

HOUSE OF REPRESENTATIVES*Friday, July 9, 1993*

The House met at 1.45 p.m.

PRAYERS[MADAM SPEAKER *in the Chair*]**LEAVE OF ABSENCE**

Madam Speaker: Hon. Members, I have granted leave of absence from today's sitting of the House to the Member for San Fernando West (Hon. Ralph Maraj) and the Member for San Fernando East (Hon. Patrick Manning).

ENVIRONMENTAL FOUNDATION (INC'N) BILL

Bill for the incorporation of the Foundation for the Environment of Trinidad and Tobago and for matters incidental thereto; brought from the Senate [*The Member for Port of Spain North/St. Ann's West*]; read the first time.

TAKING OF HOSTAGES BILL

Bill to give effect to the International Convention against the Taking of Hostages opened for signature at New York on December 18, 1979; brought from the Senate [*The Minister of National Security*]; read the first time.

PAPERS LAID

1. Report of the Auditor General on the Accounts of the Public Utilities Commission for the year ended December 31, 1991. [*The Minister of Finance (Hon. W. Mottley)*]

To be referred to the Public Accounts Committee.

2. Report of the Team appointed by Cabinet to prepare a Draft National Policy for Food and Agriculture (Green Paper). [*The Minister of Agriculture, Land and Marine Resources (Hon. K. Rowley)*]

The Minister of Agriculture, Land and Marine Resources (Dr. The Hon. Keith Rowley): Madam Speaker, I further crave your indulgence to say a few words as I lay this document for the information of—

Madam Speaker: The report is to be laid now and the hon. Member will be allowed to make the statement under "Statements by Ministers".

SELECT COMMITTEE REPORTS

Presentation

St. Ann's Spiritual Baptist Church (Inc'n) Bill

Mr. Desmond Allum (*Port of Spain North/St. Ann's West*): Madam Speaker, I beg to present the report of the Special Select Committee of the House of Representatives appointed to consider and report on a private Bill for the Incorporation of the St. Ann's Spiritual Baptist Church and for matters incidental thereto.

Dr. Rupert Griffith (*Arima*): Madam Speaker, I beg to present the following reports:

Rescue Mission (Inc'n) Bill

1. Report of the Special Select Committee of the House of Representatives appointed to consider and report on a private Bill for the incorporation of 'The Rescue Mission' and for matters incidental thereto.

Faith International Baptist Convention (Inc'n) Bill

2. Report of the Special Select Committee of the House of Representatives appointed to consider and report on a private Bill for the incorporation of the Faith International Baptist Convention of Trinidad and Tobago and matters incidental thereto.

Universal African Improvement Association (Inc'n) Bill

3. Report of the Special Select Committee of the House of Representatives appointed to consider and report on a private Bill for the incorporation of the Universal African Improvement Association and for matters incidental thereto.

WRITTEN ANSWER TO QUESTION

**Windward Road
(Danger of Collapse)**

The following question stood on the Order Paper in the name of Mr. A.N. R. Robinson (Tobago East):

213. Is the Prime Minister aware:

- (i) That the Windward Road from Scarborough to Charlotteville is in danger of collapse in more than one location;
- (ii) That this road affords the only means of access by land to several of the largest villages in the island;

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- (iii) That the proposed link road between L'Anse Fourmi and Charlotteville, apart from providing a stimulus to agriculture, tourism and fisheries development in Tobago, would also afford alternative access to villages in the eastern region of the island in the event that the Windward Road from Scarborough to Charlotteville collapses or becomes impassable?

Madam Speaker: Has the Member for Tobago East received the written reply?

Mr. Robinson: Madam Speaker, what I have in my possession is regrettably an insult for an answer. Firstly, it is signed by the Permanent Secretary to the Prime Minister and the question was directed in this House to the Prime Minister. Secondly, it displays ignorance of what I am talking about, either deliberate or innocent.

Vide end of sitting for written answer.

ORAL ANSWERS TO QUESTIONS

Road Humps

222. Mr. Ramesh L. Maharaj (*Couva South*) asked the Minister of Works and Transport:

- (a) Would the Minister state whether Government approves the policy of humps (sleeping policemen) being placed on public roads?
- (b) If the answer is in the negative, would he state whether he is aware that public roads in Trinidad and Tobago have these humps (sleeping policemen)?
- (c) If the answer is in the affirmative, would he state whether the Government would have any objections to humps being placed on the Calcutta No. 2 Road, which is a public road?

The Minister of Works and Transport (Hon. Colm Imbert): Madam Speaker, the Minister of Works and Transport wishes to advise that the Government approves the policy of humps on public roads.

Part (b) of the question is not applicable.

Road humps are a traffic control device and these are placed on roads by the Traffic Management Branch of the Ministry after carefully assessing requests for the same. Requests made must indicate:

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- (a) Exactly what section of the road is being considered for the placement of the humps;
- (b) The basis of the request for the humps, for example, whether it is in the vicinity of a school zone, a play zone or a residential area.

In the specific case of Calcutta Road No. 2, the request must first be made to the ministry, giving the necessary information as outlined previously.

**Head of State
(Exercise of Power)**

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

- 223.** (a) Would the Attorney General and Minister of Legal Affairs state to this honourable House whether, apart from the occasion on the 28th day of July, 1990, the President, the Acting President or any other person performing the duties of President has exercised or purported to exercise the powers conferred upon the Head of State by virtue of the provisions of Section 87(1) of the Republican Constitution of Trinidad and Tobago?
- (b) Would the Minister state to this honourable House, subject to the limitations mentioned above, the particulars of the pardon and/or amnesty in respect of which the power was exercised or purported to be exercised by giving the names of the beneficiaries of the exercise or purported exercise of the power, the dates of the said exercise of the power and the offences for which the power was exercised or purported to be exercised?

The Attorney General and Minister of Legal Affairs (Hon. Keith. Sobion): Madam Speaker, I did not have time to communicate with my Friend the Member for Couva South, but I would not be able to answer this question until next week. I am therefore asking for a deferral.

Question, by leave, deferred.

1.55 p.m.

**Scotland Yard Officers
(Expenditure)**

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

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- 224.** (a) Could the Minister of National Security state what is the total amount spent to date by the Government for the purpose of employing the services of officers of Scotland Yard who are investigating corruption, involvement in the illegal drug trade and other matters in the Police Service of Trinidad and Tobago?
- (b) Could the Minister provide a breakdown of the total expenditure under the following heads:
- (a) Salary;
 - (b) Housing;
 - (c) Cost of airline travel for officers and families;
 - (d) Cost of transport within Trinidad and Tobago;
 - (e) Subsistence allowance;
 - (f) Any other allowances;
 - (g) Cost of investigative, administrative, clerical and other support services provided;
 - (h) Any other expenditure?

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam Speaker, I seek your leave to have this question deferred for one week as the answer is not yet ready.

Question, by leave, deferred.

**Naparima Constituency
(Industrial Park)**

The following question stood on the Order Paper in the name of Mr. Subhas Panday (Naparima):

- 225.** Can the Minister of Planning and Development state whether the Government is willing to develop the proposed Industrial Park in the constituency of Naparima on a self-help basis with the people of Naparima?

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam Speaker, I seek your leave to have this question deferred for one week as the answer is not yet ready.

Question, by leave, deferred.

**DEFINITE MATTER
(URGENT PUBLIC IMPORTANCE)
(Crime—Princes Town)**

Mr. Mohammed Haniff (*Princes Town*): Madam Speaker, I seek your leave to move the adjournment of the House to discuss a definite matter of urgent public importance pursuant to the provisions of the Standing Orders of the House of Representatives.

The matter relates to the increasing number of serious crimes such as killings, shootings, robberies with aggravation, stealing, house-breaking and other crimes in the Princes Town constituency and other areas of Trinidad and Tobago. In the Princes Town police district alone there were two killings, four shootings with intent, 25 reported robberies with aggravation and several house-breaking incidents within the last month. I said reported, because I want to inform this House that there are incidents which have not been reported.

Over the last four months there were four killings and 54 robberies in the Princes Town police district alone. The Princes Town police district does not, encompass the whole of the constituency.

The matter is urgent because people are living in fear day and night, and although watch groups are organized all over, there is the ever-present danger to the residents, the travelling public and others.

It is of public importance, because the police have not been able to respond to the calls, and in many cases when they do respond, they have not been able to apprehend the criminals.

Madam Speaker, I am satisfied that this matter needs immediate action by Government and the police service, and therefore cannot wait for a motion on the adjournment because there is virtual chaos in those communities. Just to give one example. I had cause to raise a similar motion last year. The figures then were September—10 robberies; October—5; November—9 and December—9. Incidentally, however, in the month of June, this current year, there were 25 robberies with aggravation and violence. Thus, Madam Speaker, I lay my case before you.

Madam Speaker: I have no doubt that it is a matter that ought to be considered, but, unfortunately, I am not satisfied that it is a definite matter of urgent public importance falling under Standing Order 12. The Member is free to bring it under Standing Order 11.

FOOD AND AGRICULTURE POLICY REPORT

The Minister of Agriculture, Land and Marine Resources (Dr. The Hon. Keith. Rowley): Madam Speaker, the commitment of this Government to the development of the agricultural sector is rooted in our knowledge and understanding of the potential of the sector to contribute to overall economic growth and development in terms of employment generation, economic production and foreign exchange earnings. In our view, agricultural development is central to the economic diversification process and enhances rural development and social stability.

These considerations led us, very early, to treat with the hitherto seemingly intractable problem which is Caroni (1975) Limited. What indeed was deemed a major problem has now been converted into an opportunity for development and diversification of the agricultural sector. The approach we adopted with Caroni (1975) Limited was only the beginning.

Today, I am pleased to lay in this honourable House the report of the team appointed by Cabinet to prepare a draft national policy for Food and Agriculture. This document takes a much broader sweep. The issues of agricultural development, food production, food security, export agriculture and rural development are located within the context of recent and impending influential international events and within the parameters of our resource base and our limitations.

The report therefore instances such developments as:-

- (i) Economic globalization;
- (ii) Trade reform and liberalization; and
- (iii) Emerging trade blocs.

Importantly, too, the report necessarily takes as its point of departure the policy mix articulated in the *Medium-Term Policy Framework 1993—1995*. This document provided the essential framework for the evolution of the food and agriculture policy.

In essence then, what we are doing today is adding another vital link to the policy chain, in this instance, Food and Agriculture Policy. This document is intended to elicit widespread public comment out of which we expect to emerge with a truly national consensus on the way forward for the development of the food and agricultural sector into the 21st Century and beyond, facing the realities of our peculiar circumstances.

The role of the agricultural sector in Trinidad and Tobago, although crucial to the economy, must be seen within the context of a national economy that is heavily dependent on the energy sector as its prime mover. Over the past decade, the energy sector accounted for 25 per cent of Gross Domestic Product (GDP) and 74 per cent of the value of total exports. Agriculture, on the other hand, accounted for only 3 per cent of GDP and 12 per cent of the national labour force.

At the national level, structural weakness together with inadequacy of intersectoral policies, particularly those impacting on agricultural development in terms of education and training, population and the application of service and technology, are major constraints to sectoral growth and development.

Output from domestic production has shown general increases in vegetables, broiler chicken, meat, milk and rice, but starchy roots and tubers have remained fairly stable with substantial quantities being imported from neighbouring Caricom states. The fisheries and forestry sub-sectors are yet to achieve their full potential in terms of national exploitation and conservation practices.

Export agriculture, namely, sugar, cocoa and coffee earmarked to make a positive contribution to the sector, especially as a foreign exchange earner, has been in a state of secular decline, recording a fall in output of some 34 per cent during the 1990—1991 period. Cocoa and coffee have been victims of instability in prices at the international market place.

The agro processing sub-sector provides little linkage with domestic production, since input supplies are imported rather than sourced locally. To the extent that we could establish those linkages and foster them, then agro-processing will provide an impetus for growth in the agricultural sector.

The country is currently faced with a relatively high food import bill approximating \$800 million annually in spite of reduction in disposable incomes and increasing prices of imports. This is largely made up of wheat, corn, soya and rice where in 1990 alone, National Flour Mills sold \$450 million worth of these products in the local market. Corn and soya are largely for animal feed whilst flour and rice are human staples in Trinidad and Tobago.

2.05 p.m.

The level of Government intervention has always been high. It is estimated that about 60 per cent of the sector's value is generated by Government's intervention policy in the form of direct and indirect subsidies and transfers. Over the past five years direct subsidies to the agricultural sector averaged \$60 million annually.

Infrastructure facilities in the form of access roads, water management systems, land tenure arrangements and marketing facilities have not been adequately provided to effect acceptable levels of production efficiencies. The initiative undertaken with the projects at Nariva, Oropouche, Caroni River Basin as well as the Rural Access Roads Programme are long-term projects.

The agricultural sector is, therefore, characterized by low levels of capital investment, low productivity and low esteem as a vocation capable of providing a decent standard of living.

At the regional and international levels, the sector faces the challenges of a new economic order in terms of:

1. Common External Tariff (commonly called the CET) within Caricom which is to be reduced from 45 per cent to 40 per cent;
2. Trade liberalisation and a looming GATT Agreement that includes new areas of replacements of quota restrictions with tariffs;
3. The formation of global trading groupings—(NAFTA comes to mind);
4. The relatively higher levels of subsidisation of agricultural commodities by our major trading partners of the developed countries.

To effectively remove internal structural rigidities and adjust to the demands of the international arena for sustained growth and development, a change in focus, that is, a reordering of priorities and the development of new strategies is urgently required. This must be informed by a concerted and unambiguous policy directive. The National Agricultural Development Plan of 1989—93, useful as it is, will be inadequate as a policy prescription for coping with the new challenges to the sector, hence the need for reviewing the current food and agricultural policy.

In July 1992, Cabinet by Minute No. 1635 appointed a team to prepare a Draft National Food and Agricultural Policy with the following terms of reference:

1. To consider the agricultural (including fisheries and forestry) resource base of Trinidad and Tobago;
2. To assess the current and future economic outlook of the sector both in the local and international context;
3. To review all aspects of recently commissioned detailed agricultural sector studies;
4. To draft a policy in accordance with items 1 to 3 above.

The framers of the draft policy document were ever mindful of Government's commitment to ensuring adequate supplies of food at affordable prices, whilst at the same time, allowing the farming community to earn a reasonable return on their investments and efforts. In short, I refer to the perennial dilemma of the need for cheap food for the consumers and higher prices as demanded by farmers.

The team comprised:

Mr. Winston Rudder	—	Permanent Secretary, Ministry of Agriculture, Land and Marine Resources—Chairman
Professor Lawrence Wilson	—	Dean, Faculty of Agriculture, UWI
Mr. Irwin Titus	—	Deputy Director, Agricultural Planning Division
Mr. Vishnu Ramlogan	—	Management Expert
Mr. Neville Cross	—	Representing the Agricultural Society of Trinidad and Tobago

(At the time when he served on this committee he was the President of that Society.)

Mr. Reginald Phillips	—	Technical Officer, Agriculture, Forestry and Marine Affairs Division of the Tobago House of Assembly—Member
Mr. Jeremy Matouk	—	Agro-Processing Industrialist
Mr. Mohammed Khan	—	Agriculturist
Mr. Roopnarine Bissoon	—	Dairy Agronomist
Mr. Glen Ramjag	—	Representing National Food Crop Farmers Association
Dr. Joan Wallace	—	Representative to Trinidad and Tobago of the Inter-American Institute of Co-operatives and Agriculture
Mr. Ronald Myal	—	Project Analyst, Ministry of Agriculture, Land and Marine Resources—Secretary

Finally, Madam Speaker, as we approach our task of managing the affairs of this country, we seek to draw on all the available talent, wherever that talent may reside, in the public or the private sector. This exercise demonstrates that this approach can work and it can be done. It is left now only for me to place on the record of this honourable House my sincerest gratitude to the team of professionals who worked tirelessly on this exercise. I do so, not only on my behalf, but also on behalf of all my Cabinet colleagues and the wider national community.

It is now proposed that this document be made public and a period of eight weeks would be allowed for any individuals and interested organizations to submit written comments to the ministry as they see fit.

We look forward to the public discussion and the events of consultation which my ministry will spearhead during the period July 19 to August 31.

Madam Speaker, I thank you.

ORDER OF BUSINESS

The Minister of Local Government (Hon. Kenneth Valley): Madam Speaker, I beg to move that the House now consider under, 'Private Business' beginning at page 11, Motions Nos. 10 to 13 on the Order Paper, before considering Government Business.

Assent indicated.

SELECT COMMITTEE REPORTS

Adoption

St. Ann's Spiritual Baptist Church (Inc'n) Bill

Mr. Desmond Allum (*Port of Spain North/St. Ann's West*): Madam Speaker, I beg to move,

That this House adopt the Report of the Special Select Committee of the House of Representatives appointed to consider and report on a private Bill for the incorporation of the St. Ann's Spiritual Baptist Church and matters incidental thereto.

Question proposed.

Question put and agreed to.

Report adopted.

Rescue Mission (Inc'n) Bill

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Rescue Mission (Inc'n) Bill

Dr. Rupert Griffith (*Arima*): Madam Speaker, I beg to move,

That this House adopt the Report of the Special Select Committee of the House of Representatives appointed to consider and report on a private Bill for the incorporation of The Rescue Mission and for matters incidental thereto.

Question proposed.

Question put and agreed to.

Report adopted.

**Faith International Baptist
Convention (Inc'n) Bill**

Dr. Rupert Griffith (*Arima*): Madam Speaker, I beg to move,

That this House adopt the Report of the Special Select Committee of the House of Representatives appointed to consider and report on a private Bill for the incorporation of the Faith International Baptist Convention of Trinidad and Tobago and matters incidental thereto.

Question proposed.

Question put and agreed to.

Report adopted.

**Universal African Improvement
Association (Inc'n) Bill**

Dr. Rupert Griffith (*Arima*): Madam Speaker, I beg to move,

That this House adopt the report of the Special Select Committee of the House of Representatives appointed to consider and report on a private Bill for the incorporation of the Universal African Improvement Association and for matters incidental thereto.

Question proposed.

Question put and agreed to.

Report adopted.

2.15 p.m.**FINANCIAL INSTITUTIONS BILL****Senate Amendments**

The Minister of Finance (Hon. Wendell Mottley): Madam Speaker, I beg to move,

That the Senate amendments to the Financial Institutions Bill, 1993 listed in the appendix be now considered.

Question proposed.

Mr. Sudama: Madam Speaker, I believe that these amendments from the Senate are of a fundamental nature because they deal with the control mechanisms in this Bill itself, and the question of what supervision will be done by the Central Bank over these banking institutions and the formula which they must comply with in order to come within the terms of the Act. These are not simple amendments and, therefore, I wish to make a few comments on the basis of these amendments, particularly clause 22, as amended in the other place.

Madam Speaker: You will have your opportunity as we go clause by clause.

Question put and agreed to.

Clause 2.

Senate amendment read as follows:

Insert immediately after the definition of "banking business" the following definition:

'Board' means the Board of Directors of the Central Bank as defined in the Central Bank Act.

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

Question proposed.

Question put and agreed to.

Clause 8.

Senate amendment read as follows:

In subclause (4), insert immediately after the word "*Gazette*" in line 2, the words "and a daily newspaper".

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

Question proposed.

Mr. Sudama: Madam Speaker, I wish to propose on this amendment that the words “and a daily newspaper” be changed to “and the two daily newspapers” simply because some people read only one newspaper and therefore they may read the newspaper in which this advertisement is not listed, given the fact that one newspaper is now charging quite a lot more than the other. And I have noticed that there is a switch in the attitude of the reading public. We do not know to which public this is directed and therefore people should be aware, whichever newspaper they read—as you know the *Gazette* is not widely read—so therefore it is important in addition to listing this matter in the *Gazette* that we put it in both daily newspapers to bring it to the attention of all concerned.

Secondly, it gives the Government the opportunity to discriminate against either newspaper depending on the Government’s perception, perhaps, of which one is supportive of the Government.

There is no indication here as to what criteria will be observed in determining the daily newspaper in which this advertisement would be put. So wherever this amendment occurs, in addition to the publication in the *Gazette*, and now a daily newspaper, we should include here: “both daily newspapers,” in all the relevant amendments.

Mr. Mottley: Madam Speaker, the legal requirement is that it be gazetted. However, for some matters in which there is need for wider public reading, we conceded that we will have no objection to it being put in a daily newspaper. The Senate was not specific. There are daily newspapers and weekly newspapers. Right now we have two daily newspapers, there are possibilities that at one stage we may have only one. I do not see any problem in leaving it as it is.

Mr. Sudama: Madam Speaker, the Minister himself admits that there are weekly newspapers in addition to the daily newspapers. He is not going to publicize this in the weekly newspapers. All I am saying is that not everybody reads both daily newspapers. A large section of this community reads only one daily newspaper.

Madam Speaker: What would the hon. Member like to substitute there?

Mr. Sudama: “both daily newspapers.”

Mr. Robinson: Madam Speaker, may I suggest an amendment?

"all newspapers having a daily circulation in Trinidad and Tobago."

Madam Speaker: The amendment of the Member for Oropouche with respect to clause 8 is as follows:

"In subclause (4), insert immediately after the word 'Gazette' in line 2, the words 'and both daily newspapers'."

Question on amendment, [Mr. Sudama] put and negatived.

Mr. Robinson: Madam Speaker, could my amendment be put now?

"newspapers having a daily circulation in Trinidad and Tobago."

2.25 p.m.

Madam Speaker: All right. The amendment of the hon. Member for Tobago East is that in line 2 the words "and a daily newspaper" be deleted, and the words "in newspapers having a daily circulation" be inserted.

Question, on amendment, [Mr. Robinson] put.

The House divided: Ayes 15, Noes 17

AYES

Maharaj, R.L.

Panday, B.

Humphrey, J.

Sudama, T.

Palackdharrysingh, R.

Bhaggan, Miss H.

Mohammed, S.

Panday, S.

Singh, Dr. C.

Jurai, K.

Narine, J.

Sharma, C.

Haniff, M.

Hosein, S.

Robinson, A.N.R.

NOES

Valley, Hon. K.

Sobion, Hon. K.

Mottley, Hon. W.

Ramrekersingh, Hon. A.

Rowley, Dr. The Hon. K.

Marshall, Hon. M.

Griffith, Dr. R.

Baboolal, Dr. The Hon. L.

Collis, Hon. K.

Imbert, Hon. C.

Lasse, Dr. The Hon. V.

Pierre, Hon. J.

Casimire, Hon. A.

Hart, E.

Allum, D.

Bereaux, H

Rajaram, C.

Amendment negatived.

Original question put and agreed to.

Clause 9.

Senate amendment read as follows:

In subclause (3) insert immediately after the word "*Gazette*" in line 3, the words "and a daily newspaper".

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

Question proposed.

Question put and agreed to.

Clause 10.

Senate amendment read as follows:

- A. In subclause (1) substitute for the words "Central Bank" appearing in line 1, the word "Board".
- B. In subclauses (2), (4), (5), (8), (9) and (10) substitute for the words "Central Bank" wherever they appear, the word "Board".

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

Question proposed.

Question put and agreed to.

Clauses 11—16.

Senate amendment read as follows:

Substitute for the words "Central Bank" wherever they appear, the word "Board".

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

Clause 17.

Senate amendment read as follows.

In subclause (1), insert immediately after the word "Gazette" in line 1, the words "and a daily newspaper".

Question proposed.

Question put and agreed to.

Clause 22.

Senate amendment read as follows:

A. In paragraph (h) of subclause (2), substitute for the words "paid-up share capital and statutory reserve fund" in lines 4 and 5, the words "capital base", and delete the word "greater" in line 6.

B. In paragraph (i) of subclause (2), delete the words "or borrower group" in line 2 and insert immediately after the word "base" in line 4, the words "or to a borrower group exceeding thirty-two per cent of its capital base."

C. In subclause (6) delete all the words appearing after the word "licensee" in line 13.

D. In subclause (7), substitute for the words "Central Bank shall direct the licensee to" in lines 6 and 7, the words "licensee shall"; insert immediately after the words "subsection (2)" in line 9, the words "(h) and (i)" and substitute for the words "within a reasonable period of time" in lines 9 and 10 the words "and in accordance with subsections (8) and (9)".

E. Renumber subclauses (8) and (9) as (10) and (11) respectively, and insert immediately after subclause (7), the following:

"(8) Where unsecured credit facilities referred to in subsection (2)(h) are in excess of the limits imposed by that subsection, the excess shall with effect from two years from the date of commencement of this Act, be reduced by annual instalments of at least thirty-three and one-third per cent of that excess until the aggregate of the credit facilities at the end of a period of five years from the commencement of this Act are within the limits imposed by subsection (2)(h).

(9) Where secured credit facilities referred to in subsection (2)(i) are in excess of the limits imposed by that subsection, the excess shall, with effect from two years after the commencement of this Act, be reduced:

- (a) in the case of borrower groups, by annual instalments of at least thirty-three and one-third per cent of the amount by which the credit facilities exceed forty per cent of the capital base two years after the commencement of this Act so that at the end of a period of five years from the commencement of this Act the credit facilities do not exceed forty per cent of the capital base and thereafter the credit facilities shall be further reduced by annual instalments of at least thirty-three and one third per cent of the amount by which the credit facilities exceed the limits imposed by subsection (2)(i) so that at the end of a period of eight years from the commencement of this Act the credit facilities are within the limits imposed by subsection (2)(i);

- (b) in the case of any one person, by annual instalments of at least thirty-three and one-third per cent of the amount by which the credit facilities exceed twenty-five per cent of the capital base two years after the commencement of this Act so that at the end of a period of five years from the commencement of this Act the facilities are within the limits imposed by subsection (2)(i)."

Mr. W. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment, subject to the following:

In subclause 6(c) delete the words "in the case of subsection 2(i)" and the word "state" in line 4 and substitute for the latter the word "Minister".

Question proposed.

2.35 p.m.

Mr. Sudama: Madam Speaker, I find this procedure very strange, where we have amendments of a fundamental nature to the very essence of this Bill coming from the Senate and we do not have any reasons given why these amendments are before us. I say this because we, the Members of this House, are not supposed to make any reference to the contents of debates in the other place. As far as we are concerned, for the purposes of the content of the debate and the proceedings in the other place, it is as if the other place does not exist.

Therefore, if the Minister was in the other place, and he got the views of Members there, I think it is his duty to come to this House and introduce these amendments by the rationale which obtained in the other place. What are the reasons for this? I want to go into these amendments in a little detail. Why are we liberalizing the provision to give banks and other financial institutions more time in which to put their houses in order with respect to restrictions imposed under this Bill?

Why have we changed the formula, and we are now talking about "capital base" when in the original Bill there was the question of "paid-up share capital" and "statutory reserve fund" as the amount to which one person would be entitled to as unsecured credit facilities—five per cent of his paid-up capital and statutory reserve? That has now been changed to five per cent of the capital base.

Presumably, the capital base is a larger amount than paid-up share capital and statutory reserve. Why that change? There must be a reason for it. I cannot second guess the other place.

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[MR. SUDAMA]

More particularly, when we go to clause 22(2)—where we had a very significant change—of the original Bill which came to this House, it stated that the prohibition was:

"A licensee shall not directly or indirectly...

- (i) grant unsecured credit facilities to any one person or borrower group exceeding twenty-five per cent of its capital base or such greater proportion thereof as the Central Bank may from time to time approve;"

That has now been changed, and we are now:

"...to delete the words 'or borrower group' in line 2 and insert immediately after the word 'base' the words 'or to a borrower group exceeding thirty-two per cent of its capital base'."

Whereas in the original Bill there was a restriction of 25 per cent of paid-up share capital and statutory reserve, this has now been changed, with respect to a borrower group, to 32 per cent of its capital base. Why?

This brings me to the point that the technical issues which come up in a Bill like this cannot be debated in the full House. It is an impossibility, simply because we are not in a position to get details on the basis of which we can make a decision. What was the basis of the technical and financial considerations on which unsecured credit facilities could be granted to a borrower group up to 32 per cent of its capital base?

Surely, this will require some empirical evidence as to what, in fact, is the practice in Trinidad and Tobago with respect to the grant of unsecured facilities? It is no good coming to us and telling us that in Jamaica the limit is 40 per cent, because, obviously, the Jamaican economy is different from the economy of Trinidad and Tobago. It functions differently; we have a different scale, composition and tradition of lending.

What we need to do is subject this Bill and its amendments to the scrutiny of a parliamentary committee on banking and finance, for which we have been asking for the very longest while in this House. In that committee we would be in a position to go into the details to be able to get evidence from members of the banking community, other financial institutions involved in this Bill; other interested parties, maybe, from the University of the West Indies or the Economic Society, or members of the trade union movement.

What is happening is that this amendment, as far as I understand, has been made as a result of a representative or a spokesman for the banking sector, going

to the other place and promoting the interest of the banking sector. Considerations of no other interest groups, as far as I am aware, were taken into account in accepting these amendments. This brings me to the question of the role of this Government which we have been suspecting for a very long time.

Mr. Valley: Madam Speaker, on a point of order. I draw reference to Standing Order 59. The Member is simply supposed to address the amendments before the House. This is not a debate, and the Member seems intent on giving us a 75-minute dissertation. [*Interruption*]. He is restricted to the amendments before the House.

Mr. Sudama: Madam Speaker, the reason I raised this issue is that we have not had an introduction to these amendments. In the absence of that, I am trying to enlighten this House as to how I understand this amendment to have taken place.

Madam Speaker: The procedure really should have been that the hon. Minister in moving that the House agree to the amendment, at that stage would have given the House the reasons for the amendment that came from the Senate. Since this was not done, I imagine the hon. Minister will have to do it in response to the Member's observations. That is really what ought to have happened.

2.45 p.m.

Mr. Sudama: Madam Speaker, we have never had an authoritative investigation into the banking sector in this country as to how these institutions operate, what are their lending practices, whether they are observing prudent practices. When I say so, I do not mean an investigation into technical detail by the Inspector of Banks. I mean a broad-based investigation. Something that will be conducted by the Parliamentary Committee or some other group.

It is in that context I am proposing that we ought, as a matter of necessity, to establish a joint select committee on banking and finance to which such bills and their amendments would be subjected. Therefore, when we come to this House there would not be a problem of questioning the background of the Bill and the amendments, because we would have thrashed out these details in the committee. We would have done that on the basis of empirical evidence provided by all the parties concerned where a select committee has the power to summon persons and documents.

Therefore, in such a committee, if I were on it, I then would have been able to ask certain questions about the lending practices of the banks—the question of secured and unsecured lending; the volume of such lending. Why it is necessary

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to make a distinction between persons and borrower groups and whether in fact there has been an overwhelming tendency to lend to some people and not to other persons. Whether in fact, lending has been concentrated to the detriment of the depositors because, as you are aware, you ought not to subject a financial institution to undue risk by sort of putting all your eggs in one basket; if I might add, in one conglomerate basket. That seems to have been the practice in this country.

There is this symbiotic and incestuous relationship between the conglomerates and the banks. These are the areas that you have to look at to determine control of this economy and its commanding heights.

Mr. Valley: Madam Speaker, with all due respect, we are dealing with amendments from the Senate and while I appreciate the fact that you may want to give the Member some liberty, enough is enough. I really ask that the Member be restricted to the amendments before the House.

Madam Speaker: The Member is aware of the Standing Order. I would urge him to abide by it.

Mr. Sudama: Madam Speaker, we are on this question of lending by banks and financial institutions. One of the problems that we face in this country is the relationship between banks and borrowers. The Deputy Governor of the Central Bank made a very pertinent statement on how the finance business is in this country. It is very important and very relevant to the situation in which we are at the moment where a number of businesses have been forced into foreclosure and bankruptcy because of the manner in which the banks have extended facilities to them.

We are in this House not to discuss just the details of percentages, etc., we have to look at what is happening with the economy and the financial and banking sector and how it affects the majority of people in this country. What else are we doing in this House? I am not a technician. I have come here to represent people and to represent their concerns about the operation of the banking sector. What has happened in this period of recession and how the restrictions of financing of credit facilities have, in fact, had a very deleterious effect on the effort to revive this economy. Simply because what the banks do, is at the drop of a hat they go and try to foreclose on businesses, particularly small and medium scale businesses. One of the largest industries, apart from crime—and drugs—which are topping the bill, the top of the hits chart today—

Madam Speaker: I think the Member is meandering into crime. I will have to ask him to desist.

Mr. Sudama: I am saying that one of the largest industrial procedures is where the banks are foreclosing every day, especially on the small and medium-scale businesses—

Madam Speaker:...the Member stated his objections and the reasons for his objections.

Mr. Sudama: I must put this in perspective. If I am objecting to this percentage, there must be some reason for my objection. I just cannot get up and say I object to the percentage. If this is what the other side wants.

Madam Speaker: That is what I am saying. The Member could object and give the reason, but that is not what he is doing.

Mr. Sudama: That is what I am doing. This is not a simple issue. This is why this matter should have been dealt with in the committee which I am proposing—a committee of this House which has power to question and will call the bankers and the other people involved to question them. Are you saying that the committee which we have in session after the Bill is debated is satisfactory enough?

Mr. Valley: The Member is always jumping all about the place. With respect to the Companies Bill, we want to set up a committee which will allow them to do the same thing and they would not appoint their Members, but here they want to complain.

Madam Speaker: The Member was proceeding quite well until a few minutes ago. We have these amendments and I imagine that the Member is objecting to these amendments. So, maybe, he can give us a little insight as to why he objects. But to go on into these realms is really not allowed under the Standing Order. Just confine yourself to the reasons.

Mr. Sudama: Perhaps, I am not clear. No reasons have been given for these amendments. I am enquiring as to what these reasons may be, that these amendments are before us. I am forced into speculation. There is no other way in the absence of any definitive statement from the Minister of Finance as to why these amendments were passed in the other place. What I can do, is to surmise what the position is. This all has to do with the composition of lending by the commercial banks, the people to whom they lend, the borrowers, the basis of that lending and what is considered good, prudent banking practice. This is what the Deputy Governor of the Central Bank is reported as saying:

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"For the last 15 years, he noted, the Central Bank had been advising businessmen..."

Madam Speaker: Is that applicable to the Member's contribution at the moment?

Mr. Sudama: This is applicable to the amount that you can lend as secured and unsecured credit facilities. We are talking about the amendment to clause 22(2) (i).

I am saying it appears that this amendment has been brought about because there is an over-reliance by borrowers on credit facilities, particularly short-term credit facilities from the banks. That is one of the problems we have with regard to the whole economy generally and with regard to the proposed amendment. What this amendment is doing is relaxing the degree of control that was instituted in the original Bill.

2.55 p.m.

Madam Speaker: Maybe that is the way the Member ought to proceed.

Mr. B. Panday: You must change your style. Ask the Speaker for some lectures, to teach you what style to use when speaking.

Mr. Sudama: Madam Speaker, I do not know if I have gone past that stage.

I just want to quote this to show you the concern of the Central Bank as to how banks and businesses in this country are financed. This article in the *Express* newspaper dated July 1, 1993 states:

"For the last 15 years, he noted, the Central Bank had been advising businessmen that they should not be financing their operations through overdrafts and had been telling the banks they needed to cut back on overdraft lending."

The Central Bank has been giving such advice for the last 15 years and continues to do so up to today, but apparently nobody is listening. The banks are not listening because part of this problem today is the over-extension and over-reliance on overdraft facilities. This in fact puts businesses in jeopardy—those who have done so in a time of recession—where there is not a satisfactory balance between equity capital and banking finance. In a time of reduced economic activity what happens is that the banks call on their borrowers.

Many of these borrowers do not understand that a loan is a demand loan. The fine writing at the bottom that you sign—and you sign away your life virtually—

is that this loan is callable on demand. Here you borrow on the basis of overdraft which is supposed to be short-term lending, and people invest it in longer-term investments. Having done this, if the banks merely feel that this loan is in jeopardy, what they do is drop a letter on you asking you to repay your loan within one day, two days or seven days as the case may be and really do not give you any time in order to do so.

One would have thought that if the banks had taken this matter into consideration, they would have diversified initially their lending portfolio as between secured and unsecured, small scale, medium scale and large scale borrowers, and as between sectors of the economy of Trinidad and Tobago.

I do not have the figures and we cannot know those figures until we ask questions directly of the bank and ask them to produce figures. My feeling is that that diversified portfolio is not satisfying the existence as regards the operations of the commercial bank. I have no way of confirming this at this time.

Therefore, what this amendment was supposed to do was to restrict the amount that could have been lent to any single person or borrower group, and by doing so, to put the banks' loan portfolio on a sounder basis, and also to protect the depositors of the banks and in fact the shareholders. That was the intent. If there was any other intent I should like to know.

If that provision is not being amended and liberalized then this House ought to be given the courtesy of an explanation. That is the point I am making. I am told that if this provision is going to be strictly applied, then, many banks would go out of business because of the composition of their portfolio and, therefore, they may have lent more than 25 per cent of their capital base to one person or borrower, and more than 25 per cent of their capital base to a borrower group.

The restriction on the single borrower remains here. The amendment deals with a relaxation on the borrower group, these conglomerates. That is very important. Do you see where the pressure has come from for this amendment? Do you understand what I am talking about now, Madam Speaker? The relaxation applies only to the borrower group. That is associated companies and so forth, not for the individual. The point I am making is that this may be quite justified, but in the absence of information and a case being made, how am I to know whether this is justified or unjustified?

This leads to all sorts of speculation. As we proceed with discussing these amendments, subclause (7) states:

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"substitute for the words "Central Bank shall direct the licensee to" in lines 6 and 7,"

In the original Bill, clause 22 (7) states:

“The Central Bank shall direct the licensee to take such measures as it considers necessary to reduce the excess credit facilities granted within the limit laid down in subsection (2) within a reasonable period of time or to provide additional capital...”

That has all been amended and says in accordance with subsections 8 and 9. The amendment says we are to delete the Central Bank directing anybody. Therefore it is another liberalizing.

I know this Government has put us into a liberalization mode. Everything is being liberalized. Even when you have a Central Bank in place, the commercial banks have to operate as if the Central Bank has no power. The Central Bank is not to direct anybody again. It says here that the licensee shall take such measures as it considers necessary to reduce excess credit facilities granted within the limits laid down.

If the licensee decides it would use its own discretion, not subject to any direction, in bringing these limits under the provisions of the Act, what recourse does the Central Bank have? I get the impression—and maybe, as I said, because of pressure in the other place—that the commercial banks, through their lobbyists, felt that too much control over their operations was established over their operations under this Bill.

Mr. B. Panday: Do not forget the Government agreed to that Bill before it went to the Senate.

Mr. Sudama: It agreed in this House, but do you see who really wield power in Trinidad and Tobago? When it went from this House to the other place and was subjected to pressures from the agents of the banking sector and the conglomerates, the Government had to bend to the will of their masters. That is one of the difficulties that we face here.

3.05 p.m.

I understand that it is said that the Central Bank ought not to be telling the commercial banks how to run their business, and that if it is doing that, it is subverting the concept of freedom of the market. Yet we are told that this Bill was originally instituted to have a greater degree of control over the banks and the financial institutions, the ultimate objective being to protect depositors and to see

that the economy does not run into trouble as a result of the miscalculations of banking institutions.

This was the original intent as far as I recall the Minister telling this House. Apparently, that original intent got lost somewhere in the other place. We are wondering what transpired. This is why I said that we cannot deal with the technical aspects and the reasons behind them without in fact putting this matter into the hands of a special select committee for a report to this House, on the basis of which we could have a greater degree of consensus.

In clause 22(7), we have a further relaxation. The Central Bank does not have the power now to direct, but the "licensee shall" take such measures as he may deem fit—that is the only thing that they have left out—to bring his operations within the provisions of this Bill. Clause 22 is a very, very critical clause in this Bill.

When we reach clause 8, that is renumbered, a new clause put in and the other clauses renumbered. The amendment says, and we do not know the reason this has been put forward:

"Where unsecured credit facilities referred to in subsection (2)(h) are in excess of the limits imposed by that subsection..."

We have spoken about those limits already. It was 25 per cent of capital base, and that is only in respect of persons.

"the excess shall with effect from two years from the date of commencement of this Act, be reduced by annual instalments of at least thirty-three and one-third percent of that excess until the aggregate of the credit facilities at the end of a period of five years from the commencement of this Act are within the limits imposed by subsection (2)(h)."

In the original subsection (2)(h), the control was that the Central Bank would determine that from time to time. The Central Bank had the discretion. Now this is not specific and perhaps it is a good thing that we have something more specific to guide the bank and indeed to guide borrowers to keep their act in line.

The moratorium is two years. They have two years from the commencement of this Act to start to get things right. After that two-year period, whatever that excess is, then that excess ought to be reduced by instalments of 33 1/3 per cent and then within three years from that date and five years from the commencement of the Act, they ought to bring their operations within the provisions of the Act.

That is a new amendment coming up. My question is: Having removed the discretion of the Central Bank, in that intervening two-year period when they are

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trying to put their house in order and there is no requirement that they reduce their portfolio in a way to bring it under the provisions of the Act, what happens if something goes wrong?

What happens if the bank finds itself in further difficulty? If the bank tries to withdraw its advances and they are not properly diversified—they are trying to do that in this very critical period of two years when they are given grace; in fact, they need not do anything in those two years. It is a moratorium. What is the role of the Central Bank in that intervening period? Does it have a role at all in that intervening period of the moratorium when the banks are merely looking at their portfolio? It is after the two-year period that they will do something to restrict their portfolio. This is a question with which we have to be concerned. If it is felt that these restrictions ought to be put on the credit facilities extended by banks, is a five-year period a satisfactory limit from the commencement of the Act?

I cannot stand here and determine that on the basis of what is going on in my head because I do not have the facts and figures. What is the rationale for five years? Why not three years or 10 years? Why, if this was considered to be such an important thing—we were told by the Minister of Finance that they had inputs into this Bill from all sectors before they drafted the Bill. They had it from the banking sector and other financial institutions—why did they not put this in the original Bill? Why did they have to put it as a result of pressures coming from the spokesman of the banking sector and the conglomerates? This brings us to the question of the role of Government? The Government ought not to be acting merely on impetus and pressure from special interest groups. This is supposed to be a Government of the whole country.

Mr. Robinson: Not Tobago.

Mr. Sudama: I am informed by my learned colleague that Tobago is not included. This is supposed to be a Government of the whole country. The way Government ought to operate is to get the views of the various sectors and interests; collate those views looking at their merits and then determine policy which is in the national interest—the interest of the majority in the country. That is the way Government ought to operate. But not this one—this puppet-on-a-string of a government. That is why we have these difficulties; that is why this country is going through the kind of economic crisis and trauma it is today. As I said, this amendment is a very significant one.

3.15 p.m.

Now the question of secured credit facilities. Here we have a different role, mechanism and formula.

"22(9) where secured credit facilities referred to in subsection 2(i) are in excess of the limits imposed by that subsection, the excess shall, with effect from two years after the commencement of this Act, be reduced:

- (a) in the case of borrower groups, by annual instalments of at least thirty-three and one-third per cent of the amount by which the credit facilities exceed forty per cent of the capital base two years after the commencement of this Act so that at the end of a period of five years from the commencement of this Act the credit facilities do not exceed forty per cent of the capital base and thereafter the credit facilities shall be further reduced by annual instalments of at least thirty-three and one-third per cent of the amount by which the credit facilities exceed the limits imposed by subsection (2)(i) so that at the end of a period of eight years ..."

Eight years now, the time has been extended,

"from the commencement of this Act the credit facilities are within the limits imposed by subsection (2)(i);"

For the borrower group we see, of course, different criteria being imposed in this Bill, and here they can go up to forty per cent. According to this, forty per cent of the secured lending of a bank can be directed to one borrower group. If there is an excess of forty per cent, then there is a moratorium of two years—I suppose giving them time to have discussions with the borrowers and then after two years they begin the process of bringing that excess in line with the provisions [*Interruption*]

From the commencement of the Act, the borrower groups have been given eight years to bring their house in order, merely to bring any excess of forty per cent of their borrowing which has been done on a secured basis to any one borrower group.

You can see the liberalism behind this. You can see the fact that this Government is a government of big business, a government of the conglomerates and I hasten to add, Madam Speaker, that we on this side would not encourage anything that would bring any difficulty to the basis of the banking system, and, therefore, we would not ourselves propose undue restrictions. But it gives some cause for alarm and concern when these provisions have not been put in the original Bill and have been put in the Bill as a result of influence—on the inside and on the outside—from big business in Trinidad and Tobago.

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Madam Speaker, we cannot go into this in any detail here in this House. I have already made general points about the problems we face in examining this Bill and they are tired, they want to go home, they want to adjourn this House, particularly that Member for Diego Martin Central. I do not know why they do not abolish the Parliament. Abolish it! So that we do not have to come here to make any representation and to take part in any debate.

Mr. Valley: My very sincere apologies to the hon. Member, Madam Speaker.

Mr. Sudama: They want to do all these things in secret. They sell out the state enterprises. All that must be done in secret. When we ask for information on those transactions to be brought to this House to be examined and scrutinized, that is private. That cannot be discussed by this House.

Madam Speaker, these provisions—not that we are concerned, but we want to know why. In the case of any one person—and I agree that when you are lending to a single individual, a single business as against a borrower group, the risks are greater and, therefore, the restrictions ought to be commensurate with the risks involved to the banking institution. We have no quarrel with that. But, as I have said, in making the distinction and giving so much greater leeway than was proposed under the original Bill which put it at the discretion of the Central Bank, which would then have been able to monitor on a day-to-day or month-to-month basis as to what conditions were actually existing and whether the loan portfolios and their operations were in fact satisfactory—

Madam Speaker, clause 22 (b) states:

"in the case of any one person, by annual instalments of at least thirty-three and one-third per cent of the amount by which the credit facilities exceed twenty-five per cent of the capital base ..."

So there is this distinction. In the case of a borrower group, you have 40 per cent with respect to secured facilities; that is the limit. In the case that the bank can lend to any one group, it must not exceed twenty-five per cent of the capital base for any one person.

"... two years after the commencement of this Act, so that at the end of a period of five years from the commencement of this Act the facilities are within the limits imposed by subsection (2)(1)."

Here the individual borrowers are given five years, the borrower groups eight years, the banks are given the option to lend up to twenty-five per cent of their capital base to a single borrower and the option is given to a borrower group of

forty percent of your capital base. As I have said, we do not know how these percentages were arrived at, what is the basis, what are the statistics, what are the facts, what are the representations. Madam Speaker, in the absence of any authoritative or definitive statement coming from the other side on this question, we have to hold our decision in abeyance.

Mr. Mottley: Madam Speaker, the situation is quite clear in the sense that the unsecured credits were first—

Mr. Maharaj: Is the Minister closing on this?

Mr. Mottley: No. The unsecured credits were first contemplated as being wrapped up against the paid-up share capital and statutory reserve fund. There was a five per cent limit. In the Senate it was debated and the Government has now agreed that perhaps we should broaden the concept of what the capital base was and we have now brought it to mean the capital base in a broader definition that would include other items, the paid-up share capital and the statutory reserve fund.

I introduced this to show that in this process of discussion and being educated as to some of the likely eventualities, the Constitution does contemplate that the other House has a role, that, in fact, there is expertise that could be brought to bear, that in a matter such as this, for instance, that was not closeted in the Ministry of Finance or the Central Bank, but a Bill went out for public comment; that after a long period of public scrutiny and comment and discussion with interested parties and so forth, yet, within the system of the Parliament—both Houses—there could still have emerged useful discussion and edification on points. And that is the workings of Parliament. These amendments are being brought here today, and the Government has reconsidered some items, stood firm on many others and even over the last few weeks, after further discussions, some slight changes in position have occurred because we want a good Bill for Trinidad and Tobago.

I therefore make the point that both Houses of Parliament within the existing Constitution have a very useful role to play and we are discharging this role in Parliament today.

Mr. Sudama: When you had put this Bill out for comment did the banking institutions or their spokesmen make any comment to you which incorporated what is listed in these amendments?

Mr. Mottley: Not in the details in which they are now here.

Mr. Sudama: But why?

3.25 p.m.

Mr. Mottley: The banks, obviously, as they got further advice and as a result of what was publicized and the debate in this House, realized that certain angles had not been foreseen. Other groups had looked at it and had not contemplated the effects on their own businesses. With the discussions that emerged, problems that had not originally been foreseen, arose and were clearly then contemplated and any possible mischief is being remedied. So that the second matter is now up for discussion.

Madam Speaker, let me try to paint the picture. It was always known that in trying to stop lending concentrations, that is the way to go and everybody understood that, and much of the purpose of this legislation is to achieve that end. There is lending that is secured; lending that is unsecured.

For the first time we are trying to put more stringent limitations on the secured lendings. It is well known. It emerged in the course of discussions in this House that there are practices that have developed out of the commercial history of Trinidad and Tobago where, in view of what has recently transpired in banking experience worldwide, and even here, that are not good, even in secured lending. Most people were looking at the unsecured lendings more closely, but even in the secured lendings there are practices prevalent right now in Trinidad and Tobago that in view of worldwide and some local experience we want to curtail. It was generally recognized, and this Bill seeks to do that. But how do we do that? The original Bill that came before this House contemplated the Central Bank—

Mr. B. Panday: Winding up? You are making three speeches.

Mr. Mottley: I am addressing the point raised by the Member for Oropouche in particular. The Central Bank, in the Bill that was originally passed, had that discretion to meet with the banks and pull the system gradually—but at the discretion of the Central Bank—into line. What is now contemplated is that all of the commercial parties have stated that rather than have the sole discretion in the Central Bank, let us put an agreed agenda of reform down on paper, so that everybody knows his position—transparent—and they work towards that. And that, essentially, is the major difference between what went before and what is now before us.

Mr. Sudama: Is there not a parliamentary committee which would have saved you that trouble?

Mr. Mottley: Well the Senate parliamentary committee achieved that purpose. We had the opportunity here. Madam Speaker, the facts are that nothing that happened in the Senate was prohibited in this House [*Interruption*] Madam Speaker, I do not want to go into the details of what transpired elsewhere, but basically on this clause 22—and the Member for Oropouche is right, in going through this I should have perhaps made this point earlier but I have taken the opportunity to outline the genesis as to why these changes are now before us.

Mr. Maharaj: I do not propose to be very long but, Madam Speaker, I think that clause 22, was designed to impose certain prohibitions against banks and financial institutions; restrict and regulate their activities, and the whole purpose, obviously, is to protect the depositors, who have put money into the banks or financial institutions, and make a good bill for Trinidad and Tobago.

Madam Speaker, when one looks at the original clause of the bill and sees what is before us now, there is no doubt that there has been some relaxation of the restrictions and prohibitions which were in the Bill, in favour of the banks and financial institutions. My submission is that these relaxations must cause us concern, especially as there has been no provision to fill the gap, and at the present time it is very unlikely that even with these restrictions and prohibitions in clause 22, if anything goes wrong, assuming that in spite of all these restrictions and prohibitions, if a bank or financial institution "goes bust"—if I may use that expression—the depositor can safely say that he can recover moneys from the Government. It is in that context that I wanted to propose an amendment to clause 22(10) to read as follows:

"Notwithstanding that there may not exist any common law duty of care by the Central Bank to depositors and/or potential depositors if they suffer loss of their deposits, a statutory duty of care is deemed to be owed by the Central Bank to depositors and/or potential depositors for the preservation of their deposits and/or investments and any loss so suffered can be recovered by action against the Central Bank notwithstanding the Central Bank may not be responsible for the day to day management of the banks and/or financial institutions under the Bill."

Madam Speaker, if it is that the concept of the Bill, and in particular clause 22 with the prohibitions, are there to prevent or minimize the risk so that the depositors would be secure or feel secure or in the event that anything happens they can recover damages or compensation, I would say quite clearly that under this present Bill, it is quite unlikely—it is my view, perhaps, that they cannot recover at all under any action. But it would seem to me that, based on a decision

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of the Privy Council in a case of Yuen Kun Yeu -v- The Attorney General on behalf of the Commissioner of Deposit-taking Companies of Hong Kong—Privy Council Appeal No. 56 of 1986, the question which would arise is that despite whatever restrictions or prohibitions are put, unless the Government, in the Bill, introduces measures which would demonstrate that it regards it as a statutory duty for the Government to protect the depositors, they would not be able to recover any loss.

The point I am making is that under the present law—and you would know that in the history of Trinidad and Tobago there have been many people who have lost their moneys as a result of the collapse of financial institutions, and that the only redress they had was either to go to the court and say the Government was negligent, or there was a breach of statutory duty.

A similar situation arose in Hong Kong, the matter reached the Privy Council and it was held that since the Government did not in the legislation indicate that it was regarded as a statutory duty of care, it could not be held liable for moneys which are lost by deposit companies.

I would take up what the hon. Minister said, that if this is supposed to be a good Bill for Trinidad and Tobago and if the purpose of the Bill is to protect the depositors, then let us demonstrate that purpose by inserting provisions that the Government would be saying that they are very confident of the monitoring measures that they have put in the Bill; that they are very confident of the prohibitions which they have put in clause 22 and other clauses of the Bill, that with those prohibitions and restrictions, if anything goes wrong the state will accept liability for the moneys by depositors.

Mr. B. Panday: Put your money where your mouth is.

3.35 p.m.

Mr. Maharaj: Madam Speaker, I would like to read into the record a decision which was given in 1987. If I may read from page 5. I know that in this House some Members do not like to hear law. What we are dealing with here is the formulation of law so that the Parliament would know whether the Government wants to circumscribe its powers in a particular way, or whether it wants to give rights to individuals who may be affected by its actions. Because, make no bones about it, it is the Government's actions and its legislation of supervisory powers that it is utilizing in order to try to say that whatever machinery it has, it is confident that having regard to what has happened in the past, people would not lose their money again.

Madam Speaker, page 5 of this judgment—it had to do with the Commissioner of the Government who was responsible for the deposit-taking companies in Hong Kong. The question arose whether:

" . . . in the discharge of his supervisory powers under the Ordinance, the exercise of reasonable care to see that such members of the public did not suffer loss through the affairs of such companies being carried on by their managers in fraudulent or improvident fashion? "

The answer to that question was one of law.

And it continues. On page 11, one would see that the Privy Council stated:

"The Commissioner did not have any power to control the day-to-day management of any company, and such a task would require immense resources. His power was limited to putting it out of business or allowing it to continue. No doubt recognition by the company that the Commissioner had the power to put it out of business would be a powerful incentive impelling the company to carry on its affairs in a responsible manner, but if those in charge were determined upon fraud it is doubtful that any supervision could be close enough to prevent it in time to forestall loss to depositors. In these circumstances Your Lordships are unable to discern any intention on the part of the legislature that in considering whether to register or deregister a company, the Commissioner should owe any statutory duty to potential depositors. It would be strange that a common law duty of care should be superimposed upon such a statutory framework."

What the Privy Council was saying is, having regard to the provisions of the Hong Kong legislation, the Court could not say that there was any intention of the legislature that it was going to have an additional duty of care apart from the ordinary common law duty.

One knows therefore that what a depositor in 1993, or 1994, or 1995, in respect of a finance house which would have gone under, under this particular legislation that we are now doing would have to establish is that there was a duty of care undertaken by the Government in relation to his or her deposits with the finance house. There was a duty of care on behalf of the depositor to monitor this matter and a depositor would not be able to establish that under the present law. It is in that context, to fill that *lacuna* to provide redress for a depositor next year or years after—for you may have a repetition of the situation which occurred—according to the hon. Minister, I think it was \$500 million that was lost as a result of deposits at financial institutions.

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[MR. MAHARAJ]

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Having given them what the Privy Council has stated in a similar case, I am asking the Government, in effect, to demonstrate by action, not by talk, that it seriously considers that the mechanisms which it has set up under clause 22 of this Bill, are sufficient to protect depositors. If the Government considers that they are sufficient, then the Government would have no problem in saying that since its monitoring machinery is sufficient, it is stringent enough and there is no use in having parliamentary committees or any other form of monitoring, it is confident that this would work and depositors would be protected, let it accept the amendment so that any litigation would not be faced with principles as enunciated in this matter.

It would therefore mean that it should be made clear in this legislation that the Government accepts that the Central Bank in the discharge of its supervisory powers under the Bill owes a duty to exercise reasonable care to the public who might be minded to deposit their moneys with banks and/or financial institutions, and that the Government recognizes that it is its duty and the duty of the Central Bank to see that such members of the community who deposit their moneys with banks and financial institutions would not be met with the same fate that people have been met with under the existing law. We know now that the only remedy some people can get, if there is a collapse of a financial institution, is \$50,000 under the Depositors Insurance Act.

You would be aware that only about two weeks ago there was a petition read by me in this House from depositors of Southern Finance Company mentioning these people who have lost all their savings. Those losses affect the right of education of children; affect, in effect, the right to survive. I have on the desk here, a new newspaper, *The Evening Observer*, which says, "We want our Money Back".

Mr. Sobion: Is that a daily?

Mr. Maharaj: No, it is not. It highlights the plight of the Southern Finance Company depositors. I would ask the Government to let us not play politics with the people. Let us be realistic. We are faced with a situation in which in the history of what has happened, you are asking people to have confidence. Therefore, if you are asking people to have confidence in your machinery and if it is that you agree that the law at this time does not give the protection that a depositor would have if companies go bust, if they go into liquidation, then, obviously, show that you would like to change the law to give that protection.

It is important for the Government to say whether it considers that the law gives that protection. If the Attorney General gets up and he says that he is

convinced that the law gives that protection, it may be that depositors who lose their money can use that statement given by the Attorney General to bind the state.

Therefore, we are not asking for much; we are asking for very little, not for us, on behalf of the people of Trinidad and Tobago. We are asking that you say whether you consider that the law does not give that protection. If it does not, what do you intend to do? If you consider it gives that protection, well get up and say it gives it and say that the Government is holding itself responsible because you are convinced it gives that protection and what the Opposition is saying is nonsense.

Thank you very much.

3.45 p.m.

Mr. Sobion: Madam Speaker, in another place the Member for Couva South would have been required to provide me with the authorities which he cited before the debate started. Be that as it may, having seen the amendment, I was alerted to the Privy Council authority, portions of which he read to the House today.

Essentially, the nub of the proposed amendment relates to the concept of duty of care, and you would see that the amendment says that notwithstanding there may not exist any common law duty, some statutory duty should be imported into the legislation. The common law duty of care is a very wide definition, and in the Privy Council case cited by the Member for Couva South, it was found that the Commissioner, in that case, did not owe such a duty of care.

I think that if one is going to seek to import a statutory duty of care, one should make out the reasons why such a statutory duty should be imported. Although the Central Bank, under the provisions of the legislation, will exercise some degree of regulatory control, it cannot be said that the regulatory control established by the Bill is such as to put any sort of primary liability on the Central Bank if it does not exercise that regulatory function properly.

In fact, in the very case to which the Member for Couva South referred, it was stated that on an examination of the legislation, there was not that sufficient regulatory control so as to create a duty of care. In fact, the premise on which he started was that there was a relaxation of the regulatory function under clause 22. So, he was starting with the false premise, in that there was a relaxation of the regulatory control, which is reason for arguing that there should not be a duty of

care. But he turned that inside out to say that because it is relaxed, there should be a duty of care. Whereas the Privy Council's decision says that where the regulations are relaxed, there ought not to be imported a duty of care.

Mr. B. Panday: Is the Attorney General saying, therefore, under this piece of legislation that it is not relaxed? Is that what he is saying?

Mr. Sobion: The premise for seeking the introduction of this amendment, as I understand it, from the Member for Couva South, was that there has been a relaxation of clause 22. We are not disputing that. Because there is a relaxation you cannot argue that it warrants the importing of a duty of care.

Further than that, a lot of what else was said was pure emotion. The question of protection of depositors—certainly we agree that there must be some degree of protection for depositors, and by putting in the kinds of controls we have put into the legislation, we are seeking to do just that. Moreover, if one were to take this to its fullest extent, what the Member for Couva South is asking the Government to do, is to act as insurer for what is really a private enterprise venture.

You have financial institutions operating in the private sector; you have depositors who are free to go and make their deposits. What the Member for Couva South is now proposing is, whatever happens in the private relationship, the Government should stand full responsibility for it. That cannot make any sense, having regard to the system in which they are operating. What the state is required to do is to provide sufficient regulations so that there is protection, and that is all that we have sought to do by this legislation.

I would not worry to take the point that the proposed amendment is irrelevant, but it is also irrelevant. It does not relate to clause 22 which is before us at the moment. For those reasons, I do not think that we ought to consider favourably the proposed amendment by the Member for Couva South.

Question, on amendment [Mr. Maharaj] put and negatived.

Question put and agreed to.

Clause 24.

Senate amendment read as follows:

- A. In subclause (3), insert immediately before the words "The Central Bank" in line 1, the words "The Minister upon the recommendation of" and substitute for the word "bye-laws" in line 1, the word "regulations."

- B. Renumber subclauses (4) to (6) as (5) to (7) respectively and insert after subclause (3) the following:

"(4) Regulations made under subsection (3) shall be subject to negative resolution of Parliament".

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

The proposed amendment and the inclusion of a new subclause 24(4) has the effect of giving the Minister, instead of the Central Bank, the power to make regulations regarding advertisements. The regulations must have a negative resolution of Parliament to be adopted.

Question proposed.

Mr. Sudama: Madam Speaker, when this Bill came to us in its original form, the Central Bank was given that discretion—that they would make bye-laws governing advertisements. Why is the Minister being brought into the picture now? Is it a legal requirement? Is it felt that the Central Bank will not do the thing properly and the Minister has some sort of superior claim to knowledge, and, in fact, superior claim to protect the public interest?

I should really like to find out. If that were the case, why was it not originally put in the Bill that the Minister, upon recommendations of the Central Bank, may make bye-laws governing the issue of advertisements? Why not at the beginning, if you felt that you had a duty of accountability to the Parliament and to the public? As you are aware, in our Westminster system that we have adopted, the Central Bank, really, is not accountable. If it is at all, it is accountable to a ministry of Government, but not accountable directly to this Parliament, only indirectly. There are many things I should like to ask the Central Bank about their operation, but we cannot get them before a parliamentary committee. We cannot get a parliamentary committee to look at the global issues of expansion of credit. Now, we understand that the Minister would have that responsibility.

3.55 p.m.

There is the other issue—and I had raised this before in the previous Parliament—where I had asked the Government—and it agreed—that we should institute truth in lending legislation into this House, with respect to what representations are made to the public.

Mr. Valley: Madam Speaker, the Member is now going on meandering about truth in lending.

Mr. Sudama: Madam Speaker, this has to do with the question of advertisements. I cannot understand—why does the Member want to bulldoze this House and restrict its capacity to genuinely debate matters here?

Mr. Valley: Madam Speaker, the Member is going on meandering about truth in lending and that is a different issue entirely. It has nothing to do with the amendment before the House.

Mr. Sudama: Madam Speaker, I am amazed, nay appalled, at the attitude of the Member for Diego Martin Central. He would not listen to what I have to say; he jumps up on the slightest pretext to protest that I am irrelevant. I am not dealing with the issue. This is the attitude of the Government. Whoever protests in this country, whoever tries to raise issues in a debate, they want to suppress. This man with that kind of attitude should not be in the Parliament at all.

Mr. Valley: Madam Speaker, he continues to be irrelevant.

Mr. Sudama: Not because he is the Leader of Government Business is it his duty to railroad this House. This House is not the property of the PNM Government.

Madam Speaker: Would the hon. Member please continue with his contribution.

Mr. Sudama: Madam Speaker, I have raised this issue because we have to deal with advertisements and their contents. The Member does not seem to understand. He was an adviser in the previous PNM government, no wonder it is in such a sorry state.

Madam Speaker: Will the Member please proceed to the relevant contribution?

Mr. Sudama: Madam Speaker, the issue of advertisements and their contents is critical to the average member of the public, because through these advertisements the banks and financial institutions make certain representations as to what they can and cannot get; what facilities are available on what terms. Therefore, the content of these advertisements is very important.

As I said, if we had instituted truth in lending legislation then there would be no need for this provision because that would have been covered by a substantive law. But, it is here now and I am saying that these regulations, which are going to be made by the Minister, ought to be subject to affirmative resolution of this Parliament. I say this because we do not have a parliamentary committee to oversee banking and financial matters. That is not there. We are asking for it; we

have been asking for it for years. When these regulations are made, we can consider them in such a committee.

When the question of negative resolution arises, it means that this side has to raise it as a motion in this House in order to have this issue debated. If it is a matter of affirmative resolution, then the onus is on the Government to bring it before this House and have that motion approved. Because, as I said, it is important. What goes into these regulations with respect to the content of advertisements is important to the average member of the public. This is why there are people from Southern Finance protesting here.

Madam Speaker: Are you suggesting an amendment?

Mr. Sudama: Yes, I thought I made that clear to the Member. The people of Southern Finance, and other depositors, were, in fact, looking at advertisements in the media with all sorts of glamorous appeals being made, and after having acted on those advertisements, which were not subject to scrutiny by this Government—anybody could have done anything—have found themselves in difficulties where many people have lost their deposits, their life savings, and are now facing a life of penury. That is because of the fact that we do not have sufficient control over the contents of advertisements put out by these banking and financial institutions.

I wish to make that plea to the Government that the very least that they can do is to bring these regulations subject to affirmative resolution.

Question, on amendment, put.

House divided: Ayes, 14 Noes, 17

AYES

Maharaj, R. L.

Panday, B.

Humphrey, J.

Sudama, T.

Palackdharrysingh, R.

Bhaggan, Miss H.

Mohammed, S.

Singh, Dr. C.

Panday, S.

Jurai, K.

Sharma, C.

Haniff, M.

Hosein, S.

Robinson, A.N.R.

NOES

Valley, Hon. K.

Sobion, Hon. K.

Motley, Hon. W.

Ramrekersingh, Hon. A.

Rowley, Dr. The Hon. K.

Marshall, Hon. M.

Griffith, Dr. R.

Baboolal, Dr. The Hon. L.

Collis, Hon. K.

Imbert, Hon. C.

Lasse, Dr. The Hon. V.

Pierre, Hon. J.

Casimire A.

Hart, E.

Allum, D.

Bereaux, H.

Rajaram, C.

Amendment negatived.

Question, on original Senate amendment, put and agreed to.

4.05 p.m.

Clause 26.

Senate amendment read as follows:

"A. Delete subclause (1), and substitute the following:

"(1) In order to determine what steps, if any, are necessary to be taken to encourage the expansion of credit in any or all sectors of the economy, the Central Bank shall, from time to time, consult with licensees."

B. In subclause (3), insert immediately after the word "Gazette" in line 3, the words "and a daily newspaper."

Mr. Mottley: The purpose of the amendment is to require a stronger commitment on the part of the Central Bank to consult with the licensee on the question of expansion of credit. It is a consultation which is more in keeping with the modern system of consultation and collegiate responsibility for the whole economy.

I beg to move that the House doth agree with the Senate in the said amendment.

Question proposed.

Mr. Sudama: Madam Speaker, before you put the question there is a point—

Madam Speaker: The Member ought to catch my eye.

Mr. Sudama: Madam Speaker, you are not looking at me.

Madam Speaker: The Member ought to stand.

Mr. Sudama: I want to ask for a certain clarification. I do not think the Minister went far enough in clarifying the reason for the amendment. This is what originally was in the Bill:

"The Central Bank may from time to time, consult with licensees on matters relating to monetary and credit conditions in the country."

That was a very wide scope of consultation. Now we are told that we have perhaps a restricted element of consultation. While he said that the commercial banks are now brought more positively into the picture of consultation, the amendment said:

"(1) In order to determine what steps if any are necessary to be taken to encourage the expansion of credit in any or all sectors of the economy, the Central Bank shall, from time to time, consult with licensees."

What the Central Bank is obliged to do now, and I do not really see why it should be obliged to do this, because if the Central Bank has supervisory powers, why should it seek consultation with the commercial banks? It may do that at its own discretion, if it feels that is necessary. Why are they imposing a law to consult with these institutions? They are subjecting the Central Bank to the whims and fancies of the banking institutions.

Where the Central Bank should be a supervisory body, they are bringing it on the same plane as the banking and financial institutions of this country. Why are they doing this? Was it pressure from the agents of the banks, financial institutions and the conglomerates? They are dealing with a very critical relationship between the Central Bank which seeks to look after the public interest on behalf of the Government, in the banking and the monetary sphere. But the Government is now imposing a duty.

The Central Bank must consult with the banking institutions if they are going to encourage the expansion of credit in any or all sectors of the economy. I thought that the Government, through the Central Bank, has a certain degree of independence in the management of the economy. If they look at all the available evidence, the empirical situation and the statistics and trends, then they may very well come to the conclusion as a Government, that they want to expand credit in any one sector. They may, if they wish, consult with the commercial banks. Why is this duty being imposed? Is this Government further progressing in the direction of puppetry, where when strings are pulled by unseen hands, the Government makes amendment to the original legislation? What is the reason?

There is another point involved here, but before I get to that, I want to find out what is the rationale, for putting the original clause. Why do they want a Central Bank to consult with banking institutions on matters relating to monetary and credit conditions in the country? Monetary and credit conditions are the preserve of the Central Bank and the Ministry of Finance. They may or may not wish to get the views of other persons. The monetary conditions relating to the level of interest rates and raising the volume of credit—why did they do away with that? I do not know what was the reason in the first place, to put that in the Bill. That is the essence of the whole operation of the Central Bank. But the Government want to subject that to the consultancy of licensees and then come with this amendment. This subclause (1) is related to subclause (2). Subclause (2) says:

"The Central Bank may after consultation with licensees and with the approval of the Minister impose controls in respect of the volume, terms and conditions upon which credit may be made available to all or any sectors of the economy, when in its judgement the imposition of such control is necessary to restrict or prevent an undue expansion of credit."

They are saying in one breath that—they are giving the Central Bank the power to restrict and control undue expansion of credit, but in the other breath, they are forewarning the commercial banks, because they have to consult with them. When they consult with them, obviously they are consulting on the basis that they want to expand credit. They want to expand and they have to consult with them, yet they want to have the power where if they feel there is an undue expansion, they could control and restrict that.

What they are really doing is putting themselves into the hands and under the influence of the commercial banking institutions in this country as to the determination of volume of credits; the sectors for which credit will be made available. This is a very serious weakness with respect to trying to improve economic conditions in Trinidad and Tobago.

When you look at the percentage distribution of loans by sector, you will see some very interesting percentages. Therefore, the Government if it wants this economy to survive and grow, if it wants to have a diversified and balanced economy, one that is resilient, one that is based on self-sustained imperatives for growth and development, then this composition of Government lending ought to change. I am saying that the Government should have that unfettered authority to put in place certain measures and incentives to see that this composition of the total loan portfolio as regards sectors, conform to their own view of where this economy ought to be going.

4.15 p.m.

We are talking about 1991. Those are the latest figures we have.

Industry	Percentage of total loan
Agriculture	3.9
Petroleum	3.3
Manufacturing	15.4
Construction	3.3
Distributive trades	10.8

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Industry	Percentage of total loan
Hotels and Guest Houses	.7
Transport and Communication	4.8
Finance, Insurance & Real Estate	11.6
Education, Cultural & Community Activities	1.3
Electricity and Water	.8
Personnel Services	3.5
Consumers	24.8
Real Estate, Mortgage & Loans	15

The question I ask the Central Bank through the Government is: To promote growth in this economy, to have a more soundly based economy, is this distribution, according to sector, satisfactory? Do they have an opinion on this, or do they feel that this is the result of the free market operation, and therefore whatever goes, goes, and they ought not to have a position on it, and they ought not to institute any kind of direction? If they are of that view, that we are in a completely *laissez-faire* situation, and this outcome of lending has been as a result of the free interplay of market forces, the free discretion of the banks as to how they should deal with people's money, I see no reason for either section 26(1) or (2). Let the commercial banks—as we say in local parlance—do their own thing. There is no reason for regulation if you are satisfied with these outcomes of lending.

First of all, in view of the amendment that is being proposed to 26(1) and the contents of clause 26(2) there seems to be an area of contradiction with respect to the power of the Central Bank and the duty imposed on the Central Bank.

Secondly, I propose that the Central Bank should not be put in a position where it is forced by law to consult, because a situation may arise when it may need to act independently—without consultation and without alerting the commercial banks as to where it is coming from. Once that is done they may take pre-emptive action. Central Bank ought to have the discretion. Therefore, I am proposing that the word "shall" should be changed to "may." The Central Bank may from time to time consult with licensees. It ought not to be obligated to do so. This derogates from the authority and power of the Central Bank to carry out its functions.

Mr. Mottley: I had mentioned earlier that there arose a discussion in the other place because the wording was "may" and they wanted something stronger, "shall". All of that talk just concerned "may" and "shall". In order not to have had any doubt that we were not moving away from consultation, we agreed to go back to the original terms of the Central Bank Act. Section 42(1) states:

"In order to determine what steps, if any, are necessary to be taken to encourage the expansion of credit in any or all sectors of the economy, the bank shall from time to time consult with the commercial banks."

We have gone back to what it was before and what is existing now.

Mr. Sudama: That is not what I have before me.

Mr. Mottley: Madam Speaker, I am talking about the existing Central Bank Act, section 42(1).

Question put and agreed to.

Clause 27.

Senate amendment read as follows:

Delete subclause (3) and renumber subclause (4) as (3).

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

It is for two matters. One is to remove the particular subclause and for the subsequential renumbering. This was drafted prior to the removal of exchange controls and we do not see any reason why it is being forced that the Central Bank shall require the licensees to forcibly sell any excess of foreign exchange.

Question proposed.

Mr. Robinson: I am not clear what is being called, whether it is clause 26. I was not aware that clause 26(b) had been called.

Madam Speaker: Yes, the entire clause was dealt with.

Mr. Robinson: May I ask that it be recommitted. The reason is that I think a very important point of principle is involved.

Madam Speaker: What is the Member asking, if we have voted on this?

Mr. Robinson: That clause 26(b) be recommitted.

Madam Speaker: In subclause (3), insert immediately after the word "Gazette" in line 3, the words "and a daily newspaper."

Mr. Robinson: Yes. That it be recommitted.

Madam Speaker: Under what?

Mr. Robinson: May I say that is the formula used when a matter is being considered.

Madam Speaker: Unfortunately I cannot go back to it, hon. Member.

Question put, That clause 26(b) be recommitted.

The House divided: Ayes 14, Noes 17

AYES

Maharaj, R. L.

Panday, B.

Humphrey, J.

Sudama, T.

Palackdharrysingh, R.

Bhaggan, Miss H.

Mohammed, S.

Singh, Dr. C.

Panday, S.

Jurai, K.

Sharma, C.

Haniff, M.

Hosein, S.

Robinson, A.N.R.

NOES

Valley, Hon. K.

Sobion, Hon. K.

Mottley, Hon. W.

Ramrekersingh, Hon. A.

Rowley, Dr. The Hon. K.

Marshall, Hon. M.

Griffith, Dr. R.

Baboolal, Dr. The Hon. L.

Collis, Hon. K.

Imbert, Hon. C.

Lasse, Dr. The Hon. V.

Pierre, Hon. J.

Casimire, A.

Hart, E.

Allum, D.

Bereaux, H.

Rajaram, C.

Question put and negatived.

4.25 p.m.

Mr. Sudama: On this clause 27, I have a particular difficulty. You are deleting subclause (3) which says:

"The Central Bank may require such licensees to sell to it all or any specified part of the surpluses in excess of the maximum amount fixed pursuant to subsection (2)".

Therefore, they no longer have an obligation to sell that excess. Why put an excess in the first place? Why have a maximum amount? They now have discretion to deal with foreign exchange. They can have any amount in their possession. They are not required to sell to the Central Bank any amount in excess of a certain figure. What is the point in putting the maximum in the first place? The point in doing so is that any amount beyond the maximum will be sold to the Central Bank. Therefore, if you are deleting subclause (3), what is the reason for retaining subclause (2)?

"Delete subclause (3) and renumber subclause (4) as (3)"

But you are still leaving (2) in place. What is the need for it? The need for it is being done away with by the deletion of subclause (3). Why do you want to place a maximum amount when the maximum amount has no rationale for its

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existence? They told you to do so because it would restrict the commercial banks in operating foreign accounts? It restricts their manner of operations, and they want freedom to operate? What is the need for having a maximum figure then as a balance which they ought to keep if they are not obliged to sell the excess of that maximum to the Central Bank? Do you want it as statistical information? Is that what you want it for? If this was recommended in the other place, then tell us why they recommended it. We are not supposed to have any knowledge of what went on in the other place? Why did they not want it? What reason did they advance? They did not want you to know how much foreign currency is passing through their accounts? What is the rationale for it? Why the need for subclause (2) in the circumstances?

Madam Speaker: You are not making an amendment, are you?

Mr. Sudama: No.

Mr. Mottley: Under the new system the rate is not fixed. Whereas before there was a fixed rate and the Central Bank would have bought foreign currency at a certain fixed rate from the commercial banks, under the new system, suppose, for instance, there was a requirement and the Central Bank said: I require that excess and I want to buy it at \$2.00, would you expect the banks under those—so we cannot require. So there is a relationship in which there is flexibility. The Central Bank may offer to buy at a certain price and the banks may or may not accept.

Mr. Sudama: Did the Minister know this? This Bill came to this House after the dollar was floated, not before. Did he know before that it restricts the flexibility of the bank? If he knew that before, why did he not put that in your Bill?

Question put and agreed to.

4.31 p.m.: *Sitting suspended.*

5.05 p.m.: *Sitting resumed.*

Clause 30.

Senate amendment read as follows:

Delete subclause (9)

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

Question proposed.

Mr. Sudama: This thing is going a little too fast. The original subclause (9) states:

"(9) The appointment of the Inspector by the President or the appointment of a person by the Governor under subsection (4) shall not be questioned in any proceedings in any court."

If this subclause is to be deleted, am I to understand that the appointment of the Inspector by the President can be questioned in a court of law? Or the appointment of a person by the Governor, the appointment of a person whom he has jurisdiction to appoint under subsection (4)? If so, perhaps the Minister could give us an idea of the circumstances under which such matters could be brought to the attention of the court.

We are talking here about the appointment, not about the behaviour of the activity of the Inspector or another person. We are talking about the appointment, and if that is to be questioned in a court of law, I do not see why the basis of other appointments cannot be so questioned. Perhaps the Minister is obligated to indicate to this House why it was necessary to include this provision in the first place and now it is felt necessary to exclude it, and whether pressures came from those in the other place, so that the Inspector could consider himself under some sort of threat that his appointment could become a matter of litigation.

Would that undermine his authority as Inspector of Banks and will he, as a result, be able to carry out his function under this Bill and, indeed, the existing Act? I should like to know whether he will have that freedom to carry out his function without fear or favour.

Madam Speaker: Is the Member seeking a clarification?

Mr. Sudama: I am seeking a clarification as to the reason for this deletion.

Mr. Sobion: Madam Speaker, the Member for Oropouche seems to have pressure on his mind. The fact is, this provision was included to protect, to some extent, the office of the Inspector and not have it open to challenge in any court. On a further review of the legislation we found that it was not necessary to afford him that level of protection because the major functions to be exercised under the Act are not by the Inspector but by the Board. As a result, it was found unnecessary to include that particular provision, subsection (9).

Question put and agreed to.

Clause 32.

Senate amendment read as follows:

In subclauses (1), (2) and (4), substitute for the words "Central Bank" wherever they appear, the word "Board".

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment. This is something familiar in that it was a clause that was dealt with previously.

Question proposed.

Question put and agreed to.

Clause 38.

Senate amendment read as follows:

- A. Substitute for the word "bye-laws" wherever it appears, the word "Regulations".
- B. In subclause (1), insert immediately before the words "The Central Bank" in line 1, the words "The Minister after receiving the recommendations of".
- C. Renumber subclauses (2) to (4) as (3) to (5) respectively, and insert immediately after subclause (1) the following:

"(2) Regulations made under subsection (1) shall be subject to affirmative resolution of Parliament."
- D. In subclause (4) as renumbered, substitute for the words "The Central Bank" in line 1, the words "The Minister on the recommendations of the Central Bank, by Order".
- E. In subclause (5), as renumbered, insert after the word "dollars" in line 3, the words "and in the case of a continuing offence to a fine of ten thousand dollars for each day during which the offence continues".

Mr. Mottley: Madam speaker, I beg to move that the House doth agree with the Senate in the said amendment.

The insertion of this provision was to allow the Central Bank in the original Bill a great deal of power directly to essentially do what was prudential regulations. I explained to this House that in the new environment in which there were new types of banking businesses evolving daily in which there had to be a

great deal of flexibility and in fact speed, sometimes, in coming up with the regulations, we needed to have the Central Bank given that flexibility directly.

Following the debate in the other place, it was felt that especially the prudential criteria which were being introduced for the first time and would have had quite a profound effect on the banking industry those regulations, in particular, should have the scrutiny of this House. Therefore, after much debate and sounding of opinion we agreed with the other place that the matter, therefore, though requiring an affirmative resolution, these regulations would be brought before us in the Parliament.

Question proposed.

Question put and agreed to.

5.15 p.m.

Clause 42.

Senate amendment read as follows:

"Delete subclause (2) and substitute the following:

(2)Every licensee shall submit on the request of the Central Bank in respect of an affiliate an audited balance sheet and profit and loss account signed by two directors."

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

The original Bill said that "every licensee shall submit to the Central Bank in respect of an affiliate an audited balance sheet and profit and loss statement ..."

Now when the full ramifications of that were brought to us in terms of an affiliate and how many hundreds of balance sheets and profit and loss statements would automatically be required, we changed the legislation to give the Central Bank the right to call for which financial statements it required of the affiliate, rather than demand that financial statements for all affiliates be automatically required.

Mr. Sudama: Madam Speaker, my point is, if this allows for a discretion in terms of time, there is no time limit here and therefore if the audited accounts and balance sheet of an affiliate are required, and for some reason there is a delay of a year or two years in submitting them, my question is, what sanctions can the

[MR. SUDAMA]

Central Bank employ in such a situation since we have removed the time limit sanction? This request may not be adhered to, conformed to, with any speediness, and time elapses and all it says here is that they shall submit to the Central Bank "in respect of an affiliate an audited balance sheet and profit and loss account signed by two directors." If this comes five or eight years after the end of the financial year, the affiliate and the borrower group can very well say, look here, there is this Act, it does not specify a time limit and therefore I am not obliged to adhere to any time limit with your request. Simple thing.

What are the sanctions involved? I do not know. You can have, given what transpired in the other House and given the fact that the Government has had to back down on almost every representation made by spokesmen for the commercial banks, I see this removal of a time limit as another element of attempting to undermine the authority of the Central Bank in this matter of requesting information from the borrower groups concerned. I am a bit worried about that and I believe some time limit should be included in this Bill.

Madam Speaker: Is anybody else making a contribution on this amendment?

Mr. Mottley: Yes, Madam Speaker. The "cease and desist orders" that are part of the Bill would allow the Central Bank to make the request for the financial statements of the affiliate and if it is not complied with, within a reasonable time, then through the "cease and desist orders" there is the power of enforcement.

Question put and agreed to.

Clause 51.

Senate amendment read as follows:

"Delete and substitute the following:

"51. A vesting order made under this part may in any case where the Minister thinks fit to do so, be exempted from the payment of stamp duty imposed under the Stamp Duty Act."

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment, subject to the following:

"Delete clause 51 and substitute the following"—a new 51(1) that is, Madam Speaker:

"Where an agreement has been entered into for the guarantee of payment to a transferee or other licensee of the amount by which any credit facilities granted by the transferee or licensee exceeds the limits in section 22(h) or (i),

the transferee or licensee may apply to the Minister to be exempted from all or any of the provisions of section 22(2)(h) or (i) and the Minister may, by Order, on the recommendation of the Central Bank exempt the transferee or other licensee from complying with those provisions subject to such terms and conditions as may be specified in the Order.

(2) An Order made under subsection (1) may, in any case where the Minister thinks fit to do so, exempt the instrument of guarantee from the payment of stamp duty imposed under the Stamp Duty Act.

(3) Where an agreement has been entered into for the guarantee of payment to a transferee of the amount by which any unsecured credit facilities granted to any one person by the transferee exceeds in the aggregate ten per cent of its paid-up capital and reserve fund and the Minister has by Order under section 27(3) of the Banking Act exempted the transferee from the prohibition in sections 14 (1)(e)(iv) of the Banking Act, such Order shall, if in force at the commencement of this Act, continue in force subject to subsection (4).

(4) An Order which continues in force under subsection (3) shall from the date of commencement of this Act, take effect as though exempting the Bank which is the beneficiary of such Order from the prohibition in section 22(2)(h) instead of the prohibition in section 14(1)(e)(iv) of the Banking Act in respect of existing arrangements made for the provision of credit facilities in existence at the date of commencement of this Act if the guarantee which is a condition of, or set out as a Schedule to, any such Order is varied to the satisfaction of the Minister within three months of the date of commencement of this Act so as to become effective to guarantee the payment to such Bank of the amount by which the unsecured credit facilities granted to any one person or borrower group under such arrangements exceeds in the aggregate five percent of such Bank's capital base.

(5) Where the Minister has made an Order under section 27(3) of the Banking Act or under this section, he may, on the recommendation of the Central Bank after it has consulted with the licensee, terminate or vary the Order."

Madam Speaker, by way of explanation the original draft of the Bill stated:

"Where on the occasion of an application to the Minister under this section an agreement has been entered into for the guarantee of payment to the transferee of the amount by which any unsecured credit facilities granted to any one person by the transferee exceeds in the aggregate ten per cent of its paid-up capital and reserve fund or of such other provision thereof as the Central Bank may from time to time approve."

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That is the key. The transferee may apply to the Minister in writing to be exempted from complying with any of the provisions of section 22(2)(h), (i) or (j).

5.25 p.m.

In the other House, Madam Speaker, this clause 51 was deleted in its entirety and replaced by a provision exempting a vesting order from the payment of stamp duty. The impact of the deletion of clause 51, as done by the other House, was that the grant of new credit facilities, especially to the energy sector, would be severely curtailed at a time when the Government is putting great store by the promotion of new investments, sometimes very large investments, in the energy sector.

The Central Bank and the Government recognize that the guarantees which certain banks have are an extremely good form of security and at a small cost for the protection of depositors. A number of banks can get guarantees overseas through associate lendings with other institutions, or, in some instances, because the local bank has parent companies that can offer very, very strong guarantees.

So that, the matter of the capital base of the company as a security for the depositor in making the loan is not the only consideration. Sometimes, guarantees can be in fact sterling guarantees. We want to recognize that and we want to recognize especially, too, that some of the very large loans that the energy sector may be dependent on, at this time, will most likely be coming in this form.

Furthermore, in the current changing financial system, it would be advantageous to have the ability to vary the strict provisions of section 22(2)(h), should the need arise, for a general provision, and not merely for a specific loan.

Finally, the ministerial order could include conditions for gradual increase in capital and a maximum limit on the credit facilities that a financial institution could extend under guarantee. So that under that ministerial order, that would permit the guarantees. At the same time, it could describe the conditions under which the guarantees would apply. Certainly, increasing the capital base could be a condition attaching. So that a great deal of flexibility is afforded and it is put in the control of the Central Bank.

In order to deal with the concerns such as have been expressed here, a variation of clause 51 is proposed which would retain the provisions similar to the ones in the existing Bill that was passed by this House, and to greatly expand what the Senate has deleted. The effect of this amendment would allow any

financial institution to apply for an exemption from the prohibitions of section 22(2)(h) if a guarantee has been given.

It should be noted that this affects lending to person as well as borrower group, therefore this is why we are bringing this new clause 51, which, although slightly amended from what was originally here, is substantially what this House originally passed.

Question proposed.

Mr. Sudama: I rise very early, Madam Speaker, I know I have a way of being overlooked.

Madam Speaker: The question has to be proposed and then debated.

Mr. Sudama: My question is, when a guarantee is given, how do you classify that, as a secured or unsecured credit facility? When you look at the complexity of this question, you see the reason these things should be gone into in committee, so we can have much more time for clarification, questioning and so forth.

If a guarantee is a secured facility—it depends on your classification—then the transfer of such a facility to enter into a guarantee of payment to the transferee—in fact, what you are doing is transferring a secured facility from one licensee to another licensee, if I understand this correctly. And if your motivation or your reason is that you are talking about large sums of money, because you are talking about the energy sector and the guarantees which may have been given for those sums advanced to companies in the energy sector, this does not limit that provision to the energy sector, it could apply to anybody whatsoever.

My argument is whether, in fact, it is a relaxation that may not be taken advantage of in terms of where you have a prohibition and restriction applying to one group and then that group transfers to another, then the act of transferring also incorporates a relaxation. Then you can apply to the Minister to relax the provision under section 22(2)(h) and (i). We hope in such a situation, that the Minister would ensure careful supervision on what is being transferred and what relaxations are being asked for.

Since it is a political decision that is going to be taking place, and a political decision which will not come under the scrutiny of this Parliament or anybody else, I am wondering whether this provision does not permit, in the absence of accountability, an opportunity to get around the provisions of section 22(2)(h) and (i). That is my question to the Minister.

Mr. Maharaj: Before the Minister responds, since, obviously, there is the need, as far as the Government is concerned, to accept guarantees from banks or financial institutions with external support or backing, then, obviously, the security would be very good security, it would be triple A or whatever it is. Could the Minister consider whether it is not in the public interest to state which one of the banks or financial institutions has that kind of support at the present time?

Mr. Mottley: I hesitate in that I do not necessarily have all the information, but, certainly, for instance, the hon. Member would be familiar, through associations, that Citicorps in the United States would be guaranteeing loans through its subsidiary in Trinidad and the guarantee of Citicorps, in the circumstances, would be a substantial guarantee. The onus would be on the Central Bank to make sure that Citicorps, which is today triple A rated, did not fall into disfavour and, therefore, the Central Bank—it is not political; these are matters that would be done by the Central Bank—would keep these guarantees under review.

It is contemplated that through the local bank, there would be an Order issued and it would allow for guarantees of so many million dollars by this triple A rated institution, and discussions would take place with the local bank and the Central Bank prior to the issue of that Order contingent upon this order being issued. In the meantime, the Central Bank would expect their local capital base to move from 'A' to 'A' plus 3 and so forth. Specifically, I know that the Bank of Nova Scotia would probably be another and maybe the CIBC group.

Question put and agreed to.

5.35 p.m.

Clause 53.

Senate amendment read as follows:

"In subclause (3), insert immediately after the word "appeal" in line 4, the words "unless on an *inter parte* application or an *ex partes* application where notice has been given to the Central Bank the Court is of the view that exceptional circumstances exist that warrant the grant of a stay of any further action by the Central Bank.

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

Question proposed.

Mr. Robinson: May I ask the Attorney General to look at the use of the terms "*inter parte*" and "*ex partes*." There seems to be some transposition there.

Mr. Sobion: Madam Speaker, the hon. Member is quite correct. There has been a transposition. The "s" in "*ex partes*" should have followed "*inter parte*." It should be "*inter partes*" and "*ex parte*."

Mr. Robinson: It can be looked at as a typographical error rather than having an amendment.

Question put and agreed to.

Clause 63.

Senate amendment read as follows:

In subclause (2), insert after the word "*Gazette*" in line 3, the words "subject to negative resolution of Parliament".

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

Again, this brings the matter as giving the Minister the power to amend the schedules and requiring that the regulations be subject to a negative resolution of Parliament.

Question proposed.

Mr. Sudama: Madam Speaker, I raise this question again about the issue of negative resolutions. Only if somebody on this side—nobody on that side will do it—takes the initiative in time to bring this resolution to Parliament and have it placed on the Order Paper, would it come to the notice of this House. This is a question where they are trying to slip through things without the Parliament having a look at them. In this particular instance, after all the advice he may get from the Central Bank, the Minister makes a political decision. He is a politician. If he is not a politician, maybe he should stand up and tell us he is not a politician; he is above politics.

What does this do?

"The Minister, on the advice of the Central Bank, may from time to time..."

He is only advised. He can overrule the advice of the Central Bank if he so wishes. This is why he is given the power here.

[MR. SUDAMA]

"The Minister, on the advice of the Central Bank, may from time to time amend the First Schedule by Order published in the *Gazette*..."

Now what is the First Schedule? The First Schedule has to do with the exempted institutions, that is, institutions which would be exempt from the provisions of this Bill. Now that is a very, very onerous decision he has to make, and a decision that must be subject to scrutiny. Because if he gets some prompting from the other place and he decides one of the commercial banks ought to be exempted and he makes an order to that effect, subject to negative resolution, and it slips through—nobody is aware of it—it becomes law. Such an institution then becomes exempted from the provisions of this Act, whichever that institution may be.

We are saying that when such an order is made, it must come before this House to be proposed here and to be debated, so that we are satisfied that the decision to exempt the institution is reasonable in the circumstances. Because you see, he may say, "Well, look, I am a very proper Minister of Finance. My integrity is beyond question and I am not going to do anything surreptitiously to promote my own self-interest". But he may speak for himself. He may not speak for other Ministers of Finance that may come and go. So we are not talking about a personal situation. We are talking about the authority which is invested in the office to make a decision that could be in the interest of the Minister concerned.

I am concerned about that, I am worried about that, and I would like to propose that "subject to negative resolution" be changed to "affirmative resolution of this House" so we know what is going on and if anything is tried by a Minister of Finance, whether it is the current one or anyone else, then at least this House would have a duty to deal with that problem, because it will, in due course, come before us for affirmative resolution.

Madam Speaker: Hon. Members, the Member has proposed an amendment in the nature of a substitution of the word, "affirmative," for the word, "negative", in clause 63.

Question, on amendment, put.

House divided: Ayes 14, Noes 17

AYES

Maharaj, R. L.

Panday, B.

Humphrey, J.

Sudama, T.
Palackdharrysingh, R.
Bhaggan, Miss H.
Mohammed, S.
Singh, Dr. C.
Panday, S.
Jurai, K.
Sharma, C.
Haniff, M.
Hosein, S.
Robinson, A.N.R.
NOES
Valley, Hon. K.
Sobion, Hon. K.
Mottley, Hon. W.
Ramrekersingh, Hon. A.
Rowley, Dr. The Hon. K.
Marshall, Hon. M.
Griffith, Dr. R.
Baboolal, Dr. The Hon. L.
Collis, Hon. K.
Imbert, Hon. C.
Lasse, Dr. The Hon. V.
Pierre, Hon. J.
Casimire, A.
Hart, E.
Allum, D.

Bereaux, H.

Rajaram, C.

Amendment negatived.

Original question put and agreed to.

Clause 64.

Senate amendment read as follows:

“Insert immediately after the word 'regulations' in line 2, the words 'subject to negative resolution of Parliament' .”

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment. This is another clause for the Minister to act and bring the negative resolution to Parliament.

Question proposed.

5.45 p.m.

Mr. Sudama: Madam Speaker, I rise to re-emphasize that I have noticed that with increasing regularity, negative resolutions have been included. In this instance, the Minister, "on the advice of the Central Bank may make regulations for". Look at the amplitude of the power. Any matter required to be prescribed under this Bill, whether it is a matter of substance or not, goes through under the rubric of negative resolution. I think it is dangerous and irresponsible for us to sit on this side [*Interruption*]

As I said, the amplitude of power given under clause 64(a), that the Minister could make regulations for "any matter required to be prescribed under this Act"—whatever that matter may be, he has the power to do so. He can do so by negative resolution. I have already pointed out the dangerous route that we are following by giving all these approvals to negative resolutions in this Bill.

I think we on this side would be failing in our duty if we do not protest against, what we consider, this definite and emphatic means of eluding accountability in this Parliament and elsewhere. Therefore, I am again proposing that the "negative" be changed to "affirmative" resolution because of the nature of the power that is being given under this clause.

Subclause (b) says:

"the transfer of funds by electronic means;"

and (c) says:

"generally for giving effect to the provisions of this Act."

Those powers are too wide to be subject merely to a "negative" resolution. Therefore, I am proposing that we amend that to an "affirmative" resolution of this House.

Mr. Mottley: Madam Speaker, I ought not to let our side be silent on this point, but to inform this House of the history of how this evolved.

These powers resided in the Central Bank under the original Act and the philosophy that guided that then, was that we were trying to create a more independent Central Bank, more in line with some of the Central Banks in Europe, for instance. But, our system, as it is, and the role cast for it, with Parliament and the accountability, we therefore succumbed to the arguments in the Senate that the matters were highly technical ones and regulations thereto would be highly technical and they would be researched and promulgated by the Central Bank and would flow through the Minister to this House, because that is our system.

For the absolutely critical matter of the prudential regulations, we would go the route of the affirmative resolution. And for these not quite so critical matters, we would go the route of the negative resolution.

Mr. Sudama: Madam Speaker, who decides what is and is not critical? Surely, I would think that when it comes before this House, we would make a decision as to whether a provision is critical or not. Because, for that to be made at the ministerial and governmental level or the level of the Central Bank when we cannot question the Central Bank directly and we do not have a parliamentary committee to question the Minister—it seems to me that the Minister is arrogating much more power than he ought to have under our current system with all these limitations. I still do not see the purpose of his protest.

Madam Speaker: Hon. Members, the Member is suggesting that there be an amendment to clause 64 in the nature of substitution of the words "negative resolution" by the words "affirmative resolution".

Question put and negatived.

Mr. Robinson: Madam Speaker, I think this whole question of delegated legislation, and the extent to which it is being pursued, needs to be looked at very carefully. In this particular legislation before the House, it is extensively relied

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upon, and in no instance has the opposite side thought it fit to concede that further scrutiny, if required, than mere publication in the *Gazette*.

I am very concerned about this intransigent attitude and I would ask that the matter be looked at again, especially, as there is no banking and legislation committee of this House, which there ought to be. In order to allow this very important matter to be discussed more fully—and if possible, prise open the minds of hon. Members opposite to some degree, since they seem to be so irrecoverably shut—I should like to move a general amendment at this stage that wherever the words "subject to negative" appear—they do not seem to like the words—substitute the words "to take effect after affirmative", in the hope that that would make some impact on their irascible minds.

Madam Speaker: At the moment this House is dealing with clause 64. We have already dealt with the amendment suggested by the Member for Oropouche. I did not quite clearly get the amendment being suggested by the Member for Tobago East. What was it?

Mr. Robinson: Madam Speaker, on the basis of the general question to accept the amendments, I am making a perfectly, permissible, parliamentary proposition for a general amendment, that is, wherever the words "subject to negative" appear, the words "to take effect after affirmative" be substituted.

Madam Speaker: Maybe we can have it put in writing and we can consider it as an amendment later on. We cannot do it at this stage. We are dealing with clause by clause and we are on clause 64. If the hon. Member wishes to have a general amendment to all that is being considered here, then surely we can.

Mr. Robinson: Madam Speaker, may I be heard on this point?

Madam Speaker: Yes.

Mr. Robinson: We have dealt, specifically, clause by clause, and now we are asked, generally, to accept. This is the question before the House.

Madam Speaker: No, we are not at that stage yet. We are at the stage where we are asking that this House agree with the Senate in the amendment as shown in the draft before us.

5.55 p.m.

Mr. Robinson: I beg your pardon. So, it is somewhat premature?

Madam Speaker: Yes, it is. I will assure you that at the appropriate stage I will consider it and give a ruling.

Mr. Robinson: May I ask that notice be taken of a proposed amendment?

Question put.

The House divided: Ayes 17, Noes 14

AYES

Valley, Hon. K.

Sobion, Hon. K.

Mottley, Hon. W.

Ramrekersingh, Hon. A.

Rowley, Dr. The Hon. K.

Marshall, Hon. .M.

Griffith, Dr. R.

Baboolal, Dr. The Hon. L.

Collis, Hon. K.

Imbert, Hon. C.

Lasse, Dr. The Hon. V.

Pierre, Hon. J.

Casimire, A.

Hart, E.

Allum, D.

Bereaux, H.

Rajaram, C.

NOES:

Maharaj, R.L.

Panday, B.

Humphrey, J.

Sudama, T.

Palackdharrysingh, R.

Bhaggan, Miss H.

Mohammed, S.

Singh, C. Dr.

Panday, S.

Jurai, K.

C. Sharma

Haniff, M.

Hosein, S.

Mr. A. N. R. Robinson abstained.

Question agreed to.

Clauses 68 and 69.

Senate amendment read as follows:

"Renumber clauses 68 and 69 as 69 and 70 respectively."

Hon. W. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

Question proposed.

Question put and agreed to.

Mr. Sudama: Madam Speaker, we would be considering, later, the new clause 68?

Clause 68.

Senate amendment read as follows:

Insert immediately after clause 67 the following new clause 68:

68. In the exercise of its functions under this Act the Board may delegate all or any of its functions to a committee appointed by the Board comprising a minimum of three members of the Board."

Hon. W. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

Question proposed.

Mr. Sudama: Madam Speaker, I take objection to the insertion of this new clause. What we are doing is giving three persons to perform all the functions of the board. If that is the case, why do you have a board? Just have a board of three? I could understand that on specific issues you would want to set up a committee of the board and three or more persons are put on that committee to deal with any particular specific function. That is understandable. When you include that three persons could perform all the functions of the board, we do not know what is going on in the minds of the governor or other members of the board. What you are doing is giving opportunities for cliquism. A clique could develop of three persons who will then under the law, perform all the functions of the board; and what you have is a set of sleeping board members who are merely there just for the purpose of having their names as members.

I am proposing that it is wrong in principle. It is my view that the organization which has been set up, particularly under the law, should have the power to delegate all of its functions to three persons—a smaller grouping of that larger group. I am totally against the principle. It facilitates, cliquism, government by minority. It facilitates government in secrecy and decisions being made. I see that was confirmed by the Member for Barataria in her contribution to—I am proposing in this new clause 68 to delete the words "all or". Therefore, the clause will read:

“In the exercise of its functions under this Act the Board may delegate any of its functions to a committee appointed by the Board comprising a minimum of three members of the Board.”

When that happens it will be difficult for the board to delegate each of its functions separately because, that will cause that decision to come into some sort of questioning. That is my amendment.

Madam Speaker: Hon. Member, do you wish to speak at this point?

Mr. Robinson: I am disturbed by this clause, I must say.

Madam Speaker: Could we take the amendment and then you can make your contribution on the substantive clause.

Question put and negatived.

Mr. Robinson: I was making the contribution on the use of the words "all or any". In fact, I was supporting the Member for Oropouche. But, I see a vote has been taken.

Madam Speaker: The Member is also making that amendment.

Mr. Robinson: Yes, I am supporting the amendment.

Madam Speaker: There are two requests here. Is it?

Mr. Robinson: No. It is very simple, You can say it was as a result of a misunderstanding that you made that ruling and therefore you can change the ruling.

Madam Speaker: I will recall that ruling and also indicate that there is a similar amendment by the Member for Tobago East, and then we put it to the vote.

6.05 p.m.

Mr. Robinson: I would prefer to support the amendment.

Madam Speaker: Hon. Members, we are going to recall the ruling and put the question again.

The Member for Tobago East has supported the Member for Oropouche and so the question again is: That the words "all or" in clause 68 be deleted.

The section will now read:

"In the exercise of its functions under this Act the Board may delegate any of its functions to a committee appointed by the Board comprising a minimum of three members of the Board."

Question put.

Mr. Robinson: You said, "Those in favour say, 'Aye'."

Madam Speaker: You said you supported it. We had taken the vote on the amendment.

Mr. Robinson: You said, "Those in favour say 'Aye'," but I have not spoken.

Madam Speaker: The hon. Member sat down.

Mr. Robinson: I could not stand while you were standing.

Madam Speaker: The nature of your contribution was that you wished to support the Member for Oropouche and then you sat down.

Mr. Robinson: The position is that you had to recall your previous ruling and until you had done that, I could not support. When you did, you remained standing, so I could not rise.

Madam Speaker: Hon. Member, you sat down when you said you were supporting the Member. Let us hear you. I would give you the opportunity to speak.

Mr. Allum: It would not change the price of cocoa.

Mr. Robinson: It may not, but I go on the record. I always do so and my record stands for 37 years. I do not know how long yours would stand for.

May I say, this is a horrendous clause and should not appear in any legislation whatever—where a board or anybody is given authority to delegate all of its functions to a smaller body. This opens the way for all sorts of intrigue and chicanery. Power tends to corrupt, and absolute power corrupts absolutely.

That is why we have democratic institutions. The more democratic bodies seek to cut down upon their powers and delegate those functions to smaller bodies, the more we see the way being opened for elite oligarchies to be created, domination by a small clique of individuals. We see it happening in this Parliament.

Hon. Members opposite appear to be particularly leaderless this afternoon and consequently they are more the intransigent. I am sure if there was some leadership there they would have conceded to some of the points made.

Madam Speaker: Are you then proposing a greater number of members than three?

Mr. Robinson: I am against the use of "all".

Madam Speaker: I know, but a minimum of three members, is that it?

Mr. Robinson: Yes. I would retain a minimum of three members. I would delete "all or" and "may delegate any of its functions". Even that, I am unhappy with because "any" may include "all." I would be inclined to go along with "any" and delete "all or" in support of the hon. Member for Oropouche.

Hon. W. Mottley: The same mischief that the hon. Member is concerned about is what this amendment addresses.

Originally the Bill mentioned the Central Bank "shall", and normally those powers were exercised by an individual, be it the Inspector of Banks or the Governor of the Bank. It was felt that we needed to put the power therefore in the hands of the board, and that a certain executive function, particularly the suspension of a bank and so that might need expeditious action, that the board sitting as a whole "may."

That is the operative word, "may", not "shall", delegate certain functions to be exercised, not at the sole discretion of an individual, the Governor or the Inspector, but by a sub-committee of the board that shall comprise at least three members, so that some collegiate responsibility for some major decision that would otherwise have been a purely executive decision is handled by this sub-committee of the board on the understanding that the whole board considered and delegated certain specific functions to that sub-committee of three.

Mr. Robinson: May I ask the Minister, is he not supporting? He has just supported. That is the intention, but that is not what is here. This talks about delegating all of its functions. That is what I said is horrendous, not "any", and "any" covers everything the Minister has said. The word "all" has no business there whatever.

Mr. Sudama: How many members are there on the board of the Central Bank? We are talking about dealing with matters expeditiously. Are there five members on the board of the Central Bank? You call as many people as could attend a meeting, a quorum. What is the difference between the three and a quorum? You call people and whoever comes, comes, but all the members of the board are invited. This thing about expeditious, this is a small country. What does he mean by expeditious? He cannot get people together within a certain limited time period? This argument does not hold water.

The second thing I want to ask: Is the Inspector of Banks a member of this board? The Inspector of Banks should be subject to the jurisdiction of a committee of this board as the board may decide. Therefore, if the Inspector has to act expeditiously, would the meeting of the committee get in the way of this expeditious action?

Mr. Robinson: I do not want to interrupt my Friend but if the board has to act expeditiously, then it is specific functions, which means "any". It does not have to get together and devolve all of its functions. That is the point I am making. That is what is horrendous, not any of its functions which it can do in specific circumstances, but all of its functions which means that it abdicates its responsibility. You cannot allow a board to do that.

6.15 p.m.

Madam Speaker: Does anybody else wish to make a contribution on the matter? At this point we are dealing with the amendment as suggested by the Member for Oropouche, and supported by the Member for Tobago East. The amendment is that the words "all or" be deleted from the new clause 68.

Question, on amendment, put and negatived.

Original question put and agreed to.

First Schedule.

Senate amendment read as follows:

"In the activities of the Merchant Bank, substitute for the words "floating and underwriting stocks and shares", the words "floating and underwriting stocks, shares and bonds".

Mr. Mottley: Madam Speaker, I beg to move that the House doth agree with the Senate in the said amendment.

Question proposed.

Madam Speaker: Is the Member for Tobago East still interested in moving that amendment?

Mr. Robinson: Yes, Madam Speaker, even more than ever.

The nature of the amendment is to substitute for the words "subject to negative" wherever they appear, the words "to take effect after affirmative".

I move this amendment because I am concerned more and more about the elitism that is developing in that administration, the tendency to conceal executive acts and to hide from scrutiny, actions which may have a very, very severe impact on the population. I find it more and more difficult to get any information in this Parliament from the hon. Gentlemen opposite. Even when questions are asked, answers given are either evasive or are very limited in respect of the information given; or attempts are made to use other fora to deal with the questions in a propagandistic fashion.

Mr. Valley: Madam Speaker, I really wanted to hear the Member's amendment, but having heard it, I thought we would deal with it. May I ask whether the Member could point us to the Standing Order which governs the type of amendment he is trying to make at this time?

Madam Speaker: What I have observed is that in all these cases, we have already dealt very substantively with amendments where the words "negative" and "affirmative" were sought with respect to those clauses, and they were all voted upon. I would think that the Member would have to bring an amendment for the entire Financial Institutions Bill, 1993 and propose his amendment in that manner, but we cannot deal with that at this stage.

Mr. Robinson: Madam Speaker, are you reversing your original ruling?

Madam Speaker: This is what the Member was saying. I have to rule. I was listening very carefully and this is why I am throwing out exactly what I am thinking so that you can—I would suggest that if the Member feels very strongly about the words "affirmative" and "negative", these clauses all having been voted upon, he may move an amendment to the Financial Institutions Bill, 1993, in the proper form, at an appropriate time. That is how it ought to be proceeded with at this point. That is my ruling.

Mr. Robinson: I always bow to your ruling.

Madam Speaker: If the Member looks at it very carefully, he will agree with me that this is the way to go at this time, having regard to the fact that we have already voted on all the clauses.

Mr. Robinson: I indicated, Madam Speaker, that I always bow to your ruling. Do not quarrel with me. I am agreeing with you.

Question put and agreed to.

DEVELOPMENT LOANS

The Minister of Finance (Hon. Wendell Mottley): Madam Speaker, I beg to move, the following Motion standing in my name which reads as follows:

Whereas it is provided by section 3(1) of the External Loans Act, Chap.71:05 that for the purpose of financing general development in Trinidad and Tobago, the Minister of Finance on behalf of the Government may borrow externally in such sums not exceeding in the aggregate fifty million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency and thereafter he may borrow such further sums as may from time to time be specified by resolution passed in the Senate and the House of Representatives:

And Whereas by Resolution passed in the House of Representatives on January 21, 1972, and in the Senate on January 25, 1972, the Minister on behalf of the Government was authorised to borrow externally in further sums not exceeding in the aggregate the equivalent of twenty-five million Trinidad and Tobago dollars in any foreign currency:

And Whereas by Resolution passed in the House of Representatives on January 19, 1973, and in the Senate on January 23, 1973, the Minister on behalf of the Government was authorised to borrow money externally in further sums not exceeding in the aggregate the equivalent of fifty million Trinidad and Tobago dollars in any foreign currency:

And Whereas by Resolution passed in the House of Representatives on May 13, 1977, and in the Senate on May 17, 1977, the Minister on behalf of the Government was authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of eight hundred and seventy-five million in Trinidad and Tobago currency:

And Whereas by Resolution passed in the House of Representatives on July 20, 1979, and in the Senate on August 7, 1979, the Minister on behalf of the Government was authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of four billion Trinidad and Tobago dollars in any currency:

And Whereas by Resolution passed in the House of Representatives on June 5, 1989, and in the Senate on June 6, 1989, the Minister on behalf of the Government was authorized to borrow externally in further sums not exceeding in the aggregate the equivalent of one thousand million Trinidad and Tobago dollars in any foreign currency:

And Whereas it is necessary to borrow further sums of money for the purpose of financing general development in Trinidad and Tobago:

Be It Resolved That for the purpose of financing general development in Trinidad and Tobago, the Minister on behalf of the Government is hereby authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of three billion Trinidad and Tobago dollars in any foreign currency.

At its commencement on December 2, 1967, the External Loans Act, Chap. 71:05, authorized the Government to borrow sums not exceeding in the aggregate TT \$50 million or the equivalent of any foreign currency or currencies for the purpose of financing economic and social development in Trinidad and Tobago.

Parliament has on several occasions raised the ceiling under the Act. The last such occasion was on June 7, 1989 when by Legal Notice No. 96 the Government was authorized to borrow money externally in a sum not exceeding \$9.6 billion which at April 12, 1993 was equivalent to approximately US \$1.412 million at the then prevailing exchange rate of US \$1=TT\$4.25.

The reason for seeking authorization to increase the borrowing limit under the External Loans Act, Chap. 71:05, is that the present ceiling which is denominated in Trinidad and Tobago currency has been breached by the recent decision of Government to adopt a floating exchange rate regime, which has resulted in a depreciation of the Trinidad and Tobago dollar vis-a-vis the United States dollar.

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As at April 13, 1993, actual borrowings under the Act—and Members should note this carefully—was TT \$4.8 billion or US \$1.129 billion. However, at the present US/TT dollar exchange rate of US \$1 to TT \$5.74, the Trinidad and Tobago dollar equivalent in Government's current exposure under the Act has moved up just by the fact of that depreciation of the currency when we cited in TT dollars to \$6.4 billion and since the present Act says \$6 billion, the ceiling therefore has been bridged. Had the limit under the ceiling been denominated in US dollars, this submission would not have been necessary at this time, since there would have been accommodation within the ceiling of an additional US \$282 million, given outstanding borrowings of \$1.130 billion. However, the legal limit is denominated in Trinidad and Tobago dollars, hence the problem and our reason for approaching the House this evening to raise the ceiling.

6.25 p.m.

In light of the change in the exchange rate regime, the Government has been considering alternative mechanisms for determining the new ceiling under the External Loans Act. Since external borrowing is undertaken in foreign currencies, consideration was given to reciting the ceiling in United States dollars, or in a basket of currencies, such as the Europeans use or is used by the International Monetary Fund.

The adoption of an international unit of account such as the United States dollar or Special Drawing Rights would ensure that the country's borrowing limit, as approved by Parliament, would not be affected by the currency fluctuations in the TT dollar. However, these options cannot be effected since the Trinidad and Tobago dollar is the official currency of Trinidad and Tobago, and any attempt to change the currency denomination of any component of the public debt would have legal ramifications and thereby create additional problems.

In determining the new Trinidad and Tobago dollar ceiling, Government has decided not only to accommodate the United States dollar value of the existing ceiling, which would mean an increase from TT \$6 billion to TT \$8 billion just to accommodate the depreciation, but also to provide for some additional manoeuvre for the following instances. One is the likely rise in the nominal value of the public sector external debt resulting from the possible continuing appreciation of the yen, in which currency 28 per cent of our external debt is denominated. And the second is current debt management strategy as articulated in its Medium-Term Macro Policy Framework which has indicated Government's intention to meet debt service payments as they fall due. Such a strategy will perforce require some external borrowing in the light of the present foreign exchange constraint.

Madam Speaker, what we are mainly contemplating in this period is a very heavy debt service. For this year—\$653 million—we would approach the market for approximately \$85 million which is really a refinancing mechanism.

On the basis of the projections of our medium-term financing requirements, it is being proposed, therefore, to raise the present ceiling under the External Loans Act, Chap. 71:05, from TT \$6 billion to TT \$9 billion. Let me reiterate, Madam Speaker, because of several queries from the press, that this is raising of the ceiling; it is not stating that the Government is automatically going out there to borrow this extra amount.

Automatically, a breach was created because of purely currency fluctuation matters and we are creating a little room for ourselves. Because what is happening to the yen, is that, every day for the last several weeks, it has been appreciating and since we hold a large amount of our debt in yen, the fact is that with no action on our part at all, some element of our foreign debt which is subject to this ceiling, is in fact, growing. And, finally, some element of refinancing is accommodated.

It is appropriate on this occasion of the increase in the borrowing limit under the External Loans Act, Chap. 71:05, to provide information to the national community and to this House, specifically, on the current status of the public sector external debt, both Government and Government guaranteed. The provision of this information is consistent with Government's commitment to accountability on all issues of national importance. It is to be noted that Government's external borrowing takes place under a number of pieces of legislation, including the External Loans Act of 1967; the public sector external debt which stood at US \$2.144 million at the end of 1992 is projected over the medium-term 1993 to 1995 to fall as follows:

1992	-	US \$2.144 million
1993	-	US \$1.815 "
1994	-	US \$1.684 "
1995	-	US \$1.696 "

Trinidad and Tobago's external debt service is also projected to become less onerous. Debt service payments, that is, principal and interest which amounted to 32 per cent of export of goods and services in 1992, is projected to fall over the medium-term 1993 as follows:

1992	-	US \$690 million (32 per cent)
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1993	-	US \$644 million (32 per cent)
1994	-	US \$580 million (27 " ")
1995	-	US \$450 million (19 " ")

Government is committed to honouring debt service payments as they fall due. And to do otherwise would involve further debt rescheduling operations with the attendant IMF conditionalities. Unilateral debt repudiation is definitely not an option since this would severely restrict the country's access to international credits, financial flows, and undermine our international reputation.

Despite the need to finance these relatively high debt service payments over the medium-term, the achievement of sustained and equitable development remains the principal challenge of the Government. However, Trinidad and Tobago's room for manoeuvre is tightly constrained since inflows of capital continue to remain below warranted levels, not only for assisting in servicing scheduled debt service payments, but also for maintaining a reasonable rate of growth, job creation and improvement in living standards. Accelerating the rate of growth can only be accomplished through efforts to raise the investment rate, which in recent years, has fallen under the impact of increased resource outflows to meet external debt service payments.

Central to achieving the higher investment rate is Government's strategy in enhancing domestic resource mobilization to the careful co-ordination of fiscal and monetary policies. The medium-term fiscal programme anticipates a turnaround from recurring deficits to overall fiscal surpluses from 1994 onwards. Government's contribution to a higher savings level will help to lower the current high interest rates and foster higher private investment which is an integral component of the national investment effort.

Yet, it is difficult to increase domestic savings in the short-term to finance higher levels of investment. There will remain a need over the short-term to supplement the domestic savings by private commercial flows, judicious borrowing on appropriate terms in the international capital markets, and accessing the resources of multilateral institutions, in particular the IADB. Government will seek to encourage a greater proportion of private commercial flows which do not add to the public sector debt.

Over the period 1993—1995, non-debt creating flows in the form of private direct investment are expected to provide approximately US \$1 billion, a marked increase in the levels of such flows in the recent past. This is a direct result of

Government's policy initiatives to improve the climate for private sector investment. In this regard, the major benchmarks have been the changes in the Petroleum Taxes Act, the reform of state-owned enterprises, including our divestment programme and international investment promotion efforts particularly in the energy sector.

The introduction of a floating exchange rate regime for the Trinidad and Tobago dollar, and the elimination of restrictions on current and capital transactions, has been the major underpinnings for the new framework, and we are already seeing signs of some fruit being reaped in this direction in terms of reversal of capital outflows.

Over the same period 1993—1995 non debt creating flows, as distinct from what I have just been speaking about, will amount to about US \$925 million. In 1993, the Government proposes to access the international capital markets, as I have earlier mentioned, to the tune of approximately, US \$85 million.

In summary, the macro-economic scenario, including Government's medium-term financing strategy, is improving the country's credit-worthiness with the debt service ratio falling under 20 per cent by the end of 1995. This development will help ensure the realization of private capital inflows, which are becoming increasingly important in the financing of the economic development of Trinidad and Tobago. The economic and political environment for private investment would therefore become increasingly more attractive. The Government is helping the process by maintaining macro-economic stability, sustaining the momentum of trade, finance and institutional reforms and reducing infrastructural bottlenecks that hamper private development.

Some domestic borrowing is expected to ease the burden of adjustment in the domestic market. It is to be recalled that the Government indicated at the time of the 1993 Budget presentation that it intended to source TT \$265 million on the domestic market. In the very near future we propose to go onto the bond market for TT \$205 million of that proposed \$265 million. It is to be noted that the \$245 million issue that was recently floated was not part of the Central Government's proposed 1993 borrowings and in fact it was an issue put out by the utilities. Although guaranteed by the Government, it was not a Central Government issue, and was floated as part of the restructuring of the utilities and specifically designed to meet severance payments.

6.35 p.m.

An important benefit of the Medium Term Programme, therefore, is to generate fiscal surpluses from 1994 onwards and assist the Government in

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repaying some of the debt we have accumulated over these years, and especially to reduce the overdraft at the Central Bank.

I beg to move.

Question proposed.

Mr. Trevor Sudama (*Oropouche*): Madam Speaker, I am surprised that this Motion is coming up at this hour. It is a very important Motion, which goes to one of the roots of the problem. We should have had the debate taking place in the full glare of the media.

Dr. Rowley: Press on.

Mr. T. Sudama: They have waited until the press is not here—not that the press reports it, in any case.

I am sorry that I was not here for the whole contribution of the hon. Minister, but I think that he did make mention of the fact that he was giving an overview, a status report, on the current situation with all the indebtedness of the Trinidad and Tobago Government under all the various Acts. So if that is the case, then that gives me amplitude to discuss the whole debt situation in some detail.

First of all, he said that he was spoken to by the press and asked if they were going to borrow and exhaust the limit which they are now seeking to raise. He said that was not so at all. I tell this House that the intention of raising the limit which is permissible for borrowing under the External Loans Act is to utilize that limit. If that were not the intention, then the Minister should have come to this House merely to raise the limit by another \$400 million to keep within the existing ceiling as established. In other words, he should have come to this House to raise the limit, not by a further sum, not exceeding the equivalent of TT \$3 billion in any foreign currency. If he came here for the purpose of regularizing the borrowing under the External Loans Act, then today we should have been dealing with a Motion which seeks to raise the limit to \$6.4 billion to deal with the effect of devaluation and to come within the current limits of the Act.

Dr. Rowley: Where did the Member learn his mathematics?

Mr. T. Sudama: That is what the Minister said—that as a result of the floating of the TT dollar, the limit in TT currency; was exceeded, and whereas the limit established was \$6 billion, as a result of the floating of the dollar we are now borrowing under the External Loans Act to the tune of \$6.4 billion. That is what I understood him to say.

Mr. Valley: Yes, but Madam Speaker, just on a point of clarification. To keep it whole after depreciation, one has to go to a billion, obviously.

Mr. T. Sudama: Madam Speaker, you see this prevarication, this subterfuge? They are anticipating two things. First, that there will be a further devaluation of the TT dollar, but they would not want to come here to admit that. Secondly, they are raising the limit by a further TT \$3 billion so that they will have the option of borrowing more under the External Loans Act. One does not raise the limit just for the sake of raising it or regularizing the position, one would use another limit. I want to disabuse this House of that proposition, of that statement that the Minister made.

Thirdly, borrowing under the External Loans Act cannot be looked at in isolation and separate from other borrowings which the Government has made and other indebtedness to which it is committed. Therefore, to put this whole question of this resolution that has been made in some perspective, we have to look at the whole picture as well as the background and experience of borrowing and the expenditure to which that borrowing by this Government has been applied. I intend to go into some detail.

Year after year we have come to raise the limit under which the Government is authorized to borrow money. Initially the Act provided for a limit of TT \$50 million. In 1972, we increased that by \$25 million; in 1973 by \$50 million; in 1977 by another \$875 million; in 1978 by \$4,000 million, or \$4 billion; in 1979 by another \$1,000 million; and I want this House to note that 1977, 1978 and 1979 was when the oil dollars were flowing into this country. PNM was in power; we had increased oil production, a high oil price, and the revenues were flowing into the Government's coffers as they never flowed before. Despite that, they went on a borrowing spree; and the genesis of our debt problem in Trinidad and Tobago did not come under the past regime, as they would want the country to believe; it came in those years.

6.45 p.m.

As I look at the picture in some detail, you would understand why today it is with much reluctance that we would again approve a higher ceiling for government borrowing under the External Loans Act. Very skeptical! Before we do this, there are certain pre-conditions that must be satisfied.

I want to indicate to this House that after we take the current levels of indebtedness in all the various sectors of Government, whether Central Government borrowing, whether guaranteeing the loans of state enterprises,

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whether the borrowing of the Central Bank which they have committed through the multilateral agencies, particularly the International Monetary Fund and so forth—when we take all that and we work out a per capita indebtedness in Trinidad and Tobago, we are talking about the indebtedness of every man, woman and child in this country in excess of \$10,000 possibly \$11,000.

Mr. Valley: Is that TT\$?

Mr. T. Sudama: I believe it is—because we are trying to reduce all the borrowings to a common currency. Now that is not a figure that can be looked at very lightly, in view of the state of the economy and in view of our reduced capacity to repay these borrowings.

Now, I want to make the point very clear, that we on this side are not opposed to borrowing as such. All governments borrow from time to time for the purpose of administering the affairs of a country which includes management of the economy and the creation of conditions for growth and development, as well as for the provision of a range of public services. So Government may borrow to meet a temporary cash flow or it may borrow for the purpose of financing development and infrastructural projects. In this instance, this is what the borrowing is intended for. This is why the limit is being raised, so that the borrowings accessed under this Act, would then be utilized for these developmental purposes.

The first question is: What has this Government done with the moneys it had borrowed in the past for the purposes of development? Where is the development? Where is that development on which we are trying to base a sound economy in Trinidad and Tobago? To what has that money been applied?

Over the years, what has happened is that the moneys borrowed by the Government have been frittered away in consumption expenditure, through corrupt activities and through the siphoning off of moneys into foreign lands by individuals and groups. Therefore, we have not had the benefit of those borrowings in the past. So, as I said, we have to look at this problem, we have to look at this request before us in a very, very skeptical manner.

My own view is that until such time as committee of Parliament is established to scrutinize all these requests, all these propositions, all these proposals for borrowing—particularly foreign borrowing—and we are able to enquire into the purposes of that borrowing, get information and to analyze cross-benefit analyses provided by the Government, and we are satisfied that these moneys are going to

be used productively, it is only then that we in this House should give our approval to such borrowing.

Because they go helter-skelter, they borrow, they impose burdens on the people of Trinidad and Tobago and then in order to meet those obligations, they turn around and they put the citizens under severe financial and economic stress; they raise taxation levels, curtail their expenditure and reduce them to a state of penury in order to satisfy the local and particularly foreign requirements of debt servicing.

Madam Speaker, not only is the absolute size of the debts that we are confronted with significant—and that has to be in relation to the gross domestic product—over the years; what we have noticed is that that proportion has been growing because the debt has been increasing but the gross domestic product of Trinidad and Tobago has been falling; therefore the capacity to repay has become extremely critical.

Of the two sectors of indebtedness, the external debt is the more critical, simply because we have to find money in foreign currency to service that debt. It follows, therefore, that the more foreign currency that has to be diverted to meeting foreign debt obligations, the less is available for the purchase of much needed imports of goods and services, with the attendant consequences for the real standard of living of significant sectors of the population. And that is a situation that we are currently experiencing, thanks to the legacy of all those PNM governments we have had in the past.

I do not have the figures handy with me, but I would like to know—simply because these figures are not known except after a very long time. There are no up to date figures. I was not here when the Minister was making his presentation, but I would like to know currently what is the proportion of total government revenue for the year earmarked for overall debt service? Then, I would like to know the total debt as a ratio of the gross domestic product, that is, the volume of goods and services which we produce. And in relation to that, what is our indebtedness?

The foreign debt service ratio—I believe we have been told that in previous literature and I will get to that later. But the current situation—the foreign debt service ratio, measures the total of the foreign debt service payments for a year, as a proportion of the total export earnings for that year. Now, as far as I am aware, when this ratio exceeds 20 to 25 per cent, a country is in difficulty, particularly when its foreign exchange earnings are on the decline. What is happening with receipts from the oil sector? What is happening with international oil prices,

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where you budgeted for \$21 a barrel and the average so far this year is \$19 a barrel?

6.55 p.m.

Therefore, the proportion of your debt service as part of your total export earnings is going to rise. I think it was mentioned—I am not sure—but we have reached a very critical level with respect to the proportion of the foreign debt which attracts variable or floating interest rates. I think we have reached a critical level with that, because ordinarily, that proportion ought not to exceed 25 per cent of your total debt which is attracting a variable rate of interest. I understand that proportion is in excess of 50 per cent of the total debt which is owed by the Government of Trinidad and Tobago, and particularly the foreign part of it.

So that what we are talking about, really, is the burden of the foreign debt currently, and, more importantly, the capacity to repay it. The Minister went through and discounted all the other options which we may consider with respect to debt forgiveness, debt rescheduling, reneging on the debt and so forth. All those have been discounted and there is an element of logic in this. So that we are left with the option of repaying the debt. Whether we want to take partially the route of refinancing that, that means borrowing to repay debt and hoping that you would get better conditions, but, particularly, to find that money by the hook or the crook from the citizens of Trinidad and Tobago. The difficulty we have with this is that while limits are set by the Parliament of this country and by the laws under which we operate, in many instances those limits are in the breach.

The other issue I want to raise here is, when the Government talks about its internal debt, it is confined to the total of treasury bills and other securities issued by the Government. That is what is reported in the CSO statistics. The stated internal debt of the Trinidad and Tobago Government does not include Government's outstanding overdraft at the Central Bank, or the sums owed to various creditors for goods or services supplied and for the payments for acquisition of land or for outstanding wage payments to public servants, teachers and other government employees. That is not included in its current internal debt. When you add all those outstanding figures to its current stated internal debt, you would see that this Government is wholly and totally bankrupt. It is insolvent; it should be put into receivership. It is mentally and otherwise bankrupt, because it has borrowed; it has incurred indebtedness to the tune where it cannot reasonably support that in the foreseeable future.

I want to come to an issue where I asked a question in this House. We talked about the ceiling on the various loan Acts that we have in place. When one looks

at the ceiling and at the outstanding amounts, one would understand that in certain instances the Government is operating under the ceiling, but in some instances, it is operating beyond the ceiling, and, in fact, it has broken the law. Why do we have these restraints? Why do we have these prohibitions as to how much the Government can borrow? Simply because there ought to be some check on the amount of money that the Government can borrow and the increase in the money supply. Otherwise what is going to happen is that you would have a Government that would borrow in an unrestricted manner, totally without any restraint, put this country into a state of hyper-inflation, destroy the economy of the country—and that has happened in other countries—and in the wake of that cause social unrest in the society, and maybe damage the whole society irreparably.

So the reason for these restrictions to be put on the level of Government borrowing is very important. If those restrictions are put there and the Government ignores them, and by doing so, ignores this Parliament, then what we have in place is a completely lawless Government.

Let me now support what I am saying. The Government has been authorized to borrow up to \$1 billion under the Treasury Bills Act. When this question was answered in May, it had borrowed \$975 million which was outstanding. Under the Government Savings Bonds Act, it has the authority to borrow up to \$500 million. The outstanding amount was \$76.8 million. Under the Development Loans Act, government has the authority to borrow \$5 billion. We are at the moment, according to the report we had in May, \$4,200 million. So we are within the limit. The limit on the External Loans Act has been contravened. Now the Government brings a motion here to regularize that position, and today the outstanding amount is \$6,400 million. On the Independence Development Loans Act we are within the limits.

What is important is the trend with respect to the External Loans Act and the Development Loans Act. The trend seems to be showing that within a very short period, the limits under these two Acts will be exceeded. But that is not the full story. Borrowing from the Central Bank is another critical area, one which adds to the indebtedness of the Government and one which has the capacity to spur inflation in the country and it also provides the opportunity, if it is not used properly, to override the authority of this Parliament and for the Government to do all sorts of political things with the intention of promoting their political fortunes.

In December, 1986, the overdraft limit to which the Government was required to adhere, was \$1,153 million. That is when the PNM demitted office. The actual

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balance was \$1,456 million. Therefore, when the PNM demitted office the overdrawn balance was \$303 million. I want the country to understand that they were in breach of the law; they were in breach of the limit established in December 1986 to the tune of \$303 million.

In December, 1991, the overdraft limit remained at \$1,153 million. The actual balance was \$1,920 million and the amount overdrawn was \$767 million. By May, 1993, the overdraft limit remained at \$1,153 million, but the actual balance outstanding was \$2,224 million.

So what the Government did between December 1991 and May 1993, was double the overdraft limit and was, in fact, exceeding it by \$1,171 million, when its limit was only \$1,153 million.

7.05 p.m.

It is curious that both newspapers carried that inaccurate figure, but then, that is understandable because the press comes here, not to report things accurately, but for entertainment. This has now become a House of entertainment for them, and this is understandable. I do not want to say anything further about the press and the accuracy of their reporting. Both got it wrong when this is a very fundamental breach of the law and the authority of Parliament, where there is a limit and it was exceeded by more than \$1 billion. And this goes with absolutely no comment from the media—that the Government, in its 18 months in office, could have gone ahead and increased that overdrawn limit when the Minister of Finance—

Mr. Valley: Madam Speaker, on a point of order. That is an incorrect statement. As a fact, we answered questions in this House before. In 1991 when we came into Government, the overdraft limit was at a level—

Mr. Robinson: Sorry, I am not hearing the Minister.

Mr. Valley: I can speak louder, Sir.

Mr. Robinson: Yes, please. Will you?

Mr. Valley: I was saying that when we came into Government at the end of 1991, the overdraft limit had been exceeded, and as a fact, I remembered answering a question in this House to the effect that as at April 1, 1992, the overdraft amount was lower than the level. Although it was still in excess, it was lower than the level that we met at the end of 1991. We know that it is a difficult situation and the Government is committed to working within the limit.

Mr. T. Sudama: I would not accuse the Minister of telling an untruth in this House, but he is badly misinformed and trying to mislead this House. Let me tell him that at the end of December 1991, the overdraft limit remained \$1,153 million and the actual balance was \$1,920 million. In other words, the previous government had overdrawn to the tune of \$767 million. By May, 1993, one and one half years later, this Government had got so much better: the overdraft limit at the Central Bank remained \$1,153 million but the actual balance drawn by the Government was \$2,224 million. Is he telling me that in April it was within the limit and that in May it exceeded and there was an excess of \$1,171 million? So he is badly misinformed.

Mr. Valley: Madam Speaker, I am not saying that we were within any limit. I am saying—and it is on the *Hansard* record—that as at April 1 we were at a level lower than what we met at the end of 1991; it was still in excess. Now, it may very well be that at the end of May we might have gone back up. I am saying that we are committed to take it down. It is a situation that has been existing for some time.

Mr. T. Sudama: Madam Speaker, as I said, I stand behind my point, I think the Minister has been misinformed. He cannot come here and talk about carrying it down, because to say that, means that at April the actual balance was below \$1,920 million, but, a few weeks after it had increased by \$300 million. And he is coming to tell this House that the Government doing all in its power to manage the finances to bring them within the authorized limit.

Whom does the Government think it is trying to fool? It is merely trying to gain political advantage at the expense of the previous regime. And it is able to get away with this, because the media in this country have no investigative capability at all. Here is a situation developing that the authority of this Parliament and the law are being disregarded with impunity; we take up the issue in Parliament, but it is not reported in the media because they have other concerns; their agenda is different from reporting what is in the interest of the people of Trinidad and Tobago.

More importantly, under section 47 of the Central Bank Act, the statutory limit for borrowing of this Government is \$231 million. That is additional holdings of Government Securities. Do you know what is the balance outstanding as at May 14, 1993? It is \$811,945,331. In other words, under section 47 of the Central Bank Act, this Government has violated the law to the tune of approximately \$580 million. The Government has issued additional securities and got them into its accounts and the Central Bank has had to hold those additional

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securities and credit the balances of the Government in excess of the authorized limit by \$580 million. This is the response I have from the Minister of Finance. I do not know if he reads his responses in this House.

Given this background of how this Government breaks the law with complete disregard, can we trust it with an authority to borrow more? Can we do that? I say, on behalf of the people of Trinidad and Tobago, that we cannot.

Where loans are required for the purposes of general development, the projects on which they are to be spent are not identified before hand and the Government has complete discretion as to the disbursement of money borrowed under the External Loans Act. Our parliamentary system has no mechanisms for control, monitoring and investigation with respect to borrowing. Day after day we come here and ask for machinery to be set up and day after day they deny the need for such machinery.

In many cases, the disbursements are made to finance expenditure of a recurrent nature which results in no development activity. Therefore, no returns are generated to service the loan. The consequences for debt servicing are, of course, obvious.

The need for parliamentary scrutiny over the contracting and disbursements of such loans, in particular, loans acquired for development purposes, is urgent and must be addressed through the establishment of a select committee of Parliament with access to appropriate expertise—not just a select committee, but one supported by appropriate expertise so that it can investigate and be sure of the purposes and we can satisfy ourselves that those purposes are being adhered to and are in the general interest of the development of Trinidad and Tobago.

7.15 p.m.

For the period that I was a Member of the last government, we had established a general principle that, as far as possible, the loans should be project related, and each project subject to rigorous economic and financial analysis and evaluation. If you do that before hand, you will have a fair idea that when these projects are implemented and the returns come in, they will be able to service the loans. If you adhere to that general principle as far as possible, in the majority of cases, particularly foreign borrowings—Trintomar was the idea of the PNM Government. Whose idea do you think it was? That must be a sine qua non of the mechanism that we should establish and any proposals for borrowing in the future, as far we are concerned on this side.

I want to look at one period of borrowing and the activities of the PNM Government. That is for the period 1974—1982. That period is critical and very important in the economic history of Trinidad and Tobago. I have been trying to establish that our debt problem did not start yesterday. Our debt problem has a genesis which goes back to the 1970s when the oil moneys were flowing generously to Trinidad and Tobago, at a time when for a small country, our reserve was \$7 billion. At that time the exchange rate was \$2.40. Our reserve for a small country of 1.2 million people was greater than the reserves of much larger developing countries in the world.

It is useful to look at the evolution of the national debt profile for the period 1974—1982 to understand how we have reached the present crisis and the lessons to be learnt from the type of decision making of those years. First remember if you do not learn from the errors of history, then you are doomed to repeat them. Moneys were flowing in. You could have borrowed because your credit rating had improved. You had much money in your bank accounts and in your finances. The Government felt that access to financial resources, whether its own or those of domestic or foreign lenders, was no longer a constraint, and embarked upon large-scale capital intensive investment in steel, petrochemicals etc, ostensibly to diversify the economy and to lay the foundation for broad-based growth. That was their sensible intention.

In addition, certain grandiose social infrastructure projects were undertaken. When you look at the cost overruns on Mount Hope Medical Sciences Complex, the Hall of Justice and the Twin Towers—these investments were financed by drawdowns on the surplus, credits from foreign governments and agencies which you had to repay, and loans from the commercial institutions directly to the Government or guaranteed by them.

As a result, substantial sums were borrowed directly or indirectly by the Government. Central Government debt over the period, exclusive of contingent liabilities, jumped from TT \$629 million to TT \$2.1 billion, or by about 350 per cent between 1974 and 1982—in eight short years. The external portion of the debt jumped from TT \$241 million to TT \$1.338 billion or by about 600 per cent. Do you see where the rot started when there was foreign currency flowing into the country?

Moreover, the percentage of the total debt accounted for by the external debt moved from 38 per cent in 1974 to 64 per cent in 1982. We are just going out there and grabbing much more money than we could have obtained externally. If we add the Government's guaranteed debt of the state enterprises, the contingent

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liabilities, which were overwhelming in foreign currency, this ratio becomes even more alarming. However, since this was a period of expansion of the economy through the accretion of oil revenues, the total debt as a percentage of gross domestic product remained deceptively low ranging from 10 to 15 per cent for the different years. It was also a period of buoyant government revenues and total debt as the percentage fluctuated within a range of 24 to 45.

This is where the decision making was flawed with respect to the borrowings. The enhanced level of borrowing was premised on the following assumptions:

- (a) that the economy would continue to grow on the basis of higher levels of activity in the petroleum sector. Given the volatility of the international petroleum regime, this was a very unsound flawed assessment to make.
- (b) that oil prices would remain buoyant. We know how oil prices went up and down;
- (c) that foreign exchange incurred as a result of the levels of activities in the petroleum sector;
- (d) that the buoyancy of oil prices would be substantial;
- (e) that government revenues would not decline; and
- (f) that the capital intensive investment projects in steel and petrochemicals would be viable and realize adequate returns.

I do not know who was making the economic financial analysis for them in those years when these assumptions proved invalid as they would have proved, given the kind of situation which we faced—we were heading for a debt crisis.

It can therefore be said that the debt problem was sown during the period 1974—1982 under the PNM regime in which the Members for San Fernando East, St. Ann's East and Arouca South were high ranking Members. They come now to disclaim knowledge of what has happened in those critical years.

We must learn from the lessons of history. The following errors of judgment and omission seem to have been committed. Firstly, there was no overview, monitoring or control over the indebtedness incurred by various organizations. There was no establishment of priorities and scheduling of commitments. No proper analysis!

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. R. Palackdharrysingh*]

Mr. T. Sudama: The other error made was that there was too much emphasis placed on debt instead of equity in financial participation by foreign borrowers. We borrowed too much instead of equity participation where the need was to go outside and access and borrow financial resources. The investment was concentrated, by and large, in one sector of the economy—particularly in the petro chemical sector and steel—and the risks were not spread throughout the economy.

The initiative at divestment of the economy did not incorporate other sectors of the economy. Under estimation of problems involved in managing new technology such as steel and other areas. Because of that, these investments came to nought and the investment was not able to repay the loans incurred. We were saddled with losing almost a million dollars per day on the steel plant and having that money to come from the Treasury. With that kind of decision making, I would not put you all to run a parlour. This is the kind of economic sense that this PNM Government has displayed over the years.

7.25 p.m.

I continue:

- (g) miscalculation of the volatility of international market prices for petrochemical products and the non-tariff barriers to steel products.

They did not even inquire what was going on in the other markets which they were targeting.

- (h) feasibility studies and analysis not sufficiently rigorous;
- (i) too lavish expenditure on social infrastructure projects;
- (j) too much dependence on foreign inputs;
- (k) inordinate level of corruption, mismanagement and waste;
- (l) little or no accountability for moneys expended and defective procedure for contract award.

These were all the acts, some deliberate and some not so deliberate, which were committed by that PNM regime that today talks about fiscal responsibility and financial rectitude.

I just want to tell you about the scale of the profligacy. In a past Parliament, I said “criminal profligacy”—and there is no other description for this except “criminal”—and a Member of the other side got up and told me that I was accusing the Government Members of being criminals. That probably was not too far from the truth, concerning what they did.

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"According to a statement in Parliament in January 1991...the internal debt rose by TT \$792..."

I am looking at a sub-period, 1983—1986.

"which constitutes an increase of 104%. Over the same period the public sector external debt jumped by \$4,640 million..."

We were already in a period of decline. While we were going through this, they went on borrowing and borrowing as if money was running out of circulation.

"from TT \$2,815 million to TT \$7,455 million or by 165%..."

public sector external debt—

"in just four years although this was partially due to the devaluation at the end of 1985."

Mr. Valley: Madam Speaker, just on a point of information. I wonder whether the hon. Member would be kind enough to give us the increase in US dollars so as to discount for the devaluation.

Mr. T. Sudama: In US dollars, he wants that. Just these few years, it was an increase of US \$897 million, almost \$1 billion.

Mr. Valley: What was the percentage increase in US dollars?

Mr. T. Sudama: It goes on:

"When there was need for restraint, the rate of expenditure by the Government escalated instead."

Through borrowing. The statement adds—

"...when external operations are added to the \$792m increase in internal debt and the \$4,051m usage of surpluses and borrowing from the Central Bank, borrowing and other financial instruments (facilities at Central Bank) increased by \$9,483m."

This is how they were financing Government between 1983 and 1986.

"The consequence was a phenomenal loss of net official foreign reserves which fell from TT \$7,160m in 1982 to TT \$1,184 in 1986 or by TT \$5,976m despite net external borrowing of TT \$4,640m."

Here there is a situation where net foreign reserves to the tune of almost \$6 billion were being dissipated, but at the same time the Government was borrowing externally to the tune of \$4,647 m.

Mr. Valley: Madam Speaker, on a point of order. I wonder if the hon. Member would be kind enough to identify the document from which he is quoting.

Mr. T. Sudama: This information was received from various documents and also from a parliamentary report.

Mr. Valley: He said from a document of January, 1991.

Mr. T. Sudama: Yes. This is a statement which was made in Parliament. Did you not hear that?

Mr. Valley: By whom?

Mr. T. Sudama: By the Minister of Finance—a statement in Parliament from which I am quoting. You were there in Opposition at the time. Did you not challenge it? This statement was made in Parliament.

Mr. Sobion: By the former Minister of Finance.

Mr. T. Sudama: This is a statement made in Parliament. If there is a statement made in Parliament, it is an official statement from which I have the authority to quote.

Just to show you the extent of their profligacy over this period. I do not want to go on to talk about what happened since this Government got into office in 1991 to the present time where they have gone ahead and shifted their focus to internal borrowing, because of course, they cannot get any external loans to the extent that they could have had for the period 1974—1986.

What we are concerned with is that this is the history of the Governments before 1986. We know their history from 1991 to now with respect to dealing in fiscal expenditure, management of the economy and dealing with balances at the Central Bank, overdrafts from the Central Bank and their complete flouting of the regulations.

We are told that the external debt service ratio is estimated to rise to about 30 per cent in 1992 from 21 per cent in 1991. I think the Minister made that statement in the budget speech of 1992. And while we are on that question, I would like a little clarification, because while in his budget speech of 1992 he indicated that the total external debt service for 1992 amounted to \$607 million, by the time he was speaking to a colloquium in March 1993, that figure had grown to US \$648 million.

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He should have explained why there is this difference. There may be a good explanation for the increase. In 1992, he said that the external debt service would amount to \$501 million. In 1993, he is now saying that for 1994, the external debt service would be US \$559 million.

We would like to know what has accounted for the difference. If you say one thing at one time, and something else at another time, I think that we are entitled to some form of explanation. There may be a very good reason why those figures have changed. The Minister has not given us the benefit of that reason and we are left in a situation where we have to conjecture whether the Ministry of Finance is really coming up with accurate figures.

Are they or are they not? When we went into Government in 1986, the records with respect to debt servicing—the volume of debt, the currencies in which the debt was contracted—were in total shambles. I must say here that we could not get the co-operation of the Central Bank in expeditiously remedying that situation—to put the analysis of that debt on some footing—so that we were able, when we were making decisions, to know what the present situation was. That information was not there. *[Interruption]*

I will tell you, Dr. Rowley, about the manner in which you were dismissed from National Quarries—and asked to resign. The fact is that while you went on leave you took a job at the University of the West Indies in the Seismic Unit. But you come here to talk about who was forced to resign and who was not! *[Interruption]* But the Board asked you to resign. Imagine you are coming here and playing this big “Minister of Integrity”. *[Interruption]*

Madam Speaker: Maybe the hon. Member can get on with his contribution.

Mr. T. Sudama: You see, Madam Speaker, that is because of his responses.

Dr. Rowley: That is rumour.

Mr. T. Sudama: That is rumour? *[Interruption]*

Madam Speaker: But what is...

Mr. T. Sudama: You must understand, Madam Speaker, it hit him in a very sensitive area.

Hon. Member: It touched a nerve.

7.35 p.m.

We are in the position where the debt crisis has had serious consequences for the economy—Government finances and the welfare of the citizens at large. The

poverty level in this society has increased—and that is a fact. The difficulties which people face in Trinidad and Tobago; the level of crime and suicide have increased. The high level of debt obligation incurred in the past has been partially responsible for the contraction of the gross domestic product in real terms over the last nine years or so. *[Interruption]*

Madam Speaker: The Member is having great difficulty in making his contribution.

Mr. T. Sudama: It is on that side.

Madam Speaker: Both sides.

Mr. T. Sudama: What has happened is that the excessive borrowing, the profligacy of the Government has caused the overall balance of payments position to deteriorate and has encouraged a restriction on imports. This has an effect on the quality of life of the population at large.

In almost every year during this period the development programme budget of the Government has been substantially curtailed to divert funds to debt servicing. In addition, Government subsidies and transfers for the provision of priority services, such as the water supply—something as critical as a water supply—have been reduced and so has expenditure on economic and social infrastructure.

The settlement of current debt owed to domestic creditors has been unilaterally deferred causing severe hardships and cash-flow problems. If you ask any contractor in Trinidad and Tobago whether he would be willing to provide services to the Government and wait for payment, he would tell you categorically, no, because the Government are owing millions of dollars to contractors directly, and through the public utilities.

The debt burden has been inequitably shared, and what has happened is that the inordinate loss of income causing a decline in the real standard of living, has affected more the middle and lower income groups. Those are the ones who really bear the bulk of the burden of the servicing of this debt. Whereas only certain interest groups and constituencies benefited, to the extent that they could benefit from the expenditure of these loans, all citizens are required to contribute to the repayment via increased taxes and other impositions. So, you understand the inequity in the system imposed by the policies of this Government and the incurring of this phenomenal level of indebtedness.

The Government for its part sees the redemption of this debt burden in the public sector in certain ways and it is trying to paint a very glowing picture for the

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public at large. It is telling people that by 1995, the worst will be over, we will be sailing smoothly, but that optimism is based on a number of assumptions which we have to question. All of it may not hold good.

There is the assumption that international oil prices will be buoyant and, in fact, will remain above \$21 per barrel.

But we see what is happening today with respect to the possibility of Iraqi oil coming onto the market and further depressing oil prices and our revenue and therefore our capacity to meet our external indebtedness.

Also, that oil and natural gas production will increase and the latter will be monetized.

We have had all sorts of propaganda on this. We do not know what the true story is. What is happening with British Gas? What are they coming to do? Exactly what is the level of investment and how will it impact on our foreign exchange earnings and on the economy generally? There is much propaganda. My guess here this evening is that the question of almost total reliance on what might happen in the oil and natural gas sector is a fallacy.

Another assumption is that the international prices for petrochemical and energy-based products—ammonia, urea and methanol—will remain firm. We know that these are very volatile and that once the prices drop, our foreign exchange earnings will be reduced and the Government will be in greater difficulty in attempting to service the debt.

The exports of manufactured and other products will show substantial increase in the next few years, they say. But there is no trend showing that.

Large volumes—and this is the biggest element of the propaganda—of investment capital will be attracted to Trinidad and Tobago as a result of confidence and stability in the Government and, by extension, the country. You know what is happening, in Trinidad and Tobago—the social situation? Madam Speaker, you know what is happening with the contraction of the economy, with people becoming pauperized; incomes are falling, and it would take a brave foreign investor in this environment to come here and establish substantial investment. *[Interruption]*

You mean like Nucor? After you almost gave away the patrimony of this country, they come here to spend \$75 million. Do you think that will save you and the economy of Trinidad and Tobago? You are living in a fool's paradise.

In the 1992 Budget the Government gave a clue as to how it would proceed in meeting the debt obligations in the short term. It saw the alternatives as marked deflation of the economy, according to the Minister, to reduce the demands for imports, or an increased flow of capital, whether through refinancing or rescheduling of some obligations. The Government was not very clear about what it was going to do about the alternatives. What they did say was that they were going to reschedule, which meant two things: they would try to refinance by borrowing in order to pay back debt, or deflate the economy by reducing the level of imports. You understand what has been going on. The Government seem to prefer refinancing to rescheduling.

7.45 p.m.

Additionally, the Government has embarked on a programme of divestment of state enterprises to repay debts. According to the Minister's statement, the proceeds will only partly be used to repay debt. The Government has not told us what the rest of the proceeds will be used for. The Prime Minister, when his tongue slipped the other day, said, that part of the proceeds would be used to finance URP. Part of the proceeds of selling state enterprises would be used for consumption of expenditure.

I want to reiterate what we would do in our approach with respect to our debt problem. What has occurred in the past, our legacy, we cannot do much about, except to deal with it in a way in which the burden is shared equitably among the various sectors of the population. We have to devise mechanisms to deal with that. This debt burden is what has been given to us by the previous PNM governments.

What the UNC proposes to do, with respect to the management of the debt in the medium to long term, is to institute a regime of tighter control, and specific justification for each element of borrowing. To ensure, as far as possible—and that should be in the majority of cases—that moneys borrowed are project related, will be spent on specific identifiable projects, we will do beforehand, very rigorous economic financial analyses.

There is no absolute guarantee; in certain instances your prior analysis may not come out to be all that accurate. But when, as in the case of the PNM, in almost all the cases, either no such analysis was done, or when it was done it came out very inaccurate and these debts became burdens, these projects remained millstones around the neck of the Government, then something has to be wrong.

If there is a Minister who has a certain agenda then he can go out and get a consultant to write up a financial and economic analysis which will show in

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glowing terms the most dubious investment proposition. And this is what the PNM Government and their previous Ministers have done. That is why we are in this position.

We have to diversify the debt profile and encourage and influence that diversification over sectors and regions. You cannot concentrate all your borrowing only in one sector of the economy and expect the economy to grow and diversify and have its own impetus for growth. We need to rely more on domestic rather than foreign resources, and in order to do that you have to put particular incentives in place.

With respect to foreign participation, what should have been done in the past was to encourage more equity than debt in the financial participation, put in place adequate incentives for savings and thrift which would mean that once you do that and those funds are channelled into investment purposes, you would have less need to borrow. First of all, you want to minimize the need to borrow and secondly, where you have the necessity to borrow you must vigorously analyze the—

SITTING OF THE HOUSE

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam Speaker, I beg to move that the House continue sitting until the completion of the debate on the Motion before it.

Madam Speaker: The question is that this House continue sitting until the completion of the debate on the motion before it.

Mr. Maharaj: Madam Speaker, we wish to register—hon. Leader of the Government Business had mentioned to me, and I informed my Members at the caucus meeting, that he would want to get through with the Motion today, we wish to put on record that despite the Government's feeling, it is oppressive and it is, in effect, not in accordance with parliamentary conventions and practice. We have 13 Members, plus the Member for Tobago East, which would mean that if we have to make contributions, pressure is being put on us.

We shall go through it if it becomes necessary, but we want to register our profound disagreement with the attitude of the Government in relation to parliamentary debates.

Hon. K. Valley: Madam Speaker, I have to rebut that, because, as I had mentioned, I consulted the Chief Whip and informed him that we wanted to deal with the two matters. This is why, we attempted earlier today to try to get these

amendments dealt with earlier because we knew we would have been in this position. Members are asking for “summer” vacation, we have a certain timetable. We want to facilitate the “summer” vacation and we simply have to get through our business.

Question put and agreed to.

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Madam Speaker: The Member has three more minutes.

Mr. T. Sudama: Madam Speaker, I want to outline the perspective that we have with respect to the management of the debt problems, the keeping of the debt within manageable limits, and I am putting forward certain general principles of policy that ought to be observed. I talked about increasing the incentives for savings and thrift so that our need for borrowing would be reduced. What we must do, is maximize the exploitation of the domestic resources to the full as a foundation for growth of exports and for consumption locally.

We must provide avenues to access and assimilate relevant technology and encourage the acquisition and improvement of expertise, skills and the enhancement of productivity.

7.55 p.m.

Finally, Madam Speaker, as a society of people who are requiring leadership in parliamentary and other spheres, it is our duty to promote general conditions in the country and the multifaceted development of our economy. The bottom line with respect to the acquisition and management of debt has to do with the motivation and confidence of the people of the country, and the aspects of their development which promote growth, a better standard of living, a more resilient economy. And at the end of it, Madam Speaker, is the kind of attitude which the Government, as leaders in the community, promote.

One of our basic problems is not an economic one. It is a political, social and cultural problem that we face in Trinidad and Tobago, which has excluded the masses of people from this process of development and mobilization. I end by quoting the Member for Diego Martin Central.

Miss Bhaggan: *In Defence of the People’s Interest?*

Mr. T. Sudama: He said this when he was in Opposition. He was quoting an authority on the subject of the financing of economic development which, of

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course, means accessing of debt, among other things, in order to finance development. He said—

"ultimately economic development depends upon decisions taken by individuals or groups in a political and social context resulting in the mobilization of human activity for the task of transforming traditional modes of production and social relations associated with them. Unless a society finds a way to achieve such mobilization, no amount of finance will avail, unless you can mobilize the people."

Member for Diego Martin Central. This is what he says. No amount of finance, no amount of acquisition of debt will avail, unless you can mobilize the people. Quoted in the *Hansard* of June 6, 1989, when he was sitting in the Back Benches here.

Miss Bhaggan: You remember that?

Mr. T. Sudama: And giving advice to the then Government.

Miss Bhaggan: What happened now?

Mr. T. Sudama: At the end of it, the bottom line is the productivity of people, their confidence, their motivation, the extent of mobilization, and then he points to the Government and says if the Government know at this time they cannot mobilize the people they ought to do the honourable thing and resign.

I merely wish to say at this point that maybe he should take the very good advice of 1989 when he was sitting in the Opposition Benches. He is incapable of mobilizing the people of Trinidad and Tobago to ensure their progress, advancement and development; and in the circumstances do the honourable thing and resign. Get out, and let somebody else handle the job!

Thank you very much, Madam Speaker.

The Minister of Works and Transport (Hon. Colm Imbert): Madam Speaker, before I go into my support of this Motion, I merely wish to remind the Member for Oropouche that the People's National Movement successfully mobilized the population in December 1991 and gave the Opposition a sound thrashing. And we shall mobilize the population from time to time as required; and I am certain, as we continue to do this and be successful at the polls, we shall come to this House on several occasions in the future, and if the Members on that side are fortunate, we shall continue to look over on that side and see the same faces.

Mr. Maharaj: We would not see your face. Pride would take your face away.

Hon. C. Imbert: Madam Speaker, the Motion before us refers specifically to authorization for the Minister of Finance to borrow money externally in further sums not exceeding in aggregate the equivalent of TT \$3 billion in any foreign currency, that is, from the present \$6 billion limit to \$9 billion.

This is so straightforward. I am always amazed that the Member for Oropouche has a stock speech, as I have said previously, probably assembled in the cut and stick method by going through various editions of *Hansard* from his various contributions and taking out pieces and pasting them together and compiling a stock speech—

Mr. Mohammed: Good speech, good contribution.

Hon. C. Imbert: —a word perfect speech—which he proceeds to memorize and read out *ad nauseam*.

Dr. Rowley: Nauseating!

Hon. C. Imbert: But, Madam Speaker, we have heard allegations about our profligacy incurring some fantastic debt. But if the truth be told, the record shows that during the period 1986—1991, under the stewardship of the Member for Tobago East, the country's total debt portfolio increased by 100 per cent, from a total of \$8 billion in 1986 to \$16 billion in 1991.

Mr. Robinson: On a point of information, would the hon. Member state the source of his information, please? Will he identify the source of the statistics?

Hon. C. Imbert: Madam Speaker, these statistics have been recorded even in documents presented by his own Government between 1986 and 1991 in various Reviews of the Economy presented during annual budget debates. I have seen these figures myself.

Mr. Robinson: Madam Speaker, the hon. Member is misleading the House egregiously; and all I am asking is that he show some congenital ability for the truth. Let us have the source of his information.

Hon. C. Imbert: Madam Speaker, I sincerely hope the Member for Tobago East is not making aspersions on my lineage and my antecedents. I certainly hope not.

Mr. Robinson: I assure the hon. Member that I do not attribute any responsibility to his parents or his ancestors.

Hon. C. Imbert: For some time now, Madam Speaker, I have been toying with the idea of sharing some personal information with this honourable House.

Miss Bhaggan: No, thank you.

Hon. C. Imbert: Madam Speaker, one of my antecedents, my paternal grandfather, was a magistrate in Tobago many years ago, and had a student who was unsuccessful at his examinations—

Mr. Maharaj: Was he around at that time?

Mr. Robinson: Madam Speaker, may I say, I had the pleasure and honour of being a student of the hon. Member's grandfather. But I was successful—unlike him!

Hon. C. Imbert: As I said, Madam Speaker, some 40—45 years ago my grandfather, then magistrate in Tobago had a student who had been unsuccessful at his examinations, and came to him for some private tuition and because of the superior tutelage that this student received from my grandfather, he was eventually able to scrape through and enter a foreign university.

Mr. Robinson: May I say, Madam Speaker, that the hon. Member's grandfather would never have transmitted such misinformation to him.

Madam Speaker: All right, I think we have had enough of grandfathers. Let us proceed with the debate, please.

8.05 p.m.

Hon. C. Imbert: I was merely clearing the air on any aspersions to my antecedents and it still remains whether a disservice was done to the nation or not. I am not sure about that. But, as I said, the public debt doubled between 1986 and 1991. In addition, the Government of the time rescheduled debt to bunch in 1992, 1993 and 1994. This has resulted in tremendous difficulties for the present administration. I would refer you to the *Annual Economic Survey 1992* of the *Central Bank of Trinidad and Tobago*, since my hon. Friend opposite always seems to be interested in—

Mr. B. Panday: I thought you said he just failed the exam.

Hon. C. Imbert: I did not say that. Since my hon. colleague on the other side—

Mr. Robinson: May I state that the information I sought was the allegation that the debt was doubled. That is the information I sought. Please do not get away from that.

Hon. C. Imbert: Madam Speaker, it is well established in public record. As I said, in documentation, in the annual *Review of the Economy* presented in this

House between 1986 and 1991, if you look at the public debt in 1987 and you examine the public debt in 1991—in the same documents presented by the Members on the other side—you would see that the public debt doubled in that five-year period. I do not think we need to belabour this any more. It is parliamentary record.

Mr. Robinson: On a point of order. The public debt in 1986 was about \$8 billion. In 1991, it was \$12 billion, 50 per cent increase. And that is in TT dollars. It was much less in US dollars.

Madam Speaker: Well, it is a question of 15 and 12. Somebody would have to bring the records to clear this up. Please, Mr. Minister, proceed with the debate.

Hon. C. Imbert: Madam Speaker, I thank you. I am glad the Member has admitted the debt was \$8 billion in 1986. It is now \$15 billion.

As I said, if we go to page 31 of the *Annual Economic Survey*, we would see that in September 1992 Trinidad and Tobago re-commenced principal repayments on all loans due to its London Club creditors. Under these agreements, \$69 million in principal repayments was deferred, bringing the total deferred since the commencement of the restructuring period—and this is important—September 1, 1988 to virtually \$800 million.

What happened is that the past administration, not only doubled the public debt, but they also rescheduled this debt to bunch in 1992, 1993, 1994, knowing full well they would be out of office, and wishing to place a burden on any administration that might come in. But, notwithstanding these difficulties, this administration, under the firm hand of the Minister of Finance, has been able, through prudent financial management, to reduce the debt. If one looks again at this document, the *Annual Economic Survey*, at the total public debt—Public Sector External debt Table A.20(a)—in 1990 the public sector external debt was US \$2,500; in 1991, US \$2,432 million and at the end of 1992, it was down to US \$2,100 million. Therefore, this—

Mr. Robinson: Would the Member identify the document? What annual economic survey?

Madam Speaker: The Member is asking that the document be identified.

Hon. C. Imbert: Madam Speaker, one gets the impression that the Member on the other side is not listening. I said in my contribution that I am referring to the *Annual Economic Survey 1992* of the Central Bank of Trinidad and Tobago. If he wishes the series number, I will give him. ISSN1011—6311, Appendix II. Actually it is Table A.20(a). I think he can find the page.

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One will see that our public sector external debt is now US \$2,195 million. It has been reduced, therefore, from its 1991 level by over US \$200 million. Therefore, under the prudent fiscal management of this Government, we are reducing our public sector external debt, something which was not the case between 1986 and 1991 when it increased astronomically.

In addition, in 1992 the Government was able to stabilize the economy to record a current account surplus of some US \$119 million which is a far cry from the current account deficit of US \$20 million recorded in 1991. So you see, we moved from the situation of a current account deficit in 1991 to a current account surplus in 1992 and this is despite the fact that debt had been rescheduled, debt was bunching, that debt payments had skyrocketed.

Mr. Robinson: May I ask again, what figures the Member is referring to? He is totally confused.

Hon. C. Imbert: Madam Speaker, this is becoming quite annoying. I am quoting from the Central Bank of Trinidad and Tobago, *Annual Economic Survey 1992* of the budget of Trinidad and Tobago. I am reading from Part 1—Economic Survey, page 2, and I shall quote, verbatim, since the Member on the other side has a problem.

"Nevertheless, stabilization and adjustment measures achieved some measure of success in restoring the country's external balance as the current account deficit of US \$20.8 million recorded in 1991 ..."

The year they demitted office—

"was transformed into a surplus of US \$119.3 million."

So I hope, Madam Speaker—

Mr. Robinson: Well, I am asking him to explain what that means because he is confusing it with the other accounts of the Government.

Hon. C. Imbert: Madam Speaker, I do not know if he is listening. I do not know if he is sleeping like the other time when he was outside and he came back in. I really do not know what to say.

The point I am making is that we now have a Government and a Ministry of Finance engaged in prudent financial management. Not only are we reducing the total foreign debt, but we have also managed to change the situation in our current account from a deficit in 1991 to a surplus of over US \$100 million. I do not see how much simpler I can put it than that.

Mr. Maharaj: Madam Speaker, I wonder if the hon. Minister would give way. Having regard to what he is saying is prudent fiscal management, can he explain why in 1991 the GDP growth was 2.7 percent; 1992, minus 0.6; 1993, 1—

Hon. C. Imbert: Are you finished?

Mr. Maharaj: Yes.

Hon. C. Imbert: Madam Speaker, if the Member had had some patience, he would have heard me come to that. That is what is known as imaginary growth. It was fuelled by blatant electioneering and profligacy. Whereas in the period 1988—1990, the annual expenditure on unemployment relief programmes averaged \$60 million, in 1991 they spent \$180 million—three times as much. They overheated the economy. The economy could not sustain that. Imaginary growth! This is why we now have to stabilize the economy. It was like a runaway train—the sum of \$180 million in 1991.

8.15 p.m.

Again, for the benefit of the Member for Tobago East, I am reading from the Central Bank's *Annual Economic Survey 1992*. So do not ask me again, please. It is the same page, and I will go slowly:

"...the balance of payments deficit improved significantly to US \$123.8 million, or 2.3 per cent of GDP, compared to US \$311 million or 5.9 per cent of GDP in 1991."

I hope that will give some information to the Member for Couva South who I think is a little more versed in legal matters than financial matters.

In 1991, the balance of payments deficit was nearly six per cent of GDP and we have been able to reduce that to close to two per cent. The economy was overheated in 1991. Not only did the former administration increase the public debt astronomically, but they also engaged in some very unwise borrowing. They borrowed short-term funds from the IMF that they had to repay in three years. When did they think the three years would come? Now. Do you see the kind of people with whom we are dealing?

The Member for Oropouche had a brief stint, as I said before, in the Ministry of Finance, as an aide to the Minister of Finance, but then when it was discovered that he was working at the level of his competence, he was reassigned other duties. The Members on the other side are prone to come here and say all sorts of things and use all sorts of phrases and words. I do not even understand some of them. Words like 'neo-colonial, 'neo-liberal'. I do not even understand these

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things. What is a 'neo-colonial, neo-liberal' approach? I do not know what these things are. They drop these catch phrases in the middle of their speeches, 'neo-liberal', 'neo-colonial' and 'legacy'. One wonders if they read the newspapers, if they watch television, and if they are aware of the international economy. Because before one can come to terms with what is needed for the local economy, one must have a solid grasp of the international economy.

If you will permit me, Madam Speaker, I will give a brief overview just to educate the Members on the other side. Again I am reading from the *Annual Economic Survey, 1992*. At page 56 it states:

"Economic activity in the major industrial countries continued to be sluggish in 1992. Germany and Japan entered into recession..."

I would like to repeat that: Two of the Group of Seven major industrial countries in the world.

Mr. Sudama: Could the Minister tell us what is the unemployment rate in Germany and Japan, as compared to Trinidad and Tobago?

Hon. C. Imbert: Madam Speaker, it is interesting that the Member would raise that point, because I was going to draw a parallel with Great Britain a little later on and to give some indication of the unemployment levels in Great Britain, one of the Group of Seven. So as I said:

"... Germany and Japan entered into recession during the second half of the year... The stance of monetary policy was further relaxed and inflationary pressures continued to ease in all countries except West Germany, whose inflation rate remains high despite the maintenance of a high interest rate policy..."

Trends in output growth in Japan and West Germany during 1992 were broadly similar. After decelerating sharply during the first half of the year, the level of activity in each country contracted in the third and fourth quarters. The weakness in the Japanese economy mainly reflected the declines in investment expenditure by the corporate sector."

The point I am making is that Trinidad and Tobago does not stand alone. We swim with others in an international economy which has been in recession for many years, and the measures that we have to take here in this country are no different from the measures that the developed countries are taking even as we speak. Even the most powerful country in the world, the United States of America, is engaged in major economic restructuring, in reduction of public sector expenditure and various other structural adjustment measures.

I shall now move to the United Kingdom at page 57:

"As a consequence of the slowdown in economic activity, unemployment in the major industrial countries ..."

This is important for the Member for Oropouche.

"increased during 1992. In the United Kingdom the unemployment rate increased in December for the 32nd..."

That is nearly three years.

"consecutive month to reach 10.5 per cent, the highest in six years."

Madam Speaker, can you imagine a developed country like Great Britain with an unemployment rate of over 10 per cent? This is unheard of. These are countries that are accustomed to unemployment rates of two, three, four per cent. For unemployment in Great Britain to reach 10 per cent would give you some indication of the trouble that the developed countries are in and that the problems in Trinidad and Tobago are no different from those of the rest of the world.

When you look at the international debt crisis, and at the public debt of the United States which is now measured in trillions of dollars—this is a measurement unit that we in Trinidad and Tobago may never see in our lifetime. We may never reach a trillion US dollar debt. But they are already measuring public debt in the United States in trillions of US dollars. It is estimated that each individual in the United States is now responsible for as much as US \$20,000 of debt, each of the 260 million population.

So when you examine this and you consider that when you take the per capita public debt in Trinidad and Tobago, it is approximately US \$3,000 per head, and in the United States, it is US \$20,000 per head, you can see that the developed countries are in much greater difficulty than we in Trinidad and Tobago.

I move now to Latin America. Latin America over the last decade had experienced hyper-inflation, major devaluation in currencies. In certain South American countries, notably Argentina and Brazil, I understand that when public servants were paid, they tried to get to the bank as fast as they could to deposit their salary into an inflation-protected account because the value of their salary would depreciate between the time they left their office on a Friday afternoon and the time they got to the bank. This is the kind of hyper-inflation, of 1,000 per cent per annum.

Mr. Sudama: Where is that?

Hon. C. Imbert: You do not seem to know. I have gone to Latin America. You were not listening. We are talking about Argentina and Brazil. You are sleeping!

Madam Speaker: Is stopping around the world necessary for the Member's contribution?

Hon. C. Imbert: Yes, Madam Speaker. I am coming to Trinidad and Tobago. I am setting the stage to show you how a decade ago Latin American countries were experiencing hyper-inflation and severe balance of payments difficulties, and now there are success stories in Chile and Mexico where foreign investment is pouring in and the currencies have stabilized. I intend to draw a parallel to Trinidad and Tobago under the stewardship of the very able Minister of Finance and this PNM administration.

8.25 p.m.

As I said, over the decade of the 1980s, the countries in Latin America were in deep trouble and then, they took extremely painful structural adjustment measures. They restrained expenditure, especially public expenditure; they divested state enterprises that were inefficient and, as a result, some of these countries have come into fiscal balance. This is exactly what we intend to do. We, the Government of Trinidad and Tobago—and we shall be the Government for some considerable time—

Mr Sudama: Madam Speaker, am I to understand that structural adjustment measures have not been taken in the past? It is only now Government intends to take these measures?

Hon. C. Imbert: Madam Speaker, that question is quite irrelevant and I cannot answer that.

For the benefit of the Member for Couva South, I am speaking off the cuff, or *ad lib* I have no speech in front of me. In 1991, the deficit on the current account was six per cent of GDP; it is now down to close to two per cent. This is an indication that the measures which this Government is taking are working. We have gone from a current account deficit in 1991 to a current account surplus in 1992. Even if measures were taken in the past, they did not work. What we are doing is setting the stage for stabilization and growth into the year 2000 and beyond. When one looks at the fiscal accounts, our measures are working.

Let me move on to the debt servicing that the Member for St. Ann's East spoke about. As he indicated, in 1992 our debt servicing was US \$690 million;

this year it is down to US \$650 million and in 1995 we anticipate debt servicing to reduce to US \$450 million, thereby affording relief to Government and the population of this country from the onerous burden of approximately US \$200 million or over TT \$1 billion. The difference will be available for capital investment, social programmes and various other measures to enhance the quality of life of all our citizens in this beautiful republic.

You will note that over the last decade there has been a heavy deterioration in the infrastructure in this country; that is simply because when one considers the proportion of public sector expenditure that is devoted to payment of recurrent expenditure for wages and salaries, in 1992—and the Minister of Finance can correct me—expenditure on wages and salaries was over 60 per cent of income from oil revenue. When you have reached the situation where nearly all the national income that comes in from the petroleum sector goes to pay wages and salaries, then you realize that we are in a situation where we cannot maintain our infrastructure; Members on the other side are always complaining about the condition of the roads, the main water courses, the public transportation system, the health sector.

I can assure the House that after we have come out of the morass that we were placed in by the administration of the Member for Tobago East—with his very clever bunching of debt payments in 1993 when he knew he would not be in office—when we emerge from the quagmire of public sector debt, like the proverbial phoenix, and move into 1995 when we would have available to us an additional \$1 billion for capital expenditure, there will be a tremendous improvement in the quality of life and the general infrastructure in this country.

I turn briefly to the actual wording of the Motion.

8.30 p.m.: *Sitting suspended.*

9.10 p.m.: *Sitting resumed.*

Hon. C. Imbert: Before we broke for the interval, the Member for Tobago East, in his usual way was questioning certain figures quoted by Members on this side. Since he needs documentary evidence of the veracity of my statements, in order to assure him that I have no congenital propensities towards avoidance of the truth, I would refer him to page 34 of the *Quarterly Economic Bulletin*, Volume 17, No. 4, Dec. 1992/Central Bank of Trinidad and Tobago. He will see, as confirmed by his own figures, that at the end of 1986 going into 1987, the total public debt was some \$8 billion. He has confirmed this. When one looks at Table 17(a) for the total public sector internal debt outstanding at the end of 1991, one

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sees that it is TT \$10.3 billion and the Central Government public debt at that time was TT \$4.8 billion bringing a grand total up to December 1991, of \$15.2 billion.

Mr. Robinson: Could he repeat those figures?

Hon. C. Imbert: Everything I say in this House, I have to repeat it over and over. At the end of 1991, the total external debt, public sector, was TT \$10.3 billion. The domestic debt, Central Government was TT \$4.8 billion making a grand total of TT \$15.2 billion.

Mr. Robinson: May I point out that the Minister has added domestic debt to external debt. We have been talking all along about external debt.

Hon. C. Imbert: As I said before—I do not know if the Member on the other side was sleeping or he just was not listening. What I said was the total public debt, and for the benefit of the Member, I shall explain what that means. The word “total” means everything, so that when you add external debt to the domestic debt, you get the total public debt. In December, 1986 the total public debt, both domestic and external, was TT \$8 billion as confirmed by the Member for Tobago East. In December, 1991 excluding the debt of the state enterprise domestic sector, the total public debt was TT \$15.2 billion. I have to apologize to the Member for Tobago East. I said it was TT \$16 billion. My sincere apologies. Nevertheless, it doubled from TT \$8 billion to TT \$15.2 billion. I hope the Member for Tobago East will refrain from accusing me of misleading this House and quoting inaccurate statistics.

Madam Speaker, with your indulgence, when I was looking at the international economy, I left out some of our major countries in the world. I wish to refer you to an article in a magazine called *India's Perspective* produced by the Ministry of External Affairs. This is May 1993. The article entitled "India's Economic Transformation and the Developed World" states:

"Since July of 1991 when India initiated her economic reform programme, the overseas business community has shown greater interest to be a part of the Indian economic transformation."

And indeed, we can see parallels in Trinidad and Tobago with the implementation of our economic reform policies. We have seen tremendous foreign investment reflected in the arrival of foreign investors such as Nucor, Enron, Chevron, Mobile and Exxon etc. This is exactly what happened in India. You had an exponential increase in direct foreign investment in 1992. Approvals

went up from a low of US \$60 million in 1989 and 1990 to US \$1 billion in 1991/1992. This is direct foreign investment in the Indian economy.

In this article, it refers to visits by the British Prime Minister, Mr. John Major, with a team of 17 British business leaders; Russian Federation President, Mr. Boris Yeltsin; Mr. Felipe Gonzalez, Prime Minister of Spain, German Chancellor, Mr. Helmut Kohl. All of these world leaders travelled to India to see exactly what was happening there and the parallels between India, the transformation of the economy of India and Trinidad and Tobago are quite striking. Chancellor Kohl in particular stated he would like to see German investment in India increased and Germany become more active in India.

I make this point because, in the divestment and the expansion of the Trinidad and Tobago Methanol Company, we have German investment in terms of the construction company, Ferrostaal, the Methanol Company, Helm and the whole project, the expansion of the methanol plant—US \$235 million. I mention all this for the benefit of the Member of Oropouche who continually comes to this House and claims that no foreign investment is coming into this country.

But you have one of the leading international producers of methanol in the country investing \$235 million or over TT \$1 billion and this is being financed—I was drawing the parallel with India where Chancellor Kohl of the Republic of Germany stated he would like to see German investment in India increased. This whole project is being financed by the German Export Bank, KfW. This is one of Germany's major international investment banks. I can assure you if they believe it is a viable project, they will certainly invest here. And this is what they have done.

We have the investment of Nucor in the Trinidad and Tobago economy, the construction of an iron carbide plant. The first in the world, I understand. Nucor is at the cutting edge of technology in steel production in the United States. It has chosen to come to Trinidad and Tobago to set up this new form of technology for the production of iron carbide and invest considerable sums, several hundred million dollars, into the Trinidad and Tobago economy.

9.20 p.m.

Mr. Sudama: I just want some clarification from the Minister. He said that Nucor has invested several hundred million dollars or will invest. That is a non-statement. It is totally irrelevant.

Hon. C. Imbert: As I said, Nucor has invested and at the end of the tenure we would expect—we are already talking about further plants similar to the one that they are constructing here and we expect investment of several hundred million dollars.

In the case of the methanol plant, the agreement with Ferrostaal Helm provides for a minimum of US \$35 million to be spent procuring Trinidad and Tobago goods and services. That puts paid to the lie that no foreign investment is coming to this country. We are talking about over TT \$100 million. They had a Minister of Industry who came and went in a flash. I think they call him Flash Gordon. All you were hearing about is investors were coming soon. They never came!

I now quote from a document published by the High Commissioner of India, *India News*. There is a bold statement attributed to the Finance Minister of India as follows:

"Economic Crisis in India is over, says Finance Minister

The Finance Minister was addressing the meeting of the policy making body of the IMF (the Interim Committee). Dr. Singh told the Committee that the early results of the stabilization and structural reforms undertaken in the Indian economy have been satisfactory."

This is the important point. He criticized the weak adjustment policies of the industrialized countries and their inability to control trade deficits. Here you have a newly industrialized country (NIC) an emerging nation, reaching the point of self-sufficiency where the foreign reserves now stand at US \$7 billion, being able to criticize the weak adjustment policies of the industrialized countries. This is where we are taking Trinidad and Tobago to India's position.

If you look at the very recent, very successful flotation of the Trinidad and Tobago dollar, where we have managed to achieve stability of the exchange rate for three months despite all the predictions of gloom and doom on the other side—we draw a parallel to the Indian flotation of the rupee, where the rupee re-evaluated from 36 to US \$1, to 32 within one week of flotation just a short while ago.

Because of the flotation of the Trinidad and Tobago dollar, the stability of the monetary system, the confidence in the economy, in short, the prudent financial management of this PNM Government and in particular the Member for St. Ann's East, we are seeing for the first time that the commercial banks have surplus

foreign exchange, they are flush with funds, and are depositing these with the Central Bank.

I do not know what the Member for Tobago East is going to say. I look at this resolution:

And whereas by resolution passed in the House of Representatives on June 5, 1989, and in the Senate on June 5, 1989, the Minister on behalf of the Government was authorized to borrow externally in further sums not exceeding in the aggregate the equivalent of one thousand million Trinidad and Tobago dollars in any foreign currency.

We see that in 1989 the former administration increased the very borrowing limit that we are seeking to increase today by \$1 billion. But it did not help them. We do not know what they did. The Member for Couva South would never account to this population.

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.

Hon. C. Imbert: Madam Speaker, the Member for Couva South asked me why there was growth in the economy in 1991. I referred to it as imaginary growth.

There was a myth propagated by the former administration that the imaginary growth in 1991 was as a result of their measures. Nothing could be further from the truth. In 1990, some time after the unfortunate events in this very House, there was the invasion of Kuwait, and oil that was traded at just over US \$20 per barrel, in a matter two to three months went close to US \$40 per barrel.

And of course, the windfall in oil revenues arising out of that action by Iraq had nothing to do with the Member for Tobago East or his government; it was pure luck. As a matter of fact, as somebody else put it to me, they were floating high in those days. They thought oil would stay up at \$40 per barrel so they started to spend in 1991.

In 1990, the Saddam Hussein windfall effect was equivalent to TT \$670 million. Since oil revenues come in three months after, we quote in futures, the majority of oil revenues came in the early part of 1991. In 1991, there was an injection in the economy. Just coincidentally election year, and this injection of several hundred million dollars allowed them to overheat the economy.

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Instead of taking this money which was foreign exchange and using it to reduce our public sector debt which they had doubled by this time, they took the money and spent it in the most irresponsible and profligate, to use the word of the Member for Oropouche, electioneering.

In the Ministry of Works and Transport I am still trying to reconcile accounts in the Unemployment Relief Programme for 1991. I still get debts; creditors coming to me personally. They even call me on the telephone at home and ask me for this product, or piece of equipment that they sold to the Ministry of Works and Transport in 1991, and how come they have not been paid. They are now calling for it.

I would not go into the kind of irresponsible expenditure that I see in the accounts; 20 buckets of Kentucky fried chicken; 200 dinners and a \$12,000 Christmas tree on December 6, 1991. That is water under the bridge.

When one considers that in 1991 we allocated \$120 million to the then LIDP and as these debts started to come in, everything was November, December 1991, all sorts of equipment that we cannot even use to this day—there is equipment packed in boxes that were never opened. In 1991 we accumulated a debt of over \$35 million in extravagant expenditure, just in the LIDP alone.

Who knows what happened in the other sectors of the economy where they used other avenues and agencies for electioneering. I hope that the Member for Couva South will now understand what took place in this economy in 1991. There was profligate spending. They used windfall profits instead of investing them wisely, and they overheated the economy. It was just not sustainable. The current account was out of balance. There was a deficit. We had to bring it down, so we had to restrict public sector expenditure in 1991.

9.30 p.m.

In addition, they reneged on an award of the court for increases in salary and COLA backpay to public servants. They left it for us—an award of the court—it cost us \$500 million in 1992. We had to spend \$500 million on that and it was all as a result of their indiscipline. I could go on all night, but I do not think that is necessary.

What we are seeking to do here is a very simple measure. There is no magic in this. In 1991 the rate of exchange for the Trinidad and Tobago dollar to the US dollar was \$4.25. It is now between \$5.74 and \$5.76. It varies around there, so therefore, the public debt, its TT component, must increase. If you have external

debt in US dollars and the rate of exchange changes, the public debt must increase in TT dollars. There is no magic in this. A child would understand that, but they come here and try to make some mystery out of this; ascribe some sinister motive, as if they do not understand; but they do understand.

They do understand because the very same Member over there devalued the currency in 1988 or 1989 from \$2.65 to \$4.25. He did it and then he unified the exchange rate from \$2.40 to \$3.60. He always denies that he did that as a devaluation. That is an effective devaluation.

I apologize, Madam Speaker—the Member for Tobago East, my hon. Colleague on the other side. I should not be calling him terms like that. But the Member on the other side devalued the currency, increased the foreign debt and increased the loan limit in this very same motion. This is what he did and then he will come here in this House and pretend that this is not so. He doubled the debt from \$8 billion to \$15 billion, but he will say it is not so, until we pull out the document and prove that it is so.

We had a reduction in unemployment in 1992, but if you listen to the Member for Oropouche you would think that that is not true. It happened. So, with the stabilisation in the economy, with the tight fiscal and monetary policy that is being effected by the Ministry of Finance, we have managed to go into surplus on our current account. We have reduced the deficit and we have done this without printing money; because who knows what the Member for St. Augustine would have talked about? I am sure we are going to hear about Trinity dollars.

In going around the world and looking at the international economy, I neglected the great continent of Africa where, unfortunately, while some countries like India and Trinidad and Tobago for that matter, are being very progressive, there are countries like Zaire which approached its balance of payments problem by simply printing money, and the economy just crashed.

If the Member for Tobago East had not fired the Member for St. Augustine, we might be printing money right now, who knows? They might have made him Minister of Finance and "crapaud smoke all ah we pipe".

Hon. Member: John only smiling.

Mr. Humphrey: I have a simple question to ask the hon. Member for Diego Martin East. If, as he says, his Government is managing the fisk so well and taking the country out of the morass and down the road they are going to rise like a phoenix, why do they need to borrow more money to put themselves back into the morass and to disable the phoenix?

Hon. C. Imbert: I wonder if the Members on the other side are sleeping. Let me go through this slowly.

Mr. Sudama: On a point of order. The Member just said that the rate of unemployment declined in 1992. Let me quote the *Annual Economic Survey, 1992*:

"Labour market conditions tightened in 1992, as the rate of unemployment rose to 19.7 per cent from 18.5 per cent of the labour force in 1991".

Do you see what kind of congenital—I would not use the word—that this Member for Diego Martin East—

Hon. C. Imbert: I do not know what to say. Let me read from the *Quarterly Economic Bulletin*.

Madam Speaker, I have to object. The Member for St. Augustine asked me a question. I was about to answer it and then the Member for Oropouche brings a totally irrelevant point. I will deal with him afterwards. Let me answer the Member for St. Augustine and I will do it slowly.

The rate of exchange of the Trinidad and Tobago dollar in 1991 was \$4.25 to US \$1. It is now somewhere between \$5.74 and \$5.76, so that our public sector external debt, which is denominated in US dollars, has been converted and the TT dollar has changed. So that, if you are within the limit when the rate was \$4.25, it is quite understandable that without any borrowing on the part of the Government you have now gone over because of the change in the rate.

Mr. Humphrey: Madam Speaker, the hon. Minister of Finance, in his presentation, said that because of the depreciation of the TT dollar, the limit is exceeded by \$.4 billion, that is \$400 million. The Government is seeking to get \$300 million and I want an explanation as to why.

Hon. C. Imbert: I believe that is why the Member for Tobago East got away with the Member for St. Augustine. Whenever anyone is planning for the future, they have to establish a framework and a scenario where there is room and flexibility to manoeuvre. Not only has the TT dollar value changed, the Government must have flexibility. You are not going to set the limit dead on. The flexibility I am referring to—*[Interruption]*

Dr. Rowley: Madam Speaker, I must seek your protection from the Member for Couva South. I do not know if you heard that, but he has said in this House that I have made my reputation from "tiefing". I demand that he withdraw that statement.

Mr. Maharaj: If he withdraws his, I will withdraw mine.

Dr. Rowley: Madam Speaker, I have nothing to withdraw. I seek your protection, or I invite the Member outside. Will you grant us leave to go outside?

Mr. Maharaj: The Member is offended because I said he made his living by "tiefing". I do not want to embarrass him in this House. I will say it outside.

Madam Speaker: Hon. Members, please; please let us continue.

9.40 p.m.

Hon. C. Imbert: Madam Speaker, the Members for St. Augustine, Oropouche, Tobago East and the whole side over there do not listen. The current limit is \$6 billion, and with the flotation of the Trinidad and Tobago dollar, it has gone to \$8 billion and we are seeking to have a limit of \$9 billion, so that the flexibility we are talking about is just one out of three. We need the two to deal with the flotation and we have allowed ourselves flexibility of one; just 33 per cent of the total increase in limit that we are seeking. That is proper planning. You want us to go dead on, so that if the exchange rate changes to \$5.79 we have to come back to this House?

Madam Speaker, let me deal now with the Member for Oropouche and I refer to the *Quarterly Economic Bulletin*, Volume 17 No. 4, December 17, 1992, page (5), Employment:

"Latest available data indicate that the rate of unemployment was 18.7 per cent in the third quarter of 1992. This compares with 20.6 per cent in the previous quarter."

So there was a decline in the unemployment rate in the third quarter of 1992. That is all I have to say on that matter, Madam Speaker.

Mr. Sudama: The unemployment situation increased in 1992, which he is denying.

Hon. C. Imbert: Madam Speaker, the point I made is, towards the end of 1992, because of our stabilization measures we managed to take the current account into surplus from deficit and to reduce the unemployment rate. I have just read it out. I do not know what they want me to read out. They cannot even do basic Arithmetic. *[Interruption]*

Madam Speaker, I am not going to give way anymore. Every time they get up they are interrupting me with irrelevancies. They do not want me to talk; that is the problem. They do not want to hear the facts. Despite the overheating of the

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economy in 1991 with the hyper spending, in 1992, despite considerably reduced capital expenditure, because of the measures we implemented—the stabilization of the economy, the incentives to the construction sector—and because of the Ministry of Works and Transport, we were able to stabilize the construction sector, one of the key areas in the economy, and show growth of 2.3 per cent.

The construction sector is a "boom and bust" indicator. It rises and falls with the economy. As the economy expands, the construction sector expands. But in 1992, as they have said, there was a modest decline in Gross Domestic Product (GDP)—2 or 4 per cent depending on which book you read—but yet, there was growth of 2.3 per cent in the construction sector. *[Interruption]*

No, no, in the overall construction— I will have to read this. There was growth in the construction sector in 1992 of 2.3 per cent. Here I have it, Madam Speaker—page 6, *Annual Economic Survey 1992, Central Bank*:

"Real output in the construction sector recorded an increase of 2.3 per cent in 1992."

Therefore, it is an indication that we had stabilized and we are moving towards growth. Real, not imaginary; not like the imaginary growth in 1991, fuelled by the Saddam Hussein effect.

When I listened to the intervention of the Member for Tobago East, when he accused me of misleading this House and giving inaccurate figures—figures which I was later able to substantiate—and various other interventions by him, all totally irrelevant, I wondered, Madam Speaker, with your permission, whether the tutelage the Member for Tobago East received from my paternal grandfather some 40 years ago was of any effect and whether it was a disservice to the nation.

I thank you, Madam Speaker.

Mr. A.N.R. Robinson (*Tobago East*): Madam Speaker, I must begin by congratulating the opposite benches on making such a comic attack on this side of the House. I assure the honourable Member for Diego Martin East that I meant no disparagement whatsoever of his ancestry. I think he should be proud of his ancestry. That is perhaps the only thing he could be proud of. And by his ancestry, I mean his consanguineal ancestry. I do not mean his political ancestry, because, clearly, in that direction his is a blanket denial altogether.

The Member for Diego Martin East does not accept his political ancestry and, consequently, he believes that the party to which he belongs began with the current regime. There is no acknowledgement whatsoever of the tremendous

achievement which others boast about and which, under normal circumstances over a period of 30 years, should have produced a paradise. But I am sure that not even the Member for Diego Martin Central would suggest that in the year 1986 when his paternal predecessor demitted office, this country was a paradise or anything close to it.

9.50 p.m.

Let me dispose of one or two preliminaries, since I have mentioned the Member for Diego Martin Central who was giving us statistics about the overdraft at the Central Bank. I have with me the *Monthly Statistical Digest, Central Bank, March, 1993* and he will tell whether these figures are correct. I apologize to the Member for Diego Martin East, if I appeared not to understand his presentation and reference to various documents.

I must apologize. The reason is that there are two sets of statistical documents which are published in Trinidad and Tobago. One is by the Central Statistical Office and one is by the Central Bank. So there is an annual survey by the Central Statistical Office and there is an annual survey by the Central Bank. So one must always be sure which document one is using. Apart from that, there are two sets of statistics that one talks about, the external accounts and the fiscal accounts. You see there is a tendency to shift from one to the other or add one to the other as, for example, calculating the public debt, which can lead to much confusion.

Mr. Imbert: Not on my part.

Mr. A.N.R. Robinson: Consequently, it is necessary to isolate and identify, firstly, the sources and, secondly, the content of those sources in relation to the external account and the fiscal account. So there may be a deficit in the external account and there may be a deficit in the fiscal account. When you say deficit you must specify whether it is in the external or fiscal account.

Having said that, let me refer now to the Member for Diego Martin West, who was giving us information concerning the overdraft at the Central Bank.

Dr. Rowley: Not me at all, Sir.

Mr. A.N.R. Robinson: Will he please stand and tell us whether these figures are right or wrong?

Dr. Rowley: Madam Speaker, I did not say a word about fiscal accounts.

Mr. A.N.R. Robinson: I am sorry, Member for Diego Martin Central.

Dr. Rowley: Thank you.

Mr. A.N.R. Robinson: I am sorry, Diego Martin West.

Dr. Rowley: The record would have shown that. Correct the record.

Mr. A.N.R. Robinson: I did not intend to agitate him.

Dr. Rowley: No, no, I just want the record to be correct.

Mr. A.N.R. Robinson: He is not in a particularly good mood tonight.

Dr. Rowley: I am thoroughly enjoying his contribution.

Mr. A.N.R. Robinson: At the end of 1991—and I am now referring to Table D/2, monthly summary of assets and liabilities, as I said, Central Bank *Monthly Statistical Digest*, March 1993—the overdraft figure stood at \$1,426.6 million. Is that correct?

Mr. Valley: I do not have the figures in front of me.

Mr. A.N.R. Robinson: Oh, he does not have the figures now. He lost them?

Mr. Valley: I do not have the figures. I did not have them, I am going to get them, I have said this. There is no problem.

Mr. A.N.R. Robinson: He was interrupting the Member for Oropouche.

Mr. Valley: I told him as a fact—

Mr. A.N.R. Robinson: Will he sit down, please? He does not have the figures.

Mr. Valley: Madam Speaker, the only person who holds the power is the Speaker.

Mr. A.N.R. Robinson: Madam Speaker, I am on my legs.

Madam Speaker: I think the Member said he did not have the figures in front of him.

Mr. A.N.R. Robinson: Well listen to the figures; they are in front of me. I hope the Member for Diego Martin East is listening. The figure for 1991 is \$1,426.6 million. The figure as of December 1992 is \$2,103.4 million. The figure as at February, 1993 is \$2,547.1 million, or \$1,100 million above the figure for 1991.

Mr. Valley: Madam Speaker, I wonder whether the hon. Member can also give us the outstanding loans or bonds that the Government had at the Central Bank as at the end of 1991. Because, you see, one has to take the two figures and the Member knows that. There is a limit with respect to the overall.

Mr. A.N.R. Robinson: The Member for Oropouche was talking about the overdraft.

Mr. Valley: Madam Speaker, the Member knows that when we are talking about the excess, we are talking about it with respect to the overdraft, as well as to the Government's borrowing by way of bonds from the Central Bank.

Mr. Sudama: Look at section 46.

Mr. A.N.R. Robinson: I wonder whether the Minister of Finance would not contain his junior.

Mr. Valley: I am just asking him to quote the correct figures.

Mr. A.N.R. Robinson: You see, I have had reason to say previously that I have sympathy with this Minister of Finance, because when he is not being sabotaged by his junior, he is being sabotaged by his Prime Minister, and I will show how. You are getting up again?

Mr. Valley: After all the "gallerying", I am still asking him to quote the figures with respect to the borrowing from the Central Bank.

Mr. A.N.R. Robinson: Will he please sit down and listen!

Mr. Valley: My Friend, you can talk to the Member for St. Augustine, the Member for Oropouche, or the Member for Couva North like that, but not me. Not me! Not me! Wrong one! Talk to the Member for Couva North like that, not to me. Wrong tree!

Mr. A.N.R. Robinson: Sit down and take it, man!

Mr. Mohammed: Take the blows, man!

Mr. A.N.R. Robinson: He is a sorry spectacle.

Mr. Valley: Remember how he was on the night of the election, shaking like a leaf? That is how I had him. Remember that? I had him shaking.

Mr. A.N.R. Robinson: You are shaking now!

Mr. Valley: I am his master.

Mr. A.N.R. Robinson: Madam Speaker, would you contain that disgraceful behaviour?

Madam Speaker: Yes. Please, please!

Mr. A.N.R. Robinson: Put them out of the House if they cannot behave. Sit down and take it, man! It is \$1,100 million, and he is seeking to enter into

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contention with the Member for Oropouche. That is how you behave behind the bridge and places like those! Do not behave like that in this House.

Madam Speaker: I wonder if the Member, as a senior parliamentarian—will he continue with the debate, please. *[Interruption]* I am appealing to the hon. Member to proceed with the debate!

Mr. Marshall: Leave behind the bridge.

Mr. Imbert: Talk about grandfathers and all kinds of things.

Mr. Maharaj: Everybody could talk about Caroni; anybody could talk about behind the bridge. Why can he not talk about behind the bridge?

Mr. A.N.R. Robinson: They cannot take it! *[Interruption]*

Madam Speaker: Order, order in the House. Would you please proceed with the debate.

Mr. A.N.R. Robinson: Not with all that noise, Madam Speaker!

Madam Speaker: Hon. Members, will this House maintain order please, so that the hon. Member might proceed with the debate.

Hon. Member: He had to say something about "behind the bridge"? Such an uncalled for statement.

Mr. A.N.R. Robinson: The sum of \$2,545.1 million. When you add securities, the figures come up to \$3,325.9 million—\$1 billion above the figure for 1991. Let the Minister of Finance get up and dispute these figures. These are Central Bank figures. So that disposes of the Member for Diego Martin Central, misleader of this House.

Mr. Imbert: You have that distinction.

Mr. A.N.R. Robinson: Madam Speaker, I do not speak very often in this House, so when I speak I should be permitted to speak. When I speak, I speak with authority.

Dr. Rowley: Every one of us. Every Member must be permitted to speak, not you alone.

10.00 p.m.

Mr. A.N.R. Robinson: I read from the same document I referred to first, the Central Bank's *Annual Economic Survey 1992*:

"The recent performance of the domestic economy indicates that despite the contraction in activity in 1992, ..."

I repeat:

"despite the contraction in activity in 1992, significant progress towards a reversal of the long term decline in real output has been achieved."

In spite of 1992, significant progress towards a reversal in the long-term decline in real output has been achieved.

"Real GDP declined by 0.6 percent in 1992 reflecting in part a sharp readjustment of the trend in real output following the exceptional 2.7 percent rise in 1991."

Dr. Rowley: But the election was over.

Mr. A.N.R. Robinson: You see how they jump into it again. I continue. This is what the report says.

"Indeed, between 1988 and 1990 real output showed a sharply decelerating trend and the average annual growth rate over the last five years indicates ..."

in spite of the decline in 1992.

"that there has been a marginal increase of 0.2 percent in real output in contrast with a steep decline over 1983—1987."

So the recovery started in 1988, no election was then. That is what this report is saying, if you will read it and comprehend what you read, but I do not expect you to admit it.

It goes on:

"Despite the reversal of economic growth in 1992, therefore, it appears that the long term trend of economic decline has been arrested."

That is not 1991, but 1988 onwards. But you see, there are some very important things.

I ask the question, Madam Speaker: How can a combination of massive doses of taxation in two consecutive years, plus drastic increases in utility rates, plus retrenchment and severance of thousands of employees, plus cutbacks in services, plus a devaluation of some 35 per cent, plus sale of state enterprises—how can all of this result in a situation where you still have to borrow money?

Let me read from the *Medium Term Economic Plan, 1993—1995*. Again, their document! This is what it says.

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"In the absence of strong export led growth, Trinidad and Tobago consumed its external savings."

That is the ancestry—used up all the external savings. That is in the period 1981—1986. In the absence of export led growth, Trinidad and Tobago consumed almost all of its external borrowing capacity.

"In the period from 1993, Trinidad and Tobago proposes to divest significant public assets. Even though for the worthwhile goal of liquidating public debt."

So now we are not only getting rid of the public assets, we are not only engaged in a fire sale of our public assets, but we are also increasing the borrowing limit. We were supposed to have used up our borrowing capacity, but we are using up still further our borrowing capacity and this follows a kind of history. I think it is always important to remind the Member for Diego Martin East of his political ancestry.

From 1982—1986 they spent \$2 billion more every year than they earned over a period of five years and still left \$1 billion owing to the Central Bank. That is your ancestry. They used up savings of \$9 billion; public debt trebled. It was not a question of doubling. Public debt increased from \$3 billion to \$8 billion over the five-year period. I am talking about the external debt, which is the critical factor in economic development. Public debt almost trebled from \$3 billion to \$8 billion. It was only increased by 50 per cent under the NAR Government.

From 1981—1986, the PNM paid out only \$2.7 billion in debt service. That is his ancestry. From 1987—1991 the NAR paid out \$7 billion in debt service. That is their debt.

Mr. Bereaux: Would the Member give way, please? Is he talking about US dollars to TT dollars?

Mr. A.N.R. Robinson: This is TT dollars. While they paid out \$2.7 billion, the NAR paid out \$7 billion in debt service.

The foreign reserves were \$7.7 billion in 1981. By 1986, \$6.5 billion of that had gone leaving \$1.2 billion. Listen to the growth rate. On the basis of the situation that existed at that time and the projections made, the NAR did not project any growth in 1990 at all. Yet the target was exceeded and growth was 1.7 per cent. In 1991 the target was 1.5 per cent and the growth rate achieved was 2.7 per cent.

Mr. Imbert: On a point of order, Madam Speaker. Could the Member please indicate from which document he is reading?

Mr. Mohammed: Is that a point of order?

Mr. Imbert: Yes, he is misleading this House, to allege growth in 1990. Could he please indicate from which document he is reading?

Mr. A.N.R. Robinson: In 1990?

Mr. Imbert: Yes. You just said there was growth in 1990.

Mr. Mohammed: You are misleading the House by mishearing.

Mr. A.N.R. Robinson: Yes, there was growth in 1990. I will find the document later on.

Mr. Imbert: You will find it. What is the document?

Mr. A.N.R. Robinson: This document I have that I am reading from, these are my notes.

Mr. Imbert: Madam Speaker, on a point of order. Could the Member please indicate the source of that allegation, that there was growth in 1990?

Mr. Mohammed: Madam Speaker, may I enquire the exact basis of the point of order? Which rule are we breaching?

Madam Speaker: What has been happening is that when Members need clarification, they talk about points of order. I think what he wants the Member to indicate is— *[Interruption]* Quibbling over words at this late hour of the night— Is the Member willing to indicate the source of information?

Mr. A.N.R. Robinson: Madam Speaker, at the moment the source is notes that I have made from the official documents.

Mr. Imbert: Madam Speaker, with your indulgence—

Madam Speaker: But the Member is about to give—

Mr. Imbert: No, but, Madam Speaker, with your indulgence, please.

Mr. A.N.R. Robinson: I will try to locate the documents.

Mr. Imbert: No, no. If you will just give way for a moment, please? Thank you. You interrupted me at least 10 times.

In the same Central Bank's *Annual Economic Survey*, page 7, Table 2, which you have, if you look at the GDP 1985 constant prices, you will see the economy declined, there was negative growth—in 1990, minus .2 per cent. So I do not know where you got your figures from.

10.10 p.m.

Mr. A.N.R. Robinson: May I repeat. If he looks at page 7, that is GDP at factor cost. I am talking about real output. Real output increased. In 1991, the increase was 2.7 per cent. In 1992, there was a sharp decline in output, to the extent of 3.3 per cent. That is to say, from the growth in 1991, to the decline in 1992, it was 3.3 per cent. So the growth was 2.7 per cent in 1991 and .6 per cent decline in 1992.

The previous government targeted a growth rate of 2.5 per cent in 1992. There is a decline of .6 per cent. It targeted a growth rate, in 1993, of 3 per cent; 1994, 3.5 per cent and 1995 a growth of 4 per cent. What happened was that the fiscal and monetary policies employed by the previous government also had some mistakes. Let me deal first of all with the mistakes.

At the end of December 1991, the net foreign position was \$101.2 million. By February 1992, there was a deficit of \$676.8 million—capital flight—and a large part of that was due to the pronouncement made by the Prime Minister, which embarrassed the Minister of Finance, about floating the dollar.

In December 1992, the net foreign position was minus \$99 million. By February 1993, that is this year, the net foreign position was minus \$586.1 million. So we lost just about \$500 million from December 1992 to February 1993. How does the Member for Diego Martin Central account for that loss?

Mr. Rowley: He will.

Mr. A.N.R. Robinson: How does the Member for Diego Martin Central account for the loss of over \$500 million from December 1992 to February 1993, a space of two months. You see, we were brought here—

Madam Speaker: Are you giving way to the Minister?

Mr. A.N.R. Robinson: He did not indicate—

Mr. Mottley: I did not want to interrupt the Member, but since he paused for an answer, it is especially in one month alone, in February there was a record debt service of US \$90 million. In fact, over the first three months of the year, over 45 per cent of the extremely high 1993 debt service was paid off.

Mr. A.N.R. Robinson: That would amount to \$300 million. How do you still account for the loss of that high figure at that time?

We were brought here on April 13, Gloria Saturday, in order to approve a change in the exchange regime. I asked the question: Why was it that we should be brought on a day like that, the day after Good Friday? I ventured the view that

there was some crisis. There had to be a crisis why we had to be brought here on a day like that in order to deal with a matter of that kind. Though it was not admitted that there was a crisis, there were two explanations: One was, a decision to float the dollar was taken in August 1990 in some group that existed. The other explanation was that the decision was taken two months before. Up to now I do not know which of those two explanations offered is the correct one.

There is a publication which has been put out by one of the banks: *Quarterly Economic Report of the Royal Bank of Trinidad and Tobago Ltd.* I want to read what this publication says:

[Dip in electricity]

Mr. Maharaj: Madam Speaker, most times the hon. Member for Tobago East speaks, we have this problem and I would like you to investigate it. I think it is probably to try to—

Madam Speaker: I thought Members said they were affected by the bright lights.

The Member may continue.

Mr. A.N.R. Robinson: That is not the only disturbance, Madam Speaker. My microphone is not functioning. As you see, I have had to shift my position. But I have encountered worse circumstances than these. I will continue. Let me continue:

"Q: What does the floating of the dollar mean?

A: It means that Trinidad and Tobago has moved from a fixed exchange rate system to a flexible exchange rate system. Under the fixed exchange rate system the Trinidad and Tobago dollar was pegged to the US dollar and the exchange rate was predetermined by the Central Bank. Under the new system the exchange rate will be determined by demand and supply on the foreign exchange market though the 'pegged' relationship remains."

Sometime ago I had reason to say that it was still a pegged relationship and I was roundly criticized for that. But let me go on:

10.20 p.m.

"Q: Why was the floating necessary?"

This is from one of our commercial banks—

"A: Over the last 15—18 months, net foreign exchange reserves have been negative and the country must keep foreign exchange reserves to

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transact its daily business with international agents. Persistent negative reserves had prompted the feeling in the national community that a currency devaluation was imminent and people attempted to transact all business requiring foreign exchange before such an occurrence, to avoid increasing cost to themselves."

It goes on to mention other factors:

"This intensified the shortage. The country also made large debt payments in US dollars. In any event, Trinidad and Tobago, by signing a Structural Adjustment Loan Agreement with the World Bank agreed to implement a programme of trade liberalization and the floating exchange rate system is part of the programme."

What I emphasize is that there are several factors at work. What happened apart from these circumstances was the speculation at very high official levels on the currency in early 1992. There was the expansion of consumption expenditure. The fiscal accounts, that is to say, the Government's domestic accounts were in trouble; capital expenditure or investment was cut in the public sector and because of the expansion of consumption expenditure there was greater pressure on the foreign reserves; monetary policy was used; the Central Bank imposed restrictions on credit so that the private sector was starved of investment funds. So investment in the public sector was cut, the private sector was starved of investment and you had contraction of the economy. This is how the downturn in 1992 took place. It was as a result of the Government's policies.

All these measures that have been taken since, have been, to a large extent, necessary to correct the mistakes that were made in early 1992. The economy had been set on an upward path. The arresting of the decline had started in 1988; growth took place in 1990 and 1991 and was projected to increase up to 1996. Because of the measures adopted by the Government in early 1992, the economy plummeted and then measures had to be taken in order to arrest the situation. So we had massive taxation; we had retrenchment, some of which would have had to take place, but not nearly so much.

The economy needed only fine tuning at that stage. If the fine tuning had been done, we would not have had the morass that the Member for Diego Martin East had been talking about. But, there was a bunch of new, inexperienced people, like bulls in a china shop crashing about the place, messing up the country; and now they want to mess up the Parliament.

That is what this country has had to go through: an inexperienced bunch of tyros making all sorts of mistakes; disaster in the Ministry of National Security;

the Minister of Finance trying his best—Yale economist—but just cannot make in the midst of all of this confusion. Who is the Minister of Finance? Is it the Member for Diego Martin Central? Is it the Prime Minister? Who is the Minister of Finance? That is the first problem that you have in the country—determining who makes the authoritative pronouncements on matters of finance and economics.

The Government talk of rescheduling. It is their debt that was rescheduled, and it was only about 35 per cent of the debt that was rescheduled. Let me indicate the difference according to our projections. In 1988, before rescheduling the debt service ratio was 27 per cent of GDP; after rescheduling it was 22 per cent. In 1989, before rescheduling it was 33 per cent; after rescheduling it was 20 per cent; 1990, before rescheduling it was 30 per cent, after rescheduling it was 21 per cent. In 1992 it was projected to be 31 per cent before rescheduling and 28 per cent after rescheduling. That is the reaction.

In 1993, before rescheduling it was 30 per cent of GDP and after rescheduling, it was 30 per cent; in 1994, it was projected to be 24 per cent before rescheduling and 24 per cent after. Much of the debt was in Japanese yen—that is part of their problem today—much of the debt incurred in the 1981—1986 period was in Japanese yen and they are pegged to the dollar. They are floating, but they are pegged to the dollar. So, when the yen goes up against the dollar, and the dollar goes down against the yen, they go down too. *[Interruption]* You do not know about rescheduling? You do not know the meaning of that? The debt includes everything.

It is unfortunate that poor Tobago has to suffer so badly at your hands. Because, when the oil boom was taking place, Tobago got only two per cent of the development expenditure. All went into Point Lisas, the Twin Towers, the Hall of Justice and the energy sector. All the development they were talking about was in Trinidad and Tobago got only two per cent. They said it was Trinidad money being spent in Tobago.

Now the European Economic Community gave money for the country, a grant—not a burden on any taxpayer in Trinidad—for the tourism sector. Technicians in the Government looked at the criteria and selected a project that best suited the criteria, which was a road project in the island of Tobago. The Cabinet, which consisted mainly of people from Trinidad, looked at it and sent it back for re-examination; set up a Cabinet subcommittee under the Minister of External Affairs, at the time Dr. Sahadeo Basdeo; the committee came back with the same recommendation that that was a most appropriate project, having regard

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to the criteria; and the \$113.2 million was allocated for that project. Madam Speaker, without a word, any representative—

10.30 p.m.

Mr. Imbert: Madam Speaker, on a point of information. Is it a fact that the project the Member was referring to would have consumed 95 per cent of the EEC funding for the entire country of Trinidad and Tobago, and he was planning to take 95 per cent of the total funding for the whole country and put it in his constituency?

Mr. A.N.R. Robinson: That is not a fact at all. That was grant money. That was a gift.

Mr. Imbert: It is for the whole country. You wanted to take 95 per cent and put it in your own constituency?

Mr. A.N.R. Robinson: That is not a fact at all. This was a gift. You did not have to pay a cent. The money was there and they never sought to get it. The previous Government had to pass legislation to make those funds accessible and the objective criteria were planned. That is the vindictiveness—

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. R. Palackdharrysingh]

Question put and agreed to.

Dr. Rowley: Madam Speaker, for my own clarification before the Member continues. The Member said that expert study identified that particular project which happens to be in his constituency, to be the most appropriate. Can he identify the expert study which came to that conclusion?

Mr. A.N.R. Robinson: It is in their possession. The matter went to the Cabinet. It went to the Cabinet twice, experts recommended it and the Cabinet subcommittee recommended it. They removed it without a word; no consultation. It is 23 of them and not one representative from Tobago here. Do you want to shut up Tobago's voice? You will never succeed in doing that. The Government went by stealth and took the money.

Mr. Imbert: The Member is misleading the House. He made a statement that the money was a gift. The money was Lomé 4 funding for the whole country of Trinidad and Tobago. Lomé 4 funding is a grant and loan. This matter about a gift

is irrelevant. He took all of the funding for the whole country under Lomé 4 and put it in the Tobago East constituency.

Mr. A.N.R. Robinson: Madam Speaker, that is their mischief. It was part of a whole funding programme. This was grant money. You did not have to pay a penny. Why did they steal it? They go by stealth. They go behind people's backs. They do not consult anybody. While questions are pending in this Parliament, they go by stealth to the European Community and seek to negotiate the diversion of the funds. Go and talk to Guyana and Barbados and see whether you can treat them as you treat Tobago. Nucor comes and they talk about investment but not a penny for investment in Tobago. That is the traditional attitude—a bunch of imperialists.

Madam Speaker: All these comments and unsavoury remarks—will the Member continue with the debate, please?

Mr. A.N.R. Robinson: Madam Speaker, I have put up with much in this Parliament. I got shot in this Parliament, and they instigated much of it.

Madam Speaker: Many people got shot. Will you please continue with the debate? You are a senior Member of this Parliament.

Mr. A.N.R. Robinson: I wish they will allow me to continue. Why do you not ask them to stop their nonsense? If you all want me to leave—Tobago would have no representation—I will go. There is no representation in the Senate, no voice in the Cabinet and you do not want any voice in this House either.

Mr. A.N.R. Robinson leaves the Chamber.

Mr. Sahid Hosein (Siparia): Madam Speaker, the Minister of Finance made a very interesting comment, when in presenting this Motion he indicated that while they have set a ceiling to the borrowing of a defined quantum of \$3 billion, it does not mean that they would automatically borrow this sum of money. But it is in sharp contradiction with the part of the Motion which states:

"And whereas it is necessary to borrow further sums of money for the purpose of financing general development in Trinidad and Tobago."

To my mind, that is a clear contradiction because, on one hand they are saying extending the limit by \$3 billion is not automatic, on the other hand there is a part of the Motion which states that it is necessary to borrow further sums of money. It seems to me that the way this is couched, "it is necessary to borrow further sums", the Government have definite plans as to what they intend to do with this sum of money. We should like to know why this Motion did not raise the ceiling by

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\$4 billion. Why the figure \$3 billion? The Minister of Finance owes it to this House to explain how he arrived at the figure of \$3 billion. If it is for general development, he must tell this House and, indeed, the country what this money is going to be used for.

Dr. Rowley: It is for local government.

Mr. S. Hosein: I certainly hope so. I will explain the application further down. He has to tell the country what this \$3 billion is going to be used for and where it is going to be used. Not only that, he owes it to the country to tell us from where the Government plans to source these moneys and under what terms and conditions. One has to ask the question, given their history. You judge people and organizations by their history. One has to ask: Are these funds going to be frittered away, as was the case in the past, in corruption and mismanagement?

10.40 p.m.

We on this side hold the position that if you eliminate corruption and mismanagement, automatically you would have approximately 20 per cent of the annual budget available. One has to ask: Are these moneys going to be spent in certain areas of the country to the exclusion of others as has been the case in the past? If that is going to be the case, we ought to realize that every single citizen of this country has to repay this debt.

One has had the experience with the Government where they seem to feel that the revenue that accrues to this country is the private property of the PNM Government and so they dispense as they like it. I want to make the point that the money does not belong to the PNM only. It belongs to the people of this country and that is why it is extremely important to set up a committee of this Parliament to deal with the financial expenditure of this country. It is extremely important.

I cannot for the life of me, understand why those on the other side continue to balk at the setting up of committees on the whole. If the Government have nothing to hide and they are really interested in the development of this country and its people, why should they be afraid of setting up committees so that there can be transparency and public scrutiny? Why are the Government afraid—unless they have something to hide?

When we call for committees they make the point that we want power. I submit tonight, the Government have absolutely no power; what they do have is authority. The people of this country have power. One day, very shortly, the people will understand the power that they have, and they are beginning to do so.

When I look at the arrogance emanating from the other side, with the exception of one or two, who are the redeeming feature, I am fearful for this country. When I look at the group on the other side, and I consider that they are in control of the destiny of the people of this country, I am fearful for our country. I come here Friday after Friday and when I leave, I leave worried when I look at the attitude of those on the other side.

I want to warn the Government that the same way the electorate voted the NAR out of office, the very same thing would happen to them. I am seeing an insensitivity.

Madam Speaker: Maybe, the Member can get to the point.

Mr. S. Hosein: Madam Speaker, I digressed a bit because I am extremely concerned.

Madam Speaker: You had enough time. I allowed you the digression. Maybe you can talk about the Motion.

Mr. S. Hosein: I make the point in the context that development has to do with improving the standard of living of people. It does not only have to do with projects involving construction and things of that nature. We have not been told for what these funds are going to be used. When one looks at the horrendous increase in crime, destitution and unemployment in this country, one has to ask in the absence of that information: Are the funds going to be used to address these problems?

Today, we are in a situation where we are selling what we have and still we are borrowing. It simply does not make sense to me. The Government is selling what it has in order to pay the debt that it owes and it continues to borrow. I wonder if that does not border on irresponsibility. What are the factors that have influenced the decision to go out to the external market to borrow again? One has to ask the question: How is the borrowing going to be repaid? What plans does the Government have to make repayments on that borrowing, or, as was stated before, preparing a bed of thorns for its successor government?

Dr. Rowley: Which one?

Mr. S. Hosein: Continue along that same line and you would know which one.

As lay people we know that when one goes to the bank to borrow money, one must satisfy some basic criteria. One is the ability to repay. At this point, can we satisfy any lending agency that we have the ability to repay? I would like those

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questions to be answered—ability to repay in the light of the fact that very shortly it is expected that Iraq would come into the oil market.

Today, the price of crude is, I believe, US \$16.55; the lighter crude is US \$18.00. What are the implications of Iraq coming with its enormous capacity into the market. What is going to happen to our oil revenue? One has to ask: What is the Government hedging? I wish to know.

If the Government is going to borrow money for general development, how is the constituency of Siparia going to benefit?

Mr. Valley: You want 95 per cent of the loan.

Mr. S. Hosein: If you had your way you would simply give us none. I want to know how my constituency is going to benefit. Will the major infrastructural problems such as water, roads and agricultural infrastructure be addressed? Does the Government have plans to utilize some of those funds to replace water mains which have been in the ground for over 40 or 50 years, and which are now totally corroded and useless? In fact, one has to ask; given the general situation with water in this country, the unavailability of an inadequate water supply to over 90 per cent of the country, is the Government going to utilize these funds to do something about the water situation?

I want to make the point that there is so much development taking place at Point Lisas. Nucor is under construction; there is a methanol plant to come on stream and another one to be constructed shortly. Is it Ferrostaal? There are plans to extend T&TEC's generating capacity, which, most likely would be sited at Point Lisas. Is the Government going to divert whatever little resources are available to the public to ensure that there is adequate water at Point Lisas? Is it thinking about addressing that problem, or is it going to use the funding to deal with that problem? You tell us!

In the days of plenty, there was a plan to develop the Moruga water scheme which would have satisfied the present demand. There would not have been the serious hue and cry that there normally is for water, especially during the dry season. Maybe the Minister can tell us what the position is with that—whether it is going to implement that Moruga water scheme to ensure that citizens of this country have an adequate supply of water.

For example, is it a case of utilizing \$500 million of the money that it borrows in 1995 to repair the roads of this country? The Member for Diego Martin East said he had great plans to improve the condition of the roads in this country, and

that his Government intends to spend \$500 million in 1995. Are you going to be using this money as has been the norm, for electioneering purposes?

10.50 p.m.

[MR. DEPUTY SPEAKER *in the Chair*]

Mr. Deputy Speaker, one has to ask if these moneys are going to be spent to improve the agricultural infrastructure within the constituencies because one would see, under the Agricultural Road Extension Programme carried on by the Ministry of Agriculture, Land and Marine Resources, that very little is earmarked for the constituency of Siparia, which is heavily agricultural, like so many areas in this country.

I want to make a point. In my constituency, for the past two years I have been asking to have a sluice gate replaced or repaired, but it is a case of not having even welding rods to effect the repairs. Is the Minister of Finance going to utilize the money in this direction? One must understand that if one is going to develop, it is obvious one must have to maintain too. If at this time you cannot afford to maintain, what would be the situation? Would you develop and allow whatever you develop to deteriorate, as you have allowed the rest of the country and its infrastructure to deteriorate? One has to ask these questions.

Are you going to use those funds to develop an industrial park in the Penal area, in the Siparia constituency or in the constituency of Naparima? You must tell us these things.

One also has to ask, in the light of what is happening at the local government level, how are these funds going to impact upon local government? This year there is a situation where corporations are being pressured to take the money that they have for development projects and use it to pay wages, and it has nothing to do with money as I will explain in due course.

If they are being forced to take the development allocation to pay wages, well there are a number of bridges in these areas that one would normally build and repair under the development programme. Are you going to use those funds to repair the Joyce Road bridge, the Katwaroo Trace bridge and all the other bridges in this country that need to be repaired? You must tell us.

Are you going to set up a system using this money to explore our road-building resources? Are you going to set up systems to ensure that you exploit and mine these road-building materials so that you can repair the roads? I have made the suggestion in this House and I am making it again. If it is a question of

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money, they can work out a production-sharing arrangement with the private sector. Tell them to mine the materials, take a certain amount to cover costs and profit and give the rest to the state. It is as simple as that because the Government are the owners. If you do not want to do that, set up a private management contract on the basis of efficiency and production. You will pay the contractor on that basis, so that you get your money's worth. For the life of me I cannot understand why they would not want to go that route.

Are you going to use these funds to improve the recreational facilities in these areas? Are you going to develop new recreational facilities? After all, we all understand and we keep saying that we need to get the young people especially, occupied in something. I am sure the Member for Port of Spain South will agree with me.

Given the serious crime situation in this country, are you going to provide part of that funding to ensure that we have adequate street lighting across the country? This is a very important aspect, especially in these days. So you can well understand our concerns.

Mr. Valley: Just one small point. I am hearing the Member going down the line arguing that perhaps we should be using some of those funds for infrastructure works—water and so forth. I wondered whether he had spoken with his colleague, the Member for Oropouche, who was making the point that the UNC's policy would be to use these funds only for economically viable projects.

Mr. Sudama: Let me tell the Member, when one does analysis and one comes up with rates of return, there are 25 different forms this can take. Any project that increases the productivity of people is an economic rate of return. The problem with him is a lack of understanding of the processes of development. If you build a hospital from which you will be able to perform a service, that is economic.

Mr. S. Hosein: Mr. Deputy Speaker, in response to the question asked, I am suggesting no such thing. I am merely seeking clarification. I think the Minister had a responsibility to this House and to this country to state exactly for what purposes he was going to put the country into further debt. I will come to that in a while.

The Member for Diego Martin East made the point that Britain has divested state industries that were unprofitable and he suggested that it was the way to go and that we should be and are following the very same route. I want to ask, if that is the case, then were Fertrin and Urea unprofitable? Did they fall into this

category? One also has to wonder, if that is the direction this Government is taking, whether it is going to sell the shares that it holds in Trinmar. Is the Government going to sell shares in Petrotrin? Why does it not come up once and for all and level with the people of this country, if it cares about them so much? Level with the people, tell them what your intentions are—not one morning you are selling the flour mill and the other you are not. People in this country exist in a state of uncertainty and confusion. Tell us what you intend to do with Petrotrin and Trinmar. Our fortunes are still at this point hinged to the petroleum and gas industry. Let us know what is happening!

11.00 p.m.

Let us know what is happening!

Mr. Deputy Speaker, again we are concerned, given what we have heard about what is going to happen with T&TEC and WASA. Come out and tell the country what your intentions are. Are you going to use these loans for the winning of more water? Are you going to use these loans towards the expansion of the generation capacity of electricity? Come out and level with the people of this country, instead of going on television and talking about "going down the road", downhill in unity. According to somebody, it seems that we are going into the dung hill.

We have been told about the recession that is taking place in the developed countries, and, incidentally, these countries—we have been told—have been pursuing similar policies to ours. But if these countries are pursuing similar policies to ours and they are divesting state enterprises, what is the level of poverty in those countries? What is the effect of those policies on the population? What is the level of poverty? More importantly, what is the level of unemployment in these countries? In addition, what sort of social safety net, what sort of social security systems do these countries have if their people become affected by the policies of the government?

We heard from the Member for Diego Martin East that investors are flocking to Trinidad and Tobago. I do not blame them. If they are indeed flocking, one must not blame them. Because we must understand that investors would not come to Trinidad and Tobago because they like anybody in this country. They would come here to exploit because they are getting a sweetheart deal; that is the only reason why investors would go to any country, not only to Trinidad and Tobago. One is given the impression that those investors like the people of Trinidad and Tobago and they are coming down here because we have something special.

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They are coming to Trinidad and Tobago because they are getting a lot of “free-co”. This is where the gravy is! They are coming down here where they can get gas subsidized by the taxpayers of this country. That is why they are coming down here! I want it to be understood clearly that they are not coming here because they like anybody in this country. They are coming to make money, pure and simple, and if they could get every single thing free, it makes it so much the merrier. In fact, if we give away everything it would not have space for investors in this country. We would simply have to expand and build industrial parks all over the place. You give away water, electricity and gas and you will have them flocking all over this country.

A case has been made that at this time they are flocking to India, that governments are falling over themselves and the leaders are going to India. One has to understand the context in which they are flocking to India. India presents a tremendously large market for those companies that can go in and invest. It is not like us where our markets cannot sustain a certain type of investment. India has a captive market. Over 800,000 million people. You go in and invest and are assured of a market. As a result I do not blame them if they are flocking.

But how does that compare to our own situation? It does not. We have to understand one thing. We hear much talk about free trade and the conditions that are attached to the loans from the World Bank and the IMF. We have to understand, who really controls, who has the voting power, who has the say in institutions like the World Bank and the IMF and we have to come to the conclusion that it is really the developed countries which have the clout and determine policies. We must also understand that the developed countries have approximately 20 per cent of the world's population. The underdeveloped and the developing world consist of the other 80 per cent. So that if the developing countries and the underdeveloped countries are at the mercy of these institutions—because they have to borrow money to develop—it is obvious that the policies that are being set are to ensure that the developed countries move out of the recession and into a path of growth, so that their products would be sold on that market which, as I have said, is 80 per cent of the world's population.

This is what this so-called free trade is about, to ensure that the products of the developed countries find markets in the rest of the world. The way they do that is by using the IMF and the World Bank. I remember reading in the newspapers about two years ago, when Nestlé wanted to get into the US market, especially the Hispanic market in Miami; and they were trying to sell condensed milk, they were

given a quota of one container load of condensed milk, in a situation of free trade. So it is free trade one way, down this way but not free trade up the road.

How many of us remember when Iscott was slapped with tariff in the United States of America and was given quotas at the same time. It was a case of free trade. One must understand this free trade in the context in which it has been developed. It is to provide a market for the developed countries, and the mechanism they use is the moneys they can withhold from you, through the IMF and the World Bank.

We were also told by the Member for Diego Martin East, about the exchange rate and how the banks were flush with foreign exchange. It seems to me that if you are talking about market forces prevailing to start with, and you are going to allow market forces to set the rate, the rate that should have been set in the first place was the black market rate at which money was gotten. You could have gotten any amount of US dollars you wanted at \$4.50. So if you said, look you are allowing the money to float and letting market forces have free play, then it stands to reason that you should have gone with the black market rate to see whether it goes down or up, so start with \$4.50.

But be that as it may, you hear about the commercial banks being flush with foreign exchange. Now I know when you have plenty tomatoes, Mr. Deputy Speaker, the price drops, I do not know if it is a different kind of economics. Well, I have been told by an economist that it depends on the type of tomatoes. But I know when you have plenty tomatoes the price drops so if the banks are flush with foreign exchange, why is the TT dollar not appreciating against the US dollar? Is it that the Central Bank is deliberately withdrawing the excess to maintain an artificial price? Is it that? One has to wonder.

It flies in the face of logic; you have surplus and yet the price remains at that level. I simply cannot understand that. And you know, the Member for Diego Martin East castigated the Member for Tobago East. This Member, despite whatever he might be, has given tremendous service to this nation and, regardless of what you think about him, the mere fact that he has offered himself for public service for all these years, he ought to be treated with a certain amount of decorum in this House.

I hang my head in shame, as a newcomer to this Parliament, to see a senior member, a man who has spent virtually his whole life—as I said, say what you may about him—in service to the people of this country. Whether he was right or wrong is irrelevant. He has given his life, and he has been treated in a most—It is

[MR. HOSEIN]

difficult to accept, Mr. Deputy Speaker, and one wonders sometimes what is the relevance of this Parliament, to what is taking place in this country today.

11.10 p.m.

[MADAM SPEAKER *in the Chair*]

Mr. S. Hosein: Sometimes I feel the time of the Ministers could be better spent in their offices attending to Government's business and we, on our side, serving our constituents. It is totally irrelevant and unless something is done to make this Parliament more relevant to the needs of the people of this country, we are in serious trouble. When Members of the Government, because they have a majority, can sit on the other side and scoff at us and virtually do what they want and it is a question of the "ayes" having it, not seeming to understand what is happening outside there, we are in deadly serious trouble.

The Member for Diego Martin East made the point about Government coming into office in 1992 and paying back the public servants their 10 per cent. It has to be an extremely perverted, sadistic and cruel mind which, on the one hand would give the workers their 10 per cent and, on the other hand, send 10,000 home. It has to be sadistic and perverted.

Mr. Palackdharrysingh: That is development, PNM style.

Mr. S. Hosein: And he stood up there and boasted that he gave back 10 per cent. But he sent home so many thousands. I saw a husband and wife recently, last week—and I wish the Member for Diego Martin Central were there—both retrenched, holding on to each other and crying, not knowing what to do next. As a result, I brought the Motion to the House. A husband and wife with six children last year borrowed \$18,000 to repair their house and both of them were retrenched.

Mr. Valley: Madam Speaker, on a point of order. As far as I know, no regular or permanent employee in the Ministry of Local Government has been retrenched—not one.

Mr. S. Hosein: Madam Speaker, the two workers had less than two years' service; they received notices. When we say, two years' service, they would have been working for 16—20 years, but having only two years' effective service.

Mr. Haniff: The rule is to send home people.

Mr. Valley: Madam Speaker, he is talking about people with less than two years effective service; persons who, perhaps, were working for five days every

six months, or something of the sort. So in that sense they were unemployed all the while.

Mr. S. Hosein: Boasting about giving workers “10-days”.

Dr. Rowley: Rumour!

Mr. S. Hosein: That is no rumour. Boasting about giving people back their 10 per cent but sending home all the water checkers who have been working up to 25 years with the Ministry of Local Government; sending home every one of them without care or concern.

Mr. Haniff: Let the Minister get up and deny that one.

Mr. S. Hosein: But this has nothing to do with the fact that the Government does not have money. I wish the Minister would be candid and honest with the workers instead of having them in this state of uncertainty, fear and tension. Remember, casual workers were retrenched in January of this year; regular workers are being affected now, and very shortly the permanent workers will be affected. The Member for Diego Martin East made the point. He said that on the recurrent expenditure, wages and salaries were too high, and therein lies the crux of the problem. The intention is definitely to cut that expenditure as much as they can by sending home these people. It is absolutely clear. It has nothing to do with money, because, if it was a question of money, then you would have thought twice about increases in other areas and you would have ensured that these workers were catered for.

Why does the Member for Diego Martin Central not come out in the open and tell the people what the position is, that your intention is to privatize the services? That is your intention, and not only local government, but all ministries. You are cutting off the finger, then you will go to the wrist, then the elbow; and then you will cut off the whole arm. Come out and tell the people what it is.

It seems to me that in the act you are committing you have the agreement of the union—the total support of the union in that respect. When we raise this issue, Madam Speaker—

Madam Speaker: The Member mentioned much of that in his Motion last week. Could we get back to the loans?

Mr. S. Hosein: I am merely responding, Madam Speaker, to what the Member for Diego Martin East said.

Dr. Rowley: He is dealing only with rumour.

Mr. S. Hosein: Well, as far as he is concerned, everything is rumour. He thrives on rumour, so everything for him is rumour. A simple thing like repairing a sluice gate; two years now I have written the Ministry—no response. Hundreds of farmers affected and he talks about rumour.

Mr. Palackdharrysingh: He does not understand what is meant by a sluice gate. Please forgive him.

Mr. S. Hosein: Madam Speaker, these questions must be answered. There must be transparency in these matters, as there must be transparency in other areas, like local government. One has to ask really what is taking place. How many more people will have to go? What services are local government bodies going to be allowed to perform, if any at all, given the fact that you are sending all the people home? What services?

Mr. Sudama: Corrupt!

Mr. Haniff: Communities in partnership.

Mr. S. Hosein: Madam Speaker, we on this side would like to have those concerns addressed.

I thank you.

Mr. Mohammed Haniff (*Princes Town*): Madam Speaker, at 11.20 p.m. I rise to make a small contribution on the Motion before us. It reads as follows:

"Be it resolved that for the purpose of financing general development in Trinidad and Tobago, the Minister on behalf of the Government is hereby authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of three billion Trinidad and Tobago dollars in any foreign currency."

Madam Speaker, I tell the authorities here tonight, this late hour, that children, families and communities are suffering as a result of the borrowings of this Government and their waste and corruption over the years.

Have we not suffered enough by the mismanagement of the PNM Government in this country? Is there not enough suffering all over, than to have this Government come to seek to get permission to borrow further sums, when we are screaming under pressure to repay our debts externally and otherwise?

11.20 p.m.

Madam Speaker, it is in that context I enquire: What does Government intend to do with the moneys it intends to borrow? While I do not agree with the

principle whatsoever, I am of the view that we should now be in a position to fight hard to repay the debts that this country owes, the external debts in particular, and try to use the resources that we are earning to develop indigenous ways and means of survival.

This continuous borrowing is a way of putting generations to come in debt that they cannot pay.

Mr. Palackdharrysingh: A truck driver can see it, but you cannot.

Mr. M. Haniff: Madam Speaker, nobody has to call me a truck driver, as is the habit of the Member for Diego Martin West. I am the proudest lorry driver in Trinidad and Tobago. It reminds me—

Madam Speaker: The Minister is on his feet.

Dr. Rowley: Madam Speaker, I do not know what the other side has with the Member for Diego Martin West. I seem to recall it was the Member for Caroni Central who introduced truck driving into the debate. I was reading a document here at the time. So I ask, Madam Speaker, for your protection from Members on the other side. I am not involved. The Member for Diego Martin West is not involved.

Mr. M. Haniff: You see, Madam Speaker, in this document which I circulated during the election campaign, I portrayed myself as a lorry driver. You know what happened in that election? One who portrayed herself as the representative of and the legal adviser to the PNM, was defeated by the lorry driver. Yes, Madam Speaker, we are here to talk about this Motion and I know you will remind me of that, but I merely say that for the record so that the rowdy Minister in this Parliament will understand what I am talking about.

To make it worse, you see when I did not get that special opportunity to attend the university and what have you, I remained a lorry driver, but with dignity and honesty.

So it is in that context that I ask: Why do you wish to borrow further, bearing in mind that we are struggling and suffering in this country? Why do we have to borrow in such a situation? My colleague said it—if we can get rid of that corrupt mind and remove corruption and waste, we can do much better. The nation is laughing at what is happening in this country and they are crying down the PNM. They are laughing at them because of their inability to perform and they are crying as a result of their deficiencies and inefficiencies.

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This is the document that they boast about, *People's National Movement, Election 1991, Manifesto*. It says among other things:

"A higher standard of living for all, both moral and material..."

Could anyone stand up here and say that there is a better standard of living in any part of Trinidad and Tobago since this Government came into power in 1991?

Mr. Imbert: I can.

Mr. M. Haniff: Sit down, shorty! Sit down and behave! They say,

". . . both moral and material..."

Madam Speaker, even the moral qualities are deficient and they are being eroded every day as a result of the lack of planning and the lack of ability on the part of the present Government to perform and produce. The manifesto goes on to say:

"The elimination of those conditions in the community which give rise to juvenile delinquency and anti-social behaviour."

They said that they were going to eliminate those conditions. What is the situation today with our juniors? What is the situation today when it comes to juvenile delinquency?

Hon. Member: It is bad.

Mr. M. Haniff: That is right. It is bad and I agree totally with the Member. It is terrible. What efforts have been made? Are we happy and satisfied with that? If we are not satisfied, what are we doing? What have we done? Is it intended that when the funds are borrowed, it will be utilized to improve the quality of life of our children and as a result improve the standard of living?

Mr. Imbert: Yes.

Mr. M. Haniff: I am pleased to hear the other side saying yes. I continue to entertain my doubts based on their historical past, even their present behaviour. I quote from this document which they say they cherish, but which they cannot honour. I continue:

"The elimination of all forms of discrimination in public life..."

Anyone could have said: "Yes, these are good conditions.", but one and a half years later what is the position?

If you do not have a PNM card you cannot get a job in this country. You cannot get a “5-days” in this country. Ask about LIDP.

Mr. Imbert: On a point of order, Madam Speaker. The Member is misleading the House. Not only do people who are not members of the People's National Movement get equal treatment, but even a close relative of the Member for Couva North was employed on a URP programme—his sister.

Mr. Maharaj: I wonder whether the hon. Member for Diego Martin East can explain why all the PNM councillors who lost the election in Couva/Talparo/Tabaquite, have all gotten jobs from the PNM.

Mr. M. Haniff: Madam Speaker, that is the main issue we are debating presently. The discrimination continues *en masse* under the present Government and I will give you a simple example.

The Member for Tunapuna is sitting here; the Minister of Sport is not here now. Very recently, I had the honour of having these two—the Minister and parliamentary secretary—visit Princes Town.

Hon. Member: You do better than I.

Mr. M. Haniff: Yes, because I want the Ministers and authorities to understand the hardships that the citizens of Princes Town are experiencing.

Unlike the Minister of Works and Transport, these two Members of Parliament, in their capacities of Minister and Parliamentary Secretary of the Sport Ministry visited, and while we were looking at a particular ground, trying to see if we could get assistance from that ministry to assist in improving the conditions, I drew their attention to a project that was being done by LIDP—URP—namely, the rebuilding of a community centre. I informed those two parliamentary representatives that I was not afforded the courtesy of being as the Member of Parliament for Princes Town informed that such a project was taking place. There they are, all sorts of discrimination practised—far less the opportunity to recommend people who are in want.

11.30 p.m.

I am talking about the principle of discrimination; no consultation, no courtesies extended. What purpose does the Parliament really serve? What does it mean? Our people look forward to seeing the Parliament serving a useful purpose, and to what use we put the funds, the resources of this nation, and whether we are discriminating in the distribution or not. The discrimination is massive. As I said on many previous occasions, we have funds, but we are looking to borrow money;

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let us do away with that discrimination. Let us give to the people of this country some of our patrimony and stop the discrimination.

Madam Speaker, they talk about unemployment in this document, and I will quote from page 51:

"The major indictment against the present Government..."

they were talking then concerning the NAR—

"is its abject failure to generate jobs. Indeed under their hands about 30,000 jobs have been lost in the economy since 1986."

Madam Speaker, what is the position today? How many jobs have been lost and how many more jobs will be lost? The terror that is taking place in the country in the Ministry of Works and Transport, I draw to your attention, and I quote from a circular dated March 8, 1993:

"Ministry of Works and Transport,
Highways Division,
Victoria East District.

Mr. Safil Mohammed:

Category: Vehicle Operator.

Sir/Madam

I wish to inform you that this Ministry is unable to offer you employment on a regular basis with effect from 24/3/93. "

It has to do with their policies and their principles. They say that they will create employment while they are sending home people. Circulars of this kind went out to workers month after month, and they have, in fact, reduced the days. It is getting worse at the ministry. In the Maintenance Division they have reduced it to eight days, and the Minister of Works and Transport says that the people must have patience and things will improve come 1995. Patience comes only if you can at least eat and clothe yourself and do not get wet from the weather. If you cannot do that, then there is no patience. That is why in this very document they went on to speak about crime. Page 51 states:

"Another major concern of today is the frightening national epidemic that is crime."

That is what they were saying. What is the situation in the country today with crime? It could not be worse. It is frightening—and these people behave as though

everything is all right; these people without care and concern for what is happening in this country.

I have been pleading to improve the quality of the Princes Town Police Station. I have been pleading to provide patrol vehicles in Princes Town, in Barrackpore, Tableland, and of course, throughout the country. But I live there and I represent that area and I am concerned. The situation is bad and it is getting worse, hence the reason I came here today to try to raise a matter of urgent business.

Is it not heartbreaking to get up every day, take up the newspapers and see that the criminals are having a field day and the authorities are not using the moneys of this nation to safeguard the lives, limbs and properties of the citizens of this country? What is more important than protecting our people? Crime is happening all over, yet Members opposite behave as though nothing is wrong. What is the intention? Is it the case that we will utilize the moneys that we intend to borrow, if we give them that authority—Where is the Minister of National Security? He is not here?

Dr. Rowley: He is at work.

Mr. M. Haniff: I thought he belonged here. And he should have been here. I have it here and I could go on for the rest of the night with the situation on crime.

Madam Speaker: Hon. Member, I think you have touched a bit on crime. Could we go back to the external borrowing?

Mr. M. Haniff: Madam Speaker, I am saying if the Government is given the authority to borrow, is it a case that we can now expect some of that funding? Since they are saying that they do not now have the funding, is it that we can expect that we will get a few patrol vehicles in Tableland, Princes Town and Barrackpore? I have a situation where crime would have been prevented if the vehicles were working in these areas.

I am very concerned about that. I want to know whether those in authority intend to utilize even to a small amount, for the purpose of improving security in those areas, with police vehicles, or even manpower in police stations and all that goes with it. Because when I went to the Tableland Police Station, I was informed that the manpower there has not been increased for the last 17 years. When the officer in charge was assigning his men, do you know what happened? When he

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sent out his officers, he alone remained in the police station. As a result, when people called for him, he could not respond to a situation of crime because he was alone in the police station.

As a result of that situation, the criminals had their way; they went on to do what they came to do. They went to the home of the Persads at McSween. They robbed them, took their gun, \$4,000 plus; they tied up the old people; they left there and told them they were going by the neighbour. They went to the neighbour, tied up those old people, robbed them. The police station was contacted and the crime was being committed two minutes away.

I am confident that the criminals could have been apprehended. Go and see the conditions. I am not like many others on that side. I go house to house, into villages and look at what is happening. The police cannot respond and as a result we are in very serious trouble.

11.40 p.m.

I am saying that the security of life, limb and property is too important for the Government not to come and inform this House when it is seeking to borrow funds whether some would be utilized to make sure that protection is offered to our people. It is chaos. Under those conditions one cannot perform, produce, survive, and as a result what is the situation? No productivity. These people do not come to the Government to look for jobs. One has a situation where one needs a little security so that one would go and plant the cocoa, coffee and the citrus and help this nation. Because that is the kind of production that is required if we are to sustain ourselves in this nation.

I left Mc Sween, went to Gangaram Road, in the constituency of Princes Town, and—

Madam Speaker: Would the hon. Member stick to the point? I do not think there is need to go into all the details. I will not allow that because we are not discussing a motion on crime today. The Member may bring a separate motion for that purpose.

Mr. M. Haniff: Madam Speaker, I must publicize my experiences as a result of lack of distribution—

Madam Speaker: Yes, but on a separate motion.

Mr. M. Haniff: Are they going to continue to allow the situation with crime to continue as it is while they have the money and are not utilizing it for that purpose?

Resolved,

That is the meaning of general development in my view. The restitution states that for the purpose of financing general development in Trinidad and Tobago, the Minister, on behalf of the government is hereby authorized to borrow money externally in further sums not exceeding in the aggregate, the equivalent of TT \$3 billion..."

If there is not improvement, how can development come? Each individual who produces one pod of cocoa has to do with the development of this nation. I emphasize that is the kind of situation. I left Gangaram Road and went to Watts Road, which is in one small area. The police cannot respond because they have no vehicles, no manpower. Criminals tie up a man and his daughter, rob them but the Government comes in here to behave as if nothing is wrong with that situation. The Government talks about utilizing the wealth of this nation for general development of our people.

Do you know what is worse? The Member for Diego Martin East speaks about prudent management. So, there is prudent management but people are being retrenched, having reduction of days, being laid off, robbed and killed every single day in Trinidad and Tobago. That is what prudent management is in the eyes of the PNM. That Lengua case is a bad one.

We have a situation where the Government continues to retrench people, reduce the days of workers, to give them VSEP and all sorts of things. That is happening in the Port Authority; right-sizing in BWIA; that is happening with the Public Transport Service Corporation; WASA. Do we not know what is happening in T&TEC, the Ministry of Works and Transport, Local Government, the Ministry of Agriculture, Land and Marine Resources, and all over?

What is development if our people cannot sustain themselves and their families? How, therefore, do they go about carrying out their responsibilities to themselves, their families, communities and, of course, beautiful Trinidad and Tobago that we all know and love that which belongs to us?

Hon. Member: And is now being destroyed.

Mr. M. Haniff: At a very fast rate.

Where is the Minister of Finance? Please take note. I ask the question: Will the Government continue to tax the interest on the deposits of those unemployed persons who took VSEP? The fact that they took VSEP means that they are now unemployed. They got some money, put it in the bank, but their interest is less

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than \$12,000 per annum. I enquire whether Government's policy is that they will continue to tax that interest in a situation where these people are now unemployed? *[Interruption]* It is happening at the present time, and I am happy to hear that it will not be taxed. Then, I plead with the Government to put the machinery in place so they would not be taxed because they cannot wait for refunds. *[Interruption]* It does not bother me who did it. What I am concerned about is that you say you have power and authority. If so, do not just sit there, do something about it.

BWIA is in trouble, right-sizing all over the place; the Port Authority, same thing; Public Transport Service Corporation—are we going to buy some new buses? Are we going to refurbish some of those that are parked up there? Or, are we going to privatize it? I would very much love to hear the reply of the Minister of Public Utilities. My feeling, however, is that he is a small fry when it comes to decision making in that Cabinet. I hope I am wrong, because I always get the impression that he means well.

However, I invited him to look at conditions in Princes Town concerning some moneys that WASA had to give to the Ministry of Works and Transport to repair roads that they destroyed. The hon. Minister of Public Utilities came down, and told me that as soon as the funds are available, the roads will be repaired; the Ministry of Finance will give it to WASA and WASA will give it to the Ministry of Works and Transport. He subsequently told me that the funds are no longer available.

Therefore, I ask: Since we intend to borrow, can we now expect that that and other roadways will be repaired, so that we would have an idea of how the money that the Government intends to borrow will be used? The only difference is that the Minister of Works and Transport, who does not know where these roadways are, and does not care about the condition of the roads, sits down there and smiles and says, "as soon as the funds are available". He behaves as though that is nothing; that is a road in the rural part of Trinidad and Tobago.

11.50 p.m.

But this has to do with development because it affects even children going to school and people going to work. Pointe-a-Pierre is not far off. Coming from Tabaquite, people pass there to get to Pointe-a-Pierre and San Fernando and into Port of Spain. There is a school there. The Minister of Education will surely be concerned to know that the buses—if there are any at all—the maxis and the cars cannot afford to take children to and fro because of the conditions that exist there.

I simply enquire: Are we in a position to assume that while their performance is bad today, if they get the money tomorrow it would be better? What am I to assume? I hope some of the funds will be utilized for purposes like that.

I get the feeling that they are going to privatize even PTSC. That is what seems to be happening because his head is privatization—privatize all we have nationalized so that Government has no hand in or responsibility for that.

The policy of the Government is to get rid of all daily-paid workers and put them into URP and private people's hands because they, the Government, do not want to have the responsibility for workers. That is why it is happening.

Public Transport Service Corporation: Who rides the buses? The poor people. I feel the Government will get the permission to borrow. I want to give them some hope and courage so that they would be in a position to go and tell the country that their efforts and management strategies have worked—as the Member for Diego Martin East says, prudent management. When you get these funds, go and undo what was not properly done.

Water and Sewerage Authority: If people cannot get water in this nation, then what else? I hope that the utilities will benefit from the moneys that you intend to borrow because this has to do with direct development. Without water you cannot perform at all. What is the position? While that is happening, what do we have? We have a situation of increased rates, we have a position where they said that they were going to install meters. Can we expect that we will get improvement in those areas?

I have a clipping of Wednesday February 17, 1993: "Pay more for Water". If you are borrowing and the debt of each citizen in this nation is increasing, are we going to tell people to pay more for water that they are not receiving? Is that going to continue? Is that general development? Is that what we want in this country? Are we happy with that? The Minister of Public Utilities will be happy if the funds will come to his ministry so that together we can put down the lines like we are currently doing in parts of Princes Town.

I have several water projects to come on stream. Do you know how? Private funding, and, of course, some funding from the National Commission for Self-help. They have to raise money, put their hands in their pockets, and families take up tools and get in the mud. I can take you right now to Titus Road. While we are struggling to get water, which is important for the development of our communities and our people—real development I am talking about—that is the kind of situation that exists. So what do we expect? Do we expect a better water supply? If we do, then perhaps you will get the permission to borrow.

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Another clipping: *Express* April 22, 1993, front page "50 per cent increase coming in water rates." What is the exact position? Already citizens of this country cannot afford, but you intend to further increase those rates so that we join with the Prime Minister and go together downhill. This is what the Prime Minister is doing. He, along with his Government, is taking this country downhill because there is no other way we can go.

The utilities are in bad shape. I hope that when the Minister of Finance is replying he will tell this House and the country what they can expect as a result of the Government's borrowings.

T&TEC 1991, 12 per cent increase in rates. In 1992, 26 per cent increase in rates. What next? What is the next amount and when will it come? Are we going to utilize some of the funds that we intend to borrow to extend electricity in the rural areas and install street lights in areas where we do not have, and improve the condition where we have outages every day? Or, is it a situation where they are going to privatize the production and generation of electrical power? Which one is it? If that is your policy, would the citizens of this country be in a position to afford the rates that will be charged and, if not, how then will that contribute towards development?

When you have electricity extended into the rural areas, you will have farms developing and a greater degree of security is necessary; you can have refrigeration and that kind of thing. By all means, permission to borrow is fine, but how about responsibility to expend these moneys? Are you going to act responsibly? If you say, yes, we would not believe you because of your credibility track record.

12.00 midnight

Is it a situation where we can expect that those vehicles would now be licensed and we would not be parking up vehicles that belong to the Government in the Ministry of Works and Transport and handing out the work on contract? What is the intention?

I have been hearing about kickbacks for a long time. I have no evidence of it, but from all appearances it is not making any sense. Can the Minister or anyone tell me if that is making sense? There are no gasoline, tyres, batteries, parts and money to restore these vehicles. They are parked there and the Government is hiring contractors. When contractors are hired you get bad quality material; less material than you pay for; they deliver 50 per cent and claim 100 per cent, and it is being entertained all over the place.

That is the kind of situation. We want to know if the Government is saying that it has no money now. I know that the Government can do much better, but you see, it takes the money from the Ministry of Local Government and the Ministry of Works and Transport and puts it in URP so it can hire whom it wants and send home the workers from the Ministry of Works and Transport. That is what it is doing.

Apart from the old vehicles, would the Government buy new ones? Is it the intention of the Government to continue along the line of keeping people employed as daily-paid workers in the ministries, or is it the intention to get rid of them as is happening presently in the Ministry of Local Government? Who is the leader? The Minister of Local Government?

Hon. Members: Do not ask that question.

Mr. M. Haniff: I have invited the Member for Diego Martin East, but he would not come to Princes Town. I hope he would speak to his colleagues, the Minister of Sport and Youth Affairs and the Parliamentary Secretary. And when the Minister comes to Princes Town and he sees what is happening and he is well received and respected by those who take him around, then he would realize that Princes Town is also part of Trinidad and Tobago. He is afraid, but I assure him he would be secure. Come to Princes Town and see what is happening.

Local Government is my baby to a great extent. It pained me to listen to the the PNM on the campaign trail when it said “communities in partnership”. Today the communities are dead and local government is dying. All over local government deals with the people's business on a day to day basis. Is it a situation where we can expect a strengthened local government in this country? Is it that kind of situation? I would never have imagined that a PNM Government would get rid of local government as this Government is doing.

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.

Mr. M. Haniff: I thank the hon. Minister for so obliging. I do not know what he expects in return. I can give him an illustration.

In this country there was an association known as the Association of Local Government Authorities—that is well established through the International Union of Local Authorities (IULA). Their headquarters is in the Hague, Holland. I had

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represented this country at that level. We have a situation where that association has not functioned since the last election. The person responsible for that is the Minister of Local Government. He should tell us what this Government intends to do about putting back local government on its feet. Is it going to destroy local government and continue to destroy the democracy of politics in this country?

If not, then take some of the funding and put it into local government. The Government is the one that proclaimed "Communities in Partnership". Is it that it no longer trusts the people who voted for it? Put it in local government and give to the people of this nation some authority and responsibility and let them perform.

It is painful. I went to the office of the Association of Local Government just a few days ago. There are two workers—they would not even regularize the workers in the association—and there is no secretary. We had gone to the point of establishing a Caribbean Association of Local Government. The point is, why is the Government destroying local government? It is saying it is funding. It is much more than funding. Funding, yes, but the will to give the authority to the people of this nation so that they would perform and develop around them, and together with their friends, neighbours and communities develop the country. If one community is developed and the other communities are developed out of local government, there would be a better Trinidad and Tobago.

As I said, I went there and spoke to two ladies—whom I had the pleasure to work. There were three and they have gotten rid of one. We had established through long negotiations an Association of Caribbean Local Government. Do you know something? It is not functioning because when the letters come—the Secretariat is the Association of Trinidad and Tobago—the ladies send them to the ministry. Those at the ministry, and the Minister in particular, do not understand, so the Minister takes them and I do not know what he does with them, but he is intent, together with his Government, not to utilize the funding to improve local government which is, in fact, the basis of real development in this country.

I know about local government. I was there. It is really unfortunate. I emphasize if only to point out that the Government is doing our country and the Caribbean a great disservice. We, in Trinidad and Tobago, are the leaders of local government and in one and a half years' time the Minister destroys that. The last conference was held in Norway and we had an executive position in IULA.

Mr. Sobion: Were you there?

Mr. M. Haniff: Of course, I was there. Some funding was provided by the Government and the balance of funding was provided by me. Meeting people gives you knowledge and understanding. Local government is being destroyed, courtesy the PNM Government of 1991.

12.10 a.m.

In essence, what is happening? You say you want to develop Trinidad and Tobago; you make all sorts of promises, nothing is happening, you spend your money where you wish, you make promises and tell people to hold strain, 1995 will come. The year 1995 will come, 1996 will also come. And elections will come.

What do you do? You starve people today. No school buses, no electricity, no water, no roads, no food, no security; all sorts of chaos all over the country, but you tell them hold strain, wait until 1995. There is no agriculture. If you go and plant rice— they have handled the issue of the swamp very badly. Yes, it is a reserved area, but it was not dealt with properly. All I am prepared to say is that it is not being handled properly and perhaps the reason for that—

Dr. Rowley: Perhaps, I can assist my colleague on the other side, I think that that particular matter, the House—

Madam Speaker: I think the Member would be well advised to stay away from that for the time being.

Mr. M. Haniff: Yes, Madam Speaker, I will stay away from that, but I cannot help feeling that as a result of mismanagement on the part of the Minister, we have that situation developing.

I have made a few points. I wish to advise the authorities. I came to this Parliament and I said that I would plead with them to walk on the ground, to come to the countryside and see what is happening. Do not sit in your offices and think that everything is all right. Some of the people who advise you, tell you the things you like to hear. Come out and see what is happening.

What is happening with housing? Are the citizens of this country, through the NHA, going to be given loans to build houses? Is the Government prepared to deal with the issue of squatting? If yes, can the Minister concerned say whether that situation that is developing in Cocoyea will be dealt with? There is a situation where every night, although they are dealing with the squatting problem, five or six squatter buildings are going up and, in addition to the health and all the

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other problems that are created, there are complaints that people are being told by the authorities in Government that they can go there and squat. If that is true, then that ought not to be so, and tell us what steps you are taking to deal with it.

I wish to enquire, too, whether some of the funds intended for borrowing will be utilized to develop Sugar Industry Labour Welfare project in the Brothers/Garth Roads area. We have a situation where that project has been hanging there for a very long time. That is one to be developed. On the question of leases, I have written to them and they say they now have the authority and will deal with it. I do not know whether they will.

The farmers of this nation, the grass roots and middle class people are suffering and wondering whether in fact, apart from all the promises which are being made daily by each Minister, anything will come on stream. In those circumstances, I wish to enquire of them if they are prepared to start purchasing again the cocoa that farmers are producing. Are they aware that farmers are not in a position to sell their cocoa beans at the present time? What is going to happen? Are they going to purchase those?

In those said circumstances, we have a situation where—they call it floating, I call it devaluation—because of the devaluation of the dollar recently, the cost of living has gone up by no less than 35 per cent in most areas. I hear the cry, 50 per cent, and I know that it is 50 per cent in many cases. I want to know whether some of the funds that they intend to borrow will be utilized to pay the cane farmers who have produced a good crop and already sold their canes to the companies. I call on the authorities here today—the Minister of Agriculture and the Government—to increase the price of farmers' canes that were sold by no less than 35 per cent for this current year and pay that money soon because the farmers will have to utilize that to produce for the following year and to increase their yields.

The sugar industry is a very vital one. Are you going to utilize some of the funds for improving what happens in Caroni (1975) Limited and pay those cane farmers an increased price so that you will continue to get production of quality cane?

Dr. Rowley: On a point of clarification, Madam Speaker. Is the Member advocating that the borrowed funds be used to pay for the increased price of cane? Is that the UNC policy?

Mr. M. Haniff: I am enquiring what you intend to do. If you use the borrowed funds for other purposes, then you will be freeing up what you have

now to pay cane farmers. That is what I expect you would be doing. If you want to know what is our policy, we are prepared to tell you. The only problem is that none of you is really prepared to listen because earlier in this Parliament that should have been settled on a committee system. Three or four people would have sat down, discussed their policies and then we would come here and finish it in five minutes. That is what should have been happening.

So in agriculture, set up committees of the Parliament so that there would be dialogue and consultation on our principles and vice versa. I should have thought that that is the essence of a Parliament. If you are not prepared to exchange ideas and sit there and say you are the Government, then we shall continue to be what we are in terms of development.

It is now 12.20 a.m. I did not even know that we went past midnight.

Madam Speaker: Do you wish to say good morning?

Mr. Haniff: I cannot say it is a good morning because we have a situation where everything was not pleasant in Parliament today and, as a result [*Interruption*] I am not talking about that aspect of it. I am not talking about that disgraceful issue where the senior Member in Parliament was forced to take the decision that he took.

As usual, I will end my contribution by calling on the authorities to examine carefully, because they would have come from different parts of our beloved country, and I have no doubt at some time or the other they would be recognizing what is happening in our communities. Our people are crying out for help, for responsible government and for equal distribution of the funding and the patrimony of this country.

I therefore plead with you, in the interest of Trinidad and Tobago, to use your good senses and, in cases where you need advice, we are here to give you such advice.

Thank you, Madam Speaker.

Mr. Hedwige Bereaux (*La Brea*): Madam Speaker, at this early hour of the morning, although the Member for Princes Town did not see it fit to say good morning, I thought I would tell him and extend to the Members of this Parliament a good morning wish.

This debate started off, I believe, with the question of extending the borrowing limit of the Government and, like any other debate on money, it has ranged far and wide. I am going to try to bring it back on course. But before I do that, I remember the Member just before he took his seat mentioned about some

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disgraceful behaviour with respect to the Member for Tobago East and I want to just put things in perspective.

12.20 a.m.

I recall when I first came into this Parliament, I was warned by the Member for Couva North that I am in Parliament, and this is politics and this is rough. I say, anybody who cannot take the heat get out of the kitchen. The Member for Tobago East is very competent, and I am satisfied that he left not because he had any problem with what he was being told but that he was kind of sleepy and tired.

Madam Speaker, I would like to go over the Motion because I believe that hon. Members have missed it and with the extensive ramifications and deviations and meanderings it has been lost. The Motion says:

"Whereas it is provided by section 3(1) of the External Loans Act, Chap. 71:05 that for the purpose of financing general development in Trinidad and Tobago, the Minister of Finance on behalf of the Government may borrow externally in such sums not exceeding in the aggregate fifty million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency and thereafter he may borrow such further sums as may from time to time be specified by resolution passed in the Senate and the House of Representatives:

And Whereas by Resolution passed in the House of Representative on January 21, 1972, and in the Senate on January 25, 1972, the Minister on behalf of the Government was authorized to borrow externally in further sums not exceeding in the aggregate the equivalent of twenty-five million Trinidad and Tobago dollars in any foreign currency:

And Whereas by Resolution passed in the House of Representatives on January 19, 1973, and in the Senate on January 23, 1973, the Minister on behalf of the Government was authorized to borrow money externally in further sums, not exceeding in the aggregate the equivalent of fifty million Trinidad and Tobago dollars in any foreign currency:

And Whereas by Resolution passed in the House of Representatives on May 13, 1977 and in the Senate on May 17, 1977, the Minister on behalf of the Government was authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of eight hundred and seventy-five million Trinidad and Tobago dollars."

Before I continue to read this motion further, it is quite clear, Madam Speaker, that the borrowing externally of governments is nothing new and the Government

would normally choose to come to the Parliament to request the raising of the ceiling of borrowing from time to time. It is also noticeable, that on occasions when the value of the currency tends to reduce, the Government will return and seek to lift the ceiling.

If you recall, around late 1976 to early 1977 was a very noteworthy period, in that around that time the Trinidad and Tobago dollar moved, on one occasion, as high as \$2.60 to the US dollar and then it was pegged at \$2.40 to the US dollar. The Motion goes on to say:

"And Whereas by Resolution passed in the House of Representatives on July 20, 1979, and in the senate on August 7, 1979, the Minister on behalf of the Government was authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of four billion Trinidad and Tobago dollars."

Madam Speaker, heavy weather was made about the fact that a large proportion of the debt of the Trinidad and Tobago Government was incurred in the years 1974 and, as the Member said, 1982. There was substantial borrowing at that time although the borrowing was actually doubled during the years 1987—1991.

The point was made that when the ceiling for borrowing is raised or permission is granted to borrow, the Government still has to source the money, and if you are borrowing, somebody has to make arrangements to borrow that money. And another lending agency is only going to make that loan available if it is certain that there is some likelihood that that money would be repaid. It is not just a question of raising the ceiling; the money cannot be borrowed if there is no ability, perceived or otherwise, of the Government of Trinidad and Tobago to repay.

In those years when those sums of money were borrowed, those were the years when the Trinidad and Tobago economy had the capacity to repay. And if—and I am not saying that it is—there is an intention to borrow additional sums, that is inextricably bound up with the ability of the Government of Trinidad and Tobago and its perception that it will be able to repay the sums which it will borrow in the foreseeable future, generally without much pressure upon the citizens.

12.30 a.m.

But, Madam Speaker, I will continue with the rest of the Motion:

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"*And Whereas* by Resolution passed in the House of Representatives on the June 5, 1989, and in the Senate on the June 6, 1989, the Minister on behalf of the Government was authorized to borrow externally in further sums not exceeding in the aggregate the equivalent of one thousand million Trinidad and Tobago dollars in any foreign currency."

It is significant that in 1989, notwithstanding the various ceilings of the borrowings, the then administration sought to borrow an additional \$1,000 million. You know, the Member for Tobago East, with his very articulate delivery, tried by reading from various sources, whether from the Central Bank or the CSO and different parts of the statistics, to fool somebody.

There are some people who say, when they speak about statistics, that they are lies. So I am not going to deal with statistics. I am going to deal with the facts, and the facts are that during the period of the NAR administration, sorry for calling the name—that other administration led by the Member for Tobago East—from which several of the people here who got up and spoke were fired and one in particular—they doubled the debt of the country—

Hon. Member: Put him in the picture.

Mr. H. Béréaux: Well, that is what I intended to do. He started it, he must get up. Now they come here talking about—for instance, the Member for Tobago East indicated that when we were talking about the repayment of the debt during a five-year period, the PNM administration paid \$2.7 billion, but the NAR, his administration, paid \$7 billion. But what he is not telling you is that during that five year period, the \$2.7 billion was in respect of a smaller debt and in fact at a rate of exchange that was \$2.40 and when he paid the \$7 billion, his rate of exchange was \$4.25 and therefore when you look at the size of the debt and match it against his larger debt and the amount that was paid, in fact the \$2.7 represented a larger percentage of the debt than the \$7 billion. So that is what happens when people start to manipulate and play around with figures. I continue:

"*And Whereas* it is necessary to borrow further sums of money for the purpose of financing general development in Trinidad and Tobago:

Be It Resolved,

That for the purpose of financing general development in Trinidad and Tobago, the Minister on behalf of the Government is hereby authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of three billion Trinidad and Tobago dollars in any foreign currency."

But Madam Speaker we had a number of Members on the other side asking what we are going to do with the money; are we going to spend it here, or there? And every other red herring or "cascadoo" they could find they raised it in the debate. The fact is, apparently, they were either sleeping, stupid or could not understand what the Minister of Finance was saying, in that—

Mr. Palackdharrysingh: Madam Speaker, on a point of order. I rise to protest. The word "stupid" is unparliamentary and the Member should withdraw it.

Mr. H. Bereaux: Yes, Madam Speaker, if the Member says so, I will withdraw. I mean "incompetent to understand"; or should I say, whatever would suit. I withdraw it completely. What the Minister of Finance said was that because of the depreciation of the value of the Trinidad and Tobago dollar consequent upon the decision of the Government to float our dollar against the US dollar—it depreciated by approximately 35 per cent; and since the loans were in a foreign currency and most of it in US dollars, but denominated in Trinidad and Tobago dollars, since the Trinidad and Tobago dollar depreciated, it meant that Trinidad and Tobago now owed more Trinidad and Tobago dollars and the fact is that just by that action alone, the loan ceiling was breached.

You wonder sometimes whether this apparent misunderstanding is wilful, in order that Members opposite might get an opportunity to ramble. And then, admittedly, and some Members did accept it, an additional \$400 million was needed and the Minister went on to explain the need to look for additional cover, and that warranted asking for \$3 billion because of two things.

One, that a substantial proportion of Government loans was denominated in yen; and the existing financial climate in the world indicates that the yen seems to be appreciating against the US dollar and it was likely that if the yen continued in its upward trend, if we only took a cover of \$400 million as was required, that, shortly, it was likely that that ceiling would be again breached and we would have to return to this Parliament for authority to borrow additionally. It was felt that since we were coming to Parliament to spend much time explaining and debating this matter, the Government should take as wide a cover as possible in order to deal with that.

Then there was the other question that the Trinidad and Tobago dollar is floating. Its value is no longer fixed and, accordingly, if you are dealing with a debt denominated in a foreign currency, some sort of allowance had to be made for the likelihood that the debt could increase almost involuntarily in the same

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manner as the Trinidad and Tobago dollar, because economic swings and pushes would increase or decrease as the case may be.

Madam Speaker, we had many questions and nobody seemed to pay much attention to the fact that in fact that was all we were coming here to ask for. They say that in politics you find all sorts of things going on; and when the Member for Tobago East was talking about the growth of the economy, I think some support was given to him even by Members of the other side sitting on this side.

I recall distinctly that in 1992, early in the life of this Parliament, a motion was moved by the Member for Couva North, I think, asking to establish a joint select committee to monitor the 1992 budget; and the reason given at that time was the manner in which the previous administration had behaved in handling certain areas of expenditure, particularly in moving expenditure from the Ministry of Health to the LID Programme. It was in that debate that the Members of the Opposition criticized what was done as plain electioneering.

12.40 a.m.

Today, when the Member for Diego Martin East points out the same thing, I am hearing all sorts of hypocritical statements about ill-treatment of the Member for Tobago East. They forget that they taught us that. We did not know it then. It was the Member for Couva North who identified the various areas of expenditure in the budget that were breached, or, should I say, elasticized, in order to allow for certain electioneering behaviour. We were castigated for not agreeing to appoint a joint select committee.

Madam Speaker, they have now gone through the whole range of discussion on the question of the budget and the floating of the dollar. Take for instance, you had the Member for Princes Town—you know, he has disappeared, but I, myself, would run if I had spoken such a volume of matter that was not relevant. He spoke about crime. We agree that crime is something about which we must all be concerned. But to what extent was it so relevant to this debate? It almost came off as a budget debate.

The Member for Siparia—we come from very close areas, and he always tries to talk about the oil industry. But I keep telling people that those who do not know about oil must stay out of oil. You want to know about the shares of Trinmar; the Government has made its pronouncements on that.

Earlier, there was discussion when the Member for Tobago East mentioned of growth in 1990 and 1991. The growth in 1990 was definitely as a result of the

Gulf War—the Saddam Hussein War. As a result of action not taken during that war, the country lost substantial revenue which it could have collected, if the then administration had listened to the advice given it by the members of the PNM. As soon as it appeared as though the price of oil would rise, they were advised that they should increase the supplemental petroleum tax, but their attitude to that was that if they did that, they would be sending the wrong signals to the international community. What did this government, in its wisdom, do when it sought to deal with the petroleum taxes? It put the taxes on a sliding scale. So we do not have the same problem that they had, in that, if the price of oil goes up, the taxes increase.

You know, you hear people complaining about how the PNM may have spent money, and they speak about our ancestry. It is the ancestry of the PNM that brought all of the wealth to the country, and not merely because of all this oil in the ground, but the manner in which they handled taxation in this country.

To add to that, those who speak about divestment, I always ask, divestment of what? Divestment of those companies that the PNM itself purchased and/or promoted for the purpose of diversifying the economy? We had the vision, long ago, as to how this entire economy should operate. Today, we are operating in different times, but we have a vision that is clearly articulated in our manifesto. When we speak about divestment, we know exactly what we are doing. And, the PNM had indicated very clearly on the question of divestment, that it would use the proceeds of divestment from certain state enterprises to assist in paying the public debt. That is just what was done with the proceeds of the divestment of Fertrin and Urea.

It has also indicated that there are certain industries which have been a drain on the Treasury, wards of the Treasury. We will get rid of those industries in order to release the Treasury from the burden of having to support them and, therefore, we would be able to use the funds that we would have had to put into those industries, to provide amenities for the people of Trinidad and Tobago.

For instance, they are speaking about divestment and selling out the country. I said it once and I will say it again, that when you divest, when you sell the shares in an industry in Trinidad and Tobago, the industry does not go anywhere. You cannot just take up the company as I would take up my calculator, put it in my pocket and walk away with it. That is not what happens. It is not a roti that you could eat. It is something that remains in the country.

The person or the company that purchase it, pay money for it. They come to Trinidad and Tobago and they operate it. Those companies that are operating—

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particularly those that are energy-based—pay taxes to Trinidad and Tobago. They continue hiring people and, in some cases, they give a greater opportunity to their employees to purchase shares in their companies abroad, and opportunities for cross-postings. So the question of selling out, quite frankly, I believe is a red herring that we should not even be discussing in a situation like this.

Then there is the question of local government. The Members for Siparia and Princes Town talked about that. They seemed to be implying that the PNM Government wants to denude local government of power and money, but they forget that the PNM controls more local government seats in this country than they do. They are fooling themselves. A number of people who talked about what was done to local government were in local government, and much of the mismanagement that went on in local government was when they controlled it. Every time you hear them speak, they say, put it in local government. The PNM controls more areas of local government than the Opposition.

Sometime ago, I remember the Member for Siparia coming here and talking about Mohess Road, forgetting that he was on the St. Patrick County Council in those days, and that Mohess Road was under his control and they did nothing—very little, if any, for it. And now you come and talk about the PNM wanting to keep local government denuded of authority and means.

As soon as we come into this House, Members talk about the Unemployment Relief Programme. Part of the reason that they continually attack this programme is that it is one programme in which the Government of the country comes very close to the lowest and poorest set of people in the country and there is almost a direct link between the providing of relief and provision of amenities directly to the people.

12.50 a.m.

I have always said in this House that any time the PNM do anything that keeps it close to its moorings and to the people whom it cares about and whom it is under an obligation to serve, you find we get castigated. But so be it. You hear the question about victimization, discrimination and everything else. I suppose it is something you will have to take, because it is a most convenient vehicle upon which to travel. But I do not see any evidence of it.

On the question of squatting, I cannot believe my ears. When I heard about squatting coming from a colleague of the Member for St. Augustine, I wondered if it was a joke. There are some things I can empathize with, to some extent, at times, turning a blind eye to squatters. Because I always believe that there are

some people who are in need of shelter. Maybe it is my old catechism background where they say: feed the hungry; clothe the naked; harbour the harbourless. If that means giving shelter to somebody or allowing somebody to squat, I tend to empathize with that. *[Interruption]*

If you do not understand that, that is your problem. But I tend to empathize with that. I can understand how you may not be able to empathize with it, for some other things that you may have done, but I would not discuss that here now.

I was saying, I understand that. When we talk about squatting—I do not want to have to answer for the Minister of Housing and Settlement, but as I am on my feet—this Government has brought back the principles of Act No. 20 of 1986. We are making the land more affordable to squatters and in certain areas continue the development of the settlements programme. All of those things have been done.

You see, I am also getting into the same irrelevant trap that has started. I want to apologize for that, but I am just answering the complaints, the various points that were raised. Because really and truly, they start it and, unfortunately, we have to follow, because we have got to address the various points raised. The question of crime which the Member for Princes Town brought up—and I could very well understand why he is concerned about crime—I understand that Lengua is in his constituency. It is an unfortunate situation that happened there which must not happen again.

Mr. Haniff: Madam Speaker, if the Member is referring to the incident in Lengua when the person got killed, it was not in my constituency.

Mr. H. Breaux: Whichever it is, it is unfortunate wherever it happens. You know, there is a statement in Lady Macbeth; she said: "What a deed to happen and in our house". It is said, a dastardly deed wherever it has happened.

Miss Bhaggan: Citizens are being killed every day in this country.

Mr. H. Breaux: Well, the fact that people are being killed every day in this country does not mean that we should ever get accustomed to killing, and I cannot get accustomed to it. That is why I agree with him that we have to give the police resources. I hope that when the time comes and when we seek to reorganize the police service and we need the assistance of the Members on the other side to put a police service that would not only be equipped, but so organized as to deal with the crime situation, we would get—and nobody is asking for rubber stamps, nobody expects any Member of this House to be a rubber stamp—not only cogent and valuable contributions, but also the necessary assistance required to put, once and for all, the problems of the police service to rest.

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Madam Speaker, I was saying that we have a situation here in this country where money is required for the general development of Trinidad and Tobago, where the situation—

Mr. Haniff: Princes Town included?

Mr. H. Bereaux: Well, if you want to take Princes Town and carry it somewhere out of Trinidad and Tobago—you have been well treated. I am going to ignore the Member for Princes Town.

I am saying money is required for the general development of Trinidad and Tobago. It is a question that we are seeking to bring the existing loans within the law, and to provide a sufficient cover for future loans. This is nothing strange. It has been done over the years. Every time there is some kind of revaluation, depreciation or devaluation of the currency, some Motion of this nature is brought to this Parliament. I believe that it is required and I want to commend to this House, that you approve the loans and the Motion as requested by the Minister of Finance. I support the Motion.

Thank you very much, Madam Speaker.

1.00 a.m.

Mr. Maharaj: Madam Speaker, before the Member for Fyzabad makes his contribution, I want to say that we have had our refreshments at 8.30 p.m. We made representations to the House that this, in our view, is a mockery and a rape of the parliamentary system. We have certain announcements which we will make tonight about this Government in relation to what is happening here tonight, because we think that not only this country should know, but also the International Lending Agencies—indeed, the world should know—what is happening to democracy in Trinidad and Tobago.

We have a situation where Members of this House, at one o'clock in the morning are debating a measure like this and the Government is adopting the attitude of, come what may, we have to finish this tonight or 12 o'clock tomorrow.

I should like to make two applications for consideration by the Government. Firstly, that since it is one o'clock in the morning, we do not think a debate of this nature should, realistically and fruitfully continue in order to achieve the objects of a parliamentary debate. Secondly, if the Government insists that we continue, we would need some refreshments, because we have no other way to go.

Mr. Valley: Madam Speaker, with respect to the second issue, I can assure the Member that we had planned to break at one o'clock, but I understand that the refreshments would be here at 1.30, so we propose to break at that time.

With respect to the first issue, I do not know what else we could have done. I spoke with the Member, I think it was on Wednesday, indicating to him the urgency for us to have this matter completed today. When we started yesterday on the other matter, very early I informed him that we have to complete this matter today. The hon. Member feels that every Member on his side should speak; that is their right. He also feels that they should be given an extension of 30 minutes. We would not even oppose that, but in the same way that they have their right to speak, we have a certain obligation.

If the Member wishes, I am prepared to move Standing Order 39(1) at this time with respect to closure of debate, and put the question. Other than that, we would ...*[Interruption]*.

Madam Speaker: For future reference, when we start or resume a debate quite late in the day, if there could be a decision, on both sides, that we would go, possibly, until twelve or one o'clock, and adjourn, that, I should have thought would have been more satisfactory rather than the completion of the debate at whatever hour. We know that it is urgent, but we could put in a couple of hours on this occasion and proceed until maybe eleven or twelve o'clock and adjourn to the Monday or Tuesday.

Unfortunately, the Speaker does not have too much say in this, but, this is what I would have recommended, really. If it is not that urgent, Members can come back on Monday. But for future reference, on matters like this, it would be appreciated if we can say, despite the fact that we are starting late, we can go to hour x. I do not know how the Leader of Government Business feels about this.

Mr. Valley: Madam Speaker, when we take the break at 1.30, I would consult with my colleagues, and after that, we would make a determination. I am saying at this time, however, that I am prepared, if the Members opposite wish, to be guided by Standing Order 39.

Madam Speaker: I think you can discuss that with the Member at the 1.30 break. At that time I think Members could put their heads together, but, as the Presiding Officer, I should like to see on future occasions, if we start the debate late, that the two sides get together and say that the matter is urgent, but we can go to hour x or hour y and then put it off for maybe the Monday or Tuesday for completion. It would have been a better way of approaching it.

Mr. Chandresh Sharma (Fyzabad): Madam Speaker, I congratulate all previous Members who have participated in this debate, in particular, my colleague the Member for Princes Town, who is an extremely good soul. I congratulate the acting Clerk of the House and her assistant, those from the Hansard Office; everybody in the Parliament, including your good self, Madam Speaker.

Over the last 18 months I have come to know, love and respect the Member for Laventille West. Early in 1992—

Mr. B Panday: Why? What good thing has he done?

Mr. C. Sharma: I will qualify that in a minute. Early in 1992, I had cause to be at the Central Bank at the Twin Towers. There were two persons with me, a very eminent surgeon, and the Member for Laventille West was entering the elevator of that building. My friend looked at him and said "That gentleman is very ill." He did not know he was Morris Marshall, a Member of the Government; I indicated that to him later on. Soon after, the Member for Laventille West was admitted to a hospital somewhere in Port of Spain. I hope I do not become emotional, but I prayed that night for his strength to return to him, because in my heart, I think he means well.

Last night when the Member for Tobago East raised something about the people from behind the bridge, the Member for Laventille West immediately registered his objection. And, again, I felt well. But, in registering his objection, I want him to reflect very briefly on the *Human Development Report of 1993*, which states that:

"In 173 countries where the Human Development Index Report has been looked at, a major feature in looking at people is that whites ranked first in the world ahead of Japan and blacks ranked 31 next to Trinidad and Tobago."

The PNM Government has those statistics. In Trinidad and Tobago, especially the people behind the bridge—while he may mean well, it is his moral obligation to raise... Do you understand what I have said?

Hon. Members: No, no!

Mr. C. Sharma: *The Human Development Report of 1993* looked at people in 173 countries. Do you understand up to there?

Hon. Members: Yes!

Mr. C. Sharma: The whites are ahead in their economic way of life. *[Interruption]* You understand that? *[Interruption]* Come on! Do you have a Ph.D.? *[Interruption]* Did you buy it? And the blacks are last next to Trinidad and Tobago. This Government is responsible. *[Interruption]* Condemn this report. Throw away this report. I do not and you do.

Madam Speaker: We get into much trouble when we go into irrelevant matters. I wish the Member would concentrate on the Motion before us.

Mr. C. Sharma: Madam Speaker, I can assure you that I would not run into trouble. This is very relevant to what is happening in Trinidad and Tobago. More so, when we are looking to borrow money. The Government is talking about general development of whom? Of things? Of buildings? We are talking about people.

Today is Saturday, July 10, 1993, and on every Saturday in this country, there are 100 abortions; 50 per cent of those abortions are done by people behind the bridge; girls under the age of 18 years.

Dr. Rowley: Madam Speaker, I must object!

Mr. Haniff: To what are you objecting?

Madam Speaker: I urge the hon. Member to get into the debate and refrain from irrelevant matters. There is much substance that can be embarked upon on the Motion.

Mr. C. Sharma: Madam Speaker, the last Member touched on a number of issues. He spoke about the PNM bringing out the wealth of this country. The question I ask is: If the PNM brought out the wealth of this country, where has it been spent? Over the last few years we have been borrowing money, and we are asking: What has this money been used for? Has it been used for general development?

1.10 p.m.

Why is it today we are coming to seek permission to borrow \$3 billion? Exactly where is this money going to be used? The Minister in presenting the Motion did not indicate where the money will be utilized. Nowhere in his presentation did he indicate what this money will be used for. Is this money going to be used on the URP projects? Is it going to be used on the Pride project and in building structures? Is it going to be used for human development?

If one is to look at the Index of Retail Prices, in 1992 it read 356.9 per cent, and in April, 1993 it went to 397.5 per cent. I should remind this House that the

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Member for Oropouche made the point on June 6, 1989; the Member for Diego Martin Central spoke about mobilizing the people and seeking their interest. He stated further: "If the Government know that at this time they cannot mobilize the people they ought to do the honourable thing and resign". At this point Trinidad and Tobago, the Government are unable to mobilize the people; they are unable to work in the interest of the people.

In recent times we have seen increases in every social ill. Only two nights ago, in the constituency of Fyzabad, an attempt was made to steal vehicles from a house. In the process the house and two motor vehicles were burnt flat to the ground. A family of five were left homeless and without even their personal effects.

In addressing general development the Minister owes it to this House to indicate exactly how this money is going to be utilized. The Member for Oropouche indicated they need to look at the previous spending pattern of the Government. We have seen where the PNM Government built, in Malabar, 55 houses costing \$45 million, if that is the kind of statistics we are to be guided by—the records are there. Fifty-five homes for \$45 million. We on this side have been calling for joint select committees of Parliament to deal with issues like this. It shows very clearly here this morning the reason why such select committees must exist.

If we are talking about increasing the awareness of people and their lifestyles, there must be a system in place. The system must not only be one of approving funds and not knowing what the funds are for. Who decides where the money will be spent? We have come to the Parliament, collectively, to seek permission to borrow money but when it is time to spend it, there is no consultation. That is a very unfair practice. How is it we are saying let us talk about borrowing the money and let the record of the Parliament show that the approval to borrow the money was on a collective basis, but when it is time to spend it, only a few people are making such decisions?

The Member for La Brea said that because the Government feels very close to URP, we of the Opposition always protest. Let the record show that at this particular time there are close to 400 URP projects in Trinidad and of those approximately 10 per cent are in UNC constituencies.

When the Member for Tobago East raised the matter about moneys allocated for projects in Tobago, the Member for Diego Martin West was able to say immediately it is in the Tobago East constituency. He is able to recognize the particular constituency the road is in. When we raised the matter of URP projects

the Member for Diego Martin East advised us that it is done on a regional basis. The question I ask: How is it that these URP projects are done on a regional basis, but close to 90 per cent of all the URP projects fall within PNM constituencies? Is it by accident or by design? There are close to 400 URP projects. Is that right?

Mr. Imbert: Three hundred and forty-one.

Mr. C. Sharma: I am saying about 10 per cent are in the constituencies held by the Opposition. Matters of this kind create problems for all of us. We have seen the problems it has created in Laventille West. We have seen the Member for Laventille West raising his hands in disgust and saying he wants out of that particular project only because of the political interference.

Earlier the Member for Diego Martin East spoke widely; he travelled from Australia to Argentina to Brazil. He made mention of an article appearing in an Indian magazine of May 1993 which indicated large foreign investments in India. What did the Indian Government and its people do collectively to attract those investments? They built India. They worked among themselves collectively. But the Member left out a few things. Look at what India is doing for its people at this time. They are establishing the Housing and Urban Development Corporation. They are doing 9,399 projects. Those are homes. They are building 5.5 million residential units. What have you built? Not a single one. You are talking about size of population for 1.2 homes; you have not done—

Dr. Lasse: On a point of information. I should like to advise the Member for Fyzabad that only two weeks ago we re-commenced the building of 48 apartments at Laventille.

Mr. C. Sharma: Madam Speaker, 18 months later, 48 apartments. At what cost? If you are looking at and quoting statistics from India, you have to quote most of it or the ones that are relevant to us here. You are looking at what is happening in India in an effort to accelerate what should happen here.

1.20 a.m.

He went further to talk about Brazil, Argentina and Chile. What took place in Argentina is that the Government cut budget spending sharply. More than that, they made sure there were systems in place to monitor spending, both in Argentina and Brazil. This is why growth has been taking place there.

In the *Parliamentarian* of April, 1993, page 88 we would see where in India, they have set up similar committees. [*Interruption*] Your research is proper. In

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the same way, I am quoting from similar documents that you used. Why are they improper at this time? Let us be fair to each other.

In India they have set up a number of committees to monitor all aspects of development such as budget spending and performance of government ministers. I say that if it is working in India, Argentina, Brazil and Zimbabwe, it would work in Trinidad and Tobago. We just need to come collectively and work at it.

The other area the Member for Diego Martin East touched on was the sum of money that would be made available in 1995. Where, we ask, are those moneys close to \$1 billion coming from? What kind of system do we have to guarantee that that money, or a sum close to it will be forthcoming?

At this particular time each person in Trinidad and Tobago has to contribute close to \$15,000. That is what they owe. If you look at our population with 60 per cent being under the age of 18 years, you are looking at our children owing close to \$500 million, which is very unfair to them.

Only yesterday, I participated in a graduation exercise at Embacadere where 20 children graduated. They would now be entering elementary school. Are we to say to those children, your Government has already charged you close to \$15,000 to the year 2039? Is that fair to these children?

There are other areas on which I need to seek guidance. How is the national community being prepared for what is happening? The Minister in making his presentation indicated that because of the flotation of the dollar, he now has to borrow \$3 billion. If he has to borrow \$3 billion to finance or balance the system, how is the national community to make out with their fixed income, and everything else going up, such as public utilities, taxi fares, and food? How is the Government assisting these people? There is no buffer system. There is absolutely no kind of assistance for these people. We are talking about a large percentage of the population earning very small incomes; in some cases it is less than \$500 per month.

Again we indicated that borrowing cannot be looked at in isolation. Looking at the background of the PNM, it seems very clear that the PNM in its present state cannot manage the financial resources of this country. That again makes the call for a joint select committee.

In borrowing this money for financing general development, one of the areas that the UNC would like looked into is human development. How exactly does the Government propose to develop the people of Trinidad and Tobago to better

prepare them for their lives ahead? What are they doing in terms of investing in basic education, relevant skills and worker retraining? Previous Members made the point that a number of people have been fired or terminated from their jobs, and have taken VTEP and that there has been no kind of worker retraining.

What is the Government doing to make markets accessible to small producers here? At a previous sitting of this House, the Member for San Fernando West indicated that small business people need to be encouraged. The question is: What kind of preparation is being made? There is absolutely nothing of that kind. We saw where much criticism was levelled against people who wanted to export pepper sauce.

Madam Speaker: I am trying to see how what the Member is saying is fitting in with the debate. We are talking about Government's authorization to borrow the money externally. Perhaps he can tie it in with what he has to say.

Mr. C. Sharma: Madam Speaker, we are talking about borrowing the money and we have to repay it. We have to earn foreign dollars to repay the money. We are thinking about exports for small business people. A small business man wants to export pepper sauce. You have been able to obtain some pepper sauce sales for local women. How are we going to encourage those people when the Government is criticizing the system? How are we going to say that we can sell 1,000 cases of pepper sauce to Canada when the Government is making absolutely no facilities available?

It is in that context. Somebody has to pay this money and it has to be paid in US currency to a large extent. Immediately it brings to our minds the ability to earn. Small business people need assistance. If the Government is going to borrow \$3 billion, it should tell us what portion of it is going to earn foreign dollars. That is the point I am making about small businesses. Pepper sauce is one simple example. There are a number of other areas tied in to small business.

We are talking about getting new technology available and exchange programmes, where workers can go out and see what is available on the North American market. Would funds be made available for same?

The other area is that of unemployment. What percentage or sum of this money would be made available to create new employment? We are seeing an increase in unemployment at all levels of the community. The Minister has to indicate to us so that we can understand and tell others what funds are going to be made available for the creation of new jobs.

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In the PNM manifesto they have spoken—

Madam Speaker: I think the hon. Members of this House would like a break for refreshments. We would come back at 2.00 a.m.

My sincere hope is that wisdom and good judgment would prevail and that there would be some discussions. I think Members know what I am talking about.

1.30 a.m.: *Sitting suspended.*

2.05 a.m.: *Sitting resumed.*

Mr. C. Sharma: The point I was making, Madam Speaker, when we took the break was: the money has to be borrowed, but our major concern is that the money be utilized in the true interest and development of the people for whom it is being borrowed and that moneys be put aside for the areas that could improve the life of the citizens of Trinidad and Tobago.

I thank you.

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam Speaker, I am pleased to report that we had discussions with the Opposition and that we have reached agreement. One thing you can say for Government and Opposition in this Parliament is that we can disagree to agree.

The Chief Whip has assured me that on Monday the Opposition will have no more than four speakers, and, hopefully, even fewer, given our own timetable for Monday. *[Interruption]*

We ought not. We will do our best not to get you angry. Monday is a tight day for all of us but we are happy that we can reach this compromise.

Mr. Ramesh Lawrence Maharaj (Couva South): Madam Speaker, I thank the staff of the House. The ladies have been here quite a while. I must say, having regard to discussions with the Attorney General and with the Leader of Government Business, we were able to reach consensus as to how the debate should proceed. We feel sure that within the time span on Monday afternoon the debate will be finished.

Madam Speaker: Hon. Gentlemen, as I said, I was very confident that wisdom and good sense would have prevailed, having spoken to the Chief Whip and the Leader of Government Business myself. I think in future this is the way we should go. If we are starting a debate quite late and it is not really very urgent, we can decide on an hour. I am happy that we have all reached an agreement.

Motion made, That the House do now adjourn to Monday, July 12, 1993 at 1.30 p.m. [Hon. K. Valley]

Question put and agreed to

House adjourned accordingly

Adjourned 2.09 a.m.

WRITTEN ANSWER TO QUESTION

**Windward Road
(Danger of Collapse)**

The following question was asked by Mr. A.N.R. Robinson (Tobago East):

2.13. Is the Prime Minister aware:

- (i) That the Windward Road from Scarborough to Charlotteville is in danger of collapse in more than one location;
- (i) That this road affords the only means of access by land to several of the largest villages in the island;
- (iii) that the proposed link road between L'Anse Fourmi and Charlotteville, apart from providing a stimulus to agriculture, tourism and fisheries development in Tobago, would also afford alternative access to villages in the eastern region of the island in the event that the Windward Road from Scarborough to Charlotteville collapses or becomes impassable?

The following reply was circulated to Members of the House:

The Prime Minister is aware that for some time difficulties have arisen with certain segments of the Windward Road. The previous Government approved \$.7 million in 1991 for the reconstruction of that portion of the road damaged by landslides but funds were not disbursed. The structural integrity of the road continues to be threatened by rain, inadequate drainage and erosion by the sea. The Tobago House of Assembly should record this and make an appropriate provision in its draft estimates for 1994.

While the Windward Road is the only route from Roxborough to Charlotteville, if the road collapses between Scarborough and Roxborough, traffic can be diverted to the Roxborough/Bloody Bay Road via Parlatuvier to Scarborough.

Written Answer To Question

Friday, July 9, 1993

A feasibility study on a proposal to construct a link road between L'Anse Fourmi and Charlotteville was completed in May, 1993 and is currently being examined by Government. If the Tobago House of Assembly determines that this project is to be given high priority vis-a-vis the other major projects being proposed for Tobago, and provided the project is considered feasible and can attract funding, Government will endeavour to seek such funding.