

Senator's Appointment

Monday, January 27, 1992

SENATE

Monday, January 27, 1992

The Senate met at 9.30 a.m.

PRAYERS

[MR. PRESIDENT *in the Chair*]

SENATOR'S APPOINTMENT

Mr. President: Members of the Senate, I just want to intimate to you that there is another Senator to be appointed. It is expected that he will receive his instrument of appointment today and, if the Senate is so disposed, I will ask, at a later stage of the proceedings, that he be allowed to take his oath.

**APPROPRIATION BILL
(BUDGET)**

A bill to provide for the service of Trinidad and Tobago for the year ending on the 31st day of December, 1992 [*The Minister of Finance*]; read the first time.

Motion made, That the next stage of the proceedings be taken at a later stage of the proceedings. [*Hon. W. Mottley*]

Question put and agreed to.

PAPERS LAID

1. Draft Estimates of Expenditure for the year 1992. [*The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith)*]
2. Details of Draft Estimates of Recurrent Expenditure for the year 1992. [*Hon. L. Saith*]
3. Draft Estimates of the Revenue and Expenditure of the Statutory Boards and similar bodies and of the Tobago House of Assembly for the year 1992. [*Hon. L. Saith*]
4. Draft Estimates of Development Programme for the year 1992. [*Hon. L. Saith*]
5. Review of the Economy 1991. [*Hon. L. Saith*]
6. Review of Fiscal Measures in the 1991 Budget. [*Hon. L. Saith*]
7. Report on the Development Programme in the 1991 Budget. (The Minister of Finance) [*Hon. Wendell Mottley*]
8. Draft Estimates of Revenue for the year 1992. [*Hon. W. Mottley*]

**APPROPRIATION BILL
(BUDGET)**

The Minister of Finance (Hon. Wendell Mottley): Mr. President, I beg to move that the Appropriation Bill for 1992, be now read a second time.

This is a money bill and was approved in the other place on Friday, January 24, 1992. This bill provides for expenditure of \$7.642,175,598 million under the various heads as indicated in the schedule to the bill. In addition, the estimate of direct charges on the Consolidated Fund for 1992 in accordance with the Constitution of our Republic and other laws, and which are not provided for in the Appropriation Bill, amount to \$357,238,899. The total draft estimates of expenditure for the year 1992 is therefore \$7.999,518,497.

I am indeed pleased to have the honour of speaking once more in this place where I began my career in the service of the people of Trinidad and Tobago some 10 years ago. Much has changed in our life as a nation since that time. However, the difficult challenge of managing our economy has remained a constant theme. Today, I find myself with the fiscal responsibility as Minister of Finance to lead the response to that challenge and to provide the guidance which will ensure that we shall be equal to the task. It is in this light that I approach the preparation of the 1992 Budget, which I am presenting here today.

I consider the primary objective of this year's budget to be the stabilization of our economic situation with a view to creating conditions conducive to growth and development in the medium and longer term. Let me first deal with the economic setting.

What, you may well ask, do I mean by stabilization of our economic situation? The task immediately before us is to bring our spending into line with our income on a sustainable basis. The evidence of our continuing failure to do so is a weakness of the balance of payments as mirrored in the loss of foreign exchange reserves last year and the inadequate stock of reserves at the end of the year. That state of our external accounts, that is, our position *vis-a-vis* the rest of the world, is important because we are a small country. As such, we have a narrow environment of resources and can produce only a small spectrum of the many goods and services which we need. Accordingly, it is important for us to be competitive to be able to sell what we produce so that we can buy from others whatever they produce more efficiently than ourselves.

We must keep abreast of developments in the world economy so that we can better manage the high level of trading and foreign investment which characterizes small economies such as ours. The performance of the world economy last year was rather indifferent. The industrialized countries, the engine of the world economy, grew by 1.1 per cent last year compared with an average 3.5 per cent in the period 1987—1990. With such slow growth in output the rate of expansion of world trade also fell to only 1 per cent, considerably lower than the 4.3 per cent recorded in 1990, and rates of between 6 per cent and 9 per cent in the previous three years.

9.40 a.m.

The United States, of course, holds special interest for us since it is our principal trading partner and a primary source of investment capital. The recession which started there in mid-1989 has turned out to be more stubborn than originally expected. The real GDP, which grew by only one per cent in 1990 and contracted marginally in 1991, may rebound by as much as three per cent this year. Unemployment has been rising over the last two years and is expected to remain at the level of over six per cent in 1992. Inflation, however, has stabilized at around four per cent and interest rates have recently fallen to those prevailing in the 1960s.

Conditions in the world economy, particularly in the United States, largely determine the prices which we fetch for our main export products. In recent years these prices have been characterized by a high degree of volatility and consequently a large measure of uncertainty. In the case of oil, our average export price fell from US \$18.40 per barrel in 1987 to US \$15.80 in 1988, before recovering to US \$18.80 in 1989 and US \$25 in 1990. The price fell again in 1991 to US \$21 per barrel. Our petrochemical exports also experienced large price fluctuations, although 1991 was a relatively favourable year as reflected in the following average prices per metric tonne, compared with 1986: Ammonia, for instance, US \$94 in 1986, \$105 in 1991; urea, US \$87 in 1986, US \$155 in 1991; methanol, US \$104 in 1986, and US \$182 in 1991.

Members of the Senate may be aware that our country has become one of the major exporters of these products in the world. Our emergence as a major supplier of petrochemicals, as well as the need to enhance our capacity to earn foreign exchange, make it incumbent upon us to gain a deep understanding of world trade issues. In this regard the trend towards formation of trading blocs is a development

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

Monday, January 27, 1992

of particular significance. This is especially true of the single European market and the proposed North American Free Trade Area (NAFTA), since these are areas in which we sell most of our exports and from which we may expect to attract a considerable part of the foreign investment needed in the years ahead to stimulate growth and employment here at home.

With our Caricom partners, we must closely examine our integration movement taking account of the rapid move towards trade liberalization in many parts of Latin America. This latter development may be a major factor in determining Caricom's place in any queue for negotiations with NAFTA.

Let me turn to a brief review of recent developments in the domestic economy so that Members may better understand the need to attract foreign investment and to increase our exports.

For eight consecutive years, through 1990, the domestic economy contracted. This resulted principally from the fall in the real price of oil after 1981, which took away the windfall income which had been accruing to the Government and which enabled it to finance increasingly large recurrent and capital expenditure. Those expenditures fuelled the growth of the economy for many years after 1973. Accordingly, with the loss of income and cutback in Government spending in the 1980s, the economy itself contracted with consequent rising unemployment.

The report entitled *Review of the Economy, 1991*, which has been tabled with the budget documents, contains a detailed analysis of recent developments in the economy. Preliminary data suggest that the economy may have grown by as much as 2.7 per cent in real terms in 1991. However, it is very likely that this figure, which is based on a projection of developments in the first half of the year, will be revised downwards. The signs of growth, however, are encouraging, especially since inflation was less than four per cent, and roughly in line with the international rate of inflation.

I must stress, however, that the economy remains very fragile, with several grounds for concern about the sustainability of the growth achieved last year. I shall give more detail about four areas of concern: employment, the fiscal situation, the balance of payments and external debt.

The number of persons employed fell from 406,800 in 1984 to 374,100 in 1990, a loss of 32,700 jobs. In the same period, the number of unemployed rose from 63,100 to 103,400. These trends in utilization of the labour force were

consistent with the general contraction in the economy. In 1991, however, the number of persons employed rose by 25,400, and the unemployment rate fell from 20 per cent to 18.9 per cent. Much of the new employment was generated in service activities such as community, social and personal services, wholesale and retail trade, finance, and real estate and construction.

Since the rate of growth of employment was some two and a half times higher than the preliminary estimate of growth in real GDP, which as I have said before was possibly on the high side, the new jobs would clearly be of very low productivity. Indeed, on closer examination, it seems that much of this new employment was related to the much enlarged expenditure on the Labour Intensive Development Programme, LIDP, which jumped from a mere \$65 million expenditure in 1990, to over \$163 million in what was an election year.

The fiscal position is incapable of sustaining the level of expenditure achieved last year for unemployment relief. Although the overall fiscal deficit was only \$87 million, or 0.4 per cent of the GDP, this outcome, in fact, reflected the impact of extraordinary factors. In the first place, oil revenues included \$614 million or 2.9 per cent of GDP, properly attributable to delayed accounting for the previous years' receipts, \$291 million, and payments of arrears of tax, \$323 million. Secondly, many state enterprises and statutory boards sought loans from the banking system to cover costs such as operational expenses which may ordinarily have been included in budgetary transfers.

In other words, the underlying reality is one far worse than the accounts implied. The tenuousness of economic recovery implied by the apparent real growth in the economy is also demonstrated by weakness in the balance of payments. During the year, the gross reserves of the Central Bank fell by US \$146 million, to a level equivalent to three months' payments for imports, with most of the decline taking place in the second half of the year. Among the reasons for the loss of reserves was an accommodative monetary policy illustrated by the readiness of the Central Bank to make advances to the commercial banks and its large holding of Government securities beyond the statutory limit.

Permit me, Mr. President, to dwell a little on the issue of Central Bank financing of Government operations. At December 31, 1986, the Central Bank's outstanding advances to the Government stood at \$1,003.2 million and the bank also held \$103.5 million of Government securities. These amounts increased by \$439.1 million and \$843.3 million respectively in the course of the last five years.

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

Monday, January 27, 1992

Unfortunately, these increases took the level of Central Bank financing above the limits provided for in the Central Bank Act. This is not merely a legal problem, but moreso an issue of proper economic management to protect the country's foreign reserves position. I shall return to this subject.

The management of the external debt is an area of much concern. As hon. Senators may be aware, this country rescheduled its debt with official bilateral creditors and commercial banks in the context of an economic stabilization programme agreed with the IMF. The total amount of principal repayments deferred over the period 1988 to 1991 was US \$727 million. The Government did not seek to renew the rescheduling agreement with the Paris Club creditors, which ended last March, and the agreement with commercial banks will expire in August this year.

Accordingly, we must begin to make up these payments starting in 1993. In fact, the country's debt service obligation will increase considerably from this year, when the benefit of rescheduling is only \$63.3 million and debt service is estimated to be US \$612 million this year, compared to US \$423.2 million last year. This year, debt service will absorb 30 per cent of our expected export earnings. Such is our precarious inheritance. I stress on these matters, particularly in this honourable Senate, because there is the perception in some quarters, both at home and abroad, that macro-economic magic had worked in this country over the last few years. As recently as last May, when the International Monetary Fund concluded its 1991 article for consultations, the medium-term balance of payments projection showed no financing gap for the period 1992 to 1996.

On the contrary, the IMF anticipated a substantial build-up of foreign exchange reserves in the context of forecast real economic growth of 3 per cent in 1992, rising to 4.5 per cent in 1995; a very pretty picture. But by December 1991, the same IMF was forecasting substantial external financing gaps, that is, serious balance of payments difficulties associated with the same high growth that it had examined six months earlier. The sustainability of such growth was now seriously in question and optimism has given way to serious concern.

Mr. President, you will recall my having said that the primary objective of this budget is to ensure that we live within our means as a nation. Many may insist that a budget should treat with the philosophy of development, moreso than with what they perceive as a narrow concern with resource balance. The reality, however, is that a Minister of Finance must be preoccupied with the sustainability of his fiscal

programme, for in the absence of fiscal prudence in the short term, we may as well say good-bye to growth and development in the medium and longer term.

Nevertheless, let us for a moment turn to the medium term. This Government does have a view about the key components of a strategy for the medium-term development of our country. However, having developed a keen appreciation of the fragile state of the economy today, we know that the first order of business is to focus clearly on establishing a sustainable fiscal and balance of payments position from which to launch a medium-term plan. I shall nonetheless take this opportunity to sketch for the benefit of hon. Members and the country at large, our vision of the strategic course to be followed in the medium term.

The three broad objectives which we plan to pursue in the years ahead are: sustainable growth of the economy, a significant and permanent reduction of unemployment and restoration of an adequate level of foreign exchange reserves. In order to achieve these objectives we must raise our level of investment, enhance our competitiveness and considerably increase our non-traditional exports. These are the elements which will fuel sustainable growth without which there can be no creation of permanent remunerative jobs on a scale which will cut deeply into unemployment.

We are convinced that we need a high level of foreign investment in order to rekindle growth in our economy. In view of the fall of our real income in recent years, it is not realistic to expect that domestic savings can largely finance our investment needs in the medium term. Of course, domestic savings are important and we shall be making every effort to stimulate both private and public savings, including some measures which form part of the policy initiatives of this budget.

Hon. Senators will recall my earlier reference to the emergence of trading blocs and the trend toward trade liberalization, especially in Latin America. These developments are being encouraged in the framework of the Enterprise for the Americas Initiative launched by President Bush in June of 1990. Trinidad and Tobago cannot afford to be left out of the mainstream of these hemispheric developments. We must be ready to compete for investment dollars and export opportunities with the rest of Latin America and the Caribbean.

This Government is committed to open market based development of the economy, subject to appropriate regulation and direct participation by the Government in strategic areas of the economy. In order to create an attractive environment for private investment, both domestic and foreign, we intend to

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

Monday, January 27, 1992

complete in the course of this year a full evaluation of those laws, regulations and practices which may be hindering investment activity. In this connection, we intend to pursue discussions with the Inter-American Development Bank, the multilateral agency charged by President Bush with implementation of the Enterprise for the Americas Initiative, with a view to agreement on a policy-based loan for enhancing the investment regime in this country. The successful negotiation of such a policy-based loan will open the doors to the grant funding to be available from the multilateral investment fund under management of the Inter-American Development Bank for purposes such as worker training and capital market development.

Let me emphasize that these are all necessary prerequisites to prepare Trinidad and Tobago for its economic future, that is, its fullest integration into the hemispheric and indeed the international economy. I clearly signal to the national community today that these are matters to be handled with the greatest urgency and purposefulness.

We intend over the next several months to consult with the national community as we proceed to develop our ideas into a coherent, comprehensive strategy along these lines. I do not propose in this budget statement to enter into discussions of the role of specific sectors of the economy and the possible shape of sectoral policies in the context of the medium-term strategy. There will be time for those discussions. For the time being, I wish to focus the attention of Senators and of the national community on the immediate imperative of strengthening the country's financial situation, an action which is an essential prelude to any consideration of the medium and longer term. This, therefore, sets the framework for the 1992 Budget.

Foreign exchange is the lifeblood of any small economy, because of the high level of trade and investment which necessarily characterizes such economies. We cannot expect to have growth and the creation of permanent jobs unless there is confidence in the ready availability of foreign exchange to meet the needs of the economy, producers and consumers alike. This is the fundamental reason that, given the stock of reserves at the end of 1991, I have set the fiscal parameters of this budget within the constraint of the need to increase the country's foreign exchange reserves this year.

In view of the substantial increase in debt service, from US \$423.2 million in 1991, to US \$612 million this year, it will not be easy to achieve an increase in

reserves. Frankly, one may do so by deflating the economy sufficiently to depress the demand for imports.

However, I consider it a better alternative to attempt to fan whatever growth impulse there is in the economy rather than squeeze it to the point of decline. Accordingly, I propose to make efforts to refinance part of the debt service falling due this year. We have specific indications from several potential lenders that the level of borrowing proposed in this budget is feasible. However, we cannot realistically approach the capital market to raise funds on a voluntary basis—that is the international capital market—if we do not demonstrate a willingness to live within our means, that is, to limit our expenditure to our income and viable borrowing in the domestic and foreign markets.

After a comprehensive analysis of alternative scenarios, I have chosen to present a budget in which the overall fiscal deficit of the Government is restricted to 1.5 per cent of the GDP. At this level, the deficit can be financed while beginning the process of rebuilding our foreign exchange reserves and at the same time not crowding out other borrowers from the domestic capital market.

The necessity to maintain a tight rein on fiscal and monetary policy means that we must take care to ameliorate the adverse impact on the more vulnerable members of our community such as the aged and the unemployed. While most of us accept the need for adjustment in the economy, we tend to hope that the burden would be carried by others. This Government accepts a responsibility of care for the less fortunate in our midst and believes that it has a duty to seek to spread the burden of adjustment more equitably than has been the case in recent years.

I invite hon. Senators to keep this concern foremost in their minds as I turn to considerations of the fiscal and other measures in the 1992 Budget.

Hon. Senators will observe from the *Estimates of Revenue and Expenditure* tabled in the other place that recurrent revenue in 1992 is projected at \$6.5778 billion. This is, \$81.3 million less than the 1991 outturn, despite the various fiscal and other measures we propose to introduce this year. This forecast is based, among other things, on the assumption that the market price for our crude oil exports will average US \$19 per barrel or about US \$2 per barrel less than in 1991, and the level of production will be similar to that of the previous year. Revenue from the petroleum sector in 1992 is therefore expected at \$2,014.1 million or \$709 million less than in 1991, when, as I indicated earlier, some \$614 million in extraordinary revenue was brought to book.

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

Monday, January 27, 1992

It is against this background that we must view the sizeable additional expenditure commitments of the Government which I shall now outline. As a Government, we are determined at all times to scrupulously observe the laws of the land. Accordingly, we intend to pay to public servants on a current basis commencing March 1, 1992, the award granted by the Special Tribunal of the Industrial Court. This award is estimated to cost approximately \$495.9 million on an annual basis.

As clearly stated in our manifesto, this Government believes that over and above its legal obligations, it has a responsibility to protect and promote the welfare of the disadvantaged and less fortunate members of our society. In this regard, we propose to increase by 10 per cent, commencing from January 1, the payment to old age pensioners, inclusive of food subsidy and social assistance benefits. This will result in increases from \$315 to \$347 in the monthly payments to old age pensioners, from \$92 to \$101 per month in payments of social assistance for adults, and from \$80 to \$88 per month in the case of children.

Perhaps the most serious problem facing this country at the present time is the high level of unemployment, particularly among the nation's youth. This clearly must be addressed with urgency and determination. We intend in the months ahead to implement policies and programmes that will result in the creation of a substantial number of job opportunities on a sustainable basis.

However, the full impact of these programmes will not be felt immediately. Therefore, in the meantime we propose to take such action as will bring some measure of relief to the large number of our fellow citizens who are unemployed. In so doing, we will also be promoting social stability and enhancing the welfare of the entire community.

Our major emphasis in employment creation will be on the stimulation of the construction industry. The Government will fasttrack approval processes to get several private sector projects started within the next few months. The Government is also proposing several fiscal measures, to be detailed later in this speech, intended to stimulate private construction. In addition, the proposed capital investment programme of the wider public sector, that is the Central Government, public utilities and state enterprises, including projects undertaken under design/finance/construct arrangements, which all have a large construction component—the total expenditure on all of these projects is estimated at approximately \$1.45 billion in 1992.

Furthermore, the Government has already begun a review of the Labour Intensive Development Programme, with the objective of improving its efficiency and effectiveness. Pending the completion of the review, the existing programme will continue with some modifications. We are also evaluating other initiatives, such as YTEPP, YESS and AIM, which are geared towards the relief of unemployment, as well as building on other private sector initiatives, especially such as the Royal Bank's Roytech.

Our reduced level of financial resources will not allow us to match the unusually large expenditure of over \$163 million spent on LIDP in 1991. We have allocated \$90 million for our Unemployment Relief Programmes, an amount that we consider sustainable in the given circumstances. The anticipated revenue from the Unemployment Levy in 1992, is estimated at only \$27.4 million. This will, therefore, be supplemented by an appropriation of \$58.6 million from the Consolidated Fund.

The entire community is fully aware of the concerns we have expressed about the impact of the value added tax, particularly its application to certain items which we consider to be basic necessities. Accordingly, we propose the removal of VAT on all books, except periodicals, journals and newspapers, and on selected over-the-counter drugs. This will result in a revenue loss of approximately \$18 million to the Exchequer. Regrettably, our financial circumstances do not permit us to take similar action with respect to basic food items at this time. It is our intention, however, to review this situation as soon as our finances improve.

Our commitment to meet our legal obligations and to provide some measure of support to the economically weaker groups in our society, made it painfully necessary to raise additional revenue. Although the principal additional source of such revenue will be indirect taxes on selected items, we have had no choice but to increase direct taxation as a temporary measure.

The proposed revenue measures may be classified into three broad groups. These are:

- (1) Measures designed to stimulate economic activity;
- (2) administrative fees and charges; and
- (3) measures designed to raise revenue.

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

Monday, January 27, 1992

The stimulative measures are essentially geared toward encouraging individual savings and promoting activity in the construction sector with a view to reducing the high level of unemployment in the economy. In this regard, we will re-introduce tax free savings bonds in 1992. These bonds will carry maturities of five, seven and ten years, with interest rates of six, seven and eight per cent per annum respectively. Additionally, bond holders will be entitled to tax credits of 15, 20 and 25 per cent of the purchase price, depending on the maturity of the bond. Individuals will be allowed to purchase tax free bonds to a maximum of 50,000 per annum and 500,000 overall, and interest earned on the bonds will be tax free. We expect to raise approximately \$40 million from the sale of these bonds.

We propose to increase the tax credit on net increases in Unit Trust and credit union holdings from 20 per cent to 25 per cent, up to a maximum of \$625. We propose to re-introduce an allowance for home owners who spend on repairs to their owner-occupied residences. Individuals may be able to claim a taxable allowance on the amounts spent up to a maximum of \$12,000 per annum. Appropriate safeguards will be introduced.

10.10 a.m.

In order to further stimulate residential construction and assist in the relief of unemployment, we propose to amend the rules in the Insurance Act governing the permitted investments for pension funds and statutory funds of insurance companies, so as to increase the percentage which may be lent on mortgages of real estate and leaseholds, from 75 per cent to 80 per cent of the value of the property. An amendment will also be made to allow pension fund contributors to use their contributions under certain conditions to meet the downpayment on a first home.

Motor vehicles will be removed from the negative list and import surcharges of 15 per cent, and 50 per cent, respectively, will be applied on passenger vehicles and commercial vehicles. The surcharge will provide a measure of protection to domestic assemblers while they make the necessary adjustments to improve their competitiveness with foreign producers, or shift to new areas of production. Maxi-taxis imported, with the permission of the Minister responsible for transport, as well as motor-cycles, will be exempted from the import surcharge. For safety reasons, the Government will continue to exercise some measure of control over the importation of used vehicles.

The motor vehicle tax structure has been revised and details of the new rates which are applicable, equally, to locally-assembled and imported vehicles, are being published in the Provisional Collection of Taxes Order. It should be noted that taxis, including maxi-taxis, will pay only 25 per cent of the applicable rates. These measures are expected to yield approximately \$55 million in revenue.

This country is blessed with considerable reserves of natural gas, and it is important that we optimize the benefits to be derived from the use of this resource. In this regard, the Government will seek to encourage and promote the use of CNG as a motor fuel. This will allow us:

- (i) to earn valuable foreign exchange by making larger quantities of gasoline available for export;
- (ii) to effect significant savings in fuel cost to the motoring public; and
- (iii) to promote a healthier environment.

The National Petroleum Marketing Company Limited has accordingly been advised to take steps to accelerate the installation of compressed natural gas (CNG) with fuelling equipment at gas station outlets.

To further facilitate the growth process and, in particular, to encourage our exporters, the Central Bank will be requested to expedite the removal of restrictions on the use of foreign currency accounts held in local banks by net exporters. The Bank will also make arrangements to permit non-residents to hold foreign currency accounts in local banks, with due safeguards.

In order to recover a more meaningful part of the cost of the various services provided by Government, we propose to increase the administrative fees, and *ad valorem* stamp duty, applicable to several types of transactions. In many cases, these fees have not been increased for more than 30 years. The full list of these additional charges has been published in the Provisional Collection of Taxes Order. This measure is expected to yield an additional \$11.7 million.

The remaining fiscal proposals are designed primarily to raise additional revenue to meet our increased commitments. Among these proposals are increases in the excise duty on petroleum products, alcoholic beverages, locally manufactured cigarettes and other tobacco products. Corresponding increases in customs duties will be applied to similar products imported from within the Caricom region and from extra-regional sources.

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

Monday, January 27, 1992

In the case of petroleum products, we propose a 65 per cent increase in the rate of excise duty. This measure will result in an increase in the pump price of premium gasoline from \$1.50 to \$1.96 per litre; regular gasoline from \$1.44 to \$1.88; and diesel fuel from 90 cents to 98 cents. Concomitantly, the petroleum dealers mark-up will be increased from nine cents to 12 cents per litre for premium gasoline, and from 6.8 cents to 7.4 cents per litre for diesel fuel.

We propose to increase the rate of excise duty on alcoholic beverages by 50 per cent. As a consequence, it is expected that the wholesale price of rum—for example, VAT 19—will rise by some 24 per cent, and the wholesale price of a bottle of beer by approximately 16 per cent. Non-alcoholic malta beverages are not burdened with an increase in the excise duty.

The rate of excise duty on locally manufactured cigarettes and other tobacco products will be increased by 75 per cent—from \$1.20 to \$2.10 per pack of 20 cigarettes.

There will be a corresponding increase in the customs duty charged on petroleum products, alcoholic beverages, and cigarette and tobacco products imported from within the Caricom region.

Additionally, the alcoholic beverages tax, and the tobacco tax, will be increased by 50 per cent, and 75 per cent, more respectively, so as to maintain the differential between locally manufactured alcoholic beverages and tobacco products, and competing imports from extra-regional sources.

The increase in excise duties and related charges is expected to yield an additional \$324 million in revenue.

We propose, as well, to increase the price of all grades of sugar by 15 per cent, so as to make additional financial resources available to Caroni (1975) Limited. Other items covered in the Provisional Collection of Taxes Order include: a taxable allowance for the maximum of \$200 in respect of trade union membership dues; a 50 per cent increase in liquor licence duties; a 50 per cent increase in fees for the registration of clubs; 100 per cent increase in fees payable to Registrars and Superintendent Registrars of Births and Deaths, resulting in an increase in the fee for registration of a birth, for example, from \$1.25 to \$2.50, and from \$2.50 to \$5.00, depending on the age of the child. Also, the imposition of a levy of \$200,000, annually, per outlet operated by the holder of a betting office licence in lieu of the existing tax of 25 per cent on all bets at fixed odds.

As I indicated earlier, we have had no choice but to increase the rate of direct taxation on both corporations and individuals so that the Government may be in a position to provide the goods and services demanded of it. Accordingly, the rate of corporation tax will be increased from 40 to 45 per cent. This will necessitate a corresponding adjustment in the dividend income allowance. In the case of individuals, the marginal rate of tax on chargeable income between \$20,000 and \$40,000 will be increased from 30 to 35 per cent, while the marginal rate of tax on chargeable income—and I stress—chargeable income—over \$40,000 will be increased from 35 to 40 per cent. All other marginal rates will remain unchanged. The revenue to be derived from these measures is estimated at \$154 million.

As a result of the various measures we propose to introduce, the budget deficit has been contained at 1.5 per cent of the GDP. We believe that this deficit can be financed from domestic savings without crowding out the private sector, or putting a burden on the balance of payments.

In order to limit foreign exchange haemorrhage, and its consequential adverse effect on growth, we propose to refinance, on relatively favourable terms, approximately US \$100 million of our external debt service payments falling due in 1992.

Our budgeted fiscal operations may therefore be summarized as follows: with an estimated recurrent revenue of \$6.5778 billion and recurrent expenditure of \$6.34 billion, we expect to realize a current surplus of \$237.8 million. This surplus will finance approximately 40 per cent of proposed capital expenditure and net lending of \$548.9 million.

10.20 a.m.

However, given the fact that payments on the external debt exceed disbursements by \$55.2 million as well as the need to amortize \$81.4 million of domestic debt this year, Government's gross borrowings on the domestic market is expected to be less than \$500 million. We consider this level of borrowing by Government from the domestic economy to be consistent with our objectives of ensuring that resources are available to meet the needs of the private sector and to enable the Central Bank to begin to dispose of its holdings of government paper in the capital market. It will also enable us to contain the level of domestic credit expansion thus allowing for an accumulation of foreign exchange reserves. This, therefore, is a summary of the make-up of our budget.

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

Monday, January 27, 1992

In conclusion, Mr. President, clearly the primary aim of this budget is to stabilize this country's economy. To some the urgency of this requirement may have come as a surprise, lulled as they may have been into a false sense of security by previous glib talk of superior competence in the management of our economic affairs. If it has been my job to awake the somnambulant, then it is a responsibility that I dare not shirk.

The next aim of the budget is to set the strategic economic course to be followed by Trinidad and Tobago in the medium term; the closing of a chapter on inward looking development which nevertheless succeeded in equipping us with basic skills in manufacturing, marketing and so forth, and the opening of a new chapter in which Trinidad and Tobago is carefully and fully integrated into the mainstream of international trade. Over the following several months, and after full consultation will flow the detailed policy prescription to give effect to this. These are difficult and challenging times. They call for sacrifices and renewal of commitment to nation-building. But at the same time they provide us with opportunities to test our resourcefulness. It is incumbent on all of us to rise to the occasion and prove ourselves equal to the task. We have been called to demonstrate the strength of our character and our resilience as a people. We must therefore go forward, cohesive as a society with the restraints in our expectations and with a willingness to share as equitably as possible, both the burdens and benefits of the inescapable process of adjustment and the ensuing goals. It is with this resolve, Mr. President, that my Government, mandated a mere six weeks ago to manage the affairs of this country, has approached this formidable challenge. We are also heartened by the demonstrated commitment of the population at large to join us as full partners in this noble and worthwhile cause. Mr. President, I beg to move.

Question proposed.

Sen. Wade Mark: Mr. President, let me take this opportunity, Mr. President, to congratulate you on your re-election to the position of President, and at the same time to welcome the Minister of Finance to this Chamber.

The 1992 Budget can be characterized as nothing short of a shopping list of horrors for the working people of our country and, in particular, the weak, the lame, the unemployed, the youth, the aged and the underprivileged. Indeed, this budget and its predictable end result will only serve to further accelerate the

continued deterioration in the living and working conditions of our people and in the process undermine the capacity of our nation to promote social solidarity and national unity. One would have hoped that the Minister of Finance would have used the occasion of the budget presentation to ignite the hearts and souls of our people, even to awaken a new enthusiasm for development in their relentless quest for a better way of life. Instead, our citizens have been harassed and their pockets have been further plundered.

It is, therefore, extremely disappointing to see that the party which was claiming to be the government in exile for five years now comes to power saying that it has not had time to map out a broad strategy for recovery and development. This is not a question of which projects are included and which are not. It is a question of recognizing that people want to feel that they are part of a process of development, a process of self-fulfilment. After the vicious onslaught and merciless battering imposed on the population by those men who, with the help of some media doctors, are now attempting to usurp the position of the official Opposition, the country deserved much better from this new Government. Instead, what the nation has been presented with is a budget whose ideological and philosophical framework remains woefully conservative, myopic and manifestly bankrupt.

The economy of Trinidad and Tobago has been through a period of economic stabilization and structural adjustment. Quite apart from the fragile recovery in the last two years, our economy has experienced eight years of persistent negative economic growth. The basis of this development, lay in the dramatic collapse of oil prices and the failure of the previous administration to satisfactorily shift the economy's virtual wholesale dependence away from petroleum. Against this background and in light of the emergence of a new government, the country and its people waited with bated breath to witness the ushering in of a new dawn and even a new perspective. Sad to say, the masses have seen neither. In fact, from the look of things, it seems to be "business as usual".

But the 1992 budget provided the new Government with the unique opportunity to chart a new course; to map out a new direction; to mobilize, organize and prepare our entire nation; to confront head-on the enormous and serious socio-economic and political challenges as a nation, as we inch nearer the twenty-first century. This budget ought to have provided the new administration with the opportunity to clinically and objectively analyse and evaluate the structural adjustment programme and how it has been impacting on the more

Appropriation Bill (Budget)
[SEN. MARK]

Monday, January 27, 1992

vulnerable groups in our society. This is not a question of time. Information on these matters has been surfacing for the past year or more.

10.30 a.m.

Only a few months ago the International Labour Organization held a round-table discussion on this matter in Trinidad and Tobago. The picture painted then in the case of Trinidad and Tobago was indeed a grim one. The glib talk of economic turnaround and/or economic growth means absolutely nothing to a large section of the population of this country. What was needed in the budget was some acknowledgement that economic development is about people and not about numbers and figures. But the new regime seems to have fallen early hostage to the powerful monopolistic conglomerates and bankers. In fact, the new Government seems to be moving towards the new market theology whose principles of unbridled individualism, selfishness and greed have proven to be remarkably seductive.

How can the Government speak about sustainable growth and development unless there exist unity, solidarity, dignity and harmony among our people? Is sustainable development possible without these vital ingredients? The 1992 Budget is a continuation of a policy of economic surrender and sell-out on the dictates of the multilateral financial lending agencies. We of the United National Congress, the alternative Government, are convinced that development cannot be imposed from without. Development is a creative social process whose central nervous system is rooted in the cultural richness of our people. It is therefore not an issue of money, physical capital or even foreign exchange, but of the capacity of our society to tap the rich creativity and to liberate and empower the people to exercise their intelligence and collective wisdom.

It is precisely why we in the United National Congress hold as our founding principle the belief that the purpose of mankind's existence is happiness. It is a fact of life that happiness is hardly possible without the basic necessities for a decent living, and we refer to food, clothes and shelter.

In this context, the functions of any government must be to so organize the socio-political economy of the society that every man, woman and child can find his or her own way as amplified in the preamble to our nation's Constitution.

It follows that to attempt to satisfy what appears to be unlimited wants with limited means, any government must order its priorities on the basis of the most urgent needs of the people at any given time. This is precisely what ought to have

been executed by a sensitive and caring government, particularly when account is taken of its wild promises and the stark socio-economic reality that we face. Today, we have over 100,000 people unemployed, the majority of whom are young people between the age range of 15 and 30. The ILO has predicted rate of growth of the labour force of 2.1 per cent, we can expect the unemployment rate to be close to 200,000 by the year 2000. That was in a report that was given to the previous regime.

We have an under-employment rate of close to 20 per cent. People want to work five days a week, but they are being forced to work two days a week. Some people want to work ten days a fortnight; they are being given eight days a fortnight. We also have a mounting poverty level conservatively estimated at close to 40 per cent—relative and absolute poverty. That is again in a report published by the International Labour Organization.

What then have the people been provided with in the Minister of Finance's 1992 Budget? The people have been presented with a hodge-podge package of measures whose objectives stand in stark contrast to the Minister of Finance's ultimate goal of economic stabilization, not to mention his medium-term objectives.

Apart from the implementation of the award of the Special Tribunal of the Industrial Court as well as the measly \$200 tax allowance for union dues—which I must say they have begun, but we would want much more than that; it should be around \$600. Workers have been mercilessly mauled by the fiscal measures of the Minister of Finance.

Indeed, it is predicted that unless stimulation can take place in the domestic economy and in particular the agricultural sector, the country is certain to experience double-digit inflation by the end of 1992. Is this the reason why the payment to old age pensioners and social assistance beneficiaries was increased by 10 per cent? We on this side, should like the Minister of Finance to state precisely by how much the cost of living is expected to rise given his Draconian fiscal measures.

Could the Minister of Finance further explain why the outstanding money totalling some \$120 million and owed to the daily-paid local government employees, was not addressed in his 1992 budget, even after agreement was reached between the NUGFW and the Chief Personnel Officer?

Appropriation Bill (Budget)
[SEN. MARK]

Monday, January 27, 1992

Could the Minister indicate why over 2,000 maintenance workers employed with the Ministry of Works continue to be saddled with an eight-day work period every fortnight? This situation has been in existence since 1984, when the old PNM was in charge. What about the public sector workers and the Caroni workers over \$2 billion arrears in backpay? What mechanisms are being put in place to address this huge financial commitment?

From the point of view of labour, we have repeatedly said that our position is best safeguarded by safeguarding the position of the nation. In this context, labour has not seen any special bias in its direction. At the very least, labour expected to hear some statement from the Government recognizing the need for a genuine social partners approach to development. Instead, a fiscal package is imposed on labour—that is the trade union movement—that is certain to lead to a dramatic rise in the cost of living and a simultaneous further decline in real wages and salaries. Real wages have collapsed by over 50 per cent in the last eight to 10 years, and therefore effective purchasing power has been significantly reduced.

There is certain to be a heightened industrial relations climate between capital and labour, between workers and employers, particularly in the absence of an agreed incomes policy in which prices, profits, wages, rent and interest could be mutually determined. Discontent will continue to plague the society. Consultation in its usual cosmetic form is sure to continue among the social partners. Is labour to continue to be viewed as a mere footnote in the scheme of things?

The very improvement that was responsible for the democratization of the social relations process in the region, that won adult suffrage, that challenged racism of the ruling class, that humanized the landscape everywhere; the most powerful democratizing force in Caribbean history and which still represents the greatest hope and potential for Caribbean liberation, is still being contemptuously disregarded and shamelessly sidelined.

10.40 a.m.

This is why the question is being posed everywhere: where is the voice of labour represented in this change? None is represented on the Government benches, none can be found on the Independent benches, only one—a fearless one—is located on the Opposition benches; and the absence of any labour voice either on the Independent benches or the Government benches cannot be taken lightly. It is a sad moment in our history that the voice of labour, the voice of the trade union movement, has not found its way on the Independent benches.

Well, we know the Government is clearly signalling exactly where it is going. I hope the new person that is being sworn in today is a labour person. This is indeed a grave injustice meted out to the trade union movement. Only the alternative government of the United National Congress, which represents the voice of the working people and the grassroots has a labour representative in the Senate, and that is not accidental.

Economic development and progress depend on industrial stability, peace and justice. The principle of tripartism, to which our nation subscribes through its membership in the ILO, is being rudely undermined and subverted by the absence of trade union representatives in this Chamber. It falls to me, to be a voice for labour on broad policy matters and on specific details.

I now turn to WASA, in this respect. There is need for clarification on the WASA allocation. According to figures published on page 349 of the *Draft Estimates of the Revenue and Expenditure of the Statutory Boards and Similar Bodies and of the Tobago House of Assembly for the year 1992*, we have a situation where personnel expenditure has been revised downwards from \$144.5 million to \$137 million, a difference of about \$7.5 million. Salaries and COLA have dropped from \$78 million to \$61 million, a difference of \$17 million; whilst wages and COLA, that is for the weekly rated employees, have been reduced from \$47 million to \$40 million in 1992, a difference of \$7 million. Overtime as well as Government's contributions to NIS have also been revised downwards.

What do these revised figures mean to the monthly and weekly rated employees of WASA? Are the workers to be retrenched? The hon. Minister will have to answer that. Are their services to be voluntarily terminated, in accordance with the World Bank structural adjustment loan conditionalities? I shall have much more to say on this a little later on. The Minister of Finance needs to clarify this grave matter. Workers could become extremely jittery and uncertain of their future job security at WASA.

The 1992 Budget is remarkably silent on the critical issue of technology. The role and contribution of technology in the process of economic growth and development cannot be ignored. The impact of technological change on patterns of international trade shows the rising importance of technology as a determinant of the relative positions of countries and firms in the world economy. Whereas traditional trade theory of comparative advantage continues to be empirically meaningful, it is recognized that the ability of a country's firms to capture market-

Appropriation Bill (Budget)
[SEN. MARK]

Monday, January 27, 1992

share is dictated less by its relative endowment of traditional factors of production than by its level of technological development.

Technological change, therefore, affects the competitiveness of a country's industries, either through innovations or diffusion. The message is therefore clear—the economic success of any nation demands that science and technology be effectively utilized, particularly in the manufacturing and service sectors. This requires the co-ordination and documentation of existing and new technologies which can be best served by one agency.

The United National Congress is therefore calling on the Government, through the Minister of Finance, to establish a national technology commission. That commission will be charged with a number of responsibilities and we can be of assistance to the Minister of Finance and his Government in this regard; but based on information reaching us, it does not appear that the present Government is interested in national unity.

I now turn to the concept of a floating currency, which was mooted by the hon. Prime Minister in a newspaper article, by John Babb, in the *Trinidad Guardian*, dated January 7, 1992:

"No devaluation says Manning:

Liberalization of the TT dollar will not result in a devaluation, Prime Minister Patrick Manning said yesterday.

Manning confirmed that Government proposes to float the TT dollar when he met with the National Trade Union Centre (Natuc), which opposed the move as tantamount to a devaluation.

'We have been watching the Jamaican situation closely,' said Manning, 'and we have identified one or two areas where we will take one or two different avenues.'

Manning said the difference between TT and some other countries was that a large part of the foreign exchange comes from oil or products based on the monetization of natural gas. Therefore, the bulk of the foreign exchange was in the hands of the state, as opposed to so many other countries in the world."

There has been absolutely no retraction of this indiscreet, irresponsible and obviously reckless statement by the Prime Minister, or the hon. Minister of Finance in his budget speech.

The effect of this statement has been horrendous. It has led to massive capital flight, continued grave speculative activity, and a continued slide in the foreign exchange levels at the nation's commercial banks.

10.50 a.m.

The PNM's manifesto on page 8 makes reference to currency liberalization, but is it possible to seek to achieve this goal in the presence of a worsening balance of payments situation that the Minister so eloquently spoke about, in the face of maintaining foreign debt obligations as well as the country's dependence of Amoco for a sizeable portion of its foreign exchange earnings through crude oil export?

It is just not true that the liberalization of the Trinidad and Tobago dollar would not result in a devaluation. Experience has shown that the transition to a new exchange rate regime almost inevitably results in the initial depreciation of the currency. The Jamaican situation which the hon. Prime Minister claimed to be closely monitoring, is quite revealing. Jamaica abolished exchange controls which have been a constant element in the mix of economic policies pursued since the 1970s. This took place on September 25, 1991. The result was a depreciation or devaluation by some 30 per cent of the Jamaican dollar *vis-a-vis* the US dollar in the first two months. Today US \$1.00 is exchanged for over \$22 Jamaica. This programme of financial liberalization holds ominous consequences for developing countries unless certain pre-conditions can be satisfied.

Dr. Kari Levitt, in an article in *Caribbean Affairs*, July—September, 1990 issue, has warned Caribbean countries to resist the demands of these international financial lending agencies to liberalize either the regime of trade and/or finance.

I have a report entitled *Trade and Development Report, 1991*. It is issued by the United Nations Conference on Trade and Development, UNCTAD. They too, have a word of advice to our hon. Prime Minister and his Government on that crazy course of action that they wish to embark on. I quote page 13 of this report:

"Experience also shows the dangers of liberalizing finance in the context of macroeconomic disorder."

and we have a lot of disorder here. The Minister just outlined the disorder that we have here. Madness!

"It aggravates the financial difficulties of firms and further weakens the balance sheets of financial institutions; and it can easily generate speculative excesses..."

Appropriation Bill (Budget)
[SEN. MARK]

Monday, January 27, 1992

as we have already experienced here—

"...and end in a crash, producing even more government intervention than initially."

They went on to say on page 14 of this report:

"The Government must not allow itself to become a prisoner of vested interests."

They also have a word of warning to developing countries at page 15:

"Nevertheless, liberalization can bring benefits provided that certain conditions are met. It should be:

adopted when considerable industrial advance has already been achieved, and strong institutions and markets and competitive industries are in place.

undertaken gradually and without preventing the Government from pursuing an active industrial policy and from intervening in finance in the interest of stability;

accompanied by strong prudential regulations and effective bank supervision."

Mr. President, a word to the wise is enough.

In Jamaica what did the abolition of the exchange controls mean?

1. There were no further surrender requirements for earners of foreign exchange. Exporters were free to hold their earnings in foreign currency accounts abroad, or with local commercial banks.
2. Persons wishing to make payments to meet foreign obligations were not required to present any documentation to secure foreign exchange.

This is the Jamaican experience. The Central Bank of Jamaica no longer had any power to force authorized dealers or exporters to sell foreign exchange to it.

Is this the financial liberalization regime that the new PNM is contemplating introducing in Trinidad and Tobago? The Minister of Finance could probably provide some clarification since his Prime Minister has failed to do so.

I now turn to the issue of petroleum. What about the hydrocarbon sector? Not a single word about this vital sector of our economy is in the budget presentation. What are the reasons for the Minister of Finance's silence on this matter? The reason for this lies in two loan arrangements which his Government has already

pledged to honour namely, a loan contract between the Republic of Trinidad and Tobago and the Inter-American Development Bank for the secondary recovery of oil and refinery modernization project which was signed on June 25 under the old regime of the NAR, and which the new PNM apparently seems to be stuck with, or wishes to be stuck with. Both loans, one signed between this Government and the International Bank for Reconstruction and Development, proposed a structural adjustment loan of US \$40 million and the present Government, like the former one, has continued to honour aspects that are very obnoxious to the integrity and future stability of this country.

Both loans, once implemented, threaten to remove effective ownership and control of vital segments of the hydrocarbon sector from the hands of the Government and people, and place them into the hands of Washington-based agencies and ultimately their foreign transnational allies.

The real issue is whether the fraud perpetrated by the last NAR regime on the people of this country would be allowed to succeed by the new regime through the wholesale implementation of the loan contract between the IADB and Trinidad and Tobago.

In this agreement, page 22, this is what the Government has agreed to. This is why the Government is silent on taxation. There is no information whatsoever on taxation as far as the petroleum sector is concerned. The reason for this is on page 22 of the loan agreement:

"The Government has agreed to review the petroleum taxation regime and the general regulatory framework in order to assess Trinidad and Tobago's competitiveness for stimulating increased investments by local and foreign investors in the petroleum and related sectors."

this is prior to the second tranche release—

"The said consultants would be engaged and progress satisfactory to the Bank, would be achieved in carrying out this review".

This is what I am talking about—the World Bank arrangement and the IADB arrangement.

11.00 a.m.

Mr. President: Would you please identify the document for the sake of the records.

Sen. Mark: For the sake of the record: "Report and Recommendation of the President of the International Bank for Reconstruction and Development to the Executive Directors on a Proposed Structural Adjustment Loan in an amount equivalent to \$40 million to the Republic of Trinidad and Tobago, 1989". This was with the last regime and now the new regime is saddled with that based on another point I shall raise in just a while.

This loan contract, which is a fraud which has been imposed on this country—

Mr. President: Could you be a little more charitable in your language? There are other ways of describing it. I know you are capable of it.

Sen. Mark: All right, Sir, I will recast my language.

This document holds ominous consequences for Trinidad and Tobago, which the new Government will have to examine.

The consequence of this loan contract is that the country's status will change from an oil-exporting to an oil-importing one. In this document—the last report on crude oil production in Trinidad and Tobago I have is dated September 1991. It was down for the fourth consecutive month to 141,000 barrels of oil. Amoco produces 70,000 and, as they produce, they tank and they ship.

On page 2 of this report, a different section, it is stated that the processing capacity will increase from 90,000 to more than 160,000 gallons of crude per day. This is what this is. Where are we going to get the foreign exchange to purchase close to 25 million barrels of oil annually. That is in this loan contract. That is going to cost this country over US \$700 million annually if we go ahead with that. It is in contradiction of all that the previous regime had said in their documents. Our throughput is 90,000 barrels today, yet we are going to expand to make our throughput 160,000 barrels a day. There is some deal behind that. There is crookedness in this arrangement which we have to examine and prove.

I have already indicated to the Ministry of Industry that a number of questions are going to be tabled very shortly for him to respond to the nation.

There are employment implications for the present workforce. The possibility of privatization of the industry is high on the agenda. They have already agreed in this local contract to redefine the functions of the Ministry of Energy, the Ministry of the Economy, the Ministry of Planning and Development, in order to satisfy this loan arrangement.

In view of the shotgun and irresponsible manner in which the last regime went about its so-called consultation on the issue of rationalization of the hydrocarbon sector, the United National Congress is calling on the Government, through the Ministry of Finance, to publicly issue the report prepared by a firm called, Boos, Alleyne and Hamilton, a management consultant firm of the United States of America. This report is still highly secret and the population needs to know the contents of this report. The UNC is publicly calling on the Government of Trinidad and Tobago, through the Ministry of Finance, to issue a White Paper on the rationalization of the hydrocarbon sector, having regard to the critical importance of this sector, the very integrity of our national economy, on the petroleum and energy sector.

There is another explosive issue in the energy sector which the Minister of Finance is also remarkably silent on, and that is the infamous natural gas contract which was signed between Amoco and the National Gas Company on November 23, 1991, one week after this Parliament was dissolved.

What is of concern to us in the United National Congress is the implied cost of electricity to consumers and industrial users. This new dependence on Amoco has come about as a result of the Trintomac blow-out in April 1991. This grave accident requires a full-scale commission of enquiry to determine whether other factors were responsible. The issue is not the length of the contract but the terms, particularly the price of gas per thousand cubic feet, which is not known to the public, and which hold some of the gravest implications for our country.

A contract is signed on November 23, 1991, but Amoco only presents its plans to the Ministry of Energy on Wednesday, January 8, 1992, a month and a half after the contract was signed at the Trinidad Hilton. This was reported in the *T&T Mirror* of January 12, 1992. What is the real role of this Ministry—the new Ministry of Energy? Is it to collect tax royalties? Is it going to be scaled down? This contract constitutes a virtual time bomb which could explode over the next two years when T&TEC's natural gas cost, which was \$71 million or 45 per cent of total generating expenditure in 1988, increases to 100 per cent in 1992 and climbs even further to 200 per cent in 1993, when its low-priced, 1975 contract comes to an end. This is one of the many contracts that the hon. Prime Minister has already pledged to honour at his own peril, I must say.

Mr. President: The speaking time of the hon. Senator has expired.

Motion made, That the hon. Senator's speaking time be extended by 15 minutes.

Question put and agreed to.

Sen. W. Mark: Mr. President, this is very serious and we hope that the Government of Trinidad and Tobago could make a statement on this very serious issue involving this gas contract between Amoco and the National Gas Company.

11.10 a.m.

While this caring Government taxes the poor and the working people virtually out of existence, Amoco has been paying this country a mere cent and a half—1.5 US dollar sold in natural gas to the National Gas Company of Trinidad and Tobago and this madness has been going on for the last 25 years. That is why they could invest \$1 billion now, because they have been subsidized by us. When one considers that this company supplies close to 450 million cubic feet of gas daily, the profits realized by this transnational is staggering. This caring and sensitive Government has to address this question.

We import so many non-essentials in this country—absolute non-essentials. Why can the Government not direct its fire at those non-essentials, so the burdens could be equitably distributed? What about horses and yachts? They could also be looked at. Phoenix Park Gas Processors Limited received a five-year tax holiday. So while we are being forced to pay tax, foreigners come here and get tax holidays for five years. At whose expense? Ours. Tax Ispat and all those companies; let them pay the full cost of electricity.

I turn now to the Structural Adjustment Loan. On page 19 of the Minister of Finance's speech, he states:

“We plan to draw about US \$40 million from the World Bank and the Japanese Exim Bank in connection with the Structural Adjustment Loan which the Government negotiated in 1989.”

He says that, but he does not tell the population what are the consequences of that drawdown, the second tranche. He does not tell the population what are the implications. He must level with the population now. The implications are the possibility of thousands of workers being retrenched at WASA, T&TEC and other sectors of this economy. The consequences of that drawdown could mean

increased rates in public utilities, because they talk in this report about financial self-sufficiency; they talk about operational efficiency. Operational efficiency means retrenchment; financial self-sufficiency means full economic cost.

There would be a massive outflow of scarce foreign exchange through the trade liberalization measures—again in this report. There would possibly be the destruction of many manufacturing firms and consequent dislocation as a result of the removal of the negative list. There would be a shift back from productive to distributional activity and a possible further dependency on agricultural imports. The sole aim of the programme is the reduction in the size and role of the public sector in national economic activity.

The PNM's approach is essentially based on an acceptance of the classical structural package of the World Bank and the IADB. The truth is that this approach will never lead to meaningful economic progress. Freeing up imports in a context of unequal income distribution, large-scale unemployment and worsening poverty levels, is effectively a recipe for capital flight. There is need for a clear and categorical statement on the nation's public debt and I hope that the Minister would be able to do that in his winding-up.

Therefore, we must avoid, as a nation, at all costs, the ideological baggage of the international, financial lending agencies which is designed not only to dismantle social solidarity, but also to even disempower Government as well as to promote inequality and injustice. It is against this background that we on this side wish to warn the Minister of Finance that none of his programmes and policies which cannot command a degree of critical acceptance by the major interest groups within our society, will succeed. There is no substitute for meaningful public discussion and consultation. Consensus is crucial for economic and lasting progress.

What is the explanation for the fact that this region spends over US \$1 billion annually on food imports? The truth is, our consumption patterns bear little relation to our basic needs. The issue is the decolonization of eating habits of our people who have all but surrendered their pallets to foreign control. There is no choice in this matter. It is either the people are mobilized to humanize and democratize the landscape everywhere, or the leadership of the new Government confines this nation to a process of continued domination, dependence and subjugation. This is why the Minister of Finance missed a golden opportunity in

Appropriation Bill (Budget)
[SEN. MARK]

Monday, January 27, 1992

this first round. Instead of a new vision, the people have been confronted with a new nightmare.

I want to indicate that there are, in fact, many difficulties inherent in the Minister of Finance's 1992 budget. Before I close, I want to refer to the preamble to our Constitution which states at page 10:

“(b) respect the principles of social justice and therefore believe that the operation (that is, the people) of the economic system should result in the material resources of the community being so distributed as to subserve the common good, that there should be adequate means of livelihood for all, that labour should not be exploited or forced by economic necessity to operate in inhumane conditions but that there should be opportunity for advancement on the basis of recognition of merit, ability and integrity;”

The stark reality is that the 1992 Budget has fallen short of this critical principle contained in our nation's Constitution. The objectives outlined in the 1992 Budget and the fiscal measures instituted are at odds with each other. Indeed, the lofty objectives shall not be achieved as hoped for by the hon. Minister of Finance. Instead, human misery and social destitution seem destined to multiply in the coming months, in spite of the Minister's attempt to mislead and to deceive.

I should like the Minister of Finance in his winding-up, to indicate to this country how he arrived at one cent a mile. This was headlined in yesterday's *Guardian*. I have a vehicle and I should like to share with the Minister of Finance my situation. I am fortunate to have a vehicle which gives me 25 miles to the gallon. At the old price of \$6.82, I used to pay 27 cents a mile. I am now paying 35 cents a mile, a difference of eight cents. If one makes a calculation of 15 miles to the gallon 35, or 40, one is going to get a difference of 14, 6 and 5 cents respectively. I do not know how the Minister calculated this. He has to have a vehicle which gives him 200 miles. The hon. Minister is probably using compressed gas. I do not know if his calculations were wrong, but he needs to clear this up, because it is misleading to say that people are paying one cent for every extra mile.

In 1986 the vast majority of the people voted for real change and got instead, exchange; in 1991, we have again voted for meaningful change. Let us, for the sake of our children and the nation's integrity, hope that the new PNM does not short-change the people. As is evident from my contribution, it does not appear that the PNM will be able to achieve the goal of meaningful change, unless there is national unity in the country.

The United National Congress, as the alternative government, stands ready and willing to continue the struggle to promote the people's cherished dreams and aspirations in their relentless quest for the creation of a more just, equal and peaceful society whenever we are called upon to assume the reins of power, the reins of government, in our blessed country and beloved nation.

Thank you, Mr. President.

Mr. President: Before calling on the next Senator, Sen. Mark, I just want to refer to one or two matters which came up in your contribution, one of which I dealt with already and I think you would agree now, that to accuse any government, past or present, of perpetrating a fraud through an agreement made with an international organization or anybody else, is not really a very charitable or parliamentary way of describing it, although I realized you sought to introduce arguments to support your statement. But I hope for the *Hansard* record you would arrange with the *Hansard* Editor to substitute a more charitable description.

The other point I want to refer to, for the benefit of all Senators, is this. Early in your speech you stated that there was no voice for labour in the Senate. After all, those of us who were in the last Senate cannot blame anyone for thinking that any other voice of labour in the Senate would be superfluous as long as Senator Wade Mark was here. But be that as it may, when you dealt with the appointments of the Independent Senators, it could possibly be construed as reflecting on the conduct of His Excellency, the President, because, according to our Constitution, section 40(c) says:

“nine (Senators) shall be appointed by the President in his discretion from outstanding persons from economic or social or community organisations and other major fields of endeavour.”

So it is within his discretion to choose those who should occupy the nine seats. Standing Order No. 35 states:

“The conduct of the President of the Republic of Trinidad and Tobago, Members of the Senate or House of Representatives or of Judges or other persons engaged in the administration of justice shall not be raised except upon a substantive motion for the purpose...”

I just bring this to the attention of all Senators, generally. I know that Sen. Mark did not mean any criticism of His Excellency.

Sen. Martin Daly: Mr. President, I propose to relate my contribution to this debate to basically three areas. First of all, the apparent abject failure of the Central Bank of Trinidad and Tobago to carry out its statutory duties with regard to monetary policy. Secondly, I should like to say a few things about the Industrial Court, having regard to the great prominence given to that court in the speech of the Minister of Finance; and thirdly, I shall have a lot to say about unemployment.

May I, however, Mr. President, through you, publicly thank my colleagues on these benches for entrusting to me the very delicate task of opening the batting for these benches in the new Parliament. You have my assurance that I will try to strike the ball firmly and with an objective eye. Of course, I am confronted with an immediate difficulty, because I am following one of the most formidable spokesmen on labour matters in this country.

I do not want to get into any difficulty with you, Mr. President, so early in my life in this place, but I hope that I shall not be making any procedural mistake if I point out for the information of all that not only is my Friend, Sen. Wade Mark, a formidable spokesman for labour, but that he is also the leader of business on behalf of the Opposition. Moreover, the official Leader of the Opposition, a constitutional office in this country, is the leader of a formidable trade union. So I do not know, Mr. President, whether I can just be permitted to mention those two facts to put to rest early in the life of this Parliament any suggestion that Sen. Wade Mark is the only fearless one among us. But to more important matters.

With regard to the performance of the Central Bank, I refer to pages 7 to 9 of the budget speech. In statements beginning at page 7, the Minister refers to the fragility of the economy, and then he refers to the borrowing by state enterprises and statutory boards in new loans from the financial system. Then he says this:

"The significance of this latter development was its contribution to the weakening of the balance of payments since the additional lending to those entities was ultimately funded by the Central Bank. In view of tight liquidity in the banking system in the second half of the year, the bank accommodated the commercial banks with advances without which they would not have been able to honour prior lending commitments to their clients."

In the course of his contribution this morning in this honourable House, the Minister again referred to the "accommodative monetary policy of the Central Bank". In the budget speech, at page 27, he also stated:

"In other words, tight fiscal policy was accompanied by an easy monetary policy which left the authorities unable to staunch the haemorrhage of foreign exchange in the second half of the year."

The Minister of Finance then talks about the falling foreign exchange reserves, and then he gives us the gross reserves. I shall be returning to that in due course. He then refers to the permissive link between fiscal and monetary policy, and to the status of the banking relationship between the Government and the Central Bank. Then he says:

"Under the Act establishing the Bank, there is provision for it to make advances to the Government and to hold securities issued by the Government up to specified limits. The Bank's audited accounts for the year ended 31, December, 1986 showed advances of \$1,003.2 million, and securities in its portfolio to a value of \$103.5 million, both within the statutory limits. Subsequently, its holdings increased beyond the relevant statutory limits, a fact highlighted in the reports of the Auditor General which were tabled each year in this Honourable House. Preliminary data for 1991 indicate that the level of advances had increased to \$1,442.3 million and portfolio of securities to \$946.8 million, both well beyond the relevant statutory limits."

The Government, according to the 1987 budget statement, "has been surviving on overdraft from the Central Bank".

Of course says the Minister, and I respectfully agree:

"...the real issue is the economic consequences of such considerable use of Central Bank financing. This administration will seek to rectify this undesirable situation within the shortest possible time."

In the course of his presentation this morning, the Minister said, and again I respectfully agree,

"...that this situation with the Central Bank is not just a legal problem, but a problem of economic management."

Now, I propose to offer some assistance to this honourable House on why this is a legal problem. I know when the Minister says just a legal problem, he does not mean it pejoratively, but I will explore, for the benefit of Members of this House, the problem that is created, the problem that has been disclosed in this

Appropriation Bill (Budget)
[SEN. DALY]

Monday, January 27, 1992

budget. Of course, Mr. President, if I may continue the analogy of opening the innings, I will keep my bat very close to my pad. I do want to go forward in my crease a little and raise some points about the economic management consequences of the failure of the Central Bank to observe its statutory duties. But first of all, I think it is important to summarize what the Minister's statement discloses.

I pay tribute to the Minister for disclosing this. I will be mildly critical of him for not going further. The statement discloses an easy monetary policy with the clear implication that the policy was too easy. It discloses, as I have said, advances by the Central Bank in excess of the legal limits; it discloses survival by the Government on overdraft from the Central Bank; it discloses a fall in the gross foreign exchange holdings of the Central Bank, and then the Minister has stated that the real issue is the economic consequences of the use of Central Bank financing.

I do think, with respect, that he might have taken us into his confidence a little about what those economic consequences are. Unfortunately, some of what I want to bring to the attention of this honourable House have already got the attention of our zealous media. You will have seen the headline in a daily newspaper today reporting that the Central Bank has given the country's commercial banks up to the end of February to repay \$500 million in loans. I am respectfully submitting that this is one of the consequences of this too easy monetary policy. If that is a fact, as I too am informed it is, it is going to have knock-on consequences down the road for all of us. But more of that later.

The other thing that the Minister's statement disclosed is large borrowings by the commercial banks from the Central Bank. If you look at the *Review of the Economy, 1991*, at pages 18, 19 and 20, you will see disclosed there the fact that as it is entitled to do, and as indeed I submit it is bound to do in the interests of all citizens in this country, the Central Bank in the second half of 1991 intervened in the economy in order to allow a little more prudence to prevail. I quote from page 19 of the *Review of the Economy*,

"As these conditions"

that is easy liquidity and so forth—

"impacted adversely on the balance of payments, both the cash reserve requirement and the rediscount rate were raised in the second half of the year,

with the result that liquidity conditions tightened considerably in the second half of the year."

A similar statement with more particularity is made on page 20, under the rubric "Liquidity" in the several interventions made by the Central Bank, giving the level of intervention and the dates of those interventions which are August 22, October 2 and December 4.

Now, I think that one is entitled, playing the ball as I am with an objective eye, to ask: Who is responsible for this easy monetary policy? What is the relationship between the Government and the Central Bank about which the Minister is speaking? It is, as hon. Senators will know, a relationship defined by statute. As a commercial lawyer, I could not resist looking into the Central Bank Act with a view to re-acquainting myself with this relationship. At the end of my research, I came to the provisional conclusion, which I stated at the outset; that is to say, it appears that the Central Bank has not carried out its statutory duties.

Now, I do not know whether I shall have the Minister tell us a little more about the economic consequences of the considerable use of Central Bank financing. I want to make it absolutely clear that this matter which I am raising is hardly a matter for which primary criticism can lie at the Minister's door, because it is my view, on a proper reading of the Central Bank statute, that there are certain obligations in that statute placed on the Central Bank with regard to monetary policies.

Moreover, in the course of my research, I came across a Statistical Digest of the Central Bank for November, 1991. Again, without trespassing too far away from my own discipline, it seems to me that when one consults that November issue, and in particular table 8—which is a statement of assets and liabilities—on the face of it this lack of alignment, this use of Central Bank financing, is not a matter that first began in 1991. It seems that it is a situation that has prevailed for the past few years.

You see, while the Minister of Finance may be accountable for the operations of the Central Bank, and indeed the Central Bank Act provides specifically for the Minister to give special and general directions to the Central Bank after consultation with his Government, the Central Bank has its own prescribed duties.

It seems to me, that on the basis of the situation disclosed to us by the Minister, the Central Bank would be in breach of its duties if it permits credit in

Appropriation Bill (Budget)
[SEN. DALY]

Monday, January 27, 1992

excess of the statutory limits. It seems to me that it would be in breach of its prescribed duties if it permits, unchecked, an unhealthy fall in foreign exchange reserves which may ultimately impact on the value of the Trinidad and Tobago dollar.

11.40 a.m.

Now, in order, to elucidate this point, I should like, without leading anyone to believe that I have come to the wrong place, to refer to one part of the Central Bank Act. I refer to section 3 (3):

"The Bank shall have as its purpose the promotion of such monetary credit and exchange conditions as are most favourable to the development of the economy of Trinidad and Tobago, and shall, without prejudice to the other provisions of this Act—

- (a) have the exclusive right to issue and redeem currency notes and coin in Trinidad and Tobago;
- (b) act as banker for, and render economic, financial and monetary advice to the Government;"

and, now, most noteworthy, Mr. President—

"(c) maintain, influence and regulate..."

and I emphasize—

"(c) maintain, influence and regulate the volume and conditions of supply of credit and currency in the best interest of the economic life of Trinidad and Tobago;"

This is a regulatory authority which has been given the widest possible yardstick by which to carry out its actions, in the best interest of the economic life of Trinidad and Tobago. Paragraph (d) is also important:

"(d) maintain monetary stability, control and protect the external value of the monetary unit, administer external monetary reserves, encourage expansion in the general level of production, trade and employment."

for emphasis, I repeat—

"(d) maintain monetary stability, control and protect the external value of the monetary unit..."

If, as disclosed by the hon. Minister, there has been any dramatic fall in the foreign exchange reserves, then, with the greatest respect, on that issue, too, one is entitled to ask: Who is responsible for that? Bearing in mind that I have said, and I repeat, that can hardly be a matter for which this Minister can be criticized.

You see, it suggests to me—and, indeed, I have made enquiries about it—that where monetary policy is concerned, the Central Bank has a high degree of autonomy, or, at any rate, semi-autonomy. I ask you, whether, given what is disclosed in the budget speech, the Central Bank has been carrying out its responsibilities with a sufficient degree of muscle, of fortitude, and resistance. And I speak specifically of resistance to the blandishments of governments, whose job is to get themselves elected.

There is so much *deja vu* about this debate and about some of the things ventured into by my Friend, Sen. Mark. In 1986 and 1987, we had all this business about what was happening with the Central Bank—who it was alleged could not work with whom; who was responsible for things which took place in 1986—and now in 1992 we see again, references to this easy monetary policy of the Central Bank. Is it that every time we have a general election we are going to have to conduct a post mortem into what was done, should have been done, was not done, and who was responsible?

In recent events in our political life, as good citizens of Trinidad and Tobago we exercised our right to peaceful change, I am asking whether we may not need to look again at the method of appointments and tenure of the Governor and Deputy Governor of the Central Bank. I ask whether these are offices which ought not to be filled by the President, after wider consultation, than the present arrangements that obtain in the Constitution. I ask whether our legal draftspersons will not consider whether the Minister's right to give general and special directions ought not to be made expressly subject to the Central Bank's duties to maintain monetary stability and regulate the supply of credit.

I am told, by those who are much more familiar with these matters, that in other countries the autonomy of the Central Bank is recognized. I am told that in Germany for example, the Bundis Bank is an independent institution.

I make these suggestions because I think it is unfortunate that the hon. Minister should find himself in a position, having just come into office, to have to say—admittedly very guardedly—that he has found an undesirable situation which has to be rectified or which his administration will seek to rectify within the shortest

Appropriation Bill (Budget)
[SEN. DALY]

Monday, January 27, 1992

possible time. I think it is quite wrong—whether it is this incoming Minister or some other incoming Minister—that such a situation should develop, and should pass unnoticed, and not drawn to the attention of the citizens of this country.

The Central Bank in any country, it seems to me, if it has a proper, or strong monetary policy, will have an influence on the overall economic health of the country. Recently, I read in *Fortune*, an example relating to Canada, where the very strident commentators who write in *Fortune* were praising the Bank of Canada for its strong monetary policy and saying that as a result of that policy, the Canadian dollar had appreciated over the past five years. That was an issue of *Fortune* in December, 1991.

So it appears to me, that there is some relationship—not only in the statute but out there in the field where the financial experts operate—between a strong monetary policy and the value of a national currency. And I am distressed to hear that our currency is once more, either weak or under attack, or if it is floated it will sink—that distresses me. And I seek in this contribution to find out structurally what we must do to avoid an experienced Minister of Government having to make—and I commend him for it—this kind of disclosure in his first budget speech. I think that it is something we have to look at structurally.

Now, Mr. President, you will recall that I referred to the Minister's statement that the real issue is the economic consequences of the use of Central Bank financing. I refer to the fact that he thinks what has happened is undesirable, that it must be rectified quickly. His statement, I say again, respectfully—candid and responsible as it is, and in keeping with open government—begs the question: What are those economic consequences? My information is—I know my way around one sort of library very well; not so familiar with another type of library, but with the help that I have had—that the single, most outstanding economic consequence—the question begged in the budget speech at pages 8 and 9—is that the Central Bank will be placing the commercial banks under very “heavy manners.” Now, it seems that some other source—besides those colleagues in the banking sector who have helped me—has got wind of these “heavy manners.” Because, on the front page of today's *Trinidad Guardian*, it says: “Banks get deadline: Repay \$500 million by February 29.”

11.50 a.m.

If that is so, and that money must be repaid by the commercial banks—the article states that they hope to get an extension and it refers to all the borrowings,

some of which the Minister has referred to. If that is so, then one can see quite readily—and in my profession we try to deal with things logically—that liquidity will tighten even further. And worse, if the Central Bank is going to place the commercial banks under "heavy manners", we know for sure that the commercial banks will respond similarly with their customers. That, in my respectful submission, will make the cost of doing business very high and will not assist in the objectives stated in the budget speech.

I remind Members of the Senate that when you refer both to the Minister's speech and to the *Review of the Economy* you will see that much of this lending had to do with loans to state enterprises. So again I suggest logically that among those customers of the commercial banks who will come under "heavy manners" will be the state enterprises. And then I wonder logically whether the next step is not this—that the state enterprises will then have to go to the hon. Minister's ministry for funds. And then I wonder, taking the next step, whether that is not going to place the Ministry of Finance under pressure at a time when it can least afford it.

Now, I do not say these things to alarm anyone. It is merely in pursuit of my respectful suggestion to this honourable House that, structurally, we need to look again at the legal relationship contained in the Central Bank Act between the Government and the Central Bank. I have the greatest sympathy for the situation in which the Minister finds himself, having to seek, with all his other problems, to correct that in the shortest possible of time. But believe me, if this is the correction, we are in for a very hard time. The cost of business will increase and that will not, as I have said, promote the objectives contained in the budget. Indeed, one can assume that as liquidity gets worse, interest rates will rise and the private sector, too, will suffer the consequences of an increased cost in business. Then on top of that we have the temporary and admittedly surprise increase in corporation tax. None of these things, in my view, can be looked at in isolation.

Now again, I referred to the duty of the bank to maintain the stability of the monetary unit and so on. Can we pause for a minute? One wants national unity; one wants wider consultation. We all want this country to get off its feet and continue to run. In fact that is not in my script but I realize how much it falls in this Minister's patch. We must get up and run; we must get up and run well. We all want that. But the point about it is, in my view, if the foreign exchange is declining in this dramatic way, if, as I believe it was an issue in the last election campaign, I

Appropriation Bill (Budget)
[SEN. DALY]

Monday, January 27, 1992

believe the country needs to be told by the Minister a little more about the current position with regard to those reserves. That is to say, tell us a little more than what has been disclosed at pages 7 and 8 of the budget speech.

Because, you see, my interest is not just prurient interest. That is not my interest. My interest is this. I thought the wicket today was better for batting than when I listened in the other place and observed how the Minister batted there. This seemed to be a better batting wicket for him. Because he was commendably blunt with us and reminded us that we have to live within our means. He reminded us that we must be careful about our lifestyles. Sen. Wade Mark has reminded us that we have abdicated our palates to foreign taste; and the only way this appeal to the country—regardless of political complexion—to do these things will succeed, is if the country understands fully the situation with which we are dealing.

So I am respectfully recommending to the hon. Minister that he walk the tight rope between his commendable candour contained in his general statements and a little more detailed information with this objective in mind—make it plain to all of us how careful we have to be, how important it is, once again, this is more *deja vu*—this is '86, '87, '88. Do not overspend, live within your means, and it appears on the surface here that we are not succeeding. And we are not succeeding because we are not being told sufficient.

I remind the Minister of his landmark statement at the opening of his budget speech. He is much criticized for what he has omitted, but he made a landmark statement at page 1 of his budget speech:

"...it is important that we strike a relationship of openness with our population, explaining with candour and simplicity the sometimes complex reality of our present situation in Trinidad and Tobago and our proposed course of action.

We would hope, thereby, to consult and receive the support of our people as we take difficult decisions in their interest over the next several years."

This is well put, but we have heard this before and we have not heeded these exhortations; perhaps, it is because we are not being told in plain terms and in more detailed terms how serious the situation is.

Now, it also seems to me, in the light of the points I am raising for the consideration of this honourable House, that I cannot continue to be respectful to the Government for this reason. Any loose talk about foreign exchange floating, sinking, flying or squatting, is going to cause us trouble because the economy,

according to the Minister, is fragile. People panic. People want to be sure that they can indulge their foreign tastes and do so well. So when we have this loose talk about the state of the currency—and I believe a learned colleague of mine also, like many members of my profession, renowned for his fearlessness, raised it in another place—is it \$100 million; is it \$150 million? How much left the country after the loose talk?

You know when we did history at school in the colonial days—and I stand with one foot on each side of the river, that is to say, I had to go in my white pants and blazer with a union jack to wave at—I had better phrase this respectfully—a personage in a jeep; and it was very hot and none of us wanted to go because there were marbles to be pitched and “downs” to be stoned. And then—and this is Dr. Williams' lasting gift to this nation—came free secondary education; we were able to take off the blazers and put on a monogram and that made it easier for us to pitch marbles, enjoy life and get a better education.

But in the colonial days all this business about loose talk was taught to us in history. There was this wonderful picture that they used to show us in the history books. I suppose it was a forerunner to modern public relations. I think it must have been Lord Kitchener. Anyway, it was someone with a suitable drooping moustache and a finger like this (*placing finger on lips*) and it said, as part of wartime propaganda:

"Loose talk costs lives. Don't babble among yourselves—the Germans might hear."

How appropriate, if we had capital flight by lawful means. Because I believe the question that is being asked is, by using all lawful means—medical expenses, claims for education abroad, gifts, all kinds of things—what sum of money flowed out of this country? No one can argue that it was not large sums. That was a piece of loose talk that could cost us our economic lives.

12.00 noon.

I appeal to the Government, no more loose talk, and please, follow the example of the other Lord Kitchener. If you are going to have loose talk, let us have it here; let us not have it with the BBC or ITV, or anybody else. We have one notoriously successful television company here, and two others. If there is to be talk and debate about anything, whether it is currency or otherwise, let us have it here; let us not carry it outside.

Appropriation Bill (Budget)
[SEN. DALY]

Monday, January 27, 1992

In support of my appeal, I shall mention what has been said by a leading firm of accountants on the subject of floating. They say when floating first appeared in the media, quoting Government sources, there was: "panic buying in the financial system in the immediate two weeks prior to budget day, causing a marked deterioration in the foreign reserves. The budget speech did nothing to dispel the speculation of the floating TT dollar, nor the alternative of a devaluation in the midst of a widely held view of an overvalued TT dollar."

If we are going to have loose monetary policy and loose talk, the prospect of doing anything for the unemployed will recede even further into the distance. My office is in the middle of town. Actually it is close to a square that is known as the vagrant capital of Port of Spain. We see every day, people coming in and out. Because of my profession, I must be able to read body language, and read eyes and lips. We can see, every day, as those people trudge in and out of our premises, real pain in their eyes.

What bothers me about this budget—and here I cannot be pleasant about , on a conservative estimate, unemployed. I start by complimenting the Government, unhesitatingly, on keeping its promise to pay the Special Tribunal award. I agree with those who say the time for arguing whether that is right or wrong has passed, because it was a sharp issue in elections and how the people wanted it resolved is absolutely clear. So we can have no more talk about whether it is right or wrong, however much we disagree with it. The significance of the Government's keeping its major promise is that we have now got used to removing governments. It is part of our political culture, and I am confident as a voter and a citizen that people feel the same way as I do. We will not tolerate broken promises; we will not give political love, only to suffer political "tabanca." Or worse, because they tell me after you have it once, it goes to another stage and it eventually becomes fatal.

The Government is to be commended on keeping its promise. But it has left the unemployed in the long, dark tunnel of despair. It is not acceptable, in my view, to allocate \$90 million for unemployment relief. It is not acceptable. I recognize that the Minister has a problem right now, but I want to throw up some figures that will make it very clear—I am respectfully submitting—how the next set of priorities should be dealt with. It is taking \$496 million to keep the promise. I repeat, I have no quarrel with that. But I am submitting—and I would seek to justify it if time permits—that with 100,000 employed, you need \$420 million for meaningful unemployment relief.

Everyone, I hope, will see how aggressively the figure of \$420 million for the unemployed competes with the figure of \$496 million to give two per cent more to those who have jobs. The figures compete aggressively. I arrive at \$420 million simply this way: The old age pension is \$347, let us round it off at \$350. So that suggests that you can lead a meagre, threadbare existence on \$350 per month. You have 100,000 unemployed, so you multiply that, and when you multiply it by a year, you will arrive at the \$420 million.

I want to emphasize, I am not suggesting a permanent welfare state, but if the thesis is that unless and until we can raise more permanent jobs, there must be unemployment relief, \$90 million will do nothing to relieve the pain. So whenever we have the next budget—I am not competent to say whether it will be this year or next; I hear loose talk about that—let us look with compassion at that aggressive competition between \$420 million for those who have nothing and \$496 million for those who have. I think the contrast is very, very stark indeed.

I do not mind—and this would be a matter for my Friends who speak expertly on behalf of labour—what they say, but I want to ask the question: Is it right, when you need \$420 million for the temporary relief of unemployment, to start talking about negotiating arrears by June? Is it right to talk about “pulling the plug?” Respectfully, when we consider those two questions objectively, with 100,000 unemployed, is it right to be negotiating arrears by June? Is it right to be talking of “pulling the plug?” Is that what is meant by sharing the burden equally, to leave out the unemployed, to send them further down in this long, dark tunnel? That cannot be right.

It seems to me that there is some skewed thinking on who are the disadvantaged in this country—skewed thinking. In the economic circumstances outlined by the Minister, the disadvantaged in this country are the unemployed who cannot survive on an allocation of \$90 million for unemployment relief. We now have to start focussing on those who have, as opposed to those who do not have.

It is interesting that in the course of putting together my thoughts for this debate I should come across an article written in one of our daily newspapers by a well-respected journalist, Mr. Harry Partap. He struck precisely this note in a commentary entitled: "Laugh and Cry Budget." He says he went into three areas of brutal poverty in South Trinidad. He says he found that people were happy with the budget, but he also found another response, about the increases. He says in his

Appropriation Bill (Budget)
[SEN. DALY]

Monday, January 27, 1992

article in the *Express* of January 21, 1992, how pleased people were that the Government had—

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

Motion made, That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. M. Mansoor*]

Question put and agreed to.

12.10 p.m.

Sen. Daly: In this article, Mr. Harry Partap reported that all these people in these areas of grinding poverty were happy with the Government for keeping its promises, but he found another response. I quote from the article of January 21, 1992:

"Almost to a man, the reply was invariably: 'He say he stopping VAT on books and medicine and he do it, that is good enough for me!'"

But, asked the reporter:

"What about the increases in the price of gasoline, sugar, alcohol and tobacco?"

Answer:

"'That eh nothing, who have will pay, we eh have so we eh have to pay.' came the blunt reply."

Further along in the same article, Mr. Partap concludes—and this entire article is a resumé of things that he found in three areas of grinding poverty—

"It would seem..."

says the journalist—

"that we have two different worlds outside there. There is the world of 'those who could afford and those who cannot afford.' And those 'who cannot afford' have resigned themselves to this fate without even a bother about the economic problems in the country."

May I read that again, Mr. President:

"It would seem that we have two different worlds outside there. There is the world of 'those who could afford and those who cannot afford.' And those

'who cannot afford' have resigned themselves to this fate without even a bother about the economic problems in the country."

I do not want to strike a lighthearted note in this part of my contribution, but I am professionally trained that when you read a paragraph, you read the whole thing.

Mr. Partap goes on to say:

"That to them is somebody else's problem. And this will be reflected in the way they cast that vote if an election is called tomorrow. The results will be the same as that on December 16."

So, the Government has a little time to address this problem with the vigour that it deserves. But let us not pretend that \$90 million is going to do anything. In fact, Mr. Partap says that the \$163 million that was spent in 1991, gave people their first job in four years. So, \$90 million is not going anywhere, I respectfully submit. We have got to decide now, if we are going to focus, in this so called "fair burden of adjustment"—it has become jargon now—are we really going to focus on those who are really disadvantaged? Are we going to press the Government, whether it is this government, the alternative government, the last government, the one in exile, the one not yet born? Are we going to continue to press the government, regardless of its political complexion for more for those who have?

We are trained in my profession, to do research into everything. You have to be able to do research into everything, and you have to be able to listen. I should just like to close in final support of my prayer that we give the unemployed a superior turn to those who have.

On \$350 a month, I am told by very respectable sources—sources that must always be obeyed—assuming you are renting a little room somewhere and you are lighting by candle, your diet will consist of bread, bake, sardine, corned beef, chicken feet for protein, bones for soup and when you have to feed children on that kind of budget, you have to take the starch water when you have finished boiling the rice, put condensed milk in it and feed them that. I want every single working man in this country who goes home tonight and sees a steak on his plate, and giving steak to his children, to study that there might be a man in the same constituency who is taking off the starch water from the rice to put condensed milk in it to give to his children.

Appropriation Bill (Budget)
[SEN. DALY]

Monday, January 27, 1992

So, let us hear nothing more about disadvantaged this, and disadvantaged that. There is one group in this society now, who is disadvantaged, and it is the unemployed, and I regret to say that there is no hope for them in this budget.

Just to draw the threads of my contribution together, I say that we must have a firm monetary policy, which in turn protects the value of our currency, which in turn gives the Government the fiscal room to manoeuvre, which in turn gives them the ability to address the next claim in this country. Is it \$496 million that is important or is it \$420 million that is important.

So, in my respectful view, this is a budget with hope for some, joy for some and a great deal of despair for others. I would respectfully ask the Minister to take into account my plea that he look into the Central Bank and start thinking about where unemployment relief is coming from.

I would not take up any more time; of law and the Industrial Court being the superior court of record, give us a building that does not cause cases to be adjourned when it rains and cases to be adjourned when it does not rain because the air-conditioning unit does not work. That is also a priority for which I should also like to make a plea.

Thank you.

The Minister of Trade, Industry and Tourism (Sen. The Hon. Brian Kuei Tung): Mr. President, as one of the new boys on the block, and coming after the contributions of Senators Daly and Mark, I feel almost like a sacrificial lamb.

Sen. Daly has been his normal, eloquent, dynamic self, and I believe it is incumbent upon me at this time to offer congratulations to him on a very fine contribution.

Sen. Mark, has made a contribution in which, to my mind, he has been dwelling at length on the actions of a previous administration. I am wondering whether his contribution was not a little untimely, in the sense that he was also a Member of this august Senate, not being here myself, I am wondering whether he has missed the boat or I have missed the boat. I say so because I believe his sentiments could have been more appropriately addressed to a previous administration. I am almost tempted to remind him that the administration has actually changed.

I could not help but get the impression that this may be a case of telling new boys, old wives' tales. In spite of that, I should like, through you Sir, to tell Sen. Mark that I have noted his comments and hope that as time develops, we would be in a position to avoid some of the pitfalls of which he so carefully accused the previous administration.

On the question of being the lone voice for labour. If his definition of the voice of labour is the question of conditions of employment, I agree, he may be the lone voice. But if it can be taken in a wider context, and that the voice of labour includes unemployment, that the very lucid Sen. Daly speaks of, if it includes job creation, then I want to submit to the fearless one, that he need feel neither lonely nor vulnerable as the Members on this side themselves feel that they speak with the voice of labour because of our concern with unemployment and our preoccupation with trying to create jobs.

My contribution on the budget is going to, of course, be skewed towards the ministry for which I have responsibility. I begin by referring a little to some of the policies that have been outlined in our manifesto.

12.20 p.m

The Government of the People's National Movement has outlined in its manifesto that its major economic objective would be to seek to stimulate economic growth leading to a transformed, more resilient and less oil dependent economy capable of generating sustainable and productive jobs for our people. It further states that the Government of the People's National Movement perceives in so doing, its role more as stimulator and facilitator in the pursuit of these objectives and it bases its strategic approach on four main pillars.

1. A commitment to a competitive market-oriented domestic economy with the Caribbean being an integral part of this economy.
2. Targeting enterprises which are export-oriented and whose inputs are sourced locally.
3. A strong people orientation.
4. A stable investment climate.

I have to make reference to those objectives because of the critical importance for the direction of my ministerial portfolio, and I am speaking here as Minister of Trade, Industry and Tourism.

Appropriation Bill (Budget)
[HON. B. KEUI TUNG]

Monday, January 27, 1992

Mr. President, To talk a little about industry. Like most developing countries which emerged from colonialism in the post-war period, industrialization has been one of the major policy objectives of the Government of Trinidad and Tobago and this has been so since the late 1960s so that although that objective still obtains as a focal pillar in this country's development, the basic elements of that policy by which that objective was originally guided must of necessity change dramatically in keeping with the drastically changing global scenario.

This country's first major thrust into industrialization in the 1960s and 1970s was based out of necessity on a strategy of import substitution and this resulted in a policy regime with an orientation which was woefully inadequate and fraught with many limitations. The manufacturing sector became inherently inward looking in its perspective fostered by the application of a protective mantle of quantitative restrictions against competing imports administered through the negative list. Unfortunately, this inward looking perspective still very much characterizes the manufacturing sector today to a very large extent.

The second thrust into industrialization in Trinidad and Tobago commenced in the late 1970s and continued into the 1980s, and was based on the utilization of the country's resources of natural gas, both as fuel and feed-stock for several capital intensive industrial operations.

This programme was, however, very limited in scale mainly due to the fact that this kind of programme would have required substantive capital investment and in any case provided few jobs. Current international trends in the areas of trade, finance and technology dictate that our policy for economic transformation, if it is to be successful, must provide the mechanism to achieve structural adjustment and modernization of existing plant.

The Government is fully aware that this programme of structural adjustment is going to be a long-term process. The benefits which will be derived from a structural adjustment process, include an increase in the standard of living, it will require economic diversification and it will provide enhanced international competitiveness on foreign exchange capability, not to mention the creation of jobs.

In pursuing our role as stimulator and facilitator in the industrial restructuring process, the Government will always be fully cognisant of our direct involvement in order to ensure the success of such a process.

In mentioning a few of the agencies which will have to be used in dealing with this restructuring, I should like to take a few minutes to talk about the Industrial Development Corporation. To my mind, the Industrial Development Corporation is the focal agency on which any industrial restructuring must rest, so that it is the intention of the IDC to develop five-year rolling plans—strategic plans, for each major sector. Its main areas of operation will focus on industrial planning, investment promotion facilitation, the rehabilitation and modernization of industrialization and the upgrading of information capability.

Another agency upon which the Ministry must rely for its restructuring process would be the Small Business Development Company. I remind Members that our manifesto refers specifically to the Small Business Development Company in which we propose to give the company the power to provide loans at concessionary rates for approved categories of small business. The Government recognizes the role which the small business and micro enterprises play in meeting some of the very basic needs for goods and services in the national community, so that at this time we wish to urge the wider business community to assist by lending its experience and expertise to the development of small business, to ensure that the role of the small business meets those basic needs to which I refer.

Another agency to which the Government and my Ministry must turn for the fulfilment of our strategies would be the Management Development Centre. The development of the manufacturing sector has spawned a reasonable level of managerial expertise in Trinidad and Tobago in a wide cross-section of industrial activities. However, the success of this industrial restructuring would require an increase in both the quantity and quality of managerial personnel and the Government will be seeking to address this shortcoming through the adoption of several measures which would include efforts to rationalize and focus the management training efforts now undertaken by various governmental and quasi-governmental agencies. So, as I said, the Management Development Centre and by extension the Institute of Business will be two focal agencies in pursuing these goals.

I understand that the Management Development Centre has now developed two main themes. Its first theme dwells on uncertainty, the uncertainty, of fluctuating oil prices and changing markets. Another theme which is also developed, is that of vision, which is seen as a prerequisite for managing organizations in difficult economic circumstances as confront Trinidad and Tobago at the present time.

12.30 p.m.

I shall turn to another agency, the Bureau of Standards.

SENATOR'S APPOINTMENT

Mr. President: I think this is a convenient time to take the break, but before I suspend the sitting, I remind Members of the Senate that before we began the debate on the second reading of the Appropriation Bill, I indicated that the final vacancy in the Senate was likely to be filled today. During the course of the proceedings this morning I received an instrument appointing Mr. Ashik Mohammed Hassim a Senator. The instrument was signed by His Excellency the President today, January 27, 1992. I now ask leave of the Senate to allow Mr. Hassim to take the oath at this stage.

Question put and agreed to.

OATH OF ALLEGIANCE

Sen. Ashik Mohammed Hassim took and subscribed the Oath of Allegiance as required by law.

12.34 p.m.: *Sitting suspended.*

2.00 p.m.: *Sitting resumed.*

**APPROPRIATION BILL
(BUDGET)**

Mr. President: Before we resume the debate just let me advise Senators, especially the new ones, that when you are called upon to speak, press the button next to the microphone. When you see the red light appear, then you may begin to speak.

Hon. Kuei Tung: Mr. President, you will recall that I mentioned earlier that in the 1960s and 1970s the industrialization thrust was based on import substitution. In the 1970s and 1980s it was based on the utilization of the country's natural resources and in the 1990s, the policy objective must be structural adjustment and modernization of the industrial sector. This is so if we are to meet the challenge of international competition in export markets and at home as well. I also mentioned some of the agencies that my Ministry will use to achieve this and I should like to continue in this vein.

In moving towards exports we cannot ignore the element of quality in the international market-place. But this is so as well as of necessity in the domestic market and I speak of it in the context of the removal of import restrictions consequent upon the dismantling of the negative list. The Bureau of Standards has been gearing itself to deal with the full introduction of the trade liberalization programme. This assistance is being given to local manufacturers in two ways:

- (a) By working with manufacturers to improve the quality of their goods so they can effectively compete with goods coming into the country as a result of the trade liberalization programme; and,
- (b) By preparing standards for goods which are likely to be heavily traded so that a reasonable quality of goods should be available on the market.

More specifically within the context of its strategic plan, its priority strategies are firstly to develop a culture of quality consciousness in the national psyche as well as to ensure that goods and services produced and/or used in the country satisfy criteria for good performance.

In order to ensure that the bureau becomes fully equipped within the shortest possible time, the Government will be moving to ensure that the outstanding constraints are addressed. For example, the lack of technical personnel and equipment. The Bureau of Standards has also made some firm recommendations in respect of some urgent measures for consideration by this Government. These include the need to articulate a quality policy; to establish quality contingent fiscal policies; to confer preferred status on quality certified products, services and organizations; to develop a national export quality programme; and finally to encourage regional harmonization of standards.

My Government is fully cognizant that increasing international competition has raised the demand for excellent quality goods and services. Moreover, we support the modern concept that quality management should be adopted as a strategic rather than an operational decision which calls for total organizational commitment. We are committed to quality improvement as a basic prerequisite to the successful execution of our role as a facilitator in the adjustment process.

I should just like to make mention, for a few minutes, of international trade. The Government considers exporting to international markets to be a priority concern which dictates that its role as a facilitator should ensure that exporters are provided with a full range of technical assistance and extension services to alleviate

Appropriation Bill (Budget)
[HON. B. KEUI TUNG]

Monday, January 27, 1992

the many difficulties which would certainly be encountered in seeking to penetrate extra-regional markets.

The Export Development Corporation, an agency for which I have administrative responsibility, is the focal governmental agency which will be required to co-ordinate the institutional programme in support of this export effort. I will certainly move to ensure that this effort is effectively co-ordinated between private sector companies and state enterprises. The EDC has incorporated in its plans for 1992 several facilities which would meet the critical needs of local exporters. These include, for example, a facility at Piarco Airport for efficient documentation, handling and shipment of goods, but particularly perishables. It includes overseas distribution centres as a channel of distribution and to receive consolidated exports to disaggregate and deliver small orders and to facilitate timely delivery of export goods in major European and American markets.

With the support of the World Bank, a market development grant scheme fund of \$6.375 million will be made available to provide private sector manufacturers and exporters with significant export expansion, covering planning periods of between two and three years. They also included co-ordinating the sectoral export activities in areas such as beverages, food processing, seasoning and spices, cut flowers, furniture, handicraft and garments, utilizing short-term specialist consultancy and marketing advisory service.

The EDC plans to lead in the development of new export products based on agriculture and other natural resources such as bay leaf, passion fruit, clay and ceramic products. It also plans to organize and manage trade attaché networks in major markets and establish trade correspondents in other markets.

One of the keys to its success is to develop an export trading company to export products of small producers who, because of their size, would not be able to enter export markets and so create producer groupings. It also plans to improve on the information flow on potential contracts in construction services, management consultancy and other invisible exports.

If success is to be achieved in our export marketing efforts, we need to adopt an innovative and creative approach. One technique which has not been seriously addressed is the establishment by the private sector of export trading companies and export management companies. Underlying this approach is the need in the commercial infrastructure for intermediary operators to co-ordinate production of

market products particularly from small companies and micro-enterprises whose output would not normally find its way into overseas markets.

As outlined in our manifesto, we propose to encourage the growth of export trading companies through the grant of tax exemptions. We would continue to ensure the efficient functioning of the Export Credit Insurance Company, EXICO, as a vehicle to support the export thrust. The company has diversified its portfolio to include trade financing at the post-shipment level, in addition to establishing in more recent times co-financing facilities with the commercial banks in order to expand the financing available to a wider base of exporters. EXICO will, in 1992, introduce specialized credit insurance cover and a bill discounting facilities for exporters of fruits and vegetables, horticultural products, frozen fish and shrimp.

I now turn to the question of capital. We fully understand and appreciate that the dynamics of growth and transformation must be internally propelled. We cannot wholly rely on foreign capital. To conceive otherwise would be to court economic disaster, and one of the critical areas is that of mobilizing local savings.

Recent trends have revealed a marked reduction of foreign loan capital especially on concessionary terms. The same trend has appeared with respect to direct foreign investment and other commercially oriented inflows. We face a future in which our capital requirement for both productive investment and the development of social infrastructure will increasingly have to be sourced from our domestic savings. In this context, it is necessary to intensify our national savings' effort by reducing the national propensity to engage in consumption expenditure at the consumer level. We must begin to cease to regard savings as an incidental activity.

At the level of business enterprise, emphasis must be placed on increasing the efficiency of the operations so as to achieve reduction in production costs. The co-operation of the labour unions would be crucial to reducing labour costs and increasing worker productivity. The corporate savings which accrue as a result of the cost reduction could be effectively re-invested in employment-generating export-oriented production.

The Government to which I belong would seek in the course of time, in keeping with the pledges made in our manifesto, to introduce several fiscal policy measures aimed at fostering the growth of local savings in order to contribute to the pool of capital required to fuel the developmental effort.

Appropriation Bill (Budget)
[HON. B. KUEI TUNG]

Monday, January 27, 1992

In anticipation of reaction to measures taken in the 1992 Budget, in this context, and regarding increases in personal and corporate taxes, I wish to inform this House that the Government considers these measures as being temporary and will be endeavouring to make good its manifesto pledge to reduce taxes as soon as resources permit.

I should like to turn to the question of industrial relations. The return on capital investment is a function of several factors which includes labour. As previously mentioned, union and management co-operation would be central to managing production costs through wage reductions and increased productivity. Enlightened management practices, which increase worker participation in the decision-making process and project the human fact of the management regime would certainly serve to motivate workers to perceive a harmony of the interests with that of their organization. Management must accept that for a corporation to thrive, to be profitable enough to attract continued investment, it has to create the feeling of belonging among all the employees.

Labour union managers, on the other hand, should become more proactive by seeking to educate workers and in the deserving cases to censure unproductive workers. They should seek to forge a deeper level of awareness among workers in both the public and private sectors as to the role which they are required to play in increasing their levels of productivity.

In the context of the role as facilitator, the PNM respects the norm of modern industrial democracy and understands the critical role that workers and their representatives must play in realizing higher levels of productivity, particularly where activity is geared to the export market.

We are also cognizant that to attract and maintain investors there must be a stable industrial relations climate. We therefore propose to foster a relatively stable and peaceful industrial relations climate through a series of measures and strategies, prime among which is meaningful dialogue with the trade union movement, which has already commenced.

I next turn to trade reform. The Government has declared its intention to honour the structural adjustment loan agreement entered into with the World Bank. A principal area of activity is the trade reform programme which has as its principal focus the liberalization of this country's restrictive trading regime and the removal of the anti-export bias inherent in the relevant policies. The Government has been granted by the World Bank an extended date for compliance with the

Appropriation Bill (Budget)
[HON. B. KUEI TUNG]

Monday, January 27, 1992

second tranche conditionalities from December 1991 to December 1992. I propose to treat very urgently with a time-table for ensuring that these conditionalities and companion measures which are aimed at curtailing unfair trading practices are implemented in due time.

The focal elements of the trade reform programme which remain to be executed are, firstly, the dismantling of the remaining 40 per cent of the negative list. Mr. President, I should like to inform this honourable House that at this very moment there is a technical team reviewing items which we feel can be quickly taken off the negative list, and with which I plan to go very soon to Cabinet to ensure compliance with the conditionalities. Secondly, the implementation of a medium term tariff plan. Thirdly, the elimination of duty exemption and the grant of free trade status to exporters, and finally the computerization of Customs and implementation of a trade reform programme.

Let me say a few words on the question of tourism as it relates to my Ministry. Tourism will be an essential part of the Government's strategy for diversification of the economy and it shall receive the required attention to be so.

The year 1991 was one of the most traumatic years for the international travel and tourism industry, since the major oil price rises of the late 1970s. In addition to the Gulf War, some of the key original markets, notably USA and the UK, have been in recession. While some European markets found 1991 a less satisfactory year than expected, strong growth in demand for Trinidad and Tobago was experienced from Germany and Switzerland.

The Government recognizes the economic and social potential of tourism and will continue to work with the Tourism Development Authority's strategic plan, making appropriate changes as we go along and as market conditions dictate. Market intelligence and research indicate that Trinidad and Tobago has excellent potential as a tourism destination and it is my Government's intention to develop tourism in keeping with the social-cultural and environmental values of the people. This tourism being developed and marketed will not be masked tourism, but of a clearly focused nature and people-based attraction which will ensure a continuing appeal for generations to follow.

Successful tourism depends on a balance of domestic and international demand. The Government is committed to a specific domestic tourism campaign, particularly for the off-peak periods. There are several benefits to be derived from this. For example, we can encourage greater exploration and enjoyment of the

Appropriation Bill (Budget)
[HON. B. KEUI TUNG]

Monday, January 27, 1992

country by nationals; we can stimulate national pride; we can foster greater community involvement and cultural appreciation. At the same time, we will be able to achieve the reduction of the haemorrhage of scarce foreign exchange on overseas travel and provide hotels with acceptable levels of occupancy in the off-peak months. By so doing, we shall be able to sustain, on a year-round basis, the jobs and employment levels of those who work in the hospitality industry.

Travel to Trinidad and Tobago will continue to be helped by the following: The increased overseas marketing efforts of the Tourism Development Authority; the improving of economic conditions in most European countries as well as North America; the growing interests in the environment and green tourism; the expected continuing strength of European currencies versus the US dollar; the continued growth trend both in absolute and sheer terms in long-haul holidays.

The successful strategy of marketing Trinidad and Tobago domestically, regionally and internationally as a unique Caribbean holiday destination to identify niche markets will be pursued. Better and more motivational and planning information to prospective travellers through computerized information systems and overseas offices will be provided.

The key objectives of this Government will be to optimize the benefits of the local communities of Trinidad and Tobago and to protect the socio-cultural and environmental values of the country. Due to the sensitivity of the environment, and bearing in mind that Trinidad and Tobago is a nature-based product, priority attention will always be paid to safeguarding the land base and marine environment.

The Government is committed to sustainable development, tourism and otherwise, and will sanction only those tourism projects which meet stringent environment and aesthetic standards. Our goal is to develop tourism with dignity.

Our facilities must first be improved for the comfort and benefit of nationals, and visitors will always be welcome to enjoy these facilities with us. Our plans for marketing and developing Trinidad and Tobago in 1992 may appear ambitious, but we have come into Government well-prepared for this task and the challenges ahead. I am now in the process of reviewing the Ministry and its personnel and its related agencies to determine the extent of the resources and expertise necessary to meet and even surpass these objectives.

Sen. Rev. Daniel Teelucksingh: Mr. President, the citizens of our nation began their own budget debate immediately after, if not simultaneously with the

We are reminded by the hon. Minister of Finance of our continuing reliance on oil. He correctly observed that:

“Our nation’s programme of economic stabilization was derailed by the

How long, therefore, will we permit ourselves to be derailed by the whims and fancies of the sheiks of the Middle East and the OPEC giants? Where then in the budget before us are there provisions for expansion and development in the non-oil sector, in agriculture, animal husbandry, small business or cottage industries to name a few? Where are the incentives for this year? The budget in these and other crucial areas is vacuous. In fact, such omissions in this vitally important national document speak to me of a budget that is bereft of vision, weak in purpose and direction and glaringly incomplete.

To continue my analysis, Sir, among the hon. Minister’s solutions to the critical unemployment situation, there are indications that the government’s special employment programmes like LIDP, YTEPP, *et cetera*, will be maintained. This, I

Appropriation Bill (Budget)
[SEN. TEELUCKSINGH]

Monday, January 27, 1992

am confident, will be well received and appreciated by thousands of our jobless citizens. But we hope that appropriate mechanisms will be set in place to correct allegations of political patronage, the dependency syndrome, unproductivity and discrimination or exploitation of class, race or gender. Certainly the objective in these programmes, the objective of the Government and all of us is permanent employment, since the needs of the unemployed in this country are not seasonal and temporary. I submit that if we can find money for Christmas programmes and programmes close to election time, we can find money all through the year for them.

The hon. Minister in his quest for programmes to create and stimulate employment has considered the construction sector, proposing a home maintenance tax relief of \$12,000. This is commendable. Though it is very easy to forecast that with the rise in transportation costs, coupled with the abuse of this allowance in the past, the desired goals of job creation may just be elusive for this year.

Further, in the attempt to reduce unemployment, the budget has given no consideration to certain important industries and a very good example that comes to my mind is fishing. We have rich marine resources, but incentives are woefully absent in our 1992 projections. The fish industry has proved to be a money spinner, but needs inspiration and support for expansion. We ought to provide for our young people appropriate training in the skills and art of fishing and to offer incentives in the form of subsidies, discounts and tax relief for the purchase of equipment coupled with the development and appropriate maintenance of facilities at fishing depots, ports and markets.

2.30 p.m.

The hon. Minister of Finance has proposed the immediate removal of motor vehicles from the negative list. In the context of the country's enormous domestic and external debt obligations, he advises:

"As far as economic policy is concerned, this demands of us the discipline of tight fiscal and monetary policy designed to ensure that collectively we live within our means."

Further, the hon. Minister speaks of various incentives to encourage private savings. I submit that the removal of certain motor vehicles from the negative list seems to contradict the aforementioned policy since the cost of these vehicles is

unbelievable. For example, a Mercedes Benz, four cylinder, may be purchased in Trinidad for \$402,000; a 230E Benz for \$520,000; a 300E for \$700,000; a Royal Saloon—\$456,627; a Super Saloon—\$421,335; and a BMW for between \$150,000 and \$300,000. This kind of privilege does not encourage private savings, neither is it a serious reflection on a collective rational effort to live within our means. It is a non-productive expenditure, creating a heavy outflow of foreign currency and contrary to the objective of the 1992 Budget to mobilize savings.

Yes, we all clamour for rights and freedoms to enjoy the fruits of our labour—this I respect—but we do not live in isolation. Communal obligations and the nation's welfare should not be substituted for selfishness under the guise of personal comfort. The hon. Minister of Finance may be advised that this is not the correct timing for the removal of this item from the negative list. There should be a deferral, at least, of the importation of vehicles whose cost exceed that of a small or medium sized vehicle at present assembled in Trinidad and Tobago.

In pursuance of the challenge to encourage individual savings—this is another point which strikes me in the budget—I hope that the hon. Minister of Finance takes cognizance of the fact that since the introduction of a tax on interest from personal savings, almost all citizens affected have vehemently objected against this measure as being discouraging and most undesirable. Possibly, this savings tax should be either eliminated completely or decreased substantially.

The hon. Minister is to be complimented on his proposal concerning the use of compressed natural gas as a motor fuel. This is long overdue and deserves the support of this honourable Senate. We are aware, Sir, that the conversion cost is prohibitive to many car owners. For example, the conversion to a natural gas system is estimated at \$6,152 for a small car; about \$6,285 for medium and large vehicles. It is, therefore, desirable that VAT should be removed from this item, and tax rebates should be given on the purchase of installation kits with a suitable formula for both individual and fleet owners.

I now draw your attention, Sir, to the welcome removal of VAT from school books. Many parents, especially those of the lower income bracket, have raised fundamental questions long before VAT was introduced: Why do textbooks change so often? Why do they cost so much? Why are different schools permitted to have their own book list with their own preferences? These are questions which our people have asked for so long and we are waiting for answers. When will we

Appropriation Bill (Budget)
[SEN. TEELUCKSINGH]

Monday, January 27, 1992

standardize textbooks? We have had many reasons, provided of course, to perpetuate the system, but they have all been deceptive and exploitative.

Concerning relief measures: The increase in old age pension and social assistance benefits is certainly not substantial for the less fortunate in our inflationary scenario. The means test for old age pension needs revision. National Insurance benefits are woefully inadequate for today's living. When one considers the mischievous ripple effects of the 15 per cent increase in the price of sugar, and its impact on sugar-related commodities, coupled with the new 65 per cent duty on petroleum products and its instantaneous rise in petroleum cost, there is really no benefit or relief for the poor, the under-privileged, the destitute and the unemployed in this nation. There is no doubt, Sir, that the rich and the well-to-do in our country will adjust to those sections of the budget which spawn inflation, but such sections will be burdensome, punitive devices which ensure the oppression and continued poverty of many of our people.

I humbly suggest that the hon. Minister of Finance includes in his list of priorities for this year, a group of persons not catered for in the 1992 Budget—Sen. Daly made passing reference to them—the vagrants. The vagrants remind us of the wretched of the earth. They are the wretched of Port of Spain and San Fernando; they sleep on cardboard boxes under our stores; they rummage through garbage bins for meals; their sores are unattended, and we say they are a disgrace to our cities. Housing and medical care for these who are among the nation's classless have too long been debated. There must be a place in the budget to increase Government's subvention for voluntary, social and religious organizations engaged in the rehabilitation of the alienated and the dispossessed. Today we pay tribute to such organizations, and bring to the attention of the hon. Minister of Finance the need for improved conditions at homes for senior citizens, night shelters and breakfast sheds, to name a few.

A teacher of olden times spoke to his nation a word of warning. He said:

"For they sold the righteous for silver and the needy for a pair of shoes. They trampled the head of the poor into the dust of the earth and turn aside the way of the afflicted."

Please do not let this ever be said of our nation.

I certainly endorse the proposal to increase taxes on alcoholic beverages, cigarettes and other tobacco-related products. But, as a society, we must consider

again those enticing and glamorous, but deceitful, commercials on alcohol and cigarettes, which influence so many of our citizens, introducing them to what later becomes socially embarrassing, unacceptable costly vices, and bad habits—opening doors to more deadly substance abuse.

I think, the hon. Minister of Finance ought to revise the existing entertainment tax and introduce stringent controls on fees paid to foreign artistes. These stars of another culture, some with their obscenity and immorality, are a negative influence on our young people and our country. Having little to teach us—possibly none sometimes—they leave our shores with precious foreign exchange approved by our Central Bank. This should be utilized instead to develop our own local entertainment industry.

2.40 p.m.

Our exposure to other cultures is desirable, but not at any cost. We have an obligation to our local artistes in calypso, steelband, East Indian and African art forms which are more akin to our historical and cultural heritage. Some of our artistes support themselves with great difficulty. For example, certain performers, after the carnival season, join the long queue of the unemployed for the rest of the year, while foreign rock groups and visiting entertainers are allowed to eat our children's bread.

In conclusion, Mr. President, I think that certain harsh measures in this budget will definitely be unwelcome by the populace. Some of us have learnt to suffer silently. One reason, I think, for the unfavourable reactions, is that our concept and spirit of nationalism and patriotism is still in its infancy. We have yet a long way to go, Sir, before we develop such a love for this nation that will awaken within us a spontaneous, willing response to make sacrifices for the sake of nation building and communal caring. It is our hope and prayer that that day will come quickly.

Mr President, my gratitude to you and hon. Senators for your gracious permission to share these concerns with you. Thank you.

Sen. Jean Elder: Mr. President, I congratulate Rev. Teelucksingh on his wonderful contribution.

But, Sir, I shall adopt a different attitude. I shall try to deal with the positive aspects of the budget as in the *Draft Estimates of the Development Programme*. I propose to deal particularly with two aspects—education and women's affairs. Let me deal with education. This is one area which no one can deny that the People's

Appropriation Bill (Budget)
[SEN. ELDER]

Monday, January 27, 1992

National Movement has made a tremendous contribution. As a teacher, and one who has spent over 30 years in the field of education, I have been in the fortunate position to observe closely the strides that Trinidad and Tobago has made in this area.

When one speaks of the progress of education in Trinidad and Tobago, one must pay tribute to the late Dr. Eric Williams, himself a scholar and educationist, who pioneered this country's advancement in this field. One well remembers his immortal words to the students of Trinidad and Tobago: "You carry the future of Trinidad and Tobago in your school bags." The end result is that Trinidad and Tobago has been quoted as having one of the highest standards of education in the Commonwealth. This perspective on the quality of education in Trinidad and Tobago came from an entirely independent source—Mr. Renway, Secretary of the Cambridge Examination Board; and the one reporting was the former Minister of Education, Mr. Clive Pantin, at Fatima College prize-giving function. Mr. President this is a reality, this is no joke.

Over the past years, however, one has discerned a deliberate attempt to nullify the strides made over the previous 30 years, particularly where the underprivileged are concerned. So that education is now considered not a right, but a privilege.

Let me now deal with the imposition of value added tax on school books imposed by the previous government. This sky-rocketed the price of books and made the cost almost prohibitive to the low and middle-income brackets. The People's National Movement Government firmly believes that education should be made accessible to all and, as a result, value added tax on school books has been removed. This is, indeed, the action of a caring government. I tend here to agree with Rev. Teelucksingh that consideration should be given to the standardization of books. This is imperative and I think the Minister of Education should give some attention to it.

I now turn to school feeding. It is a known fact that many parents are unable to provide meals for their children because of the downturn in the economy. It is impossible for a child to obtain the full benefits of education if he or she is hungry or undernourished. The Government, therefore, will continue the School Feeding Programme and pledges to expand it as resources become available.

Let me now deal with the maintenance of schools. Over the past five years one has noticed a deterioration in both the standard of recently constructed schools and the maintenance of the existing ones. The dilapidated state of the physical facilities

has caused much disruption—parents protesting, children carrying placards—much waste of valuable school time. One also notices broken down structures condemned by health officials and engineers, unfinished constructions, malfunctioning toilet facilities and substandard equipment. The Government proposes to ensure that all schools are properly maintained so that there is very little loss of school time by students.

I propose now to deal with curriculum reform. As you are quite aware, education is an ongoing process and must be subjected to change to meet the demands of an ever-expanding technological age. Permit me to refer to page 31 of the PNM manifesto. The PNM Government will specifically focus on:

- "—Re-examining school curricula to ensure that training satisfies the needs of a dynamic and evolving society;
- Taking corrective measures to deal with the problems of reading and numeracy;
- Ensuring the system at all levels is thoroughly humanized by re-defining the vital role of the arts, sport and co-curricular activities;
- Fostering an increased focus on business education to cultivate a growing nucleus of entrepreneurs;
- Expanding technical education with increased emphasis on practical training."

These proposals as enunciated in the manifesto are being put forward by the People's National Movement Government.

With regard to the Common Entrance Examination, the Government pledges to undertake an in-depth analysis and review of the Common Entrance system—either to modify it or replace it with a mechanism more suited to the present needs of our society. The Government reaffirms its commitment to provide every child with access to free secondary education.

I move now to new constructions. School places are at a premium in this ever-expanding society of ours. It is therefore imperative that consideration be given to the construction of new schools. In the development programme for education the Government proposes to spend \$61 million on new construction.

Appropriation Bill (Budget)
[SEN. ELDER]

Monday, January 27, 1992

I now take a look at teacher training. The Government will continue to build on the foundations in education that were previously established. As such the training of teachers plays a very important role. I remember in my teacher training days, a supervisor said, "Show me your class, and I will tell you what type of teacher you are." If you need good students you must have good teachers. The People's National Movement sees the need for teacher training and pledges to accelerate and deepen the process of teacher education.

Security of schools. It is with a certain amount of sadness and regret that I refer this honourable Senate to the recent spate of attacks on teachers and students, and vandalism at schools. Almost daily one hears of burglary and fighting on school compounds during school hours and in one instance even robbery of a teacher at gun point during school hours. Formerly, schools were looked upon with respect. This is not so today. Top priority must be given, therefore, to the safety of the children and teachers. The People's National Movement Government, in the *Draft Estimates* for 1992 has made provision for security.

2.50 p.m.

Let us take a look at the school bus system. Trinidad and Tobago, as a member of United Nations, has accepted the United Nations convention on the rights of the child. This includes the security and protection of the child on his way to and from school. The school bus service has been identified as an essential service. The safe transportation of children is our responsibility. They must reach home safely and at a reasonable time. There have been complaints about the maxi-taxis with their loud music, suggestive sounds, pornographic pictures, truancy on the beach and even seduction. I am not saying that all maxi-taxi drivers are responsible for this, but we know very well that some are. Recently there have been deaths of school children in vehicular accidents involving maxi-taxis. One therefore welcomes the announcement by the Minister of Public Utilities that the school bus system will begin in two weeks on a limited scale and as funds become available the service would be expanded.

I should like to touch a bit on women's affairs. Although women have made considerable progress in every stratum of the society, there is still room for expanding the avenues for the advancement of women generally. The Government has recently set the example through the instrumentality of our Prime Minister, by naming a woman to a very high position in another place. For this, both the Prime Minister and the Leader of the Opposition should be congratulated. Again, permit me to refer to page 39 of the manifesto:

"The next PNM Government will make every effort to ensure:

- the strengthening of the existing machinery on Women's Affairs
- the effective implementation of the UN Convention on the Elimination of all forms of Discrimination against Women
- the development of a programme of sensitization for policy-makers and public officials and the general public, on issues relating to women
- support for community organizations aimed at improving the condition of women, e.g. half-way houses, Rape Crisis Centres.

Moreover, a PNM Government will be committed to ensuring that all spheres of employment remain open to women and that there is no discrimination against women in the competition for jobs or in the quantum of wages. The Government itself will provide the leadership in terms of training and employment in this regard."

In conclusion, let me say that there is no doubt in my mind that the Government has made a serious attempt in this budget to lay the foundation for putting our economy on a sound footing upon which we can build during the next five years. What is noteworthy is that the Government has attempted to share the task of economic adjustment so that no one sector—I repeat, no one sector—particularly the small man, would feel over-burdened. In a nutshell, we have given tangible proof of our slogan, "we put people first". Thank you, Mr. President.

Sen. Carol Merritt: Mr. President, I take this opportunity to congratulate you on your re-appointment to the Senate. I also express my gratitude for the opportunity to be a Member of this Senate and to be able to make a contribution towards the ongoing development of our blessed nation.

My main objective in this debate is to unmask some of the contradictions and inconsistencies inherent in this 1992 Budget. I shall address the philosophical elements that underlie the budget, then critique the policies outlined in the budget as they relate to areas such as women's affairs, social welfare, old age pension, community development and public utilities.

The Minister of Finance in his budget speech, stated at page 17:

"The main consideration in setting the size of the budget, is our concern to rebuild the country's foreign exchange reserves."

Appropriation Bill (Budget)
[SEN. MERRITT]

Monday, January 27, 1992

This need for foreign exchange arises out of the Government's debt servicing requirements. As a result, the Minister of Finance estimates that:

"more than one half of the increase in debt service payments in 1992 and 1993, must be generated by the Central Government in its budgetary operations, a factor which will constrain our capacity to undertake priority expenditure in other vital areas."

While it is clear that we must meet our debt commitments, it is the UNC's view that the budget places far too much emphasis on this one consideration to the exclusion of other important areas. Alternatively, the UNC sees the role of the Government as being the main actor in the organization or the reorganization of the social, political and economic structures in our society, so that every citizen feels a sense of security and belonging.

During the election period the PNM's campaign slogan was: "We care about you." Now that the electioneering is over and the PNM has presented a budget, the question that we must now ask is: Whom or what were they caring about? Was it the economy, the foreign debt, the votes or the people? I ask these questions because after analyzing the budget, it seems evident that the economy, the foreign debt, and the foreign exchange reserves, have taken a predominant position over the burning needs of the masses. The same people whom they claimed to care about in their manifesto have now been sidelined and in fact have been forced to bear a greater burden of increased taxes.

These are the same people who, when they cannot afford milk for their young children, must now resort to feeding their children sugar-water for breakfast. Ironically, this caring Government now forces parents to pay more for sugar to feed their starving children. I ask: Is this the way that a mother cares for her children? The Government claims that it is a caring mother, yet she sacrifices her sons and daughters at the altar of the economy, foreign debt and foreign exchange reserves, through increased taxes and higher prices for basic commodities.

I turn now to women's affairs and social services. One of the Government's campaign promises was that it would make substantial annual provisions to finance productive unemployment relief programmes, with emphasis on efficiency and accountability. It also promised that the rate of VAT would be reduced and the range of exemptions would be widened to include school books, medicines and a broader definition of basic foodstuff. These policies would go some way towards alleviating the hardships being faced by an increasing percentage of our population.

However, there have been no specific programmes outlined in the budget to fulfil these promises.

3.00 p.m.

I mention this because in our society a large number of households are headed by single parents, mostly women. These single mothers generally have total responsibility for taking care of their dependants. In some instances, these women are employed and depend on one income, but in many cases they are unemployed and have to find alternative and creative ways to provide for their families. As such, it is my view that the Government has reneged on its campaign promises and has shown disregard for the plight of women in this country.

According to the PNM's manifesto, social welfare services represent the most tangible form of a government's contribution to individuals and families who are temporarily or permanently disadvantaged. In the 1992 Budget, the Government makes provision for an increase in social assistance for adults from \$92 to \$101 per month and from \$80 to \$88 per month for children. What these increases really represent is an increase of 30 cents a day for an adult and 26 cents per day for a child. For an adult this amounts to a total of \$3.30 per day.

Given the high cost of living in this country, the political party that was given the popular mandate to govern our country cannot be serious about these increases. How can anyone exist on \$3.30 per day? This sum cannot even cover the return transportation cost from Arima to Port of Spain on a maxi-taxi. This meagre sum cannot provide food, clothing, shelter or transportation for even one week.

On page 39 of their election manifesto, the PNM states:

"...that even though women in our country have made tremendous progress in emancipating themselves from historical and cultural prejudices, there is still the need to focus on the role and contribution of women to our national development and enhancing the status of women generally."

How does the Government expect women who are unemployed, with children, to emancipate themselves against the said mentioned historical and cultural prejudices, if the social services available continue to force them into greater dependence?

On pages 24 and 25 of the budget speech, the Minister mentions that he considers social welfare programmes to be "an investment in social stability, a

Appropriation Bill (Budget)
[SEN. MERRITT]

Monday, January 27, 1992

demonstration of respect for the human dignity of all". It is my hope that LIDP is not one of those programmes the Minister has in mind as a relief for the women of this nation, because if he does some investigation he will find out that women have had to endure demeaning situations before they could get one "ten days" employment.

It is my opinion that the Government is not serious about enhancing the status of women, for its policy approach is one of "expect no surprises, no change, business as usual". In my view, the frustration, dependence, second class status of women will continue. I also see the continuance of violence against women, and disharmony in the home, for example, the outbursts, the mother's children due to frustration. Our society cannot expect to progress if the single parents and the unemployed are sidelined, as the budget has done.

We on this side of the Upper House would have preferred to see in the social services programme a genuine attempt to facilitate the emancipation of our women. What is urgently needed is the proper allocation of funds to provide for key back-up or ancillary services like counselling on child care, nutrition, drugs, and family life. The primary objective should be to inculcate a sense of self-worth and self-esteem in our women.

The other area of importance that I wish to highlight is old age pension. The Government in its 1992 Budget proposes to increase old age pension by 10 per cent, from \$315 to \$347 per month. This represents an additional \$32 per month or a mere \$1.06 per day. With \$1.06 can a pensioner purchase a loaf of bread or some milk? With \$1.06 can he afford medication, or even pay the VAT? The answer is "no way". A loaf of bread costs between \$2.50 and \$3.35. Maybe some of my colleagues on the other side are unaware of this. Also, many of our senior citizens are advised by their doctors to stay on special diets. I think everyone in the society knows how expensive it is to maintain a special diet. This means that the increased sum allocated to the senior citizen is insufficient. According to the PNM manifesto, on page 39:

"The PNM has always recognized the contribution of our senior citizens to the development of our nation. We are convinced that it is a civilized society that takes care of its aged."

In light of this assertion, it is clear that we cannot be living in a civilized society especially if the Government is prepared to allow pensioners to live on such meagre sums of money.

It is impossible for the additional \$1.06 to cover the taxi fare which the pensioner will incur in order to collect his pension, especially in light of the increased prices in gasoline, which will have the inevitable consequence of increased transportation cost. Will the Government, as its predecessors have done, treat the aged as mere derelicts or social burdens on the state? The provisions laid out in the budget speech in respect of our senior citizens illustrate a complete lack of sensitivity on the part of this Government.

We on this side should like to see a system put in place for the care of the aged, which will involve social workers visiting the homes of such persons on a regular basis. This service should be organized within the community and staffed by residents of the area. A system should be developed whereby homes for the aged should be provided. Where this is not possible, homes should be built to accommodate the young and the old together, as far as practicable, so that they may be of mutual assistance to one another. Moreover, we have a moral duty to ensure that our senior citizens also enjoy a measure of happiness.

I go on to community development. The Minister of Finance, in his budget speech, did not give any details of the development programmes for both urban and rural communities. There is urgent need for modern facilities for cultural expression and the development of the many indigenous cultural forms. Community sporting facilities are needed in several areas with the necessary infrastructure for their maintenance.

3.10 p.m.

There is need to establish district medical services managed by regional medical boards which would include efficient emergency and outreach facilities. More library facilities should be provided for all towns, and a mobile library service is required to cater for rural and outlying districts.

I suggest that the Government implement a road maintenance system, where repairs can be conducted at an early stage of deterioration in order to save on repair costs and inconvenience to motorists. The mobilization of these activities will generate fruitful employment not only in the construction sector but also in all the various job classifications needed to effectively perform the duties at the recommended facilities.

The operation of many of our public utilities needs to be rationalized, for the services offered leave much to be desired. For instance, water shortages are a

Appropriation Bill (Budget)
[SEN. MERRITT]

Monday, January 27, 1992

regular occurrence throughout the country. This is especially the case in Arima and surrounding districts. This unreliable service continues in spite of the high cost that residents pay. As well, many of our highways and streets continue to be unlit and the electrification programmes in many rural areas have not been implemented. There is no provision for this in the 1992 Budget.

As housing is critical to the development process in both social and economic terms, I recommend the following programmes:

- (1) The full and rapid implementation of sites and services projects in which occupants will contribute to the development of their own homes.
- (2) The squatter regularization programme should be fully implemented.
- (3) Supervisory, technical, administrative and financial assistance should be provided to all communities in which self-help and mutual help projects are to be undertaken.

It is hoped that these recommendations would avoid the re-occurrence of the type of hardships many of the owners of the 50,000 public housing units, that the PNM boasts about in their manifesto, experience for example, constant leaks, improper plumbing seepage of water from under floors and numerous other problems.

The density, orientation and quality of the transportation network are crucial factors which influence the socio-economic development of Trinidad and Tobago. Indeed, excellent communications are recognized as a basic prerequisite for improving economic performance. Any failure to establish or maintain the vital networks undermines existing economic activities and future prospects for social and economic development. Therefore, efficient transport infrastructure is needed throughout Trinidad and Tobago.

The Government should seek to reintroduce the bus service to the routes that were discontinued in 1989. For instance, Blanchissuese and Fullerton Town, where it costs residents a sizeable sum on a daily basis to get to and from school, and work.

Mr. President, in my brief contribution on the 1992 Appropriation Bill I have attempted to outline specific areas of concern for single parents, women, the unemployed and pensioners. My honest assessment of this first act by the Government is that they do not care about the people as they claim. When they

were courting the electorate during the election period, they said that they care. Now that the electorate has accepted them, opened up to them and said "go ahead", like a thief in the night they have stolen the hearts of the people and left them breathless, with no hope, direction, vision, inspiration and most of all, no change. Just empty promises and a lot of pain and frustration are ahead.

I look forward to the response of the population in the next few months. We on this side will be here to provide an alternative government for them. Thank you.

Sen. Everard Dean: Thank you, Mr. President. May I take this opportunity to congratulate Sen. Merritt on that fine contribution.

Sir, at the risk of being accused of being patronizing, let me first of all congratulate the Government on the presentation of a budget, a budget that they prepared in just under four weeks. It is a budget that has been labelled in every form and fashion. The budget is a difficult one but difficulties are sometimes enriching.

I recall in my own private life, growing up as a young man I suffered many hardships and from those experiences I think I can say I became a better man. Having said that let me also acknowledge the benefits that have been placed in the budget as far as the credit union and the rest of the co-operative movement are concerned. We had an opportunity to make representations to the Minister of Finance and I am pleased to see that some of those benefits are in fact in the budget.

On the question of labour representation, let me state quite categorically, that as a member of the co-operatives and credit union movements and one who has been a former leader in the trade union movement I stand here ready to champion the cause of the trade union movement in Trinidad and Tobago.

I have had the distinct pleasure of speaking to one of the senior members of the National Trade Union Center and I have indicated to him, in no uncertain terms, that my door will be always open for consultation and representation and I also indicated to him that I hope that his door will also be open to me. I am very pleased to say that he has indicated that this will be the case.

In our submission and discussion with the Minister we urged him to be concerned with the living conditions of our people, and the need for improvement of the facilities of our health institutions, the need for improvement of the facilities of our schools and the expansion of facilities to deal with the special problems experienced by women, children and senior citizens.

Appropriation Bill (Budget)
[SEN. DEAN]

Monday, January 27, 1992

I think Sen. Merritt alluded to some of these concerns. However, permit me to repeat that we are concerned about the spiralling domestic violence that is taking place in Trinidad and Tobago. We would hope that our Government will take steps to implement a law as passed some time in Parliament in the last term.

3.20 p.m.

We look at the question of children. The way that our children behave on some occasions, I think it is because of the example of the leaders in our country—we show them no respect and they in turn show us none. I think that we have much work to do in this area and the quicker we can do something about that the better.

I want to rally around the call for the school bus service that was made some time ago by the principal of the St. Augustine Girls' High School. I think the promise of a limited restitution of that service is not good enough. I think that the Government should find a way in which to speed up the process of the school bus system. I think, not only is it killing our kids, but it is also killing our culture in that the dub, the obscenities, all these bad things that go with some of these maxi-taxis are influencing our kids in a manner that we would really be regretful about in the years ahead.

In dealing with the budget, if I had to put a label on it, I would describe it as a "cattle boil" budget. I remember in the early days, when you gave somebody something and took it back your friends would tell you that you will get a "cattle boil". I hope, there are enough pepper leaves and soft candle for the Minister of Finance because he will be having a lot of "cattle boils" for the rest of the year.

The budget, on page 25 I think it is, discusses the question of YTEPP and YESS. I should just like to quote the relevant section:

"Similarly, we are evaluating with a view to redirecting, where necessary, other initiatives such as YTEPP, YESS and AIM. We also propose to build on successful initiatives already taken by the private sector, such as the Royal Bank's RoyTec."

It came to my attention just recently that the Ministry of Finance has failed to allocate the necessary \$1.6 million for the continuation of the YESS programme. Has YESS already become no? I hope that the information I have is inaccurate because we see this in direct contravention of the philosophy of getting the young people productively employed.

The Youth Enterprise Support System has been a very productive one thus far. As a matter of fact, my own organization, the credit union movement, has

participated in this programme and, during the past year we had modestly loaned \$1.3 million in this regard. Our youths have also benefited from our business training and advisory programmes. We feel that every effort should be made to continue the YESS programme as it is not expected to be a source of current expenditure in the government budget as it is projected to be self-sufficient within the next five years.

I am really concerned about the future of our youth. I agree that there is need to fine-tune these programmes. These programmes must be redirected to improve our environment, which will lead to the blossoming of the creative talents, talents which can harness our native resources and channel them into activities which can either earn or save foreign exchange.

We cannot put our youths on hold while we evaluate and redirect these programmes, lest we add to the frustration and create more drug addicts and all that goes with drug addiction. Our challenge is to evaluate and redirect these programmes while they continue to run and offer hope and opportunities to our young people.

In general, the budget does not specifically provide for improvement in the quality of life of the unemployed, the dispossessed and the poorer citizens. I think we have heard much about that from previous contributors to this debate. However, I should like to endorse most of what Sen. Daly said earlier. If we are not careful, or if we are really caring and sensitive, this is one area to which we must direct our attention immediately. I am of the view that if it is not given the kind of attention it deserves, there could be disastrous social consequences.

I am also very concerned with several other issues, which I am certain will affect the future of our beloved country. The problem of the external debt has to be addressed in a manner which will not unduly create further hardships on our citizens. While I have no doubt that we have to seek further rescheduling of our debt payments, I shudder to think how this will be done. If we seek to borrow money to pay off our external loans, will we be faced with the re-introduction of conditionalities? Accordingly, we must seek to find a holistic approach to our problem.

First, what is the major problem in Trinidad and Tobago? As indicated earlier on, I think we have two major problems:

- (1) the problem of unemployment; and,
- (2) the problem of foreign exchange.

Appropriation Bill (Budget)
[SEN. DEAN]

Monday, January 27, 1992

Sometime ago, the Prime Minister of our country spoke about the liberalization of the Trinidad and Tobago dollar. This has caused much discussion throughout the length and breadth of this country, and it is also said that over \$100 million has left our shores. Suddenly, people got sick, they had children to educate abroad; my own view is that some of these persons are looking at the speculative idea in that if this ever takes place—and God forbid—they would bring it back to this country and sell it at TT \$16 and \$18. I suggest that we can only do this kind of overall economic development if we have an integrated approach to the problem. Savings only make sense if we can find investment activities or investment opportunities and they must not only be profitable, but they must also earn us the much required foreign exchange.

3.30 p.m.

We must seek to find new areas for investment, utilizing indigenous materials and locally developed technology. When the Government speaks about transfer of technology, I hope the thinking is not building a computer overseas and learning how to operate it here. I hope that we are looking further than that, that in time we will be building components for that computer. This is the kind of transfer of technology I hope that the Government would look at, because I am aware that one of our commercial houses here, some time ago was in fact exporting computer software to other parts of the world.

The manufacturing sector: Developing our manufacturing sector is crucial to our survival and growth. The economy still needs to be diversified and incentives should be given to industries utilizing the local raw materials, using locally developed technology and, most importantly, earning foreign exchange. One way one can look at this, is that those companies that are earning foreign exchange should be given what they want, because they are bringing it in for themselves. Those that are merely operating as screwdriver industries should be looked at again with a different foreign exchange system. Our local manufacturing sector must be encouraged to grow in such a manner.

Our quality will have to be better so that when we promote a buy local campaign, it is backed up by a quality of distinction, and I think the Minister of Finance alluded to that in his presentation.

All I have said is very dependent on the nationalistic pride of our people, and I truly hope that I can again see some of that patriotic spirit that was exhibited when our World Cup squad did win and lose on November 19, 1989. I think that

is a perfect example of how we can come together for a common purpose. Education is the key, and I believe that this is what all of us should be striving to do. We must begin with our youth, but not just end there. I think some of our leaders need to be educated as well.

While on the topic of nation building, I recommend strongly that you consider a regulation making it mandatory for public buildings to provide specialized access for the handicapped. The Minister of Finance did indicate that they should be pushing the construction industry. Perhaps one of the good things that can happen with that as well, is to make our handicapped brothers and sisters feel that they are part of this nation and can enter any public building with the least possible assistance. I think the Minister concerned should take note and probably we could start with DOMA when they are re-building downtown Port of Spain.

While I understand the time constraint in the preparation of the budget, there are several areas of concern lacking specifics, which are most important; for example, the issue of divestment. I believe that the option of divestment should be reconsidered. My advisers and I are very wary of the fact that the controlling heights of the economy may be placed in the hands of a few. If we do not do the kind of regulatory work that we ought to do in the divestment process, we would be back to square one; a situation which is totally unacceptable to the majority of our people.

I know the stand of the trade union movement on divestment, and here is where I am going to be very cautious in what I say about divestment. If it becomes necessary, and only so, divestment must be done with the intent of ensuring broad-based ownership. The individual public servant may be hard-pressed to convert any part of his small income into shares of any company. Therefore, consideration must be given to people's organizations such as my own co-operative movement and other community groups, and let these organizations hold these shares in the divested state enterprise on behalf of the workers.

In the budget speech the Minister of Finance indicated that the pension fund rules will be changed to accommodate first-time home owners using their contributions for that purpose. This is a laudable decision, but I must express caution on the approach to this. This is poor people's money, and if that is not properly managed, whole pension funds will go down the drain and those people who are expecting pensions at the end of their working life will suffer the consequences.

Appropriation Bill (Budget)
[SEN. DEAN]

Monday, January 27, 1992

On page 21 of the budget speech the Minister indicated:

“The Government considers it very important that the need for long term capital by other investors in the domestic economy should be accommodated in an orderly fashion. Hence, it will restrain its own recourse to the market so as not to crowd them out”.

How does the Government ensure that there is no crowding out when it attempts to raise funds in the domestic market? There is nothing in the statement which indicates how that is going to be done.

The future of our country depends on its ability to have sustained growth in the economy. My research leaves me to doubt whether there was any growth in the economy last year. I think there was a report of a growth of 2.7 per cent in the GDP during the first six months of 1991. Indeed, based on the performance of our GDP quoted in Appendices 2 and 5 in *the Review of the Economy*, a positive growth rate would only have accrued if prices fell, and this was not the case.

In closing, I reaffirm my own commitment and the commitment of my organization to working towards nation building. We feel that it is important. Notwithstanding the adverse parts of the budget, it is necessary to look at where we are, why we are here and where we want to go. It is my view that all the citizens of Trinidad and Tobago, regardless of their political affiliation, need to support the move to have our country back on its feet. We feel that if the Government does not have the goodwill of the population at large, all the academics in the 1992 Budget will go for nought. The fact is, we have to transform academy into reality. I thank you.

Sen. Pundit Ramcharan Gosine: First of all, I should like to thank Almighty God for my presence here. Next, I wish to congratulate you, Mr. President, on your re-election as President of the Senate. Thirdly, I wish to congratulate all Senators—Opposition, Independent and Government—on their appointment to the Senate. I wish also to congratulate Sen. Everard Dean on his contribution which he just concluded.

My contribution on the national budget, 1992, will centre on the issue of employment creation and Government’s policy in this regard. But before I do this, I should like to make a few remarks on the budget itself.

My own view of the budget speech is that it is a progressive and dynamic one, with expenditures directed at stimulating the economy towards growth and

development and with a fair distribution of the national cake. In order to effect expenditures, Government must tax the people and the burden of the tax must be distributed so as to cause the least hardship on low-income earners, unemployed, old age pensioners and recipients of public assistance. In other words, the tax must be based on some ability-to-pay criterion and therefore, the higher your income, all things being equal, the more tax you pay. This is fair, but additionally this Government has not left the tax system naked, that is, without any relief or savings options to taxpayers. This Government has provided options which a taxpayer may, if he is prudent, use to his advantage. These options are:

- (1) Tax-free savings bonds with maturities of five, seven or 10 years, resulting in a tax credit of 15, 20 and 25 per cent of purchase price respectively;
- (2) Tax credit on net increases in Unit Trust and credit union holdings from 20 to 25 per cent to a maximum of \$625 per month; and,
- (3) Tax relief of up to a maximum of 412,000 per annum for home owners who effect repairs of their owner-occupied residences.

Arising out of these options, the taxpayer who avails himself or herself of any or all of these options will not only have a higher take-home pay, but will also have savings and keep his home in a condition that will enhance the market value of his property, and also make himself or herself a proud home-owner.

My colleague, Sen. Mark of Mark, Castillo, Toney and Company, chartered accountants, has even worked examples in a document entitled, "Financial Implications of the 1992 Budget", dated Saturday, January 18, 1992, and which examples I shall seek to put before you to further clarify the points made and to illustrate quantitatively the position of the taxpayer.

In example one, we take the taxpayer profile who is a public servant, two children, monthly salary in 1991, \$2,800, and with that reconsolidated 1988 COLA, 2 per cent increase, 1992 COLA and salary from March 1, 1992, the sum is \$38,116. If this taxpayer would only avail himself of the credit union, and in this example we are assuming that he had credit union payments in 1991, simply by moving his credit union relief from 20 to 25 per cent, this taxpayer has a higher take-home pay; that is, \$31,233 as opposed to \$28,891.

In profile two, we look at a public servant, monthly salary, \$5,000 in 1991, with two children at school. He avails himself of part of the option to repair his

Appropriation Bill (Budget)
[SEN. GOSINE]

Monday, January 27, 1992

home. He spends \$6,000 to repair his home, and he avails himself, again, of the credit union option. In this, once again, we see on an after tax cash flow, \$56,371, as opposed to 1991, \$52,450.

So that what I am saying here is that if persons would consider the options that are available to them and avail themselves of those options, they can, in fact, effect considerable shavings on their own income and, indeed, provide savings to the country.

Looking at another tax profile, this one not a public servant, he has an income of \$18,000, and in 1991 no COLA or anything else to add to it, so his income in 1992 is the same, \$18,000, with only the credit union facility moving from 20 to 25 per cent, he has with that same income \$16,615, in 1992, as opposed to \$16,535, in 1991. Where is the burden of this increased tax on the middle income, and upon the people who we have been hearing so many remarks about? Indeed, the tax structure that has been put forward needs to be studied carefully and, of course, as I said, take advantage of the options that are provided.

In taking another taxpayer profile, again \$6,000 per month, two children in school, a non-public servant with similar salaries in 1991 and 1992 of \$72,000. He avails himself of the credit union, he buys ten-year tax free bonds, and we can assume here that similarly this person could have \$10,000 on fixed deposit. So looking at it, he avails himself of the ten-year bonds, his take home pay is indeed more. In this case, \$26,079 as opposed to \$25,242.

If we look at another profile here, salary, \$8,000 per month, two children in school, \$96,000 in 1991 and \$96,000 in 1992. He avails himself of the full \$12,000 to repair his owner-occupied property, credit union allowance, ten-year tax free bonds and we see a vast improvement in his take home pay; from \$77,342 in 1991, to \$81,779.

Looking at the final example here, example seven, we look at a person in the high income bracket of \$10,685 per month, two children at school; \$128,228 in 1991, and \$128,220 in 1992. Repair of owner-occupied property, \$12,000. He avails himself of a ten-year tax free bond; he avails himself of the credit union, and of course we can add he could have involved himself in buying—and here we see that the improvement in his tax structure, his take home pay moved from \$98,285 in 1991, to \$101,111. So clearly, Mr. President, I believe many of the things that have been said need some careful examination and some afterthought. Additionally, both the Unit Trust and the credit unions stand to benefit from the

increase in the tax benefit from 20 to 25 per cent, as indicated by Sen. Dean. This particular option appears very attractive indeed.

Returning to the issue of employment creation, I want to assure you that the Government accepts the principle that the right to work is fundamental to the dignity and well-being of the person. Such a person who labours finds great joy and pride of place within his family and also within the community. Therefore, one can well imagine the degradation, helplessness, the utter frustration felt by those who, day after day, week after week and even month after month seek work without success. Such is the plight today of over 58,000 of our young people between the ages of 15 and 30 years, who actively look for work which appears elusive to them, and who in frustration find themselves on the streets to beg, steal or become victims of drug dealers. It is for this reason that the hon. Minister of Finance, in allocating approximately \$90 million for creating jobs immediately under the LIDP programme for 1992 said at page 24 of the budget speech:

“The Government is certain that the majority of the population shares its concern for the plight for the large number of our fellow citizens who are unemployed. We believe that it is our duty to provide within our limited resources some measure of relief to the less fortunate amongst us. Such resources and commitment for this effort need to be mobilized not only by the Government but by the wider national community.”

I want to emphasize the wider national community”. For indeed, it is our total responsibility to respond to the creation of various work programmes funded and manned by willing citizens of the nation and supplemental to the Government’s own programme. In speaking about such programmes, be they governmental or private, the hon. Minister of Finance said:

“Any programme which springs from this concern must not be conceived as charity neither by the beneficiaries nor the community as a whole. On the contrary, such programmes are an investment in social stability, a demonstration of respect for human dignity, a vehicle for undertaking activities designed to raise the welfare of the entire community.”

Another short-term measure for creating jobs is a tax relief in respect of repairs to one’s home. This is expected to generate direct employment to persons with trades such as carpenters, painters, plumbers and electricians. In addition, the repairs to homes would have a positive effect on the local industries which manufacture and supply building materials. It is my view that because of the tax relief a substantial level of expenditure will take place in this sector giving

Appropriation Bill (Budget)
[SEN. GOSINE]

Monday, January 27, 1992

rise to the expected stimulation. This stimulation of the economy, is further enhanced by the medium term policies and strategies which come into effect for the realization of the following objectives on page 12 of the budget speech:

“—sustainable growth of the economy a significant and durable reduction of unemployment; and

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

While these three objectives are inextricably interrelated, my concentration is on “a significant and durable reduction of unemployment” or the creation of a substantial number of productive and lasting jobs. The key issue is to be able to provide or attract a very high level of investment in sectors with a high growth potential and job creation. I refer to such sectors as agriculture, aquaculture, food processing, manufacturing and construction.

This Government has re-introduced by its very presence, a higher level of stability and confidence which I am sure will attract substantial investments for both local and foreign sources. In addition, the Government, in its contribution to the growth process can provide the required infrastructure and provide the lead in creating an attractive investment climate. The summary of anticipated expenditure for 1992—if we look at the development programme we would see the description there “Pre-investment Productive Sectors, Economic Infrastructure, Social Infrastructure, Multi-sectoral and other services”. Likewise, on the right hand column, we will see, “Appropriate Expenditures Resulting in a total of

The investment identified here will provide stimulation and creation of employment through the construction of roads and bridges, repairs to Government buildings and institutions and the provision of infrastructural requirements for the sectors identified in the development programme for 1992. If we look at Roman IV and V of the development programme, under item “Description”, we will see what pre-investment deals with. We will see the Ministry of Agriculture, Forestry, Fishing, Fuel and Energy. What it means is that expenditure will take place on pre-investment studies, feasibility studies, so that programmes and projects can come into being to give effect to these various investments.

We look at the productive sectors and again we see agriculture, forestry, fishing, fuel and energy. We note that in agriculture, we would be looking at re-forestation programmes and other such areas that will lead to the development of forestry. We look at areas in fishing, and indeed all of these expenditures are

meant to provide the infrastructure requirement and, of course, to put things in place so that development can take place apace.

Another measure to put in place for the stimulation of the construction sector is the use of pension contributions for the down payment on a home by a first-time home buyer. It is anticipated that the activities generated in the various sectors of the economy and especially in the construction sector will lead to an increase in output and the creation of new jobs in response to the demand created for manufactured inputs.

Investment in agriculture and food processing will provide for forward linkages through the creation of new products from our locally grown grains, spices and vegetables into dry, frozen and canned products, cereals, seasonings, soups and even tomato paste. There is also the potential for backward linkages, such as inputs into the agricultural sector, which would include the production of fertilizers, animal feeds, hybrid seasonings and plants.

This Government will also seek to provide the training and environment required to stimulate our young, innovative minds to create and produce the required small machinery and tools and the development of our own plant for modifying and adapting plant implements and machinery. A success in this area, would lead to savings in foreign exchange, reducing the cost of final product and generating high levels of unemployment. It may well provide the necessary demonstrative effect for the undertaking of similar programmes in other areas of the economy.

4.00 p.m.

Having spoken of our young innovative minds to create and produce, I turn to the development of a large and viable cottage industry which, by its very nature, is labour intensive, competitive, and brings to the fore, the creative and entrepreneurial talents of our people.

This Government is committed to the democratic process and the rule of law. It is also an understanding and caring government. We understand, that good government requires not only a well-trained and efficient public service, but also a public service that is government-friendly and committed—to pay civil servants on a current basis, the award granted by the Special Tribunal of the Industrial Court, a superior court of record.

Mr. President, the Minister of Finance has also proposed:

"To pay the settlement awarded by the Industrial Court with effect from March 1, 1992."

Appropriation Bill (Budget)
[SEN. GOSINE]

Monday, January 27, 1992

This act on the part of Government clearly signals its respect for and adherence to fair industrial relations practices.

On the question of the payment of arrears to sugar workers estimated at \$130 million, the hon. Prime Minister indicated, at a meeting with the President General of the All Trinidad Sugar and General Workers' Trade Union, at Reinzi Complex, Couva, on Tuesday, January 21, 1992, that he hoped to amicably settle the matter through negotiations. He further indicated, and I quote from the front page of the *Trinidad Guardian* of January 22, 1992:

"We want industrial peace and an amicable settlement to the problems in sugar."

In order to assist Caroni (1975) Limited to meet its commitments, the hon. Minister of Finance has indicated:

"The Minister of Industry, Trade and Tourism will issue an order to change the price of all grades of sugar by 15 per cent so as to make additional resources available to Caroni (1975) Limited."

An estimated \$25 million is to be realized in this way. The acceptance and execution of a sugar rationalization policy, therefore, becomes an imperative for the nation, as a whole, sugar being a large employer of labour.

Let me turn to the question of good industrial relations practices. There will be serious consultative machinery set up among employers, trade unions and Government in the development and execution of programmes and policies for employment creation, training, apprenticeship, and attachments, for the generation of confidence and trust, honesty in our several relationships resulting in an extremely stable industrial climate as we work together for the social and economic welfare of the nation as a whole.

In conclusion let me emphasize that this Government will endeavour to foster and maintain good industrial relations practices and will expect a reciprocal commitment from employers and trade unions. This Government will also expect the private sector to commit itself to increased economic activity with a high export content and the creation of new and productive jobs.

Mr. President, I thank you.

The Minister of Community Development, Culture and Women's Affairs (*Sen. The Hon. Joan Yuille-Williams*): Mr. President, I wish to join the other Senators in congratulating you on your re-appointment, and also to congratulate the other Senators, especially those who, like me, joined the Senate for the first time. I offer special congratulations to my colleague, Sen. Gosine, on his maiden speech this afternoon.

At this time, it would be important for me to let you know, especially those who have made comments on the ministry which I represent—the Ministry of Community Development, Culture and Women's Affairs—that I appreciate your comments. Much more was said this afternoon than had been said in the debate so far, and I have noted your comments.

May I also inform the female Senators that I have already begun to consult with other female parliamentarians and intend to invite them to a special forum where we can discuss these matters. Sen. Mahadeo has already informed me that she will attend. I did not have the time to go around to Sen. Wyatt, Sen. Merritt, and Sen. Baksh, but I will do so, and I do hope that they will accept the invitation.

This is a new ministry, Mr. President, and I think it will be necessary for me at the very beginning to indicate somewhat, the philosophy on which this ministry intends to operate.

The budget address of our Minister of Finance made it clear that the worldwide economy and the particular state of finances of Trinidad and Tobago make treating with imperative, the economic situation. Equally imperative, however, is treating with human needs in such a fashion as to foster social development and individual growth—and here I join with Sen. Teelucksingh. I refer to a quote from the Minister of Finance in his budget speech, which says: "The welfare of our people is the prime consideration for this Government." It is a vital precondition for ensuring economic survival and growth, as well as social stability and peace. My ministry is very conscious of this.

The imperatives of adjustment put a terrible strain on the ability of the individual to manage, and consequently place a strain on the whole social fabric. It becomes necessary, therefore, when treating with economic management, to pay particular attention to social management. Such attention would include development of an adequate level of consensus, the encouragement of self-reliance while providing support to those whose economic circumstances make it difficult, the development of a level of confidence in what is, or can be, so that people are

Appropriation Bill (Budget)
[HON. J. YUILLE-WILLIAMS]

Monday, January 27, 1992

empowered to deal with these challenges, the nurturing of the human potential at all stages of development and through all avenues, and the strengthening of bonds at the community level to ensure that any strategy places people as the prime focus. We need to focus on people as they live their lives in the real world, recognizing similarities and differences, strengths and weaknesses.

The 1992 Budget Speech notes the intention to consult widely with the people in keeping with the philosophy of this Government—which has been accepted by the people—to foster nation building through community participation.

The efforts at nation building need to be holistic and integrated, making the chances of success far greater than they would be if piecemeal, unco-ordinated efforts were made, however good each one might be in itself. Because of this need, we have an integrated effort. Four of our social sector ministries with responsibility for delivering services at the community level intend to co-ordinate their programmes to achieve maximum benefits. Thus, the Ministry of Local Government will provide the infrastructural arrangements for service delivery; the Ministry of Consumer Affairs and Social Services will address both the needs of the consumer and particular service to be delivered to the individuals and families, and through that Ministry intensified social supports will be provided. The Ministry of Youth and Sport will address a particularly vulnerable sector of our population, those between the ages of 15 and 25. My ministry—that of Community Development, Culture and Women's Affairs—will seek to mobilize and educate communities and have them work in a co-ordinated fashion to address their needs. This co-ordinated approach will be undertaken in such a way as to maximize the potential of all groups regardless of age, ethnicity, gender, or other factors along which human beings have been traditionally divided.

4.10 p.m.

Because women have frequently not been able to make contributions, or have not had those contributions recognized, we seek to emphasize women's affairs noting that, at all times, the real challenge is towards equity across gender barriers to ensure that both men and women maximize their potential. In mobilizing the community to work, we focus on the strengths rather than on the weaknesses of both genders.

Particular attention will be paid to culture. Culture is here seen as the embodiment of the very essence of a people; the creative force through which all else expresses itself. Culture includes the creative arts and heritage conservation.

But it is more than that. In the best anthropological sense, it is the total way of life of a people—the unique ways in which they act, think and be; the ways in which, as a group, they differ from all other people; their best selves and their worst selves. Our ministry shall seek to foster our best selves and our best forms; describe those forms and preserve them for us to understand our heritage and shape them positively for us to define our posterity. For some, culture will be treated as something to be cherished, as something that can be productive and something that can be income generating.

Our mission then in this ministry, simply stated will be to mobilize our people towards self-reliance, creativity, human dignity and self-worth; nurture our culture and ensure that we derive an economic benefit from it, while ensuring that men and women are able to realize their best selves in contributing to national development. Only through such a mobilization of people, the elevation of our culture and deriving maximum benefit from men and women will we be able to realize the essence of a "We care" philosophy. It is a philosophy that says we all must care, if we are to contribute to the quality of living.

Caring means that as a Government and all of us as a people must be responsive to the cries heard from all of us and must contribute to the stilling of those cries. "We care" does not mean handouts, a total welfare state, or a dole community; "We care" means caring enough to make maximum personal contributions while receiving such supports as are possible in a state that is economically besieged. Therefore we must be conscious of the resources with which we have to operate and the constraints on those resources.

As resources, we have the creativity and the will of our people. We also have the resources of social partners—the university, the NGOs, the private sector—that have, over the years dedicated themselves to contributing to our development. As resources, we have ministry officials who are eager to make this contribution and who have been working long hours to get our ministry off the ground and into the service of the people.

As constraints we have small economic resources, but we can buttress this constraint by the willingness to engage, with our impact groups, in resource sharing. As constraints we have some people who already feel battered by the struggle for survival. To counteract this, we will reach out to our sister Ministry of Consumer Affairs and Social Services, that is organizing relief programmes, and that of Local Government, which helps to organize employment programmes. As

Appropriation Bill (Budget)
[HON. J. YUILLE-WILLIAMS]

Monday, January 27, 1992

constraints we also have officers in departments who have changed from ministry to ministry, some have been temporary for years. We will counteract this, and I must let you know, Mr. President, that we have already begun to do so by an organizational development thrust that seeks to address these issues. As constraints we also have the sheer weariness of some people of starting and re-starting efforts that leave people with a certain doubt in their minds as to the motive of Government's initiative. But to counteract this, we will draw on the strengths of our officers who, in our recent orientation programme, sang "20 long years we toiling in the field and we ain't get weary yet".

What are some of the strategies that we intend to use to mobilize our people, to nurture our culture and maximize the potential? In keeping with our Government's intention to involve people, and use a consultative approach at each step, we have been engaged in consultation with officers of the Ministry of Community Development, Culture and Women's Affairs. In the first instance, we engaged in close discussion with the executive management of the ministry. Secondly, we had an orientation programme involving all officers of the ministry in stating their vision for the ministry and the society. And thirdly, in building on this vision, last week we continued a strategic planning process in meeting with all managers of our Ministry from Permanent Secretaries and divisional Directors to managers of small civic centres and handicraft shops.

The energy generated was amazing and indicative of what can happen when people are allowed to use their potential. We were advised by the participants that such a meeting had not taken place before, that different managers of the culture sector had not been engaged in such discussion and planning, to say nothing of their not having met their peers from Community Development, Culture and Women's Affairs.

So we have begun our first strategy with the assistance of the officers of the Division in the Office of the Prime Minister responsible for public administration. At that meeting we agreed on a two-pronged approach to addressing our national socio-cultural needs—a short-term programme intended for implementation from January to June 1992 and a medium-term programme until December 1993. While implementing these programmes we will continue planning for far beyond 1993. We propose, to engage in a constant cycle of planning, implementation and review.

For our short-term programme until June, 1992 we are concentrating on releasing the energies of our ministry officials so that they can be engaged in

creative visioning and implementing, while addressing issues relating to job satisfaction. I have already described our orientation programme and strategic planning process begun in the ministry. It is intended that in the context of overall public sector reform, all officers of the Ministry of Community Development, Culture and Women's Affairs will be involved in different forms and different ways of design and delivery of programmes, while the executive management addresses issues relating to job satisfaction. The short-term targets to be achieved by June 1992 are:

- (1) an identification of needs and a rationalization of services at all units of the Ministry; and
- (2) a series of on-going team-building and strategic planning activities within the Ministry.

The long-term objective, is the creation of a healthy organization with officers helping to shape a "can-do" and a "can-give-and-take" policy, recognizing that while not all needs can be met, all can cultivate a "We care" mentality.

4.20 p.m.

We propose to invite our people of all levels to work with us in understanding the critical economic situation we face, devising strategies at the local level to treat with the situation and using subsidized voluntary labour to address some of the more severe social infrastructural problems. The programme will be community based, national in scope and inter-ministerial in nature and will be co-ordinated by our ministry. In effect, the programme is named, Community Action for Revival and Empowerment.

From February to March will be the initial mobilization and identification of projects. Community meetings will be held with specially trained facilitators who will deliberate with community groups sharing issues on addressing our economic situation, addressing the issue of gender relations, reviving our cultural forms at the community level, identifying community projects to meet short-term infrastructural needs and generating employment.

From February onwards, it is anticipated that in addressing the economic situation, communities will identify problems which can be addressed through aided self-help programmes. Research already done indicates that employment-generating projects, such as the revitalization of economic activities once vibrant in the community or the start-up of potentially beneficial economic activities, are needed.

Appropriation Bill (Budget)
[HON. J. YUILLE-WILLIAMS]

Monday, January 27, 1992

Also, the development of the much needed physical infrastructure to support social development, such as day care centres, recreation facilities—and here we would join with our sister ministries in providing much needed sporting facilities for our young people, which we intend to do almost immediately. We intend to provide as many of the basketball, netball, volleyball, table tennis courts, according to the needs of communities.

Training facilities: In the case of the village councils and community councils, they need to be revitalized, enhancing their capacity to effectively participate in the development process. Social infrastructural support will also be provided, with training programmes and community social support programmes.

Mr. President, you will note that the ministry has not on its own determined what the community needs are. We intend to work with the communities to identify the needs, to develop projects to meet those needs and to complete those projects. In so doing, core ministry staff will work closely with other related agencies.

So far in our programme, we have had the pleasure of having officials from other related agencies, such as the National Commission for Self-help, engage in our planning activities.

We also intend to use a sectoral approach. The Ministry of Community Development, Culture and Women's Affairs, the Ministry of Youth and Sport, the Ministry of Local Government, the Ministry of Consumer Affairs and Social Services, other Government agencies, the University, and the NGOs, will work together to address these needs. In this way the approach to development will always involve various impact groups, will be integrated and will attempt to avoid overlap and waste. Moreover, the projects will be gender sensitive and environmentally aware, both in terms of the physical environment and the social environment. By working at the community level it will be possible to attend closely to our cultural richness and diversity, to work with and through people.

For example, one end we hope to achieve is to revitalize indigenous forms of savings and apply those savings to investments, while at the same time paying due attention to social support for those who do not have the means to save. Let me give you one example, probably two, to illustrate what I have just said.

Raw material preparation, for example, straws and fibres to feed our handicraft industry: At this time, raw materials in the form of straws and fibres are imported

to feed our handicraft industry. Our understanding is that the overseas source may be running dry. We propose to liaise with the Ministries of Agriculture and Local Government in the primary production of these materials.

Through our handicraft centres we will initiate a training programme to assist workers in various communities in turning the agricultural product into materials for the handicraft industry. The first phase is carded to be completed by April 1992, and that is a training programme in production. This is planned for Rio Claro, Fyzabad, Sangre Grande, Chaguanas, Couva, Toco and Tobago. You would note the integrated approach and the attention to rural areas which are suffering the severe effects of unemployment.

I should like to cite another example. This is one that was done on a focus on La Brea, another example of what we intend to do in terms of operating at the level of the community. This district is probably among the most badly hit by the economic downturn, and probably each of us can say today, our district is about the most badly hit. Some research work was done on this area and it revealed a level of frustration bordering on despair, captured in the words of a resident:

"I really do not understand how they surviving. I doh know where they getting the courage from. Right now you have to do extra well at school or your parents have to have money put aside to send you away or to help you do something. But the average person in Vessigny, they will just leave school hopelessly like that. The young girls will just have to get somebody to maintain them. The boys, they just give up. They take to liming on the streets and things like that. Even if you open a little business, who will buy? The young people just seem hopeless."

This is a quote from a resident in La Brea, and as I said before, it could be a quote from any area in Trinidad and Tobago. In an instance like this, we intend to take a multi-sectoral approach. We propose—and this we hope will generate some form of employment—to develop the tourist site that would attract visitors to the district. The site includes the old tower which also houses a shop that will be an outlet for items produced by women of vulnerable households, and it will also house a district museum to display selected items.

We propose to develop this project even further to see whether a focus on an indigenous art, such as story-telling, could also be used as an attraction for local and overseas tourists, as well as a means of employment for the young people who will be involved in the exercise. A beautiful feature of this project is that it will

Appropriation Bill (Budget)
[HON. J. YUILLE-WILLIAMS]

Monday, January 27, 1992

involve joint works of all divisions and a main unit of our Ministry, the museum. Liaising with various other government and non-governmental agencies will also be critical.

Project development will be immediately started on this project and it is hoped that implementation can start by April 1992, and will give us a good idea of future projects of this sort.

4.30 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

Hon. Yuille-Williams: Mr. President, continuing, I should like us to turn our attention to culture. I go to page 36 of the PNM manifesto:

"The PNM recognizes that we must continue to make our unique contribution to world civilization by nurturing and facilitating the growth and flowering of the varied forms of culture expression in our country.

Our nation is made up of people with different ancestral origins. The PNM recognizes the cultural diversity of our country and is convinced that the entire nation is deprived if any single cultural voice is left unheard.

We see our cultural life as giving our people a belief in themselves and the sense of belonging to this country. It consequently engenders patriotism, loyalty, civic pride and responsibility. There is no civilization without it."

We intend to make every effort to ensure that all the voices are heard by the entire nation.

One strategy for making this a reality has already begun. We have just improved our research department in the ministry, and we are going to embark on an ongoing programme of research, where we shall meet with the national cultural and religious organizations, and through this medium we intend to document all that we can from these organizations. The material that we receive, and which we will know when authentic, we will make available to the various ministries: the Ministry of Education, the ministry dealing with tourism, the Ministry of Sport.

As a former teacher/educator, I know how difficult it was for our teachers and our students to find authentic material with which to teach. Therefore, through this medium, we hope to correct that deficiency. We want to have this material made available to our writers, so we may read in our books about what happened to our

people; so that we may read about our heroes from whatever sector of life they come. This is very important to us, and in time, very shortly, we will be inviting these various organizations to be a part of our ministry.

Also, in our efforts to make our holdings more accessible to the public, the national archives will begin the preparation of a national archives guide. The first draft will be completed by December, 1992. These are plans which we made for our strategic planning session with the managers of the various organizations.

I have already referred to work which we shall be doing with the museum in La Brea and several such other activities are being planned. For all the activities listed, a keen eye will be kept on investment, foreign exchange generation possibilities of our cultural form. No one argues the point that we need to have more entrepreneurial activities in the following activities: fostering creativity for its own sake and protecting the results of our creativity. Various initiatives will be undertaken in the cultural sector.

I shall now turn to another area that has become very dear to us, that is our Best Village Programme. The year 1992 marks 30 years of the Best Village programme. We intend, as our manifesto says, to restore this activity to its former position of pre-eminence. This year, we shall see a return to the Prime Minister's Best Village Programme. My ministry will consult with representatives and community groups so that the programme will more closely reflect our cultural diversity.

The late Dr. Eric Williams, who began this programme, saw it as a force for the uniting of a people and the creating of a nation. The programme celebrates its 30th year and the celebration begins in April with an exhibition of the Prime Minister's Arts and Craft. The exhibition will be mounted in several centres: Port of Spain, San Fernando, Arima, Scarborough, Point Fortin, Chaguanas, Tunapuna and Sangre Grande. The full programme for the 30th year of the Prime Minister's Best Village concert will be announced as soon as consultations with community groups are completed. I appeal to all sectors of the community, to become involved in this activity which was designed to weld our separate strands together.

We are also planning a series of developmental activities which will be held to include a playwrights' conference, and again, we are focussing on our youths. A young choreographers' workshop and technical support classes for community dancers or facets of a programme, will mirror the diversity of our cultural heritage, and will start before the end of 1992.

Appropriation Bill (Budget)
[HON. J. YUILLE-WILLIAMS]

Monday, January 27, 1992

Let me move on to one of our national festivals, carnival. At this point, as most of our Members will know, last night I had the pleasure of declaring the 1992 carnival season open in an unusual fashion; it is the first time it had been done this way. But, as you know, the season is upon us and just last week a board had been appointed. We commend the initiative taken to treat carnival in an entrepreneurial fashion by the establishment of an independent commission, which will have as its mandate, taking our creativity to its highest levels, while turning carnival into a foreign exchange earner.

While the pressure of appointing a commission just two weeks before carnival will put a great strain on these individuals, we have named a commission which includes financial and marketing experts and exponents of the carnival arts. For 1992, given the time our Government came into power, they will need to focus their attention on staging the carnival. However, we have mandated the commission to focus thereafter on treating the carnival, both as an expression of our best artistic selves and as a foreign exchange generator, much as other countries treat with their art without harming its integrity.

5.10 p.m.

We need to put in place, structures to enhance the artistes and protect their works. Our ministry proposes the setting up of a task force to fully examine and understand the needs of the artistes among us. The findings of the task force will lead to the implementation of proper administrative mechanisms which will ensure that problems faced by the artistes are resolved and in some cases totally erased.

We feel artistes must be recognized for the valuable contributions made to national life. They are a treasured resource together comprising the country's most productive sector, even the wheels of commerce will not turn without the input of the artiste. In our quest for excellence in the arts, proper training and education are a prerequisite which cannot be ignored. It is our hope to initiate the inclusion of a more indepth study of the arts in our educational system. To this end my ministry will give opportunity to the artistes to add their voice to the governing bodies and boards that direct their cause. As such, we pledge that the formation of any committee dealing with the arts will include artistic representation. The artistes' contribution to Trinidad and Tobago is beyond compare.

I now turn to another area of our culture, the steelpan. We all are very proud of this indigenous musical instrument and my ministry will endeavour to make its development our responsibility. I have already had the pleasure of meeting on two occasions with the executive of Pan Trinbago. As a result we have already begun consultation and Pan Trinbago has promised its support to my ministry. In the short term Pan Trinbago will liaise with our ministry, of which they are an essential part, to assist our steel pan development officers in the preparation of programmes for community work. In the long run, we hope to initiate consultation with the Ministry of Education and Pan Trinbago with a view to inclusion of that form of music in our school curriculum. We will consult with Pan Trinbago on other issues which affect the development of the steelband. On the other hand I have already given my ministry's assurance that we will assist them as they attempt to give the musical instrument the status it deserves and as they attempt to put themselves together into a full-term organization.

I will now deal with the third section of my ministry, women. I am aware that this new ministry, Community Development, Culture and Women's Affairs will come, and has come, under much scrutiny. There has been some criticism that culture should operate on its own and that community development has been displaced. I hope you have seen that our own intention is to use the Community Development Division as a co-ordinating, facilitating body for people mobilization, and our delineation of culture as the lifeblood of a people, how the two parts can work together. How the one, culture, is like a substance and the other, community development, is like the process. But the very process, the very vehicle becomes a thing of itself and contributes to the substance. Indeed, we invite you to join us in nation building. Our intention is one of participation, people involvement. Joint collaboration and deliberation will become a part of culture, part of our way of life and will help to propel us forward.

But, if any part of our name gives us trouble, it is Women's Affairs. Men are uncomfortable with it. They feel excluded. Women are not too sure that it does not demean them a bit, and all ask us to explain. With everybody's permission we would gladly change it but, you know how hard it is to get consensus on a name. We will therefore try to get consensus on an idea.

In the movement to remove all forms of discrimination against women, Women's Bureaux were established in various parts of the world. The Women's Affairs Division of our ministry is an expansion of the bureau and it is intended to

Appropriation Bill (Budget)
[HON. J. YUILLE-WILLIAMS]

Monday, January 27, 1992

continue addressing the removal of all forms of discrimination against women, but it has been found that in no way can one address women only, and remove all forms of discrimination. In fact, the worst form of discrimination would be to have men assume that a struggle is on, pack up and leave the race—both in the sense of human competition—up to the women. It is our intention therefore to closely address issues related to the removal of gender discrimination. Close attention will therefore be paid to legislation. Through our inter-ministerial committee we will continue its work with a new mandate this week. We will identify issues in the public sector needing attention.

Careful attention will be paid particularly to the needs of women who are household heads and we will attempt to address them through our programmes. Courses for entrepreneurial training for such women will be included in our first phase of activities before April, 1992.

I should like to state here that during the debate in the other place one of the representatives said that women started as market vendors and ended as market vendors. We noted this, and therefore what she asked for was some kind of entrepreneurial training for women. Those would be included in the very first phase of the activity in April, 1992.

In our thrust towards gender sensitivity and the removal of all discrimination on the basis of gender we propose to work closely with the University of the West Indies and the NGOS.

Mr. President, I was very heartened after I addressed a conference at the University of the West Indies; the women's arm pledged its full support to this ministry. We intend to address vigorously our mandate, the Government's mandate and, in fact, it is the people's mandate. Through our Ministry we propose to work with flexible structures that we met, core divisions of the ministry, committees boards and NGOs. Our role will be to enlist all impact groups in sharing our vision. Because we have listened so closely to so many, we know that their vision is our vision and that their vision is to make that vision a reality.

In conclusion I should like to state that by June, 1992 we would have completed our short-term programme and we will share with the public in booklet form our immediate goals for the rest of 1992 and 1993 on our structuring, to achieve those goals. Certainly, by the end of this year we shall be in a much better position to look beyond that point.

Mr. President, through our culture as substance, community mobilization as process, and attention to gender issues to ensure equity, we hope to work with all other ministries and agencies, and also all citizens to move our country forward. I thank you.

5.20 p.m.

Sen. Salisha Baksh: Mr. President, Trinidad and Tobago has often been described in word and song as a paradise. However, our Garden of Eden is gradually being destroyed. Like parasitic vines strangling a tree, high wage demands are squeezing the lifeblood out of our economy. Prices and unemployment are sneaking upwards, the rivers of production and enterprise are slowly drying up leading to a barren economic landscape. The rot has set in and very soon we shall have a paradise lost.

It is not too late though, to stop the decay. Trinidad and Tobago must take positive measures to rid itself of its economic problems. It is time for us to adopt efficient and effective economic policies and fiscal measures so that we may let the flowers in our garden bloom again.

We admit that the task of putting our economy in order is no easy one, but it is a challenge which provides a golden opportunity for us to forge national unity and put the wrongs in our society right. In economics, time is an important factor. As we approach the 21st century, which is just eight years away, it is time for Trinidad and Tobago to put its house in order. The 1992 budget should have been the foundation stone for rebuilding our economy, but instead it will prove to be a millstone around our necks.

When one considers the economic environment of the Caribbean as a whole and the formation of large economic trading blocs, one can understand and fully appreciate the need for economic fortitude and stability. You see, we have to plan and develop, not just for today, but for tomorrow as well. Our years of plenty have long been over and we continue to face hard times. We have to adopt measures that will ensure the maximum use of all our reserves and resources. The 1992 Budget has failed miserably to meet the challenge of restabilizing and revitalizing our economy. As a result, the PNM Government must once again ask forgiveness of the people for what the budget has done to them and for what the budget has failed to do for them.

Appropriation Bill (Budget)
[SEN. BAKSH]

Monday, January 27, 1992

My contribution is not riddled with figures and statistics to confuse anybody's mind, especially the mind of those who have not yet realized the adverse effects of this budget. My contribution is a very simple one and is divided mainly into two parts. Part 1 deals with the negative impact of the proposed fiscal measures and economic policies; and Part 2 highlights the omissions and gross inadequacies of the budget.

The hon. Minister states on page 12 of the Budget Speech, that his Government's key objectives were to attain:

- “—sustainable growth of the economy;
- a significant and durable reduction of unemployment; and
- restoration of an adequate level of foreign exchange reserves.

He further stated that:

"The strategy for achieving these objectives would principally entail a substantial increase in investments and in exports".

Having heard and seen this, the logical conclusion would be that the measures adopted by the Government would show obviously that this Government, the PNM, is serious about achieving its goals. However, after a thorough analysis of its goals—and I mean thorough analysis of the budget—the fiscal measures to be implemented will indeed have the reverse effect thereby making it impossible to achieve the goals enunciated before.

The first major area of concern to us is the use of US \$19 per barrel to calculate the revenues from our crude oil exports. Although the Minister has assured us that this price for oil is indeed consistent with the data used by the IMF in preparing its forecast for the world economic outlook, the international oil situation paints a completely different picture. Of course, no one can really predict what will happen at the next OPEC meeting and whether quotas will be reintroduced, or in fact, what will be the result when Kuwait, Iraq and the former Soviet Union get their oil production back on stream. It is likely however that US \$19 per barrel may well turn out to be an over-optimistic figure, but the fact remains that any fluctuation of that price will have a significant effect on government revenues. We can only hope that the relevant ministry will endeavour to keep abreast of the situation and be prepared to handle any dramatic change in the price of oil.

5.30 p.m.

The Government's decision to pay to public servants the award granted by the Special Tribunal of the Industrial Court and the decision to increase old age pension is commendable, very commendable indeed. Let us examine this commendable deed; let us examine the real monetary value to be accrued by these persons. The price of gasoline and sugar was increased. Now, we all know—we do not have to be experts—that increases in these two items have the domino effect of raising the price of virtually everything in the economy. The result is obviously, one, rapid inflation and, two, an increase in the cost of living. Now one may well argue that the zero rating of books and certain pharmaceutical items will indeed help to offset some of the increases. But then let us just ask ourselves this question: How often does a family purchase school books? This is usually an annual expense. After buying the household necessities at the now increased prices, it will indeed be very surprising if there is any money left to buy medicines.

Old age pensioners, like all other human beings, have to eat in order to survive, but it seems very unlikely that the increase in the old age pension is going to take those persons very far in 1992. For those of you who live in ivory towers, and as a result are unaware of what is happening in the real world, let me tell you, that prices of food items have already escalated and so has the cost of transportation. We are saying that if something is not done soon, the cost of living will become unaffordable and the level of poverty in this country will reach an unprecedented depth. But, of course, there are those who would have us believe that there are many smiling faces as a result of the 1992 budget, with the apparent increases in pensions and public service salaries and the removal of VAT on books and certain over-the-counter drugs. But Mr. President, many of these smiling faces will become frowning faces when people realize that they are victims of money illusion. Put simply—let me explain “money illusion” for the benefit of my colleagues on the other side—money illusion occurs when persons believe that the more money they earn means their greater ability to spend.

But increases in salaries and pensions do not necessarily mean an increase in savings or spending power. Because, you see, given the rise in the cost of living, the increase in taxes and the fact that virtually all goods are going to cost more because of the increase in gasoline and sugar, we will find ourselves not pocketing our money, but having to dip deeper in our pockets for more money. When the cost of living becomes unaffordable, as undoubtedly it will for the unemployed and

Appropriation Bill (Budget)
[SEN. BAKSH]

Monday, January 27, 1992

for the lower income groups, there is a corresponding decline in the standard of living, and this impacts negatively on the development of our country.

The budget, as I see it, can aptly be described as a pacifier budget. Let me cite an example that we can all identify with. In the same way that a crying baby is given a pacifier to quiet him, so too the Government tried to silence the cries of our people by giving them certain illusionary fiscal benefits. But eventually, the baby realizes that the pacifier is only a pacifier and nothing more; it offers temporary relief only. So too when the people of Trinidad and Tobago realize that their dollar is not buying as much as it used to, and that their dollar is not going to be worth what they thought it would—based on platform promises—and that the cost of living is rising beyond control, then the crying will begin again, just like the baby who realizes that there is no more milk in the bottle.

The budget proposes to increase the rate of corporation tax from 40 per cent to 45 per cent for the year of income 1992. But how does this increase relate to the Government's desire and intention to stimulate economic growth and activity? I wish the Minister would tell me this. One of the best measures of economic activity is the level of investment. But few investors will be attracted to our shores when what we offer them is a corporate tax of 45 per cent, coupled with a variety of withholding taxes.

There is another side to this story. This tax increase will also encourage companies to adopt measures to offset the decline in their profits. Unfortunately, many of them may exercise the options of reduced wages to employees and retrenchment. Thus, in the year 1992, many persons may lose their jobs, thereby increasing the already high level of unemployment in this country. How these persons will provide for members of their family will remain a mystery. But, what we can safely say is that there will definitely be an increase in crime, poverty and vagrancy.

The stated objective of the Government to reduce unemployment and its duty to provide a better standard of living will no doubt be the impossible dream. Further, the corporation tax will be a fetter on the growth of the economy, and economic development will indeed be stagnated. It is also interesting to note that one of the duties to be increased is that of mortgages. From \$2 per \$1,000 borrowed, it is now \$4 per \$1,000 borrowed.

Now one of the main functions of any government is to provide the people with adequate food, clothing and shelter. The hon. Minister of Finance in his

budget speech stated that his political party was mandated by the population to manage the affairs of this country. Thus, it is his duty and that of his party to ensure that the people of Trinidad and Tobago have these three basic necessities of life. At present there is a shortage of affordable housing in this country, and they are aware of it. This problem will only be worsened now that potential home owners will have to pay more if they intend to purchase their homes by way of mortgage. Undoubtedly, the price of building materials will once again escalate and we can look forward to increased rates of interest on bank loans. That is what is going to happen. It is therefore necessary for the Government to not only acknowledge that it is the head of the household; it must also deserve that position by providing adequately for all its children.

The offence of negligence for which the PNM Government is guilty consists of two levels: one, acts of commission such as the proposed fiscal measures mentioned in the budget; and two, acts of omission, such as those that I shall mention now in this part of my contribution.

Bearing in mind the trends in the international economy, as mentioned in pages 2 to 4 of the budget speech by the hon. Minister of Finance, it is imperative that the Government implement economic policies to influence economic growth. Sustaining a high economic growth requires things other than a high proportion of resources and we have been saying this over and over. Research and development of new ideas are important. Invention and innovation also play an important part in growth. There must be measures to enhance labour mobility and the higher education and training of scientific personnel. The Government must utilize all the available tools to encourage economic growth. Not only must there be economic growth, but there must also be economic development.

The Government must first identify the particular barriers to the level and kind of development desired. It must first identify that and then devise policies to overcome them. The Government must undertake programmes of education; it must undertake programmes of legal reform; it must undertake programmes of resource development; negotiation of trade treaties; or actual investment that smooths the way to more rapid growth.

What we are saying is that policies of economic growth and development are necessary if the Government is to achieve its stated objectives and if there is to be a better standard of living in Trinidad and Tobago. Nobody can do this job for us. There are many large developed countries facing recession of their own. One such country is our major trading partner, the United States, whose economy is literally "Bushed".

Appropriation Bill (Budget)
[SEN. BAKSH]

Monday, January 27, 1992

However, as we enter the 21st century, well aware of the economic hurdles and obstacles in our path, let us take some bold and revolutionary steps. We cannot practise solely the art of conservatism, for this will only dampen economic activity. Building and strengthening our economy requires a maximum output of our greatest resource: the human resource; the people of Trinidad and Tobago. This can only be achieved by forging national unity. We must remember at all times the words of our motto, "Together we aspire, Together we achieve". It is therefore very disappointing to note that the 1992 Budget presented by the PNM Government did not significantly recognize or acknowledge the need to bring our people together.

The fact that time was a constraint is no excuse for the lack of a comprehensive budget. They should be ashamed to even mention that. The PNM boasted that it was sure to form the Government and so foremost in their minds before the election results, should have been efficient economic policies and strategies designed to stimulate economic growth and development. But you see, the PNM manifesto showed they lacked the economic fortitude necessary to address and solve the issues at hand, and so it comes as absolutely no surprise to us that their budget mirrors that defect. Perhaps I should be kind at this stage. They should have paid closer attention to this document. We are not going to change your royalties if you use our ideas. Read our proposals, and if it is possible, try to understand them.

Absent from the budget is the Government's intention to diversify or intensify our economy. Once again, we have fallen into the trap of providing only a patchwork to cover the real problems of our economy. It is high time that we got to the root cause of the problem. If oil is to form the backbone of our economy, then we must fortify and strengthen the industry to obtain its maximum output. Thus, if we intend to put nearly all our eggs in one basket, we must at least ensure that the eggs are in good condition and that the basket can bear their weight. If we intend to diversify our economy, then we must seriously invest in and expand industries such as agriculture and tourism. But nowhere in the budget are there any plans to access important international markets and expand production in appropriate sectors. We are fed up with long-term plan and short term this; we are fed up with that. We want action.

Trinidad and Tobago is yet to tap agriculture's true potential contribution to national development. In the 1960s, the country was a net exporter of food. But we now rely on imports for about 75 per cent of our requirements. And this is something that any Government should be totally ashamed of.

Despite the increase in domestic food production since 1985, local foodstuffs have not been able to compete with imports due to restricted availability and high cost of agricultural inputs, and I mean here things like land, labour, seeds, fertilizers, pesticides, agricultural machinery and equipment adverse marketing and trade arrangements and high post-harvest losses. It is therefore the Government's duty to implement policies to expand our agricultural produce, and invest in processing and marketing facilities, including the fishing industry. The obvious benefit of this expansion would be the creation of jobs and thus a reduction of the high level of unemployment. At this time, with your permission, Sir, I should like to quote from a newspaper article in the *Trinidad Guardian* dated January 13, 1990, and it says here: "Spices can spice up T&T's export earnings". I proceed:

"Trinidad and Tobago continues to spend in excess of \$6 million annually to import spices, in spite of the fact that many of the varieties can be grown indigenously. Further, the agricultural development plan for the 1988 period does not envisage any spice development programme, although the market potential for spice crops remains excellent."

That should have been really the agricultural development plan for 1988 to 1992.

"This is the conclusion of an Indian spice expert who was on assignment here to advise the Export Development Corporation on the feasibility of initiating such a programme."

He went on to say:

"Spices are a significant source of export revenue among Commonwealth developing countries which produce more than 50 per cent of total world output. To a few island countries, like Grenada, spices are crucial to their economies. With respect to general market trends, he identified North America and Western Europe as the two most important regions in terms of import demand, with member states of the European Community importing large quantities of spices than the United States over the last decade. Two years ago, EEC imports amounted to US \$4,442 million, while the single largest market is the Federal Republic of Germany, buying US \$141 million."

Appropriation Bill (Budget)
[SEN. BAKSH]

Monday, January 27, 1992

With respect to the relative importance of spices used by various countries, black pepper, almost without exception, is the principal spice imported in terms of both value and volume by all importing countries. The consumption pattern of the use of black pepper also indicates that this spice outranks the others in household, industrial and commercial use.

The major spices cultivated locally here are hot peppers, ginger, celery, parsley, thyme, *et cetera*. However, all of Trinidad and Tobago's spice requirements—black pepper, pimento, clove, nutmeg—are imported. The 1988 import figure alone was \$6.2 million for 1,220 tonnes of spices bought from overseas, while export levels of local spices and spice products stood between 250 and 450 tonnes.

It has been further stated that spice cultivation should be pursued immediately in the larger interest of the country, moreso as agro-climatic conditions are well-suited for growth and development of the industry. Black pepper is a plant of the humid tropics, requiring adequate rainfall, high humidity and warm climate for its healthy growth and Trinidad and Tobago is well-suited for its cultivation. It can be produced as a single crop and the plant, as I said, is propagated almost vegetatively as propagation through seeds is rarely employed. Bearing begins from the third year of growth, increasing in yield to about its tenth year, and continuing yields to about 30 years. It is on record that some household garden vines over 100 years have remained productive. These are things that the past regime was fully aware of, and I am sure the present administration is aware of. However, my learned colleague on this side will deal with the subject of agriculture in much greater detail, so I shall not go further into agriculture at this point.

No doubt the development of the tourist industry is of economic significance to Trinidad and Tobago, but the budget contains no policy for tourism, so I felt really relieved when the hon. Minister was called upon; I said, "Hah, so this is where we hear it." But what did I hear? What I heard was textbook facts and mention made about ambitious plans; pure words—pie in the sky! Our country has a rich culture, and year-round festivals. We have festivals like Carnival, Divali, Phagwah, *etc.* We have sufficient natural attractions and a basic infrastructure to make controlled tourist development a substantial revenue earner. We must therefore have tourism plans and plow our resources into what, after all—and I hope the hon. Minister is aware of this—is perhaps the largest single industry in the world. Perhaps he is not aware of it because there was no excitement in his delivery about tourism in this country. No enthusiasm, no foresight.

No one expects the Government to perform miracles but we expect the basic necessities of life to be met through the many taxes that we pay and the revenues from the commonwealth of our nations resources. That is what we expect. We expect human life to be valued over and above everything else. Government must also realize that expenditure on health and education, once properly managed and utilized, can never be too much.

Trinidad and Tobago can only go forward into the 21st century when we recognize that our human resource is our greatest resource. If people are properly fed, healthy, well-educated, and have access to decent facilities, then and only then can they efficiently contribute toward national economic growth and development. But why is nothing significant being done to improve the health sector of our country? I want answers. One may answer, the lack of funds; it is supposed to be the ideal escape route, but this is not the truth. The fact is there is a lack of proper prioritizing and planning. Health is given little importance by this Government and the last regime. Money spent on the health of the population is a definite economic investment, especially if the policy is geared towards prevention rather than cure.

We on this side firmly believe that prevention in the long run is both better and cheaper than cure. But neither the PNM nor the NAR has been able to deal with the Ministry of Health. A memorable point during our infamous oil boom days—you know the time when the talk was “money is no problem”, the same regime that the present Prime Minister was a member of then, the hon. Minister of Finance, as well—do you know what was happening then? Newly born babies were being wrapped in brown paper at the hospital and I am sure hon. Members will remember that.

During the tenure of the last Government, at least three Ministers unsuccessfully tried to tackle the problems which the party had promised faithfully to have under control and solve in their 1986 manifesto. But that is history. Of course, we acknowledge that the Government today has far less money at its disposal. But if they had developed our primary health care when they had the opportunity—and when I say “they”, I am referring to the PNM Government—and the money to do so, the financial demands on the sector would have been reduced and most of the complaints of the doctors and the nurses could have been effectively dealt with today.

Further, the Government has to address its mind to the efficient running of the Mount Hope Medical Complex which has drained much of the scarce financial

Appropriation Bill (Budget)
[SEN. BAKSH]

Monday, January 27, 1992

resources away from the Port of Spain and San Fernando General Hospitals, leaving the latter in a deplorable state.

6.00 p.m.

A health surcharge was imposed on us by the last regime. The moneys collected were lumped in the Consolidated Fund, from which finances were drawn for non-health purposes, and this, no doubt, was a glaring misappropriation of funds. The health sector has always been plagued with inefficiencies, and no minister has been able to rectify the situation. Health workers do not protest so much about their salaries, you know, but more about their unsatisfactory working conditions. How can we expect sick people to get well when the health institutions are not properly functioning? And we would have never reached this unacceptable state of affairs if the PNM Government had properly developed the basic infrastructure for health in the first case.

Now, Mr. President, the PNM has a chance again. But I should like to let you in on what is taking place. The country is faced with a chronic and growing mental health problem, and very little is being done to stem the problem at its source—at the prevention stage. There are problems of infrastructure, systems and support, staff and services in the mental health field. Do you know that the doctor to patient ratio at one of the mental institutions, according to experts, is one doctor to 40 patients? According to specifications of the World Health Organization it should be one to 15. The St. Ann's Hospital is described as a “chamber of horrors”. It is plagued by leaking roofs, dilapidated toilets, and a host of other problems which I shall not go into at this time. The PNM has the chance again, and one can only hope and pray that this time they will deal with this particular ministry more efficiently and effectively.

The dilapidated state of many primary schools in Trinidad and Tobago is an obvious sign of the neglect which undermines primary education in this country. There should be no holding back on investment in primary education—and this is not only in terms of money but more in terms of commitment. In the present system, too many young persons are falling by the wayside. With lack of modern teaching aids and increasing numbers of children, even the well-trained, dedicated teachers in the primary schools, find it almost impossible to impart a proper educational grounding. And this becomes a chronic problem in secondary schools, where many teachers now find themselves doing remedial teaching instead of preparing students for their secondary school examination. There is no point—

absolutely no point—to any programme of economic development unless it serves to provide real employment.

Job survival for many in the next decade will depend on students' ability to use computer-based information to make decisions. The rate at which computers are being introduced into the school system is far too slow. According to figures that we have, as at late last year, of 92 secondary schools only 32 offered computer literacy programmes, and only 22 of these enrolled their students to sit the GCE Ordinary Level exams in the subject.

Most of our unemployed fall into the under 25 age group because our education system has not been adapted to meet the needs of the marketplace. The key to solving unemployment is to provide real productive work and not merely make work, which, in the long run, actually debilitates the national economy. People cannot be employed productively unless they have marketable skills; and skills cannot be marketed unless the productive structures are in place—that is common sense.

We always boast that this is a nation with immense potential and talent. But, you know, there is nothing more tragic than wasted talent. We say that the solution to this problem is to tap that potential by adapting the education system to provide necessary skills and then provide the structures within which these skills can be productively used.

Mr. President: The speaking time of the hon. Senator has expired.

Motion made, That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. W. Mark*]

Question put and agreed to.

Sen. Baksh: Thank you very much, Mr. President, and honourable Senators.

In 1992 we face the burden of the repayment of our external debt. This will, therefore, be a year in which we either “make it or we break—it is as simple as that. We have to implement efficient and effective fiscal policies that will lay the foundation for a brighter economic tomorrow. The 1992 Budget is silent on the manner in which efficient execution of the proposed fiscal measures and policies will be achieved. One would hope that this budget would provide the way out of our present economic crisis. We did not expect overnight success but, at least, initially we would have appreciated feasible plans for economic growth, development and stability. Instead, what we do have is a budget in which the proposals are likely to be counter-productive.

Appropriation Bill (Budget)
[SEN. BAKSH]

Monday, January 27, 1992

A small country such as ours needs to be very concerned about the proper use of resources if it wants sustainable economic development. Using our resource bases for short-term benefits, even if this leads to economic prosperity for 10 years—even 20 years—is a disastrous approach to development.

We have oil, natural gas reserves, which experts say will last us well into the 21st century. But what will happen when these resources run out? Is that too far into the future for this Government to think about? Unless we begin thinking in such terms we shall solve few, if any, of our problems which plagued our country 35 years ago, and which are virtually the same today. So unless this approach is addressed to these issues, socially, intellectually, politically, we shall surely continue back-sliding and never, never, be able to break the chains which restrain our development.

There are several serious imbalances in our nation, which I have not heard one Senator from the opposite side address, which need to be corrected. And these imbalances are merely social rather than economic phenomena. There are huge reservoirs of talent in this country which remain untapped because of socio-economic circumstances. A little common-sense will tell anyone that as long as such reservoirs remain untapped, true development will always elude the national grasp. A country's best investment is its people. The people are the only real resource investment. The Japanese, minus any wealth, learned this by force. Only when this is realized by those in charge, then and only then, would true national development begin.

6.10 p.m.

In conclusion, therefore, it is our belief that economic growth and development require change and adaptation to meet financial and social obligations. Although the country's principal source of foreign exchange earnings lies with the energy sector, there has been no change in the regime of petroleum taxation. Certain viable non-oil sectors of the economy have been neglected because, unfortunately, the hon. Minister has not appreciated their contribution to our revenue earnings. The saddest part of the whole story is that the budget has failed to gain the confidence of potential investors and, most importantly, many of our people believe that soon the dollar will float, while our economy sinks, or that devaluation is imminent.

When the cost of living escalates beyond control, when the standard of living falls drastically, when the level of unemployment increases, and the level of

productivity declines, when there is more crime, vagrancy and poverty; and when our human resources are frustrated, let us wonder whether the present Government will still say, as they at present do on the cover of this book, "We Care About You".

When you encourage people to develop their own natural resources, you not only put pride in their lives, but also dignity in their hearts. I thank you, Sir.

Sen. Hydar Ali: Mr. President, I consider it an honour to be a Member of Parliament, and in particular the Senate, and I shall endeavour, with the help of our common Creator, to discharge my responsibilities to the best of my ability. I join other Members in congratulating you, Mr. President, on your re-appointment as President of the Senate which I consider a very high national office.

I am in the unenviable position of following two eloquent ladies, so that when you assess my contribution I hope you will remember that I am new to this business. I should like to make a few comments about what it is to govern and what it is to be governed—in particular what are the responsibilities of leadership and the corresponding responsibilities of those who are led. In a society it is necessary that leadership be established to run its affairs. The methods used for so doing vary, and sometimes depend on the prevailing circumstances. In the present situation, the party that wins the election forms the Government and so constitutes that collective leadership. The Government then considers itself as having been given a mandate, to use a common parliamentary term, to rule or to govern. What it has really been given is the opportunity to serve the people.

It is impossible for leadership to be successful if it does not get involved in consultation. And what do I mean by "consultation" in this context? Simply that the views of individuals and organizations should be sought as often as possible. It must be borne in mind that not everyone can be consulted and occasions might arise when consultation is impossible. What is perhaps more significant in this process, is that while it is the responsibility of the leadership to consult, it also reserves the right to incorporate or not to incorporate the results of its consultation, in making its final decision.

I mention that last point since it is often the case that people or groups feel slighted when their suggestions are not taken up. They must realize that the leadership has access to perhaps sensitive information and for strategic reasons, then makes a decision within these constraints. I have spent a few minutes on this topic because I feel it is important. Everyone, every group, is very concerned

Appropriation Bill (Budget)
[SEN. ALI]

Monday, January 27, 1992

about whether his, her or its special concerns have been taken into consideration in the budget. The reaction, for example, of public servants, old age pensioners, sugar workers, taxi drivers, businesses, *etc.*, is a reflection of their perception of how much the Government cares for them, as it claims. And no aspersions are being cast on these claims or, in fact, the claimants.

We can summarize thus. There is a leadership and there is a following. The vital link between them is consultation, and it is the right of both sides to ensure that this becomes the standard *modus operandi* in the decision-making process. In making these remarks I am well-aware that the hon. Prime Minister has started this process and from what we heard from contributions today, this is going to continue. In commending him and others on this, my hope is that he and his Government continue this process.

After that little introduction, I should like to confine my remarks to three areas. One is in an area that has not been touched a lot, that is, the area of funding for the University. Another area is the use of some alternative fuel for motor vehicles; and then briefly, what I perceive as the possible effects of the budget on school children, some of which have been touched on already.

I turn to an aspect of the budget that is cause for serious concern to a significant number of people. I refer to the provisions in the budget for funding of the St. Augustine Campus of the University of the West Indies. To the best of my knowledge, there has been little reference to it in the debate in the other place and even outside it. This brings to mind the common perception of the role of tertiary education and that of the university in particular, in a developing country like ours. To make this point even clearer, I should like to quote from a recent address by the Principal of the St. Augustine Campus of the UWI at the opening of the Second Caribbean Conference on Fluid Dynamics held at St. Augustine. He stated:

"I should like to comment briefly on a widely held view which suggests that higher education in developing countries is a luxury rather than an essential means for their development.

Looking around, one sees a weakening of the resolution of the governments of many of the developing countries sometimes under the influence of "expert" foreign agencies, to build a strong and virile university system in their country. These governments have been advised, in a logic that is superficially seductive, that they would do better to put whatever little resources they have in the development of the primary and secondary levels of education.

We are told, for example, that the cost of one university place is equivalent to that of 50 primary school places. Copious statistics have been assembled to persuade anyone in doubt that university education in developing countries is counter-productive and, in the words of a recent World Bank Report, "of dubious value". Thus the governments of many developing countries have been led to accept the notion that higher education is a luxury that they can ill-afford. But the matter bears further careful examination.

As an aside, may I say that it is in this context that I regard the inclusion of tertiary education in Trinidad and Tobago within the portfolio of the Minister of Planning and Development in the Office of the Prime Minister, as a hopeful sign and a correct signal."

I just interrupt the quote here to say that the hon. Minister of Planning and Development had the opportunity of hearing this first hand when it was said; and also to remind hon. Members about the inclusion of tertiary education within the portfolio of the Ministry of Planning and Development in the Office of the Prime Minister.

6.20 p.m.

I continue with the quote just to make this point, because after this I go to the estimates to see what has been provided for the university:

"It seems clear, therefore, that the University has, over the centuries, adapted itself to remain the main engine of development. Relevance is the important concept here, and if the universities in the developing countries are considered irrelevant, the wise course of action is to attempt to make them relevant, instead of digging their graves through the withholding of funding.

A further perception in most developing countries is that the universities are white elephants and ivory towers, in a pejorative sense; that, like the national flag or the national airline, they are mere symbols of national independence being wastefully maintained and that money spent on them is better spent on other levels of education."

Mr. President, the final quote:

"But while we all agree that the universities in the developing countries are not doing nearly as much as expected for the development of their countries, it is necessary to appreciate what they have been able to accomplish. For example,

Appropriation Bill (Budget)
[SEN. ALI]

Monday, January 27, 1992

in the specific case of the University of the West Indies, it has, through its teaching, been able to maintain a good supply of high level manpower for the regional economies.

Through formal and informal channels, it has been able to render public service to its various contributing countries. It has been responsible for raising the general level of public discourse. Enrolment has risen to nearly 12,000 in 1991/1992. This is progress of some sort, but it cannot convincingly be asserted that the mind boggles at such an enrolment for the whole of the English-speaking Caribbean with a population of nearly four million.

The fact is that our tertiary enrolment rates which are of the order of three per cent of the relevant age cohort, are considerably below those of the fast growing middle-income and newly industrialized countries, which approach 20 per cent.

It cannot be said that enough money is being spent on university education or that the current level of enrolment is adequate, if we were to regard human development as a most important form of development.

The area of greatest weakness in universities of the developing countries is predictably, research. Here, scholars have to compete with their opposite numbers from every part of the world. It would be idle to argue that the resources available in the two situations are at all comparable."

Mr. President, it is tempting to quote this entire document because it is so relevant to the role of the university and it makes a strong case for its funding. I remember when the address was made, the hon. Minister acknowledged the remarks made and there was a positive oral response. Unfortunately, that is not reflected in the provisions of the budget.

I should just like to quote some figures from some university estimates. These are the triennial estimates for 1993, the grand summary. We have under "Approved Estimates"—and just for simplicity I will round off some of these numbers—\$89 million, approximately. Estimates of expenditure—these are crude estimates. They do not include things like: in-service diploma in education, faculty of medical sciences, seismic research, which are funded separately.

If we now look at the estimates of expenditure, 1992, Head 13, Office of the Prime Minister, we see under, "Direct University Service", the current amount budgeted is \$49,482,415. To that is added the cess which is still a burden on many

people. The transfer of cess payment to the university, amounts to about \$8,900,000, which gives us a total of about \$58,382,415.

When you compare this figure which is about \$59 million with the amount that has been approved by the university—when we say, approved by the university, the university submits these amounts to the Government and it is approved by the Government—approved estimates, \$89 million, we see that only about two-thirds of the university budget is catered for. In this particular year, this results in a deficit of about \$30 million for the 1991/1992 academic year.

This is further compounded by arrears. Again, if we were to quote from the estimates of expenditure, 1992, Head 13, Office of the Prime Minister, under "Direct University Services", there is a special section marked "Arrears", which has been budgeted for \$5 million. Now you have to see the significance of this amount that has been budgeted. You need to know how much the arrears are up to now. The present arrears are \$106 million. This has only been reduced in the last six months, where I think about \$50 million was put in, in June or July last year. Of course, this \$106 million does not include the \$30 million I just mentioned.

I mentioned that there are some parts of the budgeting that are done separately, for example, the Seismic Research Unit. It is a pity that the hon. Minister of Agriculture is not here. The estimates submitted and approved by the Government amount to about \$2 million and the budget provides for a mere \$559,000. This is cause for grave concern here, and I shall mention later on some of the consequences of and one of the ways in which the university has had to cushion this shortfall.

But while I am talking about budgets and what has been budgeted for, I should like to mention two areas. One has been mentioned by the hon. Prime Minister when he was speaking in the other place on the last day of the budget debate. There is a provision for over \$1 million for the Centre of Ethnic Studies. This is something that has been talked about and has already been provided for.

Also under that same development fund, there is a revolving fund of \$5 million, and it is said to be for student loans. My information at the university is that they are not quite clear on what that revolving fund is. So that perhaps some clarification could be had from the Minister here responsible for that.

I now turn to some of the consequences of the shortfall. I shall not detail all of these. It is obvious what these are going to be. If you do not have enough money,

Appropriation Bill (Budget)
[SEN. ALI]

Monday, January 27, 1992

if that money has not been passed on to you, if you are not getting the amount that you have budgeted for, there are going to be some serious consequences. Many areas are going to suffer. We are talking now, not about a business, but about a university which depends solely on this type of funding.

The report I referred to earlier on by the principal of the university mentions other methods of funding, but unfortunately, these do not hold here, like Alumnae Association, philanthropists, and some other group he mentioned.

How is the university trying to meet this shortfall? It is not that the university is just asking and not doing anything about it. I would remind hon. Senators that when that amount of \$89 million had been put forward, that was done after a lot of pruning and cutting and so on. It is not an initial estimate. Some of you may have read in the newspapers where our vice-principal headed a committee that travelled to Washington to try to seek funds. The university is seeking a loan of US \$65 million, of which US \$55 million is from the IDB and US \$10 million is from the CDB. This is not just for the St. Augustine campus, I am informed, but for the entire university. I am not in a position to say how much of that, if it is obtained, is going to be channelled to the St. Augustine campus. If one is to be fair, one will say about one-third. But this is not how our money is divided at the university.

Now the thing we need to bear in mind here is that even if the loans are approved, the governments of the contributing territories must guarantee them. So there are two stages. First, the loans have to be approved, and when they are approved, one has to talk about the contributing territories guaranteeing them.

6.30 p.m.

Another difficulty the university is facing, is trying to meet its budget deficit. There is an overdraft facility. Right now the university has got to use overdraft facilities, on which, of course, you know there is interest accrued but the university does not cater for that additional expense. So this is putting additional burden on the university.

I turn briefly to some further consequences of this shortfall. I have been told that whenever there are vacancies, appointments are deliberately delayed so some of the funds there can be channelled to support some of other university services. Also, in talking about appointments, anybody who has worked at the university—and that can be confirmed by several people here—knows that we have not been able to attract staff at the higher level because of the salaries paid there. So, again, that further affects the quality of the staff at the university.

Of course, departments suffer because of the shortfall. I have also been told by the people in the Bursary that orders are not filled immediately, so the departments suffer from a lack of teaching supplies, equipment, things like that; research is also affected; students also are affected. These are fairly obvious, so I am not detailing them. Certain experiments cannot be performed. I know certainly that for post-graduate students or research staff, many of them are unable to perform some of their research because the equipment is not there, and those items that are there have not been repaired, and so forth.

It is nice to hear in this Senate the contributions of several Members about the number of computers schools should have and so forth. You see the department of mathematics, from which I come, has an old 86 personal computer and we only recently got a 486 and that was after a long struggle. So I wish some of that funding from computers could be channelled to some of the departments at the university.

It is a small miracle really, that people who have been there for a little while at the university are still able to survive, and function. In closing this part of my contribution, I should like to mention that one of the ways in which this deficit is met is by the cess and even that, you know, is a burden on many people. I do not think we can afford to let the university go down or suffer in any way. Many of us would not have had the opportunity to go to university if it was not here and we should do everything in our power to make sure that the university survives.

The other point I wish to make concerns the statement made by the Minister of Finance on page 31 of his budget speech:

“We are aware of the impact that this measure”

talking about the increase in gasoline from \$1.50 to \$1.96, diesel from 90 to 98 cents, and so forth.

“will have on the travelling public and it is with this in view that action is being taken by this Government to promote the use of alternative and cheaper fuels such as CNG.”

Only one alternative is mentioned there, that is CNG, and perhaps, I should look at another alternative and see if that is worth taking up.

I know, in hindsight, this is one area I should not really have tackled because this has been touched by everybody; this thing about CNG, how much it costs and so forth, but perhaps, I shall just put it in some different perspective.

Appropriation Bill (Budget)
[SEN. ALI]

Monday, January 27, 1992

CNG is being introduced as a cost saving device, but before you can start to use this system you have to put out over \$6,000. It is not good enough to say that one can get a loan. Then everybody would own a house because you can tell them the rent is the same as the mortgage and so forth, but you do not tell them how you build the house in the first place. So, as a cost saving measure, I do not think it is that attractive, in that sense, because one has got to put out that large initial capital.

Other things have been said about ulterior motives and so forth, and I am not going to handle that, nor even touch it, but the thing is that no one has addressed the attitude of people to that kind of change—to go from one system to the other. People do not change like that. We have other changes, like going from the ordinary system to the metric system, and we still have people quoting in miles rather than in kilometres; although the budget talked about litres and things like that.

So, these things do not change easily and it is not just a matter of telling people that they should just put something in the trunk or buy a conversion kit. That is not all. That is a fundamental change, as far as I am concerned, and it needs more than just providing \$6,000. We must bear in mind, again, the attitude of our people to that kind of change.

I want to now look at the figures that have been quoted, they seem accurate. When something is not denied, it is assumed to be accurate. Two hundred conversions in about five years, that conversion rate is rather small. I looked at some figures provided by the Licensing Office; they were able to give me figures only for the last three years, for the categories of vehicles—private, hired and rental. I took an average of these just to see what is happening; how many vehicles are being converted to see if there is any sort of trend. I got an average of about 153,000 vehicles per year.

Of course, you know one has to be careful in quoting figures, if one does not want to lie with statistics. These figures include vehicles that are diesel operated so they would not come under this conversion, because it is well known that diesel vehicles are not being converted, just gas propelled ones. So, this is an overestimate of what we are looking at, but it is good enough for us to compare. You have 153,000 vehicles—that is just an average year—and only 200 conversions. It will need more than just education, probably a miracle for that number to change more significantly.

There are other obstacles to the introduction of CNG, as I see it. First, I mentioned the initial cost. There are some other things that some people do not seem to take into consideration—lack of trunk space—and I cannot see us surviving without trunk space. I know when people are buying cars one of the things they do is open the trunk to see if everything can fit when they have to go to the grocery or the beach. You need the trunk space; there is also lack of power. Vehicles in Trinidad need power.

Another matter, perhaps more serious is the high cost of introducing these filling stations. These are some of the measures. It is going to cost about \$1 million per filling station and the target number that NP has been advised to install is 10; two are about to come on with eight more in the near future. So, we are talking about \$10 million here. I think they said only one firm has the responsibility for undertaking this conversion right now. So, there might be a little bottleneck. I am not saying what the consequences of one firm undertaking all these conversions.

6.40 p.m.

Mr. President, in the budget speech mention was made of alternative fuels for motorcars and there was a passing reference to gasohol. It was suggested that gasohol be considered as an alternative fuel. Before we go headlong into this, I should like to cite the example of Brazil because they have had considerable experience in this area. I quote from an article entitled, "The Brazilian Alcohol Programme Performance and Difficulties", by J.R. Moreira and D. Zylbersztajn. This was taken from the Proceedings of Energy and Environment into the 1990's the First World Renewable Energy Congress, volume three. It is a book edited by Professor Ali A.M. Sayigh and published by Pergamon Press, 1990.

I should like to mention here, two excerpts:

"The Alcohol Programme, (PNA) was created in 1975 when oil prices rose substantially (and the future expectation was for even further increases), coupled with low sugar quotations on the international market. Under these conditions success was obvious and accepted by most of the country's population as the best action undertaken by the Government, in Energy policy, up to now. As a first target, the PNA was designed to guarantee the use of a mixture of anhydrous Methanol and gasoline up to 22 per cent of the former by volume."

The number quoted here 22 per cent of ethanol will be referred to later.

Appropriation Bill (Budget)
[SEN. ALI]

Monday, January 27, 1992

“This action was able to partially alleviate, in the internal market, the effects due to the reduction in sugar prices and, at the international level, provided market stabilization, since the amount of sugar offered decreased.”

If you recall the title of this paper, it talks about performance and difficulties. I shall just quote very briefly, on the problems they encountered. Coming between the first and second quotes are some of the statistics about increase in sugarcane production and in ethanol per hectare. They go on now to say that even with all these efforts plus the continuous production costs decrease induced by productivity increases (since 1975, average ethanol yield per hectare of sugarcane harvested increased 4.3 per cent per year, and its cost declined 4 per cent per year) ethanol is unable to compete economically with gasoline derived from oil at prices below US \$20 per barrel.” The figure quoted is US \$20, and the budget uses US \$10.

That was the experience in Brazil and lest one might accuse me of being irrelevant in quoting Brazil’s experience, and think that we can do better, I shall state the Trinidad and Tobago experience because there is such an experience! I refer to a meeting of the Caroni Task Force on Industrial Diversification held in the department of chemistry on August 22, 1989, and at that meeting it was reported that National Petroleum had sold 283,517 cubic metres of gasoline from January to July, 1989. I think they then extrapolated and worked out the sales per month and then said that the year’s sale would be 486,029 cubic metres of gasoline. The experiment here was to use five per cent ethanol not 22 per cent as in Brazil. Even with a five per cent ethanol a year’s gasoline sale would require 24,300 cubic metres or, 24.3 million litres of anhydrous ethanol.

What the Task Force found, according to one of the members of that committee, was that “clearly we do not have this capacity.” That is, Caroni (1975) Limited is unable to supply this 5 per cent ethanol for use in gasohol. The report went on to say that:

“blending ethanol into gasoline would require agreements between NP, TRINTOC, the Ministry of Energy and Caroni (1975) Limited. Discussions should, however, be initiated since we should remove lead from gasoline as soon as possible.”

The recommendation was that all the lead should be taken out and 10 per cent ethanol be added. Five per cent is mentioned in the report but I also heard word of 10 per cent. But what is significant here is that even if we were to try that, we are

told we are unable to produce that five per cent ethanol as required for the blending of gasohol.

As a final point in this area, gasohol is made up of gas and alcohol and it is 95 per cent gasoline in our context. I only mentioned this because gasohol was mentioned as an alternative and sometime, you know, somebody else might start doing this thing. It is 95 per cent gasoline—and remember we are looking for alternatives—and five per cent ethanol. The other point we need to bear in mind is that both of these apparently are taxed so that we are in real, real trouble if we embark on this venture.

For what it is worth, I am going to offer some simple suggestions that one can incorporate to save fuel, and all you have to do is to read your manual. They tell you to avoid Jack rabbit starts and so forth. Read your manuals and have better driving habits. They advise you on how you can save a little bit. When it was cheap we could ignore these things, but now we should look at them. You look at any magazine that talks about car care and so forth, and they tell you that you must tune up your car often and do this and the other to achieve better mileage. Also we should bear in mind the US experience when the gas crisis started around 1973/1975; they clamped down on the speed limits on the highways. It had to be 50 miles per hour you would save a little bit of gas. Of course there was a strong lobby there. The truckers were able to raise that to 55 miles per hour. They had a special concession and you know people always have these special concessions.

I come to the final part of my contribution by touching a bit on education and students. I shall zero in on the effects on education. The first point I should like to make is on the increased transportation cost. No matter what has been said that there should not be any increases in cost, there has been every day. The newspapers have a special column now, as they used to have with crime and missing persons. There is now a special column in which you read how much you will have to pay to go home in the evening. So in spite of assurances to the contrary taxi fares have gone up throughout the country. It seems only a matter of time before prices of certain commodities increase as well because of transportation cost and I am saying this bearing in mind the diesel has only gone up by eight cents. Operators of diesel powered vehicles must be made aware that the increase in diesel is only 8 cents per litre compared with 46 cents for gasoline.

6.50 p.m.

We must understand how students get to school. Do they just go outside and wait for a taxi that takes them to school? It is a long process. For those students in rural areas travel to and from school was always a problem. The problem did not now arise, since two and three taxis were needed. Because of this some came to school two and three times per week and sometimes once. One can only speculate as to the new frequency rate with the increase in the taxi fares. One would have to be very optimistic to think that the introduction of a limited school bus service will alleviate this grave situation significantly.

I think that when we hear about “bus service” we tend to think about these yellow buses we see abroad. It is not like that. The school bus service is different. Abroad, people live in a certain area and usually the bus just passes on a few streets and picks up people. Here it is not like that. We are talking about Sangre Grande to St. Augustine, this place, that place—very far, and one wonders whether, based on the public pronouncements of the Public Transport Service Corporation, they are able to provide all these buses. I think it is commendable of the Minister of Works to instruct the board to so do but I think also we should be told as soon as possible how limited it is and in what areas. To raise the hopes of the population that they are going to get a bus service now, or in the future or gradually—I think we need to know how gradual and how far and how limited that service is going to be.

With the increase in the price of sugar, prices of sugar-related products have already started to go up. This has been quoted by everybody. As mentioned before, other foodstuff is likely to increase as well. At present some students come to school without breakfast and others no lunch. Apart from becoming hungrier, their capacity for learning is seriously hampered as was mentioned by the lady Senator who spoke this morning. Again, the School Feeding Programme is not wide enough to cater for all deserving students.

The removal of VAT from school books is to be welcomed and is indeed commendable, but as we noticed before, and even today, the buying of books is a rather seasonal affair. What must be pretty well known is that many parents who can afford to buy their children's textbooks, do check around with their friends first and then buy books. If one is not aware of that practice, one is not in touch with people. You check your friend first, you do not check your pocketbook first. Buying books has always been a sort of penny-pinching exercise, and the person

who cannot afford this, he does not have the friends, or, if he has the friends, the friends do not have the books. Books are expensive and have always been a problem for parents in the lower income groups.

Now there is a possible silver lining here. It is hoped that the practice in 1991 of lending Mathematics and English textbooks to fourth formers, will continue, and I would suggest that this be expanded to include other basic texts, not just Mathematics and English. The reason the books are issued in the fourth form is that they use these same books in the fifth form in preparing for their CXC and GCE examinations.

Of course, other categories of young people are affected by this. This is not the only school training programme that we have. A colleague on this side mentioned the YTEPP and YESS programmes; many of these people depend on these programmes. I remember when doing postgraduate work, many people could not get jobs after doing their higher degrees and they would opt for a little while to do some postdoc work in the hope of enhancing themselves to get some kind of job. The YTEPP in some way serves that purpose. It does train them and cushions the effect of their being unemployed. They are young people and at that stage they are still supported by their parents so that they are going to be affected too.

Of course, as further effects of the budget are felt, parents will find it increasingly difficult to maintain their children at school. If there is a group that deserves special consideration, it is that group of school children. Nothing should be spared in removing obstacles to their access to quality education as is their right under our Constitution.

As a final comment, I mention something that is dear to me, as you will hear in a minute. It is unfortunate that the plight of the sugar workers and cane farmers has not been addressed in more concrete terms. It is not enough to say that there is going to be a 15 per cent increase in the price of sugar and that it is going to Caroni, and we do not know how it is going to be distributed. It would have eased much tension if the budget had mentioned some deadline for the settlement of the issue of backpay for sugar workers and payment to cane farmers. I say this because I live among these people and I know it is very hard for them to survive on their present means.

Mr. President, thank you very much.

Adjournment

Monday, January 27, 1992

ADJOURNMENT

The Minister of Planning and Development (*Sen. Dr. The Hon. Lenny Saith*): Mr. President, I beg to move that the Senate do now adjourn to Tuesday, January 28, 1992 at 10.30 a.m.

Mr. President: Before putting the question, I should like to thank all Senators for their co-operation in keeping the debate flowing, coming in when it was necessary, because some who were listed to speak tomorrow came in this afternoon and we have achieved quite a lot at the end of the first day.

Question put and agreed to

Senate adjourned accordingly.

Adjourned at 6.58 p.m.