a problem that needs to be addressed—squatting has made the biggest contribution to solving the housing shortage than anything else in this society in the last decade.

12.30 p.m.

When he says that squatting creates problems—squatting solves the biggest problem. Squatting enables the little people—those who are left out of the

Mr. B. Panday: And vending allows them to live, unless you provide an alternative.

Mr. Humphrey: Madam Speaker, yesterday a very dramatic event occurred very close to home as part of this world's scenario, this context in which we look at the budget for 1993. Yesterday, Madam Speaker, an attempt was made to overthrow the President of Venezuela. The Prime Minister, in his wisdom, has rightly recognized that attempt is rooted in the World Bank/IMF structural adjustment conditionalities being imposed on Venezuela.

Mr. B. Panday: And Trinidad now.

Mr. Humphrey: In today's *Express*, Madam Speaker, that is November 28, 1992, on the front page we see "*Rebels crushed in Venezuela—structural adjustment the problem, says Manning.*" Madam Speaker, I want to agree completely with the Prime Minister, when he recognizes that is the problem. I want to advise him that the remedies that the PNM Government has included in the 1993 budget to prevent the same thing from happening here, or something similar, are not adequate. The safety net is not such a safety net.

Madam Speaker, the economy of Trinidad and Tobago is not stabilized. You see, when you speak of an economy in recession being stabilized, what you mean is that you stopped the recession, you hold it back. But in this country what we have done over the last several years, Madam Speaker, is maintained a certain level of output, but our debt has increased tremendously while doing it. So we are producing the same amount today as we were producing, maybe, five years ago, but we owe twice as much. Now how can that be stable? If you as an individual, Madam Speaker, in maintaining your lifestyle had to borrow to do it, sooner or later if you do not start to earn additional income to be able to meet the debt, you are going to lose your lifestyle, and that is the situation.

What is the Government doing? They do not even admit that this is the case. It comes out in the figures, so we cannot say that they are deliberately trying to misinform and mislead the population, because it comes out in the figures. But you should have said so. You should not have said we are in the cocoon with light at the end of the tunnel. That is not so at all. We are in serious trouble and the figures are borne out in the statistics.

Let us look at the statistics contained in the *Review of the Economy 1992*; and I must submit that the people who work on producing documents in preparation for this debate, do very good work indeed. Year after year the public servants, in fact, give us everything we need as law-makers to be able to see the true picture and the mandate given by the people of this country to do something about it.

Mr. B. Panday: It is the Government that ignores the information, not the civil servants.

Mr. J. Humphrey: The gross domestic product, constant 1985 prices, Madam Speaker, to be found at page 33, which is Appendix 1 of this document. I would give the totals: In 1987, \$16,678.4 million; in 1988, \$16,012.2 million; in 1989, \$15,865.1 million; in 1990, \$16,140.0 million; in 1991, \$16,629.0 million; and in 1992, \$16,667.1 million—the same as 1987. So Madam Speaker, if you look at the figures of gross domestic product, you will see that we are maintaining more or less a level curve, slightly fluctuating. But in 1992 we have not produced anything more than we produced in 1987.

If you look at the figures of the national debt it will tell you the true picture, because to maintain a level of output we have had to borrow through our noses; and Madam Speaker, they are continuing to do it.

Mr. B. Panday: They are mortgaging the car to buy gas. What economists!

Mr. J. Humphrey: I am going to give the total public debt, Madam Speaker, which includes central Government debt and central Government contingent liability on guaranteed debt. In 1983, \$4.245 billion; in 1984, \$4.64 billion; in 1985, \$6.51 billion; in 1986, \$8.36 billion; in 1987 \$10.19 billion. Now let me pause here, Madam Speaker, to point out to you that when you borrow money in 1983 it takes a couple years of gestation before that money brings returns—if that money is invested.

Mr. B. Panday: Exactly, and not consumed.

Mr. J. Humphrey: Now the moneys we borrowed in previous years should have been showing some kind of return in subsequent years. In 1988, \$11.5 billion—this is the national debt. In 1989, \$11.49 billion; in 1990, \$11.92 billion; in 1991, \$11.96 billion; in 1992, \$12.69 billion.

Mr. B. Panday: And no accountability.

Mr. J. Humphrey: Madam Speaker, it stabilized between the years 1988 to 1990, it did not go up or come down very much.

Mr. B. Panday: Could not get any to borrow.

Mr. J. Humphrey: But let us look at the debt service; and we have to ask ourselves how can we get out of this? You have to do something very dramatic to be able to get out of it.

Mr. B. Panday: Sell the assets.

Mr. J. Humphrey: I say the first thing to do is to speak to Bill Clinton and seek to persuade him to take the IMF and the World Bank vultures away from our door. They are standing by waiting to consume us. No hope for us if you allow them to continue.

Mr. Maharaj: Stop being robots.

Mr. J. Humphrey: Central Government Debt Service, Madam Speaker, 1983, \$509 million; 1984, \$488 million; 1985, \$555 million. It started to increase dramatically thereafter. In 1986, which is when the sell out started and they keep saying that we were a party to it. Madam Speaker, we are outside because we were not a party to it!

Mr. B. Panday: That's right, why do you think we are here? We could have been there.

Mr. J. Humphrey: And we helped get the electorate reject them totally in the last election, which has put you where you are. In 1986, \$893 million; 1987, \$1.175 billion; in 1988, \$1.25 billion; in 1989 \$1.43 billion; in 1990, \$1.8 billion; in 1991, \$1.8 billion; in 1992, \$2.36 billion.

Madam Speaker, what we are doing here is trying to service an ever-increasing demand related to our debt with an economy that is not expanding; we are not producing anymore, and we are trying to support a Government in that context, by what means? By forever taxing the people, by transfer of resources from the population to the Government and we are going nowhere. If we do not put a stop to this, there is no hope for Trinidad and Tobago.

Let us now turn to what the Minister of Finance has hinged his Government's hopes on—the Public Sector Investment Programme, the most important programme, they say, Madam Speaker. But before I go to that, the 1993 budget came on the heels of the 1992 budget. In the 1992 budget, Madam Speaker, the Minister of Finance gave a certain assurance to the people of Trinidad and Tobago, through this Parliament. Let me just go to that, relating to what I am touching now. He said on page 12—

"Our financial projections do not include any major new loans from multilateral lenders."

12.40 p.m.

That was good news.

The financial projections of the Government at the beginning of this year did not include any major new loans. Yet, I understand, we are meeting today, Saturday, breaking tradition, to accommodate the Minister's trip abroad that he is taking tomorrow, to beg for more loans. *[Interruption]* I do not know where he is going. I have to presume, in the order of priorities, that the only priority more important to the Government of Trinidad and Tobago than the Parliament, is the World Bank and the IMF. So, I have to presume he is going off to a meeting.

Madam Speaker, I had planned a day to diminish the tension brought on me by the conditions in the society. I was supposed to be out there fishing, perhaps, bringing home some food for my family, but I have to come to Parliament. We have done this, in deference to the Minister of Finance who needs to travel tomorrow. That is what we were advised.

This document contains the programme by which the PNM Government has promised to revitalize economic activity. Mind you, I do not understand this when I examine the strategy they have presented in restarting the economy because their strategy says that the private sector is being relied on to create jobs, produce exports and earn foreign exchange. Yet, when I read this, I see that they are putting the country into deeper debt with Government projects. I want to understand that. I ask the Member for San Fernando West: Does pragmatism mean inconsistency? Does it mean pendulum swing from day to day, or from era to era? Is that the meaning of pragmatism?

Madam Speaker, we were not going to make any major new loans from the multilateral lending agencies, but let us go to page 32 of the Public Sector Investment Programme for 1993—1995: 1993, Loans (external), \$657 million. Where is it to be sourced? The Inter-American Development Bank, the IBRD—World Bank, Caribbean Development Bank, European Economic Community, European Investment Bank, Japan Exim, and others. In 1994, \$1,31.4 billion; 1995, \$1,135.8 billion; 1993—95, the period of this programme, "\$2.824 billion—that is external.

Now, there are also domestic loans. The total of domestic borrowing of the Government, which is putting the emphasis on development on the private sector mobilization, is \$1.239 billion. Where is the money coming from? The strategy of the 1992 budget, that has continued into the 1993 budget, and that is based on the

Appropriation Bill (Budget)
[MR. HUMPHREY]

Saturday, November 28, 1992

Government's Medium-Term Policy Framework, this is from stabilization to growth, 1993—1995—it was stated, very honestly, by the Minister of Finance, when he delivered his budget speech this year—

Mr. Valley: Madam Speaker, on a point of clarification. The Medium Term Plan was done during 1992, it is not correct to say, therefore, that the 1992 budget was based on the Medium-Term Plan.

Mr. J. Humphrey: Madam Speaker, hon. Junior Minister—you were right to make him a junior, Mr. Prime Minister—when I quote from the budget, you will realize that the Minister of Finance was anticipating this very Medium-Term Framework, in delivering the budget. He referred to it. I quote from page 7:

"In the months ahead, we shall be undertaking the detailed technical work required to convert our ideas into a fully coherent, consistent medium term economic strategy and investment programme. We plan to consult broadly with all segments of the population in this exercise.

We shall seek to achieve three broad objectives in the medium term. These are:

— sustainable growth of the economy;"

They are not even getting the economy to grow, far less to sustain that growth.

"— a significant and durable reduction of unemployment; and

— restoration of an adequate level of foreign exchange reserves."

The foreign exchange reserves disappeared moments after delivering his budget, and put the poor Minister of Finance into a quandary.

Madam Speaker, certain strategies were to have been adopted and certain achievements were to have been made. So far, we have seen the adoption of strategies but we have not seen the achievements that were supposed to have been made. We do not see a stimulation and growth of the economy or job creation. In fact, we see more unemployment than before, ever increasing.

[MR DEPUTY SPEAKER *in the Chair*]

Mr. Deputy Speaker, there has to be a reason why the economies of the developed countries of the world, and more so, the economies of the under-developed countries are not expanding. It is not from paucity of resources. Our world possesses human skills that would defy the imagination of even the best read among us. I single out the Member for Couva South; very well read. The man has

achieved tremendous gains in the sphere of knowledge and of understanding the world in which we live.

The knowledge and skills that we have been able to assemble, as a species is being transferred from those who have it to those who are interested in having it, through the process of education. We have learnt to take natural resources and convert those into the things that make our lives convenient. There is no question about that. We have learnt, for example, to harness the resources of nature to provide food in adequate quantities for all of our species. But this is not happening.

Some are over-fed and many are under-fed. Something is, therefore, fundamentally wrong about the way we are managing the resources of this world. It seems to me that what we should be doing—because we have a mandate to represent the interest of the people of Trinidad and Tobago—is focusing our intellect on finding creative ways of resolving human problems instead of just capitulating totally to the demands of people who have demonstrated an incapacity to solve the problems of their own countries, far less to go elsewhere and solve problems.

12.50 p.m.

You should treat them with total contempt the way your predecessor did. Tell them to stay in Washington and leave Trinidad and Tobago to its own devices and let us rally the resources of the people of Trinidad and Tobago to solve the problems of Trinidad and Tobago. I read that this Government does not intend to forgive the debt of the Caricom partners. Forgive the debt. They cannot pay it, forgive it and then stand up to the world of creditors and say, follow the example. Yes! Be bold. You are young a re-born Christian [*Interruption*]*—*That is the prayer. Take it seriously. You will see how the Almighty will bestow us with favours because he might open doors that are closed to other societies.

The Minister of Finance honed in on the problem. Every country in the world faces this problem—the failure of countries to fully mobilize productive resources so as to produce the things their societies need. The Minister of Finance focused in on it. In fact, if you are looking for a focal point of the budget for 1993, it is very easy to find. It is the thing that is stated most in the 1993 budget. I have gone through the 1993 budget and have highlighted the areas of that focus. I will quote each one.

Appropriation Bill (Budget)
[MR. HUMPHREY]

Saturday, November 28, 1992

The Minister of Finance, at page 9 states:

"The expansionary monetary and fiscal policies pursued in the first half of 1991 resulted in our gross foreign exchange reserves declining from US\$607.9 million at the end of June 1991 to US\$427 at year's end. Outflows accelerated in January amidst speculation surrounding the 1992 Budget, especially with respect to rumours about possible measures on the exchange rate. As a result, Madam Speaker, gross reserves fell further to US\$306 million at the end of January 1992, hardly an auspicious start to the Budget year. This situation was instrumental in determining the stance of fiscal and monetary policies during the year, as rebuilding the reserves position became a matter of high priority."

At page 10 it states:

"Three factors appear to be mainly responsible for the continued weakness of the economy this year. Firstly, in response to the substantial decline in gross reserves at the beginning of the year, the Central Bank further tightened its monetary policy. The resulting tight liquidity, together with the rise in interest rates, tended to dampen investment expenditure plans where new projects were being contemplated, and reduced the overall level of credit to businesses and individuals.

A second contributory factor has been the tight rein on government's expenditure in an effort to contain the overall deficit to the budgeted level and in keeping with its policy of fiscal consolidation. This policy clearly has had consequences for those sectors and industries dependent on government spending."

Admitting that the strategy is accomplishing a slowing down of the economy that is in recession. When you are trying to get a speed up of the economy, you are trying to put your foot on the accelerator and you are jamming it on the brake.

At page 18:

"There can be no gainsaying that 1992 has been yet another difficult year in our struggle to set the country's economy on the path of sustainable growth. Experience throughout the world shows, that without first correcting the fiscal and monetary imbalances and creating a sturdy balance of payments position, it is near impossible to stimulate the high level of investment required for robust and sustained economic growth and job creation."

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

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

Question put and agreed to.

Mr. Humphrey: I almost felt like a contestant in Mastana Bahar. I must thank the hon. Member.

It is a pity that the interruption came at that point because the Minister of Finance has made a categorical statement that is grossly incorrect. I think I need to repeat one paragraph of it.

"Experience throughout the world shows, that without first correcting the fiscal and monetary imbalances and creating a sturdy balance of payments position, it is near impossible to stimulate the high level of investment required for robust and sustained economic growth and job creation"

The United States of America, that is the part of the focus of the Minister of Finance, has just gone through an election where in fact, this approach was rejected by the electorate and the incoming president has promised in the short term not to worry to much about the growing budget deficit. It has reached \$4 trillion and has been the subject of tremendous debate in that country and has been thoroughly exposed to the electorate through the media of that country. If we had a media as capable as the media in that country here, conditions would not remain as they are.

The electorate in the United States of America have rejected the core arguments in this budget. They said to stimulate economic activity we do not have to worry to much about the increasing budget deficit. The state has to intervene, has got to spend more money. That money has got to be spent in ways that will improve the nation's capacity to further produce and has got to be available to the society so as to get the economy moving. That is the strategy being adopted. How is it they imposed structural adjustment conditionalities on us when they have the same structural adjustment problems far worse in fact, and they do not impose those conditionalities on themselves?

Page 21 states:

"Tight fiscal policy, with supportive monetary policy and wage restraint, will ensure the desired improvement in our balance of payments and foreign exchange reserves."

Appropriation Bill (Budget)
[MR. HUMPHREY]

Saturday, November 28, 1992

In giving a precis of the policy framework he again refers to it:—

"...the achievement of an overall balance on Central Government fiscal operations; continued restraint of monetary policy to protect the balance of payments and contain inflation."

These are the main strategies of the budget.

Mr. Deputy Speaker, at page 27 it states:

"Our fiscal programme will be supported by complementary monetary policy designed to conserve our foreign exchange resources."

1.00 p.m.

You know if any of them were businessmen who had succeeded in business, they would realize that when you have capital available to you, what you do, whether it is your own or you have to borrow it from someone else, is to manage it in such a way as to produce, make a profit, pay the cost of the capital, enable yourself to renew it and keep producing and making a profit. This Government wants to conserve the balance of payments.

Mr. Valley: Are you a businessman who has succeeded in business?

Mr. Humphrey: I am a professional who has been extremely successful in his profession. The profession, apart from my architectural practice, where I have been extremely successful is politics. The main architect of the NAR, the one who brought it into being only to have it destroyed. The Constitution enables a Prime Minister to wield tremendous power, either for good or evil. That Prime Minister wielded his power for evil.

The focus of the Government, which has been the focus of their predecessor was to conserve the foreign exchange. Why is it so critical that you must manage the resources of the country, as to conserve the foreign exchange? I will tell you why. It is mainly because we do not consume what we produce and we do not produce what we consume, as a society. It is mainly because of that.

What are you doing about diversifying the economy to enable this country to produce the basic requirements of its people? That should be the focus. In fact, every serious thinker doing analyses of the world's condition comes to the conclusion, that a society that cannot feed itself, cannot ever hope to boast of any kind of national integrity or independence. We are not putting the focus on providing the wherewithal to meet the basic requirements of our people.

That is not the only reason why the balance of payments is so critical. There is another fundamental reason. The Government is constrained by law, but as Members of this Parliament, we have the power to change the law. So, they are not really constrained at all. You must abide with the law, but if a law does not enable you to achieve the objectives, for which the people gave you a mandate, examine the law and change it.

The Central Bank Act imposes on this country—and this is the right time for the Minister of Finance to leave his seat—a condition that is tantamount to an economic straitjacket. Once you abide by the condition, you cannot mobilize economic resources; you cannot solve economic problems and you cannot take the country out of recession.

The Central Bank Act Chap. 79:01 section 33 states:

The Member for Diego Martin Central is bored.

Mr. Valley: It cannot work.

Mr. Humphrey: Mr. Deputy Speaker, all I am doing is quoting from the Act. The Member for Diego Martin Central intervenes and says that it cannot work.

Mr. Valley: I am tired of hearing that.

Mr. Humphrey: That is the problem. These people are devoid of the capability of being creative and of the capability of thinking beyond what has been imposed on them. That is the problem. When the Member for Diego Martin Central was in the Opposition, he was saying one thing. Now that he is in the Government, he is saying exactly the opposite. Where is the consistency?

Mr. Valley: Are you saying that I ever supported your idea of trinityism? It will never work, John.

Mr. Humphrey: He is not a stupid man. He keeps insisting that it cannot work. He has had many opportunities when in the Opposition to discuss ideas with me and has never seized any of the opportunities. How can he just write off an idea without even giving it consideration?

Mr. Valley: I have given it consideration.

Mr. Humphrey: From what source? You have never gone to the source. You have never talked to me. It is very frustrating. Let me put on record this economic straitjacket.

Appropriation Bill (Budget)
[MR. HUMPHREY]

Saturday, November 28, 1992

The Central Bank Act Chap 79:02 section 33 states:

- (1) "The Bank shall at all times hold assets of an amount in value sufficient to cover fully the value of the total amount of notes and coins for the time being in circulation.
- (2) Such assets shall consist of all or any of the following:
 - (a) gold coin or gold bullion;
 - (b) notes and coins in sterling or in such other convertible currencies which the Minister may designate from time to time on the advice of the Bank;
 - (c) bank balances, money at call and time balances with banks in the United Kingdom and in such other countries having convertible currencies which the Minister may, from time to time, on the advice of the Bank, designate
 - (d) treasury bills and other securities issued by the Government of the United Kingdom and by the Governments of such other countries having convertible currencies which the Minister may, from time to time, on the advice of the Bank, designate;
 - (e) treasury bills and securities issued or guaranteed by the Government which in the aggregate do not exceed in value fifty per cent of the amount in value of the total assets held under the provisions of this section;
 - (f) contributions to the capital of, or advances to international financial organisations made by the Bank under section 36(h);
 - (g) special drawing rights (and any foreign exchange proceeds resulting from their use) constituting assets of the account authorised by section 4(6) of the International Financial Organisations Act."

Why I described that as a straitjacket is because the currency of Trinidad and Tobago is limited by a static account of reserves denominated as I have described. That is the principle of the gold standard. The developed world came off that standard 50 years ago, because if they had retained the gold standard, they would have been in the same plight that we are in. Their economies would have stagnated and there would have been no way that they could have mobilized resources.

I remember as a young man—because I am nearly 60 years old, so it is 50 US dollar with a little note at the top of it, promising redemption of that dollar for one thirty-second of an ounce of gold.

1.10 p.m.

That is the time when gold was fixed internationally at US \$32 per ounce; when the stock of gold in Fort Knox enabled the US Treasury to mint its money, and the money was static based on one thirty-second of an ounce of gold for each dollar.

Mr. Deputy Speaker, after the World War II, when the rebuilding of Europe, Japan and other parts of the world was occurring and there were US troops in occupation in those territories being paid by the US, those countries retained the money, locked it up in vaults and issued their own currencies on the basis of that money being as good as gold. Under De Gaulle in France, when he came to his senses, and realized what the US had been doing, which is printing money, disregarding its quantum of gold, and printing notes free sheet, he sent his Minister of Finance to redeem the French stock of paper for gold, and there was not enough in Fort Knox to redeem the French stock of US dollar notes.

Mr. Valley: Take it off the gold standard.

Mr. Humphrey: That is exactly what they did. They took it off the gold standard, and in taking it off the gold standard, they had some foresight. They said, 'let us control the world'. The US was controlling the world as a banker up to then and continued, to a large extent, to buy up real resources with worthless paper. But they took a decision and established these agencies that are now crippling us, that are now the bosses of this regime. For what purpose? To keep us in control. That is the purpose of it, and we have to come out from under that control if we could ever hope to mobilize our own resources in our own interests. The economy of this country, as with all Third World countries, is crippled because of those conditions imposed on us in the management of our resources.

Mr. Deputy Speaker, name the country in the world that will accept Trinidad and Tobago money in settlement of debt. Why do we have our money pegged to foreign exchange? They do not accept it and the United States, that we are looking at so closely and the Minister of Finance is so concerned about, do not use it that way. They have a federal reserve system and they manage that dynamically. There is no longer a static control of US issue. There is a dynamic system in operation and the Chairman of the US Federal Reserve Board, who is independent of the politicians, monitors the performance of that economy by looking at the

Appropriation Bill (Budget)
[MR. HUMPHREY]

Saturday, November 28, 1992

capability of industrial production, the capability of US GDP output and he ensures that that capability is fully in operation productively by the management of money and by the supply and destruction of it.

What we have to do if we are going to get out of this syndrome of constantly getting deeper into debt and not being able to mobilize our productive resources is produce more. Let us face it, if we want to pay the foreigners what we owe them, we must produce more because they are not going to accept Trinidad and Tobago money. We must produce either oil or something that their money will absorb. We have to increase production, and if we do not increase production we will constantly be strangled until we are going to be dead, or until the people out there come to their senses and ensure social revolution. That is the consequence of it.

The Member for Diego Martin Central says I am talking nonsense, but I am saying that the United States manages its money resourcefully. It has bigger structural problems than we have. It owes more money per capita. The budget deficit is much larger per capita, and in every structural area it is more deficient than we are, and yet they manage money dynamically. The state intervenes. They have a continuing recession, they lower interest rates and by lowering interest rates, they encourage people to tap credit lines and to put resources to work. What do we do? We have a continuing recession, we raise interest rates. Explain that to me. I am supposed to be mad, but that is madness. You want the economy to be revitalized, you want the people to mobilize their resources, but you do not give them the wherewithal. The state says, it is not my responsibility anymore, private enterprise must do it—a total betrayal of the independence movement. At least the founding father of your party was someone who had a bit of vision and who believed in his country. He made some mistakes, yes, but he laid a valid foundation.

When the Member for San Fernando West quoted a little extract from John Kenneth Galbraith, in a lecture he has recently given in London, talking about what the world needs is more pragmatism, he missed the point totally. What he said was, what the world needs is for the capitalists and socialists to come together because neither system is resolving human problems. That is what he said and you need a pragmatic approach instead of a rigid ideological approach to problem solving.

We said from the beginning of our term in Parliament that what we need in Trinidad and Tobago is to come together, unify our people and then, in that unity, work out a strategy for mobilizing our resources in our interests and chasing the

wolves from the door. You are opening the door wider and wider and those hungry, vicious, greedy wolves are coming in more and more, and you are just inviting them to do it. The result is going to be worse than this.

I want to admit that I feel no personal animosity or antagonism towards my parliamentary colleagues on the other side. I felt tremendous animosity and antagonism towards the predecessor Government, but I must say that I am disappointed, because when the electorate rejected the NAR and gave the mandate to the PNM, the electorate expected that the PNM would manage resources differently and that there would be some hope. All that the PNM Government has done is follow in the wake left by the NAR. They offer no hope whatsoever. If we do not feel a sense of hope, the private sector will not invest, the foreign private sector will not come, except to exploit us. When you tell them that you are going to give them your natural gas and the petroleum they find, they will come and take it, but we would not get anything as a result of it.

Mr. Manning: That is not true, John.

Mr. Humphrey: Give us the figures.

We are in touch with the people involved. We recently had a delegation representing the local diving fraternity. For years these divers had been servicing the underwater needs of the petroleum industry, not only here, but in other parts of the world, and had developed skills and a capital base that enables them to do all the diving services required by the foreign investors. We were presented with a case where this Government granted 16 work permits to foreign divers to take a contract away from the local divers. A company that is not even registered in this country was given that contract, where in fact it suspected that that company was failing in Canada and ran from there with a bit of its capital, to refuge in Trinidad and Tobago.

1.20 p.m.

How were they able to do that? We can only come to one conclusion on this side: They do not want to hear of allegations of corruption. But how could they do that? How could they bypass the local, competent people—I want to tell the Minister of Education in this area there is tremendous competence—and give contracts to a bunch of unknowns and rob our people of the earnings?

The contract that was given for a particular component of Amoco's operations was worth US \$2.5 million, given to a bunch of foreigners. How does that happen?

Appropriation Bill (Budget)
[MR. HUMPHREY]

Saturday, November 28, 1992

That is what I mean. Madam Speaker, there is no hope. I do not feel antagonistic, but I am saddened by that fact.

The Minister of Finance (Hon. Wendell Mottley): Madam Speaker, there were a number of calls on the other side, all of them for increased expenditures. It was bemoaned that there had not been sufficient funds allocated to local government. We heard of not enough transfers to utilities. More subsidies are required for agriculture and other areas. On the capital side, we heard from the other side, that there was not enough for access roads. On one occasion we did get some measure of congratulations to the Minister of Works for extending the Churchill Roosevelt Highway. But in the same breath, it was lamented that Mohess Road had not been suitably dealt with.

All of this, Madam Speaker, we attempted to chronicle and put some kind of value to, because, at the same time, I do not recall hearing one revenue raising proposal from the other side. In fact, with the revenues such as we have allocated, and with some quantification of what the other side proposed on the expenditure side, it is clear that we would have come here to present a budget of something in the order of \$5 billion deficit had we taken into account all the measures that we heard on the other side. This is clearly not a responsible response to the budget.

If I could leave that and move on to some of the other areas that were raised of a more strategic nature, especially the points made by the hon. Member for St. Augustine and the hon. Member for Couva South, that, in fact, the budget did not hold forth the kind of hope that they had expected. This comes fundamentally to the difficulty that we have outlined in that there is hope in the budget, but we cannot hold forth the hope of stimulus built purely on stimulating the domestic economy. It is a problem that the hon. Member for St. Augustine addresses, but there is a blind side to his argument.

I have listened carefully to him, I pay respect to his contributions, because it is sometimes the view or viewpoint of somebody outside of the subject that can open novel perspectives. But I am urging him that the technical problem that remains in his arguments is that he has not been able to isolate from the stimulus of the domestic economy that he would have us embark upon and avoid the leakage that is implied onto the foreign account. That is, that whereas in large, integrated economies there is considerable interaction between suppliers, shall we say, in a large Brazilian economy—if he does not want me to use Japanese or US experience—wherein you have interaction from one supplier, who produces a

basic raw material that goes for second and third-stage processing, all within the domestic market.

It is possible, within that kind of economy that is so well integrated, to provide a fair amount of domestic stimulus without having the leakage on the foreign account.

Madam Speaker, we, in what the economists call open economies, have the problem that no sooner than there is some stimulus, even in the most innocent way, than it impacts immediately on the foreign account. The Member for St. Augustine has not been able, technically, within this specific kind of economy, as distinct from a Brazilian hinterland economy to provide the answer as to how to stop that leakage translating into problems.

If I could give an example, in an innocent form, even if you stimulate the economy and the man buys as a result of that employment that he has gained, a loaf of bread, a simple transaction like that, hopefully baked in a local bakery, from wheat or flour provided by the National Flour Mills, there is behind it, even in that innocent example, a US dollar content in the wheat that the flour mills has to pay for in hard US dollars, even though on credit terms. That is the problem of the domestic stimulus, Madam Speaker.

It is recent experience when we saw the economy starting to grow—I think 1991 reported something just under three per cent growth, and much of it was related, especially in the back end of 1991, to the stimulus provided to the economy running up to an election year. We saw LIDP performing at hitherto unexperienced levels and there was stimulus and creation of liquidity in the domestic banking system in Trinidad and Tobago in 1991. Until the Central Bank caught on late and started to pull back that liquidity—you remember what happened in 1991—there were loan sales. That is what happened in 1991.

Mr. Humphrey: Could the hon. Minister stay on this point and explain how the Central Bank pulls back the liquidity to stop the haemorrhage?

Hon. W. Mottley: They put up reserve requirements and so forth.

Mr. Humphrey: Exactly. You withdraw banking from the commercial banking system.

Hon. W. Mottley: Yes. You slow it down. But what was happening in that period of loan sales? The economy was growing, yes, but at the same time we were haemorrhaging the foreign exchange and ultimately, Madam Speaker, as you

Appropriation Bill (Budget)
[HON. W. MOTTLEY]

Saturday, November 28, 1992

lose foreign exchange beyond your capacity to earn it, what happens? Ultimately, the economy will grind to a halt, because you can no longer pay for that shipment of wheat, you can no longer pay for that spark-plug that is required to keep a motor vehicle going and the whole economy will grind to a halt because we do not have that integrated type of Brazilian economy here in Trinidad to keep that stimulus going. That is what makes it different for Prime Minister Manning, as it does for President Clinton.

President Clinton can stimulate for a long time without the consequences imploding on him. Here, the feedback is sharp, short and immediate. That is exactly what happened to us in 1991, Madam Speaker.

Mr. Humphrey: Would the Minister give way to a question? Madam Speaker, if the society was taken into the confidence of a Government that was truly representative and we presented the real facts of life to the society, does he not think that the Trinidadian and Tobagonian population is sophisticated and clever enough to understand something so basic and to realize that if we are to mobilize resources in their interest, we have got to conserve our spending of foreign exchange and splurge on our spending of TT to stimulate domestic activity?

It is unfair to say that I have not addressed this, because that is exactly the focus of the new ideas that I have given which the Member for Diego Martin Central so readily pooh-poohs, an insulating device between the management of domestic finances and foreign exchange.

Do not laugh at it. The failure to mobilize domestic resources will be their demise.

Hon. W. Mottley: That, again, was an experiment in the Co-operative Republic of Guyana, where they attempted to stimulate the domestic economy and stimulate rice production and stop that haemorrhage on foreign exchange by insisting that the people use rice flour and things of that nature so that they would not have to pay the foreign exchange price.

Madam Speaker, all of us know what became of that experiment. So rather than go down that route, we are saying that we have to stimulate the domestic economy for growth and employment and to mobilize the resources in Trinidad and Tobago, but we are going to do it in a way in which that stimulus is put towards those industries, those services that will address the international market and earn foreign exchange. That is the central point about the Medium Term

Policy Framework that we have put on the table. It sets the whole framework in which that is going to happen.

Madam Speaker, that document states that we are going to try to organize our macro-economic framework, to make sure that we provide the right environment in which that is going to happen. Out of that will flow other decisions such as our reform in customs.

Out of that, too, we are going to look at trade reform to move the domestic manufacturers and businessmen away from an inward looking approach that will cause them always to be looking just for that domestic stimulus, to a situation in which they are catapulted into looking at the international world and trying to improve Trinidad's productivity, based on sales made to a much wider market than the limited one million market, the whole programme of trade reform.

On top of that, Madam Speaker, in this budget, we have highlighted that we are using devices such as loans made at half the commercial rate that will be available come January to businessmen in this country who want to borrow for the purposes of re-tooling their industry to address that market so that we can stimulate this domestic economy by producing for markets of hundreds of millions rather than just one million.

In this budget, Madam Speaker, we highlighted the experience of British Columbia in pushing venture capital. A weakness of the Trinidad and Tobago scenario is that businesses depend too much on borrowed capital from commercial banks and we are saying, let us get equity capital into businesses, but, again, let us stimulate that movement of capital not into just ordinary businesses, but businesses of a certain type.

Again, we must look outwardly and we are providing stimulation through tax credits given for individual citizens or corporate citizens to invest in venture capital investments in certain kinds of businesses. Again, a stimulation of a certain kind.

Right now, in Trinidad and Tobago there are a number of export credit facilities, Bladex, this one from Venezuela, et cetera. They are all residing in the Central Bank, not used by a number of the business houses in Trinidad and Tobago. We tend to think that maybe those credit facilities—this is to finance export credits—because they are in competition with the commercial banks, are not available.

Appropriation Bill (Budget)
[HON. W. MOTTLEY]

Saturday, November 28, 1992

I have asked the Central Bank to look into this matter urgently and, if necessary, have the Central Bank window itself used by businessmen to access some of these credit facilities that are available right now to finance export credits.

Madam Speaker, again, we recognize that businesses have to reach out, they have to look at the markets abroad, the Export Development Corporation is there to hold hands, to carry them out into trade fairs and so forth.

In addition to which, Madam Speaker, we understand that once out there, we have to protect our commercial interests and we have—as the Minister of Foreign Affairs pointed out—a new orientation in the embassies and high commissions abroad that is now far more pragmatic and commercial. That is a fact that came out of the foreign policy review that we mentioned and is now being implemented in our embassies and high commissions.

Further to that, we emphasize that there are threats out there. We are not naive. Yes, the world is moving towards free-trade, but free-trade is an ideal. It does not exist perfectly at any one single time and we have to protect our incipient manufacturers as they get out there, especially in our major market—the United States, which is a major trading partner. The United States is a very complex market and there are always moves by the domestic manufacturers in the United States to have non-tariff protection of their industries and they manage to coerce and succeed and get these things through Congress in different forms. This is one of the major considerations we adopted in why we wanted to employ a firm of lobbyists in the United States to protect our interests in the United States, Madam Speaker.

While I am at it, I did not mention the name of the company initially, but I think it appropriate to do so at this stage, since it came up for some commentary during the debate. The name of the company that we have employed to look after our interests in the United States and Washington is Neale & Company. We went about selecting this company very carefully, Madam Speaker and can make available to Members on the other side some basic information on the company so that they will know what the company is about. We selected this company after consultation with a number of our Caribbean sister governments as to what their experiences were.

In addition, Madam Speaker, while on that, it is very interesting, if I could just let the House know how much money people spend on these items. For instance, I have here, from UN/ECLAC Database, that Australia, in 1989—this is the latest

information I have—spent US \$19 million on lobbying; Barbados, \$5 million—rounded off figures—Canada, \$19 million; China, \$4 million; Colombia, \$39 million; Great Britain, \$34 million; Jamaica, \$42 million; Mexico, \$17 million.

After culling the advice of several governments and parties who knew of this business from a long list of companies we eventually came down to a short list of two and members of the public service in the Ministry of Finance interviewed these companies and eventually recommended one company above the others in the short list: Neale & Company. They provided very valuable service on an initial one-off matter when the Prime Minister and his party went to Washington to visit President Bush, and they did a specific job in preparing briefs and so forth for that visit. Afterwards, we were pleased with the assistance and advice and after that process, they were selected initially on a one-year basis to provide a specific programme of activities for the Government of Trinidad and Tobago at a cost of US \$400,000.

Madam Speaker, let me continue in informing this House about the directions in which we are going in response to the criticisms arising on the other side that we are not stimulating the economy. I am showing, Madam Speaker, that within the constraints of the economy of Trinidad and Tobago, we are providing that specific stimulus, but it has to be of a certain type that will earn foreign exchange so as not to come up against the blockage that we experienced in 1991.

Madam Speaker, it is clear that the main plank for the stimulation and recovery of the Trinidad and Tobago economy will reside in the petroleum sector. That is why we have put the immediate and largest stimulus at the doorstep of the petroleum industry.

I have said in other fora that we were not able to provide the domestic economy with a stimulus this year by reducing corporate taxes because we had already taken the step and foregone revenues in the petroleum area, that is deliberate, careful and planned strategy, because it is the petroleum sector that we expect to see providing the most urgent stimulus for the Trinidad and Tobago economy.

We brought legislation to this House to deal with that. We are seeing the returns, Madam Speaker. We talked in the budget speech about the deep-sea drilling for oil off the east coast by Amoco. We spoke about the September or even earlier start of drilling by Exxon in the southern basin consortium, Madam Speaker. We talked about Trintoc and Trintopec being relieved of some of the

Appropriation Bill (Budget)
[HON. W. MOTTLEY]

Saturday, November 28, 1992

burdens that they experienced until now, and having new injections of capital to re-start their programmes of drilling and work over that was significantly absent in 1992.

We spoke also about the lead role that the NGC is given in promoting the use of natural gas in Trinidad and Tobago. It is a very pragmatic role. It is not to say, Madam Speaker, that we have retreated and are only looking at the Government as a pure facilitator. We are telling Members of the other side that we are seeing the methanol company being used in a certain way to trigger massive investment through the methanol company in an MTBE plant in which the Government would have shareholding in a much wider and larger population. That is not the picture, Madam Speaker, of a government that is just laying back.

It is also a fact that one of the largest investments is taking place in Trintoc in refinery upgrading, specifically to make sure that this Government-owned enterprise is able to upgrade its refinery products and have its gasolines and so forth meet the higher standards that are being required of them in their major export markets in North America. It is clear, therefore that in all of this, you will see a government that is activist, it is activity they are promoting; it is their investing, it is their trying to trigger investments within the state enterprises, even while in some enterprises it is directly divesting. It is a pragmatic approach and it is certainly not a laid back, wait and see approach.

Madam Speaker, I have said, again, in another fora, that for the first time, as a result of what we are seeing, the first time since 1960, there is the very real chance that new oilfields might be discovered in 1993 that will augur well for the country's economic future. It is by no means a bleak picture.

On top of that, Madam Speaker, we are clearly seeing the fruits of the promotional efforts of the Government, the NGC, in particular, to renew interest in Trinidad and Tobago, as a source of producing petrochemicals, steel, raw materials on a world scale.

While all of this is going on, therefore, we continue to exercise due diligence in the matter of caring. In other words, there is hope but, in the meantime, there has to be caring. The revenue measures reflect that attitude of caring. The revenue measures deliberately stay clear of dealing heavily with some of the simple pleasures of ordinary folk in Trinidad and Tobago.

Madam Speaker, in addition, the revenue measures have followed good practice in attempting to broaden the tax base, rather than pile tax upon tax upon a

narrow captive few. Therefore, that is the logic. I am surprised that the hon. Member for Couva South did not get it, when he said that he did not see or he saw the 0.25 per cent business levy as an attack upon small business. To the contrary: Madam Speaker, if you have a business that only does \$100,000 turnover, you are talking about a tax of \$250. This is not *vaille que vaille*, this tax has come out of the experience of a number of countries in this hemisphere—Mexico in particular—where there is significant tax evasion. It is an attempt. A similar tax is imposed in Mexico and is now being widely used in Latin America to try to make sure that companies that are striving and doing well, but which never seem to be able to declare profits, pay at least some fair share of their way, because they do draw upon state resources.

In addition, we have made sure that we have put up the marginal rates on stamp duties on the transfers of luxurious properties. This is a measure aimed at upper income transfers and not at small transfers at the base. In fact, anything below \$300,000, is exempt.

Mortgage exemptions: We have removed the privilege of the tax exemption for mortgage interest from the high of \$36,000, and reduced it to \$24,000. That means that properties of under, approximately, \$300,000, are still covered. Only those with properties costing much more than \$300,000, Madam Speaker, will be affected by this measure. It is clearly not a measure aimed at the little man.

1.50 p.m.

Further concessions: We have expanded the exemptions for severance pay and retirement benefits from \$80,000 to \$100,000.

In addition, we have reduced duties through the CET on a number of items and we have calculated that the duty reductions from January 1, 1993 will have the effect of reducing the cost of living by one per cent in 1993.

There have been a number of transfers. Transfers to state enterprises, and so forth have been reduced. But transfers, as I explained in the budget speech, have been increased to a number of non-governmental organizations; increased to family planning and so forth. I have some figures that I can perhaps share with you. From \$178 million transferred to old age pensions in 1992 it has gone up to \$184 million; family planning, from \$250,000 to \$1 million; school feeding, roughly constant at \$22 million; social assistance up from \$40 million to over \$41 million; food subsidy up from \$59 million to \$61 million; urgent temporary assistance, doubled. In the Ministry of Health, assistance to necessitous patients up from

Appropriation Bill (Budget)
[HON. W. MOTTLEY]

Saturday, November 28, 1992

\$416,000 to \$1 million. I could go on and on, there are a whole series of items under those subhead that greatly increase the transfers given to effect a caring face in this time of difficulty.

Of course, then there is the question of employment. It is clear that the Government cannot bear the full burden of employment. It is only in the end from economic recovery that there can be created quality permanent jobs in Trinidad and Tobago. That is why we have gone through the trouble of preparing this Medium-Term Policy Framework within which the economy can grow without being stalled by running out of foreign exchange while we are pushing it in the line, most likely, to yield immediate results which is the energy sector; then thereafter tacking on to the train, tourism services especially establishing Trinidad and Tobago as a centre and a hub for financial services, but initially the energy sector to be the spark of growth.

Agriculture—important, and that currently centres as the pivotal point for the agricultural take off of Trinidad and Tobago; a point that I will return to in a minute.

Therefore, Madam Speaker, it is growth that is the ultimate answer to employment. In the meantime, the Government itself is, in the short-term, putting more money into a number of programmes—LIDP, the Civilian Conservation Corps—to make sure that while the grass is growing the horse is not starving; to make sure that as we prepare for this new kind of world in which we are going to have a certain kind of tourism, a certain kind of thrust in the energy sector, that the apprenticeship programme will train our young people for that kind of world of work that we anticipate in 1993, 1994, 1995 and onward, therefore spending \$30 million and structuring a programme to be worked out with the three social partners to supplement that \$30 million; to make sure that there is a massive apprenticeship programme in Trinidad and Tobago parallel to something like the labour apprenticeship programmes that exist in Europe where it is industry that seize young people coming from schools and put them through a process whereby their industries specifically hire young people whom they train and give them that exposure and discipline before they make that final transition to the world of work. That is all part of our planning.

Then, apart from the Government's direct programmes, we have clearly outlined that the major short-term stimulus is going to come from the construction industry. The PSIP lays out a number of projects in which we see much more

activity in the housing sector. We see the airport project to start in the new year; we see a number of programmes such as rural access roads and so forth being built— part by counterpart funds locally; part by IDB funds—that will spread this kind of construction activity throughout Trinidad and Tobago.

Outside the Government's direct involvement in the construction industry, in this budget we have provided a major stimulus in stating that any kind of construction starting in January, 1993 and finishing before the end of 1994 will have the rents derived therefrom free of income tax, up to the year 2000. That is a major stimulus and I challenge the business community to accept that stimulus. *[Interruption]* You can start something. The hon. Member for Couva South is, I understand, a man not without some capital of his own.

Mr. Manning: Even if it has been financed by the proceeds of ill-gotten gains.

Hon. W. Mottley: Madam Speaker, we throw out that challenge to the business community and expect strong reaction to it that will employ construction workers and, behind that, the factories which provide the bricks, mortar, cement, paint and so forth, that will provide employment in the domestic manufacturing industry.

The Minister of Planning and Development, in anticipation of the pile up at the Ministry of Planning and Development for approvals, is personally supervising to ensure that there is no long wait in the Ministry of Planning and Development as far as approval goes.

So that I anticipate that the Member for St. Augustine will have some additional employment as well. As a result of this stimulus, I hope that we will see some designs that are worthy of his calling.

Madam Speaker, I think the Members on the other side correctly focussed on another concern of the budget, and it is a concern of all of Trinidad and Tobago and we cannot escape it. The Member for St. Augustine especially focussed on it; that is, debt service. Debt service is a major concern, not only of the Government of Trinidad and Tobago because it affects every single Trinidadian and Tobagonian. The facts of the matter are, inescapably, that until the hon. Prime Minister can persuade the President elect Clinton—he will also have to persuade most of the leadership in the western world: Japanese, German, British, etc—on total debt forgiveness, until that is realized, we have no other choice but to conduct our business on the assurance that we will have to meet that debt service—and that is the only responsible way of conducting a Government.

Appropriation Bill (Budget)
[HON. W. MOTTLEY]

Saturday, November 28, 1992

2.00 p.m.

We have had to struggle with approximately US \$620 million debt service in Trinidad and Tobago in 1992 and 1993 will see that debt service peak at just under US \$650 million and in 1994 it will start to come down and it is on the basis of significant relief after June 1994 that we are looking down the tunnel, especially if we get the growth process going in 1993 slowly at first, but with accelerating pace thereafter, that Trinidad and Tobago can look forward to hope.

It is on that premise, Madam Speaker, that in discussions with the public service unions and so forth on other debts which the Government has, that I can make the kind of commitments and assurances that we will deal with the debts which we acknowledge in that period, post June, 1994. But we just cannot get blood from stone. Those are the facts, Madam Speaker. Like my hon. colleague from St. Joseph, I have no magic wand. We have limitations, with that level of debt service taking up such a large chunk of our available funds. Madam Speaker, neither can we renege on those debts, but in dealing responsibly with them, we have brought this budget in which a central feature is that we do not increase our net borrowings and the 1993 to 1995 medium term plan talks about no surplus, no deficit in 1993, but going forward into the Government creating surpluses thereafter. The purpose of that is in 1993 no new net borrowing and thereafter, 1994 and so forth, surpluses to help us with the amortization of those debts.

Mr. Sudama: No new net borrowing?

Hon. W. Mottley: Therefore what we are saying, when we borrow it is merely now to take some of the burden from present years and shift it to later years, but at the end of the day, we are, in fact, reducing the total debt stock. That is what we have to understand—we are about reducing the total debt stock, merely shifting the maturity of the debts. That is what we are doing, Madam Speaker, and I am glad to see that the hon. Member for Oropouche who, unlike some of his colleagues on the other side, has some degree of understanding of these matters
[Interruptions]

Therefore, Madam Speaker, in that situation where we have to meet those debt services and we have to show no surplus, no deficit initially in 1993, that has constrained the budget and therefore it explains why, for instance, we clearly—although on the one hand we are increasing transfers for programmes such as old age pension—we cannot at the same time sustain the level of transfers to state enterprises, public utilities, and so forth.

It is in that context that I draw to the attention of the national community, clearly signalling that in 1993 we are only putting \$37 million by the Port Authority, as against \$55 million in 1992; WASA, \$15 million in 1993, as against \$50 million in 1992; PTSC, similar reduction. As far as the state enterprises, Madam Speaker, we see BWIA only \$2 million in 1992, nothing in 1993. We see Caroni Limited, Madam Speaker, an exception in that we reduced the subvention in keeping with the reductions to all of the utilities and state enterprises, as we had agreed to, but then in keeping with certain arrangements, put back \$30 million to deal with an assurance that had been given. I only signal that, Madam Speaker, because we share a deep concern that Caroni Limited be allowed to be the driving force in our agricultural thrust and that we allow Caroni this extra year of breathing space to get its house in order. Because ultimately, too, Madam Speaker, we expect Caroni to conform and fly, like all the other state enterprises and utilities, to de-couple itself from the State Treasury and the taxpayer.

If I could come, Madam Speaker, to some of the specific problems raised on the other side about the budget. We have had the question of our expectations of tax collections raised by Members on the other side. I think I have already dealt with the matter of the business levy and its genesis in proper, latest tax collection thinking in this hemisphere.

There has been some scepticism about our capacity to collect the amount of moneys that we say we are going to collect on VAT. I will only say that we have done our homework. This is not something that we have come at the last minute and said we are going to collect these amounts in 1993 out of wishful thinking. When originally I told this House that we were experiencing problems in VAT collections, I think as early as March/April of this year, we put in the study that was required on our own and then got assistance from a specialist from New Zealand through the IMF and we have done a lot of work in this area, Madam Speaker. Recommendations both of the IMF and of our O & M have been agreed by Cabinet and I can report today that only this week 22 VAT field officers were hired through the Service Commission and will now report for training and will be effective in assisting us with our VAT collections in 1993.

Similar case with Customs. We have gone about a lot of detailed work in re-organizing the Customs. We got specialist help from the US Customs Service. There will be people here next week to assist us, or the week thereafter, in valuations, and training our people in proper valuation techniques and a wide range

Appropriation Bill (Budget)
[HON. W. MOTTLEY]

Saturday, November 28, 1992

of other administrative reforms that we will be undergoing in Customs that makes us fairly confident that we will collect the revenues that we have projected in the Customs.

2.10 p.m.

Madam Speaker, again, in 1993, the Revenue Protection Agency, which will have a wider purview, will be implemented, especially over the Inland Revenue Department and so forth. What I am spelling out is that we are not talking only of what we propose to do. I am talking about what we have already done, that gives us cause for some measure of confidence, that we will realize what we say in terms of tax collections in 1993.

Another matter, raised on the other side, was the question of our divestments, again, specifically, related to the business of accountability. This is serious business. These companies—some of which we are going to divest—are major assets. We have recently sold off Farrell House, and the Minister has made information public on that. We accepted the offer of \$8.1 million. A relatively small offer, but still, it has to be done transparently. The board of directors of the company engaged a local accounting firm to assist in the sale of the company. It provided information on Farrell House to prospective purchasers. An information memorandum was prepared and perspective purchasers, through advertisements, were invited to submit bids for the company; the closing date was September 11; it was further extended and, at the request of some purchasers, to September 25, and on November 5, 1992, the Cabinet agreed to a recommendation of the board that Energy Consultants Limited be accepted, and their offer of \$8.1 million, which was the highest that came in, was accepted.

Even more detailed procedures—

Mr. Maharaj: Madam Speaker, I wonder if the hon. Minister would give way. Did the Government cause a valuation to be done on the assets of Farrell House? If it did, what is the name of the firm?

Hon. W. Mottley: Madam Speaker, a valuation was done. I do not have the information here, but it can be provided. *[Interruption]* Madam Speaker, just to come back to that point. The fact of the matter is that Farrell House was losing so much money that almost any price would have been a deal. Those are the facts, we got rid of it in a transparent fashion, and the Minister will provide the information on the value.

Mr. Maharaj: In relation to what you just said, are you in a position, as Minister of Finance, to tell this House whether Farrell House, on the market, was worth much more than it was sold for?

Hon. W. Mottley: Madam Speaker, the valuation was \$4 million, we got \$8 million. *[Interruption]* It was done this year.

Again, in relation to the disposal of Fertrin and the Urea Company, equally detailed procedures. Having, with Amoco, to agree on the advisor, then taking the next step, and most important, the preparation of the same type of memorandum. The memorandum for these companies was completed in October 1992, and circulated to approximately 80 potential buyers of the two companies. These potential buyers were headquartered principally in North America, Europe and Asia.

On the basis of the marketing programme conducted by the agent who was acting on our behalf, First Boston, instructions were sent to potential purchasers inviting the submission of non-binding proposals for the companies. This process was expected to assess investors' interest and allow them to undertake due diligence exercises of the companies. This involved a one day senior management presentation and facilities visits at Point Lisas and access to a data room in New York. I could go on and detail the procedures laid down by the Investments Division at the Ministry of Finance, to conform with proper accountability and transparency, a whole detailed procedure which we conformed to, to make sure that there is proper accountability in the divestment process in Trinidad and Tobago.

Mr. Sudama: Madam Speaker, would the Minister of Finance give way? Could he indicate to this House, in the context of the accountability which is promised, whether this Parliament should not have had an opportunity to have an overview of your memorandum and procedures being followed? Do you not think that if you want to bring this Parliament into your confidence, you should have brought this before the Parliament for our information?

Hon. W. Mottley: Madam Speaker, it was advertised publicly, the memorandum was available. If Members wanted, they could have accessed it. It was no secret document, and Members can have, at any time, the right to raise questions, as they do in this House.

In addition, I think it was the hon. Member for Couva South, who requested information on what a number of the fees were likely to realize. We have the fees

Appropriation Bill (Budget)
[HON. W. MOTTLEY]

Saturday, November 28, 1992

that were realized from a number of items raised in the Provisional Collection of Taxes Order. The Member for Couva South asked what they were likely to yield. In the Ministry of Foreign Affairs, we have increased the prices paid by overseas citizens for passports and so forth. That is likely to yield approximately \$1 million. Incidentally, I do not know if it is proper to raise this, but for that million dollars, we were able to put into the vote in the Ministry of Foreign Affairs, the corresponding \$1 million, to assist us in the upkeep and repair of some of our overseas high commission buildings, offices and so forth.

In the Ministry of Legal Affairs, increases in various fees and charges, \$6 million. Agriculture, mainly increases in fees and some of the plants they sell there, \$1.3 million. Planning and Development, Lands and Surveys \$0.5 million. In the Ministry of Health, for the Food and Drugs laboratory fees etc., \$0.6 million.

Mr. Maharaj: Madam Speaker, could the Minister, in relation to those increases, explain the basis, having regard to what he has already said that it is not an attack on the poor, why, for example, the fee to register a child over three months has been increased from \$2.50 to \$100; the increase is about 3,000 per cent.

2.20 p.m.

Hon. W. Mottley: Madam Speaker, the answer is clear. That is a penalty against late registration. If you register within a reasonable time—it is considerable low.

Mr. Sudama: Does the Minister believe that that penalty will be effective? If people do not have the money to buy food, will that penalty be effective in having people registered if it is increased to \$100? It is just your dollars and cents mentality to the problems of this country.

Hon. W. Mottley: Madam Speaker, I think I have covered most of the relevant questions raised by Members on the other side. I will say that we have difficulties in the economy but, we have a clearly identified plan which we have tabled in this Parliament and we have backed it with a considerable amount of economic data and information. Central to that, there is also the public sector investment programme both short term in 1993, and over the medium term. We are squarely telling the population that we are zeroing in first on the energy sector as the drive for this economy. We are not stopping there. There is confidence that success there will ripple out into the rest of the economy. We are seeing an effective monitoring of the economy in the Central Bank, the Ministry of Planning

Appropriation Bill (Budget)

Saturday, November 28, 1992

and in the Ministry of Finance, to make sure that we stay on course, especially during this difficult period of high debt service. But we are seeing the light at the end of the tunnel. The debt service does peak in 1993 and that post-June 1994 it falls off considerably. For the measure of sacrifice and discipline that we are asking of the population, there is in fact, a reward. That is why we are able with confidence to predict the passage from stabilization to growth.

I thank you, Madam Speaker.

Question put and agreed to.

Bill accordingly read a second time.

Bill and Estimates committed to Finance Committee.

2.25 p.m.: *Sitting suspended.*

2.55 p.m.: *Sitting resumed.*

House resumed.

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

Motion made and question proposed, That the House do now adjourn to Friday, December 4, 1992 at 1.30 p.m. [Hon. K. Valley]

Question put and agreed to.

House adjourned accordingly.

Adjourned at 2.57 p.m.