

*Leave of Absence**Tuesday, May 26, 1992***SENATE***Tuesday, May 26, 1992*

The Senate met at 1.30 p.m.

**PRAYERS**[MR. PRESIDENT *in the Chair*]**LEAVE OF ABSENCE**

**Mr. President:** Hon. Senators, I have granted leave to Sen. Hydar Ali from today's sitting of the Senate.

**PAPER LAID**

Report of the Auditor General on the accounts of Reinsurance Company of Trinidad and Tobago Limited for the year ended December 31, 1991. [*The Minister of Planning and Development (Hon. Dr. L. Saith)*]

**ORAL ANSWERS TO QUESTIONS****Public Debt**

*The following question stood on the Order Paper in the name of Sen. Wade Mark:*

6. Could the Minister of Finance indicate the precise quantum of the nation's public debt at March 31, 1992?

**The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith):** Mr. President, Sen. Wade Mark after discussion, kindly agreed, in the absence of the Minister of Finance, that this question be deferred for two weeks.

*Question, by leave, deferred.*

**Natural Gas Contract**

7. **Sen. Wade Mark** asked the Minister of Energy and Energy Industries:

- (a) Could the hon. Minister state whether the recently concluded twenty (20) year Natural Gas Contract between the National Gas Company and Amoco (Trinidad) Limited is a secret document?

If it is not, could the Minister make copies of the document available to the Senate?

- (b) Could the Minister state the implications, if any, for domestic commercial and industrial users in respect of the same natural gas contract?

**The Minister of Energy and Energy Industries (Sen. The Hon. Barry Barnes):** Mr. President, the 1991 Gas Sales Contract between the National Gas Company of Trinidad and Tobago Limited and the Amoco (Trinidad) Oil Company is a commercial agreement between two private companies registered under the Companies Ordinance of Trinidad and Tobago. Moreover, the release of details of the new Gas Sales Contract could place the National Gas Company at a serious disadvantage in terms of negotiations for the purchase of additional volumes of natural gas from other producers and with respect to the sale of new supplies to potential industrial customers.

In view of the highly competitive nature of the gas industry in which Trinidad and Tobago, through the NGC, must contend with other countries for the development of large gas-based industries, it is neither prudent nor advisable that the 1991 Gas Sales Contract be made a public document.

The 1991 gas contract subsumed the 1976 contract which would otherwise have terminated in 1999 and extends the gas supply period to 2011. The new contract allows for increase in volume from a minimum of 200 million cubic feet a day to a minimum of 350 million cubic feet a day commencing 1995. Accordingly the domestic, commercial and industrial users will remain unaffected, except to the extent of an improved security and reliability of supply.

**Sen. W. Mark:** Mr. President, could the hon. Minister indicate the basis of this privileged information that he is claiming was negotiated between two private companies, when one of those companies is a state-owned company. Could the Minister indicate, for instance, why the Government is refusing to make that document available to the public at this point, when in truth and in fact the—

**Mr. President:** You cannot argue—ask for the information.

**Sen. W. Mark:** Okay, I am asking for it.

**Hon. B. Barnes:** Mr. President, the two companies are registered under the Companies Ordinance of Trinidad and Tobago which defines them as private companies, as a matter of law. In any normal business convention, contract documents are held to be private and confidential, and I think the Government and, indeed, the country has to respect that convention.

But more than that, in the particular circumstances of the National Gas Company which, in fact is obliged, under the terms of its charge to negotiate with other potential producers of gas in Trinidad and Tobago to secure additional

supplies; and indeed must also negotiate with potential international investors who are seeking to come in to purchase gas, obviously if the details of the price which they are paying for gas *etc.*, is public information, their ability to negotiate anything is seriously compromised.

**Sen. W. Mark:** Mr. President, would the hon. Minister indicate who are the shareholders of the National Gas Company of Trinidad and Tobago?

**Hon. B. Barnes:** The sole shareholder of the National Gas Company, Mr. President, as the hon. Senator very well knows, is the Government of Trinidad and Tobago for and on behalf of the people of Trinidad and Tobago. It is a state-owned company.

**Sen. W. Mark:** Mr. President, on this basis, could the Minister indicate to us—

**Mr. President:** Do not argue. You can seek information arising out of the question if it was not sufficiently answered.

**Sen. W. Mark:** Very well, Mr. President. Could the hon. Minister indicate, for instance, why this information which is not available to the population of this country can only be made available to a small private-sector clique? Why is it, for instance that the Minister is seeking to deny the people of Trinidad and Tobago that document?

**Mr. President:** You are arguing.

**Sen. W. Mark:** I am not arguing, Sir. That is how I see it.

**Hon. B. Barnes:** I think, Mr. President, that the Government must exercise its judgment in determining what is in the best interest of the country at a particular juncture. What we are saying is that for as long as we have to deal with international companies—and we must—there is a serious inhibition to such development if any international company signing a contract believes that that contract is not only going to be exposed within Trinidad and Tobago but obviously internationally as well. It is a practical difficulty.

More than that, we are saying in the particular context of the National Gas Company and its present role to negotiate (a) as a sole purchaser of natural gas with a number of potential developers of gas in Trinidad and Tobago, which includes several companies that have leases offshore Trinidad and Tobago on the one hand, and (b) the fact that they are also required to negotiate for the sale of

natural gas to investors who are seeking to put up plants in Trinidad and Tobago, if the purchase price and details of their acquisition costs are known throughout Trinidad and Tobago and, indeed, throughout the world, then really and truly negotiations are over—they cannot perform their function.

**1.40 p.m.**

**Sen. W. Mark:** Could the Minister state whether, for instance, the former Chairman of the National Gas Company, who is the President of the Trinidad and Tobago Chamber of Commerce, a member of the Mc Eneaney Alstons Board and a Director of EASI, is the only person privileged—and his clique—to see that secret document that the Minister is claiming cannot be made public at this time?

**Hon. B. Barnes:** Mr. President, quite frankly, I do not know how to begin to answer that question, except to say that with a twenty-year contract arrangement that has to be operated between two companies, there are obviously a number of people who will become aware of the contents, if only to ensure that the contract is functioning. One expects that people so privileged will honour the standard conventions and, in fact, ensure the confidentiality and avoid the misuse of the information that they have acquired under privilege.

**Mr. President:** One last supplemental.

**Sen. Daly:** Mr. President, given the Minister's reference to the incorporation of National Gas Company Limited under the Companies Ordinance, is the Minister aware that it has been established in our courts and litigation to which several companies, including National Gas, have been a party, that incorporation under the Companies Act does not exempt the business of these companies from public scrutiny?

**Hon. B. Barnes:** Mr. President, I am aware of that and I am also aware of the fact that the Senate and, indeed, the Parliament, have ways and means of securing such information as they may require, but in a situation that ensures the confidentiality of the business of the company.

**Sen. Hosein:** I have a supplemental question.

**Mr. President:** I have already said that was the last question. In case anybody else did not hear me, this is the final supplementary question on No. 7.

**Sen. Hosein:** Mr. President, can the Minister say whether he agrees that the shareholders of any company have a right to find out about that company, and if so, why is that convention not held today?

**Hon. B. Barnes:** Mr. President, I think I agreed that the shareholders of a company have the right to certain information. In the particular case, and I think I said that in answer to one of the previous questions, the shareholders of National Gas in that sense, number about 1.2 million people—the population of Trinidad and Tobago. The Government holds the National Gas Company in trust for the people and represents the shareholders. The information, therefore, is available to the Government, on behalf of the people, and the Government must, in fact, exercise its best judgment as to the way in which that information should be used. In fact, if it has to be any other way, then it would appear that it is impossible for a state-owned company to operate in the international sector.

**Natural Gas  
(Price of)**

**8. Sen. Wade Mark** asked the Minister of Energy and Energy Industries:

Could the Minister inform the Senate as to the cost of natural gas per thousand cubic feet to T&TEC prior to the signing of the last contract as well as the projected new price?

**The Minister of Energy and Energy Industries (Sen. The Hon. Barry Barnes:** Mr. President, natural gas is supplied to T&TEC under a contract which expires on December 31, 1994. The average price of natural gas sold to T&TEC in 1991 was approximately US 52 cents per thousand cubic foot. The basis for the determination of the cost of natural gas to T&TEC has not changed with the signing of the 1991 gas contract. Negotiations for the supply of gas to the Commission after 1994 have not commenced and a new gas price for supplies after this date cannot be projected until negotiations are completed with gas producers.

**Sen. W. Mark:** Mr. President, could the hon. Minister indicate to this Senate whether a decision has been taken by the Government to determine the price that Amoco (Trinidad) Limited will charge T&TEC after the expiration of the contract on December 31, 1994? If so, what is that price?

**Hon. B. Barnes:** Mr. President, the Commission is supplied gas under a contract that continues until December 31, 1994. There have been no negotiations at this point in time in respect of gas supplies thereafter, and there has been, in fact, no projection of price whatsoever, as far as I am aware.

**Sen. W. Mark:** Is the Minister aware that this same Amoco Company was prepared to sell our company's natural gas to Puerto Rico at US 77 cents a year ago?

**Hon. B. Barnes:** Mr. President, like other people, I read certain things in the newspapers last year in terms of a potential supply of gas to a foreign energy project. I am personally not aware of the total details of that.

*The following questions stood on the order paper in the name of Sen. Muntaz Hosein:*

#### **Loss of Jobs**

- 14.** Could the hon. Minister of Trade, Industry and Tourism inform the Senate of the number of jobs that are likely to be lost when the Government withdraws duty free concessions from manufacturers, and what arrangements are being put in place to find alternative employment for those who will be displaced?

#### **T&T Manufacturers (Relocation of)**

- 15.** Is the Minister of Trade Industry and Tourism aware that approaches have been made by certain Caricom governments to Trinidad and Tobago manufacturers to encourage them to relocate their plants in their territories?

If the answer is in the affirmative, could the Minister advise the Senate of the steps he intends to take or have taken to avoid such occurrences?

**Sen. Hosein:** Mr. President, I have been informed by the Minister of Trade, Industry and Tourism that he has been called out on an emergency meeting. He is asking for another week's extension, which I have agreed to.

**The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith):** Mr. President, regrettably, I did not get a chance to talk to Sen. Hosein. In fact, the Minister's father died over the weekend and the funeral was today. As a result, he is not here. I am asking that the questions be deferred for one week.

*Questions, by leave, deferred.*

#### **Ombudsman's Report**

**Sen. Martin Daly, SC** asked the Prime Minister:

- 18.** Will the Government implement the recommendations of the Ombudsman to pay the complainants in cases 3 and 4 set out at pages 28

and 29 of the Thirteenth Annual Report of the Ombudsman laid in the Senate on April 15, 1992?

**The Minister in the Ministry of Information (Sen. The Hon. Camille Robinson-Regis):** Mr. President, the complainant in case 3, involving jewellery lost, had received compensation in 1991 in the sum of \$15,700 as recommended by the Ombudsman. In response to case 4, the complainant in the issue involving the Ministry of Health, collected compensation in the sum of \$80,000 on January 28, 1992.

**1.50 p.m.**

#### **Ombudsman's Recommendation**

**Sen. Martin Daly**, asked the Prime Minister:

- 19.** Will the Government take steps to have carried out the recommendation of the Ombudsman contained in the Special Report of the Ombudsman No. 1/92 laid in the Senate on March 31, 1992?

**The Minister in the Ministry of Information: (Sen. The Hon. Camille Robinson-Regis):** Mr. President, the findings of the special report involving passage grant to a judge of the Industrial Court, is being disputed by the President and Registrar of the Court. Consequently, the matter is being further pursued between the Industrial Court and the Office of the Ombudsman. Thank you.

#### **MAXI-TAXI (AMDT.) BILL**

Bill to re-enact the Maxi-Taxi Act, Chap. 48:53 [*The Attorney General*]; and read the first time.

**The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith):** Mr. President, in accordance with the provisions of Standing Order 48 (2), I beg leave that the next stage of this bill be taken on Thursday, May 28, 1992 at 1.30 p.m.

I know it is short notice to Members of the Senate, but in view of the situation arising out of a recent court judgment, it is absolutely necessary that we seek to have this bill passed in Parliament. I crave the indulgence of Senators opposite.

*Question put and agreed to.*

## SESSIONAL COMMITTEES

**Public Accounts (Enterprises) Committee**

**The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith):** Mr. President, I beg to move the following motion for which leave has been granted:

*Resolved*, that this Senate appoint the following Senators to serve with an equal number of Members from the House of Representatives on the Public Accounts (Enterprises) Committee: Senators John Rahael, Ashick Hassim, Dr. Harry Kuarsingh, Michael Mansoor, and Muntaz Hosein.

*Question put and agreed to.*

**Public Accounts Committee**

**The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith):** Mr. President, I beg to move the following motion for which leave has been granted:

*Resolved*, that this Senate appoint the following Senators to serve with an equal number of Members from the House of Representatives on the Public Accounts Committee: Senators Ainsley Mark, Jean Elder, Pundit Ramcharan Gosine, Wade Mark and Hydar Ali

*Question put and agreed to.*

**FOREIGN DEBT  
(GOVERNMENT PLANS)**

**Sen. Wade Mark:** Mr. President, I beg to move the following motion standing in my name:

*Whereas* it is recognized by both Government and international agencies that the foreign debt constitutes a virtual roadblock to socio-economic development;

*And whereas* it is recognized that the working population has had to endure severe sacrifices and hardships under the adjustment programmes of the IMF/World Bank;

*And whereas* the country needs to be circumspect and cautious in its future borrowing arrangements;

*And whereas* it is recognized that the country would be called upon to meet levels of debt servicing hitherto never experienced:



*Be it resolved* that this Senate call on the Government of Trinidad and Tobago;

- (1) To outline its specific plan, expectations and assumptions in respect of fulfilling the debt servicing levels;
- (2) To outline the measures the Government intends to adopt if its expectations and assumptions in respect of net foreign earnings turn out to be significantly incorrect;
- (3) To engage in no further borrowing commitments before disclosure and discussion take place in respect of (1) and (2) above to the satisfaction of the mass citizenry.

Mr. President, Trinidad and Tobago has now entered the realm of debt fatigue and might very well be tottering on the edge of a serious debt crisis leading ultimately, if not properly managed, into the dreaded debt trap. Indeed, Trinidad and Tobago is dangerously perched on a mountain of foreign debt. The foreign debt has become a virtual roadblock to economic development. Not only are investments and savings hampered but more importantly, output and employment stagnate, worsening in the process, the economic capacity to recover to sustain economic growth.

Both the PNM and the NAR must share responsibility for the escalation of the country's external debt in the early 1970s to the monumental levels of today, not to mention the domestic debt crisis and the huge social debt owed to the nation's poor which time would not permit me to enter into today.

The total external debt of Trinidad and Tobago at the end of 1991, according to the Central Bank's annual economic survey, amounted to US \$2.4 billion. This is equivalent to TT \$8,500 for every man, woman and child in our country. Debt service has now assumed greater priority on the foreign exchange reserves and resources of the country and the burden of debt service has fallen increasingly on wage and salary earners, who cannot escape income taxes, which are deducted at source.

**2.00 p.m.**

Mr. President, the structural adjustment programme which the new Government has pledged to continue has begun to facilitate the net transfer of real resources required to service the foreign debt. This I shall explain later on. Wage labour is becoming totally alienated and demotivated due to the increasing gap

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between earnings and the cost of living. Over the last 10 years, the working masses have borne a disproportionate share of the burdens of adjustment and this has been manifested in the high and chronic levels of unemployment, under-employment, declining living conditions, deteriorating real incomes and a reduced ability to purchase both necessities and comforts. The global debt problem brewed in the 1970's and became a permanent obstacle to development in the 1980's, manifested in what has been referred to as the lost decade.

Meaningful development can only be put back on track, if this problem is urgently addressed and comprehensively resolved. The global debt crisis is the inability of developing countries to repay some US \$1.2 trillion owed to Western financial institutions. The latest crisis—and there have been many recurring debt crises—began in August 1982, when Mexico, the second largest debtor country, declared a temporary unilateral moratorium on debt service. This decision sent shock waves through Washington and Wall Street having serious worldwide repercussions.

The root causes of the debt crisis lie deep within the structure of the modern economy, manifested in absolute dependence and unequal economic relationships between nations and regions. In the past, the debt crises were resolved by a combination of debt forgiveness and debt default. Today, the global debt police, the IMF and the World Bank, in this instance, have replaced forgiveness and default and are now enforcing full repayment of the foreign debt by means of severe austerity programmes in debtor countries.

Regionally, debt overhang has played a pivotal role in the region's development crisis. Indeed, the foreign debt has resulted in the massive outward transfer of resources both financial and human. The truth is that the elimination of the debt problem is a pre-condition for resolving the broader crisis of development in Trinidad and Tobago in particular, and the region in general. An analysis of the external debt of Trinidad and Tobago prior to the first oil shock of 1973 and 1974 would reveal that by and large, they were of small absolute dollar sums. In this entire period, only two loans exceeded US \$10 million in value. Indeed, the total external debt contracted between 1961 and 1973 is approximately US \$156.7 million. Four-fifths of the loan raised in this period was direct central government liabilities, whereas one-fifth was government guaranteed debt to state-related industrial enterprises.

In the period between 1974 and 1977, there was a decline in external indebtedness, whilst the Government retired or pre-paid some of its outstanding liabilities. However, in the period 1978—1981, foreign indebtedness mounted by almost US \$1 billion, from US \$157 million to \$1050 million, over six times in four years. Foreign borrowing was used essentially for the financing of capital expenditure of central government's physical and social infrastructure and on existing and newly created State enterprises, in particular, the creation of a natural gas based industrial sector producing fertilizers, methanol, urea and primary steel products.

Between 1982 and 1987, the foreign debt commitment of Trinidad and Tobago more than doubled from US \$1050 million in 1981, to US \$2293 million in 1987. The following borrowing was utilized primarily to finance gaps in the nation's balance of payments and government accounts. Trinidad and Tobago's external balance returned to a deficit position in 1982. In the six-year period to 1987, the country ran an overall balance of payments deficit of US \$2.2 billion, financed, essentially by drawdowns on the accumulated foreign exchange reserves and foreign borrowing.

At the end of 1987, foreign exchange reserves were almost totally depleted. As a result of statistical fraud and other financial manipulations by the International Monetary Fund which was verified by two government-appointed committees, the country lost access to commercial credit internationally. It was in the 1988 budget with its huge financing gap which heralded the imminent entry of this country into the dubious embrace of the International Monetary Fund and the World Bank.

In November 1988, the NAR Government signed this country's first ever loan agreement with the International Monetary Fund, under the Compensatory Financing Facility for Special Drawing Rights (SDR), \$85 million.

In February 1989, a 14-month stand-by agreement was signed with the IMF for SDR \$99 million. A second stand-by agreement for SDR \$85 million came into effect in April 1990 for a 12-month period. Additional SDR \$42.5 million was potentially available under the compensatory and contingency financing facility, if adverse trends developed in the country's main exports or in interest costs on the foreign debt.

In addition, a structural adjustment loan was signed with the World Bank in February 1990 for US \$40 million, in a co-financing package with the Japanese Export-Import Bank which agreed to provide an equivalent sum or amount of US \$40 million.

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During the period 1975—1988, the nation's foreign debt increased from US \$157 million to US \$2.401 billion, or by 1,426 per cent. Between 1974 and 1978, the debt service ratio hovered at around five per cent and moved to 10 per cent in the period 1983—1985. In the following three years, the debt service ratio escalated to 18 per cent, 29 per cent and 33 per cent respectively. The debt service ratio for 1989 would have been 37 per cent without the debt rescheduling which accompanied the stand-by agreement with the International Monetary Fund and which cost this country approximately \$360.4 million in interest payments.

The main factor responsible for the steep rise in the post 1985 debt service ratio was the fall in oil prices and hence oil earnings. In 1985, oil exports were worth, US \$1,697 million but were reduced to US \$975 million in 1986; US \$1,026 million in 1987 and US \$808 million in 1988, rising to US \$962 million and US \$1,396 million in 1989 and 1990 respectively. Oil related exports were worth US \$1,293.4 million, whilst projected oil revenue for 1992 has already been revised downwards.

Another related factor responsible for the steep rise in the debt service ratio is the bunching of debt repayments. For instance, with the rescheduling of the nation's foreign debt, the country made debt payments equivalent to 21 per cent of export earnings. For the year 1992, according to both the Prime Minister and the Minister of Finance an amount totalling US \$612 million which was revised last week to US \$628 million, or approximately 30 per cent of this country's expected total earnings from exports of goods and services, will have to be paid on the debt. This represents close to US 200 million more than the debt repayment for 1991. At the same time, recurrent revenue for 1992, as stated in the budget, is expected to be \$6,546.4 million or \$112.6 million less than recurrent revenue for the year 1991, as confirmed by the Prime Minister in a recent statement to the Employers' Consultative Association. According to the Prime Minister:

"What this means is greater sacrifices will have to be made now in order to sustain a higher level of debt repayment."

**2.10 p.m.**

Debt repayment for the years 1993 and 1994 will be US \$649; it was US \$607 then. In 1994, when the Prime Minister spoke, it was then US \$501 million. Based on the Finance Minister's statement last week, it is now US \$557 million respectively. The debt export ratio of goods and services increased from 30 per cent in 1981 to 56 per cent in 1985, 107 per cent, 139 per cent and 138 per cent respectively in the period 1986 to 1988.

Trinidad and Tobago is now firmly within the grasp of external surveillance by the Washington-based multilateral lending agencies, including the Inter-American Development Bank, which has committed itself to lending Trinidad and Tobago US \$650 million between 1990 and 1993. Already a loan worth US \$240 million equivalent to TT \$1.1 billion has been agreed upon between the Bank and the Government for the upgrading and expansion of Trintoc's refining capacity among other areas. The apparent agreement by the Government to accept, in full, the conditionalities involved in the World Bank's structural adjustment loan could transform this country from being one with a manageable debt bunching problem into one with a full-blown debt crisis, leading eventually into the dreaded debt trap.

May I add that when we speak about the debt trap we simply mean the Government of the country borrowing internationally to repay its debt. That has started as we have seen. The Minister is flying out next week. The conditions attached to the structural adjustment loan could precipitate substantial business bankruptcies and widespread and large scale retrenchment, particularly in the manufacturing sector. The Government is fully aware of these consequences and repercussions. This was admitted by the Prime Minister in an address to the Development Finance Corporation conference on March 20, 1992. In his own words:

"The Government is, however, very much aware that there may be casualties as a result of the liberalization process and it is our desire to minimize any major dislocations which are likely to arise."

Indeed, loans are now being advanced by the IDB to avoid anticipated riots and social upheavals in Trinidad and Tobago.

The Government also seems to be conscious of the recolonization strategy and tactics of the rich industrialized countries through the imposition of World Bank and IMF conditionalities. In this context, let us once more listen to the Prime Minister, in an address, this time to the Trinidad and Tobago Manufacturers' Association on March 18, 1992 at the Trinidad Hilton:

"The doctrine of trade liberalization now dominates economic thought and has spread to the Third World partly as a result of effort of the IMF, and more recently the World Bank, in imposing on debtor countries, policies of economic liberalization as a condition of further access to credit..."

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Yet, the PNM Government seems prepared to carry this entire nation like the meek and humble lamb to the slaughterhouse. It is not the Government which is going to be slaughtered: it is not Minister Kuei Tung or Minister Huggins or Minister Saith or Prime Minister Manning who will be slaughtered, but the entire nation and many future generations. If we do not understand what is really involved in liberalization, this could turn out to be a very horrible nightmare and tragedy of immense proportions for this country of ours.

What does the doctrine of liberalization mean? According to Prof. Norman Gurvon of Jamaica, an economist, it means "all those measures that have as their objectives or substance the removal of Government control, the regulation or involvement in the economy and the substitution by market forces and private ownership or control. Liberalization incorporates deregulation, especially of prices; privatization of state assets; reduction in import tariffs; removal of subsidies and foreign exchange control". This is what liberalization means.

Is the Government not aware of these dimensions of liberalization which are imposed by these Washington-based institutions? Or is it that the Government is helpless, defenceless, hopeless, and hapless in dealing with these international lending agencies? Why does the Manning administration wish to free up and open up the economy to full-blooded international competition now? Should not import liberalization come later after export success has been consolidated? What analysis have the Government engaged in to determine the likely cost and benefit of this madcap economic policy that they have embarked on for Trinidad and Tobago? Has anyone in the Government estimated the social cost and benefits?

The Government may well think that they have had the benefit of advice from foreign consultants. Have they been properly evaluated by our own local technocrats and consultants? I am afraid that the PNM is about to sell out this country. The truth is that the available evidence does not provide any convincing examples where import liberalization, by itself, has led to rapid growth. In fact, the mere withdrawal of protection without its replacement by supportive policies to re-allocate resources or to improve productivity in industry is extremely costly. The economy will respond very slowly and inefficiently to this kind of shock treatment. Foreign exchange outflows could increase as a result of two factors: Increased consumption of imports and capital flight through over-invoicing.

### **2.20 p.m.**

Since the start of the economic liberalization programme through the reduction of exchange controls and the relaxation of the negative list, Trinidad

and Tobago has incurred an increase in its balance of payments deficit which stood at US \$311.8 million or 6.3 per cent of GDP in 1991, compared with a deficit of US \$190 million or 3.8 per cent of GDP in 1990.

The 1991 deficit was the largest in five years. Coming just one year after the oil revenue windfall induced by the Gulf War, we cannot escape the conclusion that the liberalization policy of this Government was a major factor in the worsening of our external account in 1991. The deterioration was merely due to adverse developments in the service account, which transformed a healthy trade surplus of US \$40 million in 1990 into a deficit of US \$30.9 million in 1991.

There was a US \$97.9 million decline in exports in 1991 and a substantial increase in imports of US \$401 million. As a result of this development there was a loss of revenues of US \$163.7 million in 1991, in contrast to an accumulation of US \$85.3 million in 1990. The nation's net foreign exchange reserves stood at minus \$411.4 million in January, according to the Monthly Bulletin of the Central Statistical Office and minus \$650.4 million in February, 1992. Maybe March is \$1,000 million, we do not know; we have not got any figures yet from the Government.

This is merely the beginning of the full onslaught to come. Economic liberalization includes not merely trade liberalization but also financial liberalization as proposed by our Prime Minister some time earlier this year: The floating exchange regime concept. This so-called freeing of the economy could very easily sink Trinidad and Tobago further into debt. The Government will be forced to further reduce expenditure, it will be forced to move more and more to the market. The Public Utilities Commission will be abolished as utility rates are increased and subsidies removed.

Health care and education facilities will further collapse as a result of lack of state funding. Public service employment is certain to be reduced by a mix of measures, including compulsory retrenchment. This is bound to lead to an increase in unemployment, social tensions, crime and poverty. Jamaica is a living example: 8,000 public sector workers had to go and 20,000 went under Seaga's administration already.

The Prime Minister speaks vaguely and dimly about the establishment of a just society, one in which poverty and concentration of wealth are reduced and where there is equity in income distribution. But how does this desirous goal square with the development of a market-oriented economy in which a doctrine of

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liberalization is occupying centre stage? What assurance can the Prime Minister give this nation that liberalization of the economy will not lead to further steep falls in the standard of living of the majority of working people, worsen the distribution of income, hasten the collapse of the social services and further engender a deterioration in the public health and education systems?

When we take this country's foreign debt commitment into account, there is bound to be less spending on social services; there are no two ways about that. Already we are spending close to twice the amount to service the foreign debt as we are now spending on public health and education.

Is there anything in the present approach on the part of the Government that will protect this country from economic disarray and stagnation? Do we have any indication that the measures that the Government has in mind will lead to an increase in domestic investment? Or that they will protect the country from import strangulation? Is a climate of confidence being restored in a manner which will attract foreign investors while we proceed with vital economic reforms? Mr. President, if only I could have given an honest "yes" in answer to these questions.

There is a social cost, a social impact of this crisis. What has been the story so far? How has the debt burden been affecting this country? What we do know is that large sections of wage and salary earners have experienced drastic declines in their standard of living as a result of rising prices and taxes. It is becoming virtually impossible for many a wage and salary earner to think of ever owning a home or buying a motor car. A motor car in Trinidad and Tobago varies between \$140,000, those fully assembled vehicles, and \$5 million and above.

The reduction in living standards of the middle class of public servants, teachers, nurses, policemen, firemen, prison officers is one of the most disturbing features of the structural adjustment programme and could well be intensified under this so-called caring administration.

The inequality in income is manifested when the income of workers employed at the minimum wage is compared with the income of Ministers of Government. For example, Sir, the minimum wage is currently \$200 per week, or \$9,600 per annum. Ministers of Government currently earn 10 times as much. The Salaries Review Commission is now proposing that that be extended to about 17 times. But I guess this is equality Trinidad and Tobago style, Sir. The working class voted for the PNM.



Since the external debt now constitutes the first claim on the fiscal and foreign exchange resources of the Government, it will become almost impossible, as we have indicated earlier, for the Government to provide an acceptable level of public services in the area of health care, education, low cost housing and transportation. Indeed these basic social services are likely to be privatized in the sense that access to certain kinds of services will now depend on the ability to pay for such services, as is demonstrated at the Mt. Hope Medical Complex.

The PNM approach to dealing with the debt problem as outlined in their manifesto is extremely weak, vague and nebulous. There is no longer any talk about a letter of comfort to tackle the country's foreign debt; that was during the election. Instead, the Prime Minister is speaking about selling out enterprises to service the country's foreign debt. There would have been riots in this country if the NAR had proposed that.

What the citizens are now hearing from this so-called caring Government is the need for greater sacrifices. Greater sacrifices against the background of higher prices, mounting poverty, worsening health care, worsening distribution, mounting crime and drug abuse.

Greater sacrifices would mean less employment; more retrenchment; more underemployment; less revenue allocation to health, education, public assistance; higher utility rates—one could understand our colleague's outburst—multiple devaluations, retrenchment at WASA and T&TEC. This is the method of PNM, this caring administration.

No one is saying that sacrifices may not be required. But greater sacrifices for what purpose, Sir? With what objective in focus? The PNM Government has not to date made its position clear on these matters. The issues have not been squarely identified: The nature of the crisis, the time it will take to solve it, the costs and the burdens, the measures required and the distribution of the rewards after we have recovery. The real issue in the adjustment process is equity. The burdens must be reasonably shared among the people. That has not taken place in the past, nor is it likely to take place in the future.

In this context sensitive measures are required that would inflict less pain on the weak and more on the strong. Tax the banks more. The turnaround is not going to be easy, nor is it going to be costless. Indeed, it dictates a set of requirements on the production side and on the consumption side, imposing in the process a change in productive capacity and consumer demand and taste.

This is not what the PNM is attempting. The PNM seems bent on handing over this entire economy to the international lending agencies: A total betrayal of the trust vested in them by the people. But why can the diversification and transformation process not be financed by the nation instead of these lending agencies? Why can the people of this country not increase their rate of savings? But to do so clear goals must be defined. The people will save if clear goals are identified. But this would require a fundamental shift in outlook on the part of the present Government, whose socio-economic thinking seems firmly wedded to the ideology of the international lending agencies.

The masses of the people and their parliamentary representative have not been altogether provided with the critical information required to make intelligent judgments in respect of the country's foreign borrowing patterns by past and present governments.

Thousands of millions of dollars have been borrowed without any parliamentary debate, approval or scrutiny. There have been increases in the loan ceilings by previous governments without any adequate or substantial justification or explanation. The Government have abused their majority in the Parliament, the last one (the one before this) and this one is contemplating. But they do not have a majority, I guess, this time; they need our help. There have been increases in the loan ceilings by previous governments without, as I said, an adequate explanation. The Government have abused their majority in Parliament by raising the ceilings under the External Loans Act, Chap. 71:05; the Guarantee of Loans (Companies) Act, Chap. 71:82 and the Guarantee of Loans (Statutory Authorities) Act, Chap. 71:81.

Today there is, in fact, no document in which one can find a complete account of actual and projected foreign debt commitments, loans and guarantees and the relevant terms and repayment schedules. All of the country's foreign borrowing, actual and projected will be dependent, primarily, on the hydrocarbon sector for repayment.

The current hopes for creating new foreign exchange earners—tourism, foreign investment and natural gas based industries—will take years to be realized, even longer to yield foreign exchange repayments. The country's foreign debt surpluses are subject to projected oil earnings over the next five years, probably even longer. Oil revenues will be dependant on prices and production levels. New oil exploration is taking place, but there is no guarantee that oil will be found.

Whilst oil prices have been budgeted at US \$19 per barrel for 1992, the country is not too sure what the projected price per barrel of oil will be over the next five years. Further, oil production having peaked in 1978 at 82 million barrels, has since been on a steady decline. Total output for 1991 amounted to 52.6 million barrels, 4.3 per cent below 1990 output. We moved from 82 million in 1982, to 52.6 million in 1991.

Over the next five years the Government's debt service commitment will assume onerous proportions. It is therefore necessary for the Government to outline its specific plans, expectations and assumptions in respect of fulfilling the nation's debt service level. The country needs to know precisely what measures the Government intends to adopt in the event that these plans, expectations and assumptions fail to hold.

It is against this background that we are seeking to rein in this Government as far as further and future borrowing commitments are concerned. In light of the country's debt servicing obligation between 1992 and 1997, which amounts to nearly US \$3 billion, the question that must be posed is: Precisely what type of trade surpluses is the Government hoping to achieve during the period 1992 to 1997?

The average trade surplus for the past five years has been roughly US \$400 million. Indeed, the nation recorded a healthy trade surplus of US \$332 million at the end of 1989, some US \$826.4 million in 1990 and US \$342.8 million at the end of 1991. When account is taken of the size of the national foreign debt service commitment for the period 1992 to 1997, the country would need to annually generate a surplus of about TT \$1 billion at a minimum, and over TT \$3 billion at a maximum just to be able to meet US foreign debt obligations.

There is a related matter that is quite disturbing, and that has to do with private sector foreign borrowing. The issue of private sector foreign borrowing is a new and possibly dangerous development. What is the precise approach by the Government on this type of borrowing, having regard to the encouragement being given to the private sector to access 936 Funds as outlined recently by the Minister of Industry, Enterprises and Tourism? As far as I know, the International Monetary Fund considers such loans as part of the national debt commitment. Maybe the Minister of Finance can clear this matter up in the course of his response.

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In this context, I made reference to the fact that a recent loan of US \$100 million was granted to Amoco Trinidad Limited under the 936 Funds as well as other private sector loans under the same scheme. The Government needs to clarify its position on this issue. It cannot be fair for the population to be called upon to pay a debt that it did not sanction or which was not secured in order to bring social benefits to the nation as a whole.

In light of the worsening debt crisis, Trinidad and Tobago should play a more leading role in the various international fora in seeking debt reduction, instead of pretending and boasting in a vain manner that it has the capability to repay every cent and to do so on time. They will have riots on their hands in Trinidad and Tobago. That is a fact.

The massive foreign debt obligation is infringing and impinging on the people's liberty, human dignity, the national sovereignty, and the country's social stability. There can be no games on these important issues. However, it appears that the Government is playing a dangerous game with the other developing countries, where on the one hand it is not promoting any real effort to have the debt of the nation written down or reduced, but seems prepared to reap whatever benefits that may be forthcoming from the efforts of the more forthright developing countries.

What is the Government's strategy or position on the issue of debt reduction? There is need for clarification and information on this matter. Many efforts have been made by some of the developing countries to assist in resolving the debt crisis plaguing the developing world, but to little avail. What is required is a more comprehensive approach towards definitively resolving the debt crisis. The time for partial measures and piecemeal strategies is over. Should our country not be one of those proclaiming this in an unambiguous manner? If the Government does not think so, we must be told why.

It is an established fact that countries like Trinidad and Tobago operate within constrained circumstances. The dominant set of constraints being determined by the nature of the international economic environment. The financial dependence constraint, the growth dependence constraint and the effective role in domestic economic decision-making by the International Monetary Fund and the World Bank cannot be dismissed lightly.

But this is 1992. We are dealing with a society that is almost 30 years old in terms of political independence. Are we not capable of acting intelligently and

adopting a more sensible approach to development? Or are we meekly accepting the directions from the new Colonial Offices, wherever they may be located? The basic lesson of successful countries is that an industrial policy is an indispensable necessity to sustained growth, and that trade liberalization cannot be a substitute for such a policy. The Government are dreaming. They are going to sink this country.

An industrial policy in its broadest sense would constitute all those measures needed to raise the rate of investment. But to do so you have to raise the rate of savings, and this Government is not encouraging anybody, as far as I am concerned, to save seriously. It also means they need to increase the absorption of foreign technologies and the capacity to innovate and upgrade the skills of the labour force. We have to export, but we have to upgrade our skills.

Once there is a clear programme for development with its proper costing and sacrifices outlined, once there are clear goals for savings in our countries, the people will rise to the challenges. Adjustment is inevitable, but the first task is to identify the problems, estimate their cost, the time it will take to find or to effect a solution, the sacrifices and burdens required and the distribution of the rewards in the period of recovery. Savings must be increased to protect ourselves and our country from future marginalization in the world.

So, too, must our habits and tastes change in respect of foreign goods and services. But the Government are planning to dismantle the negative list by the 30th of next month and they are going to allow all sorts of imports into this country and to defeat the very purpose that we should be trying to accomplish.

The people of this country can save themselves by their own exertions and their own efforts and they must be made to feel confident about this. Here is where leadership becomes important. Here is where we need clear goals and we need a common vision. The present approach to addressing and resolving the country's problems leaves much to be desired.

Market philosophy, which has been embraced by the PNM, is an ideology of structural adjustment, and that is alien to our traditional values in Trinidad and Tobago. This is so because it lacks a sense of social justice. Market philosophy lacks a sense of social justice; it legitimizes self-serving behaviour; people are trampling over each other; it denigrates the role of Government and it has no place for national dignity. That is what this Government has been embracing.

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The harsh reality of the new market-oriented model of unrestricted competition as advanced by some people is that in its cold logic of accumulation, there is really no role for a just order. So the Prime Minister is dreaming when he speaks about a just society within a structural adjustment arrangement that would not take place. Poor people are seen in that arrangement as a nuisance, from a strictly financial point of view; both economic justice and the reduction of poverty may be too extensive to be taken seriously under that arrangement. Is this the kind of economic system that the Government is seeking to inflict on this nation?

The present debt problem threatens to transform itself into a full-blown debt crisis, with all its attendant consequences—social, economic and political. The course of liberalization being adopted by the present Government seems to be leading this country into untold disaster and catastrophe. The current and projected debt service obligations of Trinidad and Tobago combined with falling oil production and unstable oil prices will extract and exact a heavy price on the nation's economic and social health. Limited information on projected borrowing of the 1992 to 1997 period suggests that there could be what amounts to a borrowing spree on the part of the new Government.

**2.50 p.m.**

In closing, let me say that this Senate can contribute towards putting a halt to this large voracious borrowing appetite of the Government, by compelling it to provide concrete evidence of its plans, assumptions and expectations in servicing the nation's debt commitments for the next five years, as well as projections of its borrowing abroad and at home over the next five years. If the Parliament is not satisfied with what is being told, then it must do what is necessary to seek to impose borrowing restrictions or, if it is quite possible, halt borrowing altogether. We ought to do this until we are satisfied that the country can generate a sufficiently buoyant future income stream to cover its present and future foreign debt obligations.

Failure to rein in the present Government's huge borrowing appetite, given projected debt repayments in the context of economic and ultimately financial liberalization, will result in the economy, the country and the society being thrown into the dreaded debt trap, with the prongs of this trap penetrating extremely deep into the country's increasingly limited financial resources. Therefore, this motion is designed to get from the Government its policy, strategy and approach to debt arrangement in Trinidad and Tobago over the next five years.

I hope that we would, in fact, be able to engage in a very healthy debate. I have avoided being political as much as possible. I have attempted to stay, as far as possible, on course. I hope that in our deliberations here we would put the nation's children first, think about our future generations and ensure that whatever we do in this Senate, arising out of this particular motion, is done with those objectives in mind. I look forward to a very healthy debate on this very critical and crucial matter which is now inflicting much pain, hardship and sadness on many faces in Trinidad and Tobago.

I thank you very much, Mr. President.

*Seconded by Sen. Muntaz Hosein.*

*Question proposed.*

**Sen. Rev. Daniel Teelucksingh:** Mr. President, the founders of the IMF would be certainly disappointed, since this institution has come to be associated with economic hardship, poverty, economic destabilization, social upheaval and political disturbances. We learn that the originators of the Fund were concerned with the development and stability of the international monetary and financial system, but particularly coming from developing countries indebted to the IMF, there has been a continuous flow of literature condemning the Fund and its operations. There is an almost unanimous warning that to borrow from the IMF or the World Bank is to fall into a trap from which there will be no returning and in which there will be painful consequences. One of our economists says that:

"The Fund appears to be more like a loan shark than a money lender of the last resort which insists on its pound of flesh."

The developing countries of the world realize that the debt crisis poses a serious threat to the social and economic well-being of millions of the world's inhabitants and that in international economic relations they are still among the world's exploited peoples. It is widely accepted that the IMF and World Bank's current economic policies subtly include global exploitation of the already limited resources of many poor nations; they oppress the working class and further dehumanize the classless. We must work towards our own liberation from the foreign debt bondage. We need to be a part, though, of the protest against current structural adjustment policies which the IMF imposes on nations in debt, since such policies result in the reduction of food available for the poor thereby increasing under-nutrition, hunger-related diseases and infant mortality. Though

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small we might be, and though our voice might be weak, let us identify with every world movement which agitates for the cancellation of the debt of poor countries.

We learn from the experiences of others, in addition to our own. The foreign debt, for example, seems unmanageable and escape seems almost impossible for our Latin American neighbours. They say, in Latin America—and we will soon be saying it here—that the external debt is an eternal debt. They are reeling under the phenomenal external debts which hasten the deterioration of their quality of life. With increasing poverty among our neighbours, epidemics, and the escalation of the drug traffic, one Bolivian housewife asked, and many Trinidadian and Tobagonian housewives may well ask: "What did we do that we have to pay this foreign debt? Is it that our children have eaten too much, or have studied in the best schools? Or have we worn the best clothes? Have we gotten better houses? Or have our salaries been too high? We all shout in unison, "no, we have never eaten much and we never had proper medical care. So who has benefitted, and why are we the ones to repay the debt?"

Robert Mugabe of Zimbabwe observed:

"Huge scourges in human history can claim so many victims as today's debt crisis."

### **3.00 p.m.**

I now draw your attention to certain matters in Sen. Wade Mark's motion. I think that all the recitals of the motion are quite reasonable; they provide worthwhile advice for any Third World country. It should be a national policy that our country should, indeed, be circumspect and cautious in all borrowing arrangements. Our government and policy-makers ought not to think that the intent of this motion is merely to curtail and restrict their power. This motion, I believe, transcends the limits of party policy, be it Government or Opposition; it is national in its objectives. The PNM Manifesto rightly observes that "we are now shackled with a national debt which could seriously handicap our development."

The present generation and our unborn generations scarcely know what is in store for them. Who has fettered us, Sir, to international lending agencies? Who, in the name of development, I ask the Senate today, and the nation is asking this, too, who in the name of development has pawned and mortgaged our country in loan-happy excursions compounding debt with further debt? Some of these



persons may not be around to feel the whip of conditionalities. Those blundering, imprudent, political and economic dwarfs of previous years have enslaved us. I am no economist, but who among us will deny that economics is the business of all of us? God has put us here as stewards and custodians of the wealth of His earth and all of us must have, at least, some concern for an equitable distribution of the world's food and careful use of the earth's resources.

I felt confused and disappointed on May 16, 1992 to read in the *Trinidad Guardian* in a front page article entitled "IDB Funds to prevent unrest, says Mottley." The report, from Washington, says that—

"The Inter-American Development Bank (IADB) is to fund a number of programmes aimed at preventing social dislocation and possible upheavals as Trinidad and Tobago embarks on a trade liberalization programme."

The article continues—

"Another big success (I underlined the word 'big') was the finalization of negotiations with the IADB for a multi-million dollar loan to rationalize the energy sector."

Big success? Big deal! I thought. I consoled myself saying that possibly the press is in error; maybe I am in error. How am I, or the rank and file of this country, to interpret this? Or is this matter not within our domain and I must leave this to the experts? No, not for a moment can I pretend, nor we, that we do not understand the direction in which we are going. Do I see an unmistakable inclination leading us to further external indebtedness? If the motion we are discussing is clothed in flesh, then its first response would be tears of disappointment.

But why do we need IDB funds to prevent unrest? Is this a political game to keep the otherwise restless crowd happy? Then we shall always need funds, I need to tell the nation—comforter from Washington or an expensive doggy bone from the Paris Club or the people in Brussels to pacify a people prone to unrest. I am not impressed with the rationale, for further financial and economic servitude—and what a frightening political game for the ruling party and for the nation.

What is that so-called "big success" for the IDB multi-million dollar loan to rationalize the local energy sector? Has someone calculated the consequences over the years? All those who have negotiated for these loans, has someone calculated

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the consequences after our mineral sources have been exploited and much of the profits merely recycled into debt repayment? You do not have to be an economist to see this. Jobs for a few, yes. We could get jobs for a few of the unemployed. Then the vicious circle begins again, namely, fear of unrest and keep them happy, look for more loans; buy them out and keep them quiet.

Sen. Mark's motion proposes that if loan agreements are being contemplated, then there is need for wider consultation, beyond the select few who normally are engaged in such negotiations, be it in the Twin Towers or elsewhere. My difficulty is with clause 3, the final one, reading "to the satisfaction of the mass citizenry". Is this going to be a referendum? Then we will have consultations *ad infinitum*. Do we need another symposium, according to that clause in the motion? I should prefer, though, that loan negotiations be approved by both Houses of Parliament, with some measure of consultation with the public and private sector organizations in our nation on the advisability of seeking loans, with accompanying assurances of co-operation and sacrifices which go into repayment of these loans.

Mr. President, I close by saying that the nation should be informed that responses are necessary from the population, and that these should be sought with implications and conditionalities of all prospective loan agreements made public. We should know about this. I want to thank you very much and I, too, hope that the discussion on this very important and significant motion will be one that will go beyond the confines of this Chamber. I wish that more and more of our people would be engaged in this kind of dialogue and discussion in a matter that is so significant for the well-being of our society. I thank you very much.

**Sen. Prof. John Spence:** Thank you Mr. President. It had not been my intention to speak on this motion but I have been prompted to do so by the fact that the Minister of Finance was here. The last time I spoke on matters which may concern trade liberalization he was not present. But I see that he has gone so, perhaps, my motivation has likewise evaporated.

Nevertheless, I should like to make a few very brief comments really to try simplify matters as much as possible. My approach to these things is, first of all, that I look at them in very simple terms and then elaborate on those simple terms. I think what happens when we do not do that, is that we get a bit confused by the complexity of issues that we have to consider and so we tend to lose our way—certainly I tend to lose my way. I should just like to make a few comments which

would perhaps, at least for me, simplify matters, and it is these rather simple matters that I should like the hon. Minister, if he is replying, to address.

**3.10 p.m.**

I think when it comes to foreign debt, it is useful to remind ourselves as to how we got into the condition of having a large foreign debt. I suppose what happened to us was that when we had a great deal of income from oil, our credit rating was very good and so it was easy to borrow. That occurred also at the personal level for individuals in Trinidad and Tobago at that time, when banks were willing to lend large sums of money to individuals with very little real security, because the money was there and it was to be spent. So we got into the same situation, that we were borrowing for two main purposes. I believe one was for infrastructure.

Some items of the infrastructure that we established at that time, I think, were very useful and important and we are benefiting now and we shall benefit for some time from them. For example, we expanded our electricity capacity considerably at that time. It may need expanding again now, but certainly we could not have done without the expansion that took place at that time. We increased our water supply considerably. Again, we are having trouble with water, but certainly, we would be much worse off if we had not done that.

On the other hand, I think there were some infrastructural activities that we indulged ourselves in which, perhaps, were not quite as necessary and, indeed, to some extent, we may be paying the price for those efforts now. I can think of two of these which I, myself, never really agreed with, as examples; these would be the Mount Hope Medical Complex and the Twin Towers. The medical faculty when it was first mooted in the university, the total capital expenditure was some TT \$42 million. Eventually, you know, we spent nearly \$1 billion. But those are behind us and I do not really think it serves much useful purpose at this stage to cry over spilt milk. I think really what we have to do is to look forward and perhaps look at the positive side.

With respect to the other set of expenditures, I think what we did was to establish a heavy industry manufacturing sector at Point Lisas. That, certainly, is a positive aspect, I believe, of the activities at that time, which also incurred foreign debt. I do not think myself that the decisions we made at that time were incorrect decisions or that they were bad or that we exercised bad judgment. I think we had some bad luck with respect to the world economic situation subsequent to

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decisions being taken. Of course the worst example in that regard was Iscott. But, by and large, some of our largest foreign exchange earners now are those same enterprises at Point Lisas. The pity is that we are not able to service the foreign debt that we accumulated with income from those enterprises. If we could, then we really would not be having a problem today. I think that is the background to the debt issue. But let us not, I feel, spend too much energy in looking backwards at that issue, but look forward and try to see how we are going to solve the problem.

One of the issues that have been discussed—and I think it is important in the context of the foreign debt problem—is the general economic thrust by way of liberalization, both trade liberalization and liberalization of other activities of our economic life which, perhaps, have not been proceeded with quite as deeply, as has been trade. I suppose the theory about trade liberalization is that it will have two beneficial effects. One is that it will increase the efficiency of manufacturing enterprises by providing more competition. If it does that and we are more efficient, then by foreign exports we will earn more foreign exchange and this, of course, will help with the debt.

The other issue is that we live in a world that has now embraced—so it says—free trade, although it is easy to illustrate that in many instances it has not, but at least that is the theory. Just to digress for a minute. We talk a lot about the World Bank and the IMF and so forth. I have a much more mundane explanation of what is happening with respect to economic theories in the world. I think what has happened is that certain very persuasive professors have trained a certain generation of economists along certain lines, and these graduates are now filling the multinational agencies. It is rather at the technical level that we are having this new concept as to how the world should manage its affairs.

I do not think it is any grand design of any political entity or any multinational corporation. I think it is really a change in the way that economists have been trained at certain institutions, particularly in the United States, and this has spread from one country to another and we are seeing the results of that. So when the young economists from the World Bank or the IDB come and pontificate, they are doing so because this is their background of training in a certain school of economics. How you address that one, it is not quite clear to me, except perhaps to develop one's own thinking about economic activities and see how we can manage our own affairs according to our own concepts.

But the real problem is whether the trade liberalization approach will work. I think I may have missed a point in digressing in that way. That is, the second issue about trade liberalization which is supposed to be positive, is the fact that because we live in a world in which trade liberalization has now been embraced by many countries, we shall then get reciprocity. But if we do not enter into that concept, we shall find that trade barriers are erected against our own exports and therefore, we shall suffer.

So there will be two things. One, increased efficiency in our local enterprises by liberalization and the fact that we live in the real world, and therefore, we have to trade, even though, as I say, I do not think all countries play the game fairly. The real problem is: Will that work and does it work? It seems to me that is an issue that we have to address very carefully, or we may find that having taken the medicine, we are not getting the cure. It seems to me that the two difficulties we have there are, one, when we liberalize our trade, we immediately start expenditure of foreign exchange on consumption items. This is what, as has been noted by several persons, happened between the middle of last year and the end of the year, as was reported in the Central Bank reports.

I suppose those persons who are in favour of trade liberalization will say that this is a temporary phenomenon and that eventually things will balance themselves out and one would reduce the import of consumable items, and therefore, stem the haemorrhage of foreign exchange. It does not seem really to have happened because the Government had to take a different approach to address that issue, as we discussed on a previous occasion. The approach was to increase interest rates and reduce liquidity so that individuals had less money to spend, and therefore, they could not spend on consumer items which had to be imported. That had the adverse effect of also reducing the availability of funds for investment, the investment being needed in order to develop the industries and the enterprises which would then lead to export products which would mean the bringing in of foreign exchange.

So that there is a difficulty there which I have not seen clearly how it is intended to overcome. That is one of the things that I should like to see addressed by whoever responds from the Government side, namely: How are we going to avoid excessive importation of consumer items which will upset our foreign exchange balance and at the same time provide the financial resources for investment for development?

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Of course, one answer may be that we will not provide the resources locally, that we will rely on foreign investment. I have been skeptical from the time the issue of foreign investment arose with the previous government, in which we were told that all the changes in the Aliens (Landholdings) Act and so forth, would bring in much foreign investment. If it does not come in, we are told we have not done it quite in the right way. The more we do, the more we are told we have not done it in the right way. Not that I am against foreign investment. Sure, it would be a good thing if it came.

But it would be important that the enterprises that come in, are those which are net foreign exchange earners. That is the other thing that I should like us to be a little bit more specific about. Apart from the energy sector, when we are being told about foreign investment, I should like the persons who are proposing that this is the solution to our problems, to be a little more specific and say, look, enterprise "x", "y" and "z" are candidates for foreign investment, and these are enterprises that can be net foreign exchange earners, so that they will, indeed, improve our position. If they are not net foreign exchange earners what we would do is give jobs locally but they would not affect that balance and still would not help us with our excessive payments of foreign debt. It seems to me that we need to have some ideas developing in our approach. I am not suggesting that the Government does not have ideas, but I really think that many of these issues will only work if the population is behind them.

**3.20 p.m.**

It seems to me that the Government has indeed set upon the path recently of trying to inform the population and open that debate which needs to be opened. But I think it must be a debate because I do not think the Government will claim to have a monopoly on ideas, and it may be that some of the ideas that come from the debate would also help to address the issues that would not lead us to further difficulty. You see, the real problem is that by trying to do it in the way that has been suggested, namely, fixing the foreign exchange rate at a certain level which may be a bit overvalued and go in with trade liberalization and that in turn sets up the necessity for other measures which we have just been discussing.

Again, I am not at this stage suggesting that we change our rate of exchange. I understand why we have to keep with it as it is for a considerable period, because, unfortunately, in a small state any issue to do with changing the rate of exchange leads to capital flight, and that is also disastrous. We have to keep it fixed and use

our wits to find how we are going to address the issues even with the imbalance between trade liberalization and availability of foreign exchange at a certain value.

The other issue which I think is important to the population as a whole is the issue of selling state assets to meet the foreign debt. I myself have never been in favour of selling capital assets even as an individual, or as a country, in order to meet debt. There may come a point where there is no alternative, so I accept that. But it is not clear to me whether we are doing it as part of our acceptance of economic theory, that is, that states cannot run enterprises and therefore it must be all in private sector, or, if we are doing it because we have the problem of foreign debt. It seems to me from what has been said it relates to both.

The problem really of selling the assets in order to address the debt is two-fold. One is that the assets must be sold in foreign currency if the issue of foreign exchange is to be addressed because there are two components to government debt as opposed to private sector debt. One component is the recurrent money that is needed to pay for the debt in Trinidad dollars and then the foreign exchange needed in order to service the debt that you have outside. So that there are really two components and some of the issues that we are discussing move the system in one way and not in the other.

We have to sell the assets to foreign companies in order to get the foreign exchange if we are going to meet that foreign exchange component of the debt. The problem is that if we sell the assets that are making money which are the ones that people will want to buy, we would then reduce our capacity to earn recurrent expenditure on behalf of the Government. For if state enterprises are worthwhile and, in fact, they are earning profits, they are adding to government revenue.

One may argue in a retrial sort of way the economic theory that if they are in the private sector they would earn more money and because they earn more money the tax that Government takes from them would be just as great as if Government got 100 per cent of the cake. That I should like to see demonstrated. Of course, it also means that we have to be careful about what incentives we give to a foreign company which is buying the assets because, if the taxes are reduced for some reason, or if our whole thrust is to reduce taxes, it means that the take we get is a smaller proportion of the total income of the assets which we are selling.

It seems to me that, really, if we are talking about selling assets to get out of foreign debt without affecting our fiscal position, then what we must do is to sell the unprofitable assets. To some extent this was obviously considered because the

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Prime Minister did make the point that enterprises which are not viable would be sold. Of course, the issue that arises is who is going to buy them. Whenever this issue comes up—in the last government it came up, and I made this point; I am sorry, but I will make it again to this Government: If you are going to sell assets which are not viable, then surely the first candidate is Caroni Limited, because that is the one that has the largest single drain of funds but, of course, we would not sell that.

So there again the theory breaks down because obviously there are other factors and so I should like an expose on the enterprises which will be candidates for this sale of assets both in terms of the foreign exchange that they will bring in and in terms of how we are going to make up for any recurrent revenue that we may lose by the sale. Maybe it is our intention at the same time to reduce recurrent expenditure by other devices and that may be a good thing anyhow. But one must see the arithmetic to know whether the balance could work. At least we must have some idea of how the arithmetic is going to work.

As always, my particular interest is with the agricultural sector. Some of these issues incidentally, were discussed last night at the seminar which was put on by the Association of Professional Agricultural Scientists by Mr. Dennis Pantin, at which you were present. I may say, apart from yourself and the Minister of Agriculture, we were the only parliamentarians present. If we are really going to be serious about these issues I think we should join in the public debate at every opportunity, and these, of course, were some of the things which were being discussed last night. Since I am particularly interested in the agricultural sector I should like to know, on the aspect of trade liberalization and the increasing efficiency in order to service the foreign debt, whether it is intended also to liberalize the agricultural commodities because we have not heard in clear terms yet, only as a little hint given by the Minister of Finance in one of our previous debates, that some non-food agricultural sector items might be liberalized.

It may be that the argument in the case of the agricultural sector is a little different—I have no doubt that many of our agricultural commodities will still need subsidies and this of course means money from the Treasury. It means increased recurrent expenditure. The benefits that one gets are two-fold. Foreign exchange earnings are saved or earned and employment is generated. But again, there is some arithmetic that one needs to do and I certainly should like to hear some statements from the Government side as to what we are doing in that regard. We are still saying that agriculture is important. I do not think we realize



that when we say this that certain things will follow, and those things may be protection in some form and subsidy in some form. We are not really, in my opinion, addressing them seriously.

I would agree with previous contributions that the third part of Sen. Wade Mark's motion would tie the Government down, and I am not particularly willing to support that but I do feel that the discussion on the foreign debt and the linkage that it has with trade liberalization and our general economic thrust, must be addressed. I myself have accepted the fact that, at least, for some time to come we are going down the path of trade liberalization. I do not yet know whether we are also including the agricultural sector on that path and in that regard I am still taking rearguard action as I keep saying. But I have accepted that is the way we are going. It is the way clearly that our leaders of two different political parties have been persuaded and I suspect from much of what was said on the Opposition Benches, a third one as well, so in a sense we must make the best of that issue. That is why I feel there should be a public debate.

There are some persons who feel that the debate should be on whether we should have trade liberalization or not. I myself have passed that point and my position would be how we can avoid the adverse effects and stop it as far as it has gone, perhaps, and not go any further as Mr. Dennis Pantin indicated in his lecture last night. I think the one thing we can do with respect to trade liberalization, which nobody can fault us for, is to follow the path of the United States in its approach to trade.

### **3.30 p.m**

It is very clear that the United States protects many of its commodities whether it be garments or sugar. So that surely, if we are following in that path we should be very careful to inform ourselves fully about all the practices of the United States in that regard and surely we could not be criticized, at least, for keeping in line with that country. I may be saying it with a little sarcasm, but I mean it in practice that we need to do that and we also need to know what protection Europe is putting in for its various commodities.

I think it is extremely important that, as I say, we publicly debate these issues and that we have some debate in this regard as well with our Caricom neighbours. It seems to me that this applies to some of the factors which we are discussing. For example: I read recently that the US Ambassador suggested that the common external tariff at a rate of 45 per cent is quite out of line with current trade

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liberalization thinking, and it should be 10 or 25 per cent. Now, that is an issue that we can discuss with our Caricom neighbours, so if we are persuaded on that view, we must indeed generate a discussion at that level and act in concert with them.

Again, as a bit of an aside, but I think relevant to the discussion is the recent suggestion that we should link our efforts with Guyana and Barbados. I have believed for some time that we have been having much difficulty in linking the whole of Caricom and we should look for some nucleus from which to start. I think my problem is that I really do not see how at this stage of economic development, we are going to link with Guyana. My own view has been that we should link with the OECS countries which of themselves have gone fairly far by way of integration both political and economic, or at least with the Windward Islands with whom we have very great trading relations, Barbados, Trinidad and Tobago and then, perhaps, at some time in the future, Guyana, if their economy recovers sufficiently. Quite honestly, if you look at the European Economic Community you would see that the first thing that they have done is to link their currencies within a band and the currencies do not go outside that band.

How do you link with the Guyana currency at G \$125, I think it is, to the US dollar? On the other hand, if you think of Barbados and OECS and Trinidad and Tobago, you have perhaps a band which is reasonable in that regard. I really do not see in economic terms how we can put forward the suggestion at this stage that we should link with Guyana. I am all for linking with OECS, Barbados, Trinidad and Tobago and from that nucleus moving out at a later stage, perhaps, including Guyana. I do not see that Jamaica would ever be really interested in integrating politically and with deeper economic integration with the rest of the Caribbean community.

Yes, we must have the debate locally. Certainly, we must have the debate at the Caricom level and we should certainly be debating with our closest neighbours and trading partners with whom we can see some value in economic integration, perhaps, followed by political integration.

Thank you.

**Sen. Dr. Harry Kuarsingh:** Mr. President, with your permission, I propose to address matters in the following manner. I should deal with some technical data; and all the figures I quote are in TT dollars unless specifically stated. Then, I shall deal with some of the issues raised by Sen. Wade Mark, even though I must

confess that answering some of his Marxism is not all that easy. Then, finally, I shall deal with a matter which is very close to my heart, the issue he raised about the mandate of the mass citizenry.

Before I do that, I wish to thank Sen. Teelucksingh and Sen. Spence for their contributions. They always give one so much to think about.

Let me review the debt growth over the last 12 years. The debt stood at the following figures:

Year	TT \$ million	Year	TT \$ million
1981	1,707	1987	7,211
1982	2,095	1988	8,310
1983	2,575	1989	8,948
1984	3,102	1990	9,881
1985	3,640	1991	1,706
1986	5,374	1992	1,138

I give you this graphically because there is a fundamental issue at stake here. Up to 1986 the amount of debt repayment was fairly well within the gross national product or within the foreign earnings, but from 1986, the borrowing went up to a staggering extent.

In fact between 1981 and 1986, the foreign debt more than doubled. The present PNM Government coming into power has bequeathed a debt that is really worrisome to all of us. And it is a matter of concern to all of us. It is our intention to try to honour our debts as far as we can. We do not boast that we can pay our debts, but in the world we recognize that we have to repay those moneys which we borrowed in the same way, that the average citizen having borrowed from the bank is obliged to pay his debt. Therefore, we say that we must pay our debt.

When we came into power we found that the gross national product had shrunk in the five years of the previous administration. The PNM Government in demitting office in 1986 had left a gross national product of TT \$17,478 million and on coming back into office found that the gross national product had shrunk to TT \$16,172 million. In fact, the gross national product had lost 30 degrees of arc. This had come about by a government with an excess and an over-abundance of talent. One would shudder to imagine what would have happened had it been a government of ordinary men.

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The point that I am making is that this is the situation which we have inherited. We have inherited a growth in the national debt of more than 100 per cent from 1986 to 1991, and further, a shrinking in the national gross domestic product. We have to live with this situation. We therefore intend to honour our commitments as far as we can and in a few minutes I am going to read out the repayment for the years up to 1997.

Now I know that the Opposition are of the view that this has nothing to do with them, but I respectfully suggest that this is incorrect, that in fact this is the Opposition's doing. The party has changed its name seven times in the last 14 years and it is the father of the NAR. In fact they helped to launch the good ship and...

**Sen. Hosein:** Mr. President, I believe the Senator is misleading the Senate. This side of the Senate is not the father of the NAR and I wish that be strick from the record.

**Sen. Kuarsingh:** I cannot agree with that. The truth of the matter is that the other side, in whose name this motion stands were the founders of the party that increased the debt by more than 100 per cent. This is a matter of public record.

**Sen. Hosein:** Mr. President, I do not wish to interrupt the good Senator, but he has made a statement that we are the father of the NAR and unless he could prove to this Senate, that this is so, he must withdraw it.

**Sen. Kuarsingh:** Of course, Mr. President, I will be guided by you, but I stand by what I say, that the other side, in whose name this motion stands, cannot like Pontius Pilate wash their hands of this. In fact, I am going to erase this Pontius Pilate business and say they cannot like Judas Iscariot now abandon the people whom they launched on this course.

So, I say again, our situation on coming to office was that we found that the debt had grown by more than 100 per cent in five years, and that the national cake had shrunk by about 10 per cent in five years. The truth of the matter is that we have to service the debt. In real life, when you borrow from the bank—and I will come into this in more detail a little later—you have to repay the bank. If you choose to default on the bank, you will pay the price that the bank dictates. If it is the policy of the other side that we should not borrow from banks, well we shall discuss this later.

The figures for repayment of debts—and these figures are given in US dollars and to convert to TT we might use the rate of 4.25—are

Year	US \$ million	Year	US \$ million
1992	628	1995	393
1993	649	1996	553
1994	537	1997	319

This is the last year for which the figures are currently available.

At the end of 1997, the debt stock will be US \$966.8 million provided that there is no further borrowing. It is our intention as a Government to honourably service this debt as far as we can. We may from time to time have to reschedule and take special measures to try to relieve the burden.

### **3.40 p.m.**

I want to answer, at this stage, a very important question raised by Sen. Spence and that is: why it is our intention in certain cases to apply funds realized from the sale of public assets to the payment of the debt? The crucial and important point to bear in mind here is that our debt is denominated in hard currency, and at the present time we envision little inflation in the hard currencies in which our debt is denominated. It is a well-known fact in economic life that inflation helps debt payment, but the point that I am making is that we envision no significant inflation in the hard currencies in which our debt, undertaken by the previous regime and the PNM Government of 1986 and before is denominated. Therefore, it is in our interest, if we can, to effect early retirement of blocks of this debt.

I shall illustrate this by giving one example. If we had a borrowing of US \$500 million and we intended to repay this over a period of 25 years, the repayment would be US \$56.6 million per year. If we are able to retire a small part of this debt, say US \$90 million, we then would be required to repay a much smaller amount of US \$43.7 million per year. If we were able to pay the full amount of US \$56.6 million that we had contracted to pay, the retirement for the debt would be 17 years instead of 25 years. Therefore, our intention to retire or to repay in blocks some of this debt, if we can, by the sale of public assets is an exceptionally sensible one.

Those are the bare facts before us. I have stated the debt and I have shown you how it is that, in fact, we have inherited the debt to a very large extent. There is

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another point that I wish to make. You will observe from the chart that I have presented to the Senate that, in fact, in 1986, the growth in public debt was greater than it had been previously. The reason for this is a very simple one—the oil price in that year averaged only US \$11 per barrel. Let me make the point that in the five years which the debt grew by more than 100 per cent, the oil price averaged more than US \$20 per barrel. These are the bare bones of the matter. I have given the repayment schedule, but because we expect no significant inflation in the currency in which our debt is denominated, it is our view and our intention that we should retire these debts in block, if we are able to.

Now I come to a most interesting part of Sen. Mark's motion, calling upon the mass citizenry to give approval for the operations. We are very interested in this matter. We in the PNM believe that we are in office because of the mandate of the mass citizenry. I have been reviewing this book, Mr. President, as you may have done. It is the report of the Elections and Boundaries Commission for the previous election. I was astounded to find that Sen. Mark, in the two previous elections—not the last one—got the endorsement of the mass citizenry in the staggering numbers of 33 votes on one occasion and 67 votes on the other. So that the mass citizenry has spoken: in two elections, a total of 100 votes. This motion should stand in anybody's name but his. I draw this to your attention, Sir, so that you might draw it to the attention of Sen. Mark.

Now, I wish to raise the most serious issue that I can raise. I, too, like Sen. Mark and Sen. Teelucksingh, am concerned about the future of our country and the future generation. I myself have children and should like my children to live in a society that offers some promise and some hope.

**Sen. Hosein:** I think the Senator is being irrelevant. I do not see the quantum of votes that any Member of this Senate received in any election has anything to do with the subject matter being discussed today. The Parliament of which we are a part, and the Constitution, makes provision for a Government and an Opposition. It has nothing in the Constitution of the country that talks about how many votes you receive, therefore we must have both—

**Mr. President:** To interrupt a Member, you should do so either on a point of order or ask the Member to give way to a question. It seems to me that you have interrupted him on neither of the two points. I think that you can take a note of these observations and when you rise to make your contribution you may deal with those matters. You should not be interrupting a Member to comment on his speech as he goes along.

**Sen. Hosein:** Mr. President, apart from the comment I made, I also rose to say that he was irrelevant and that the quantum of votes received by any Member of the House has no bearing on the subject matter. I thought you understood that.

**Mr. President:** Overruled.

**Sen. Kuarsingh:** I consider a matter raised here as having to do with the very fundamental nature of democracy—to go to the root of the issue, how and why we can sit here. I would comment in passing that this question of the mass citizenry represents a certain kind of political hypocrisy that will stand as a landmark in this Senate perhaps for a whole millenium. To have a candidate receive 33 votes and to have him brought to the Senate by fiat and by dicta of the Leader of the Opposition is, to my mind, a slap in the face of the electorate.

**3.50 p.m.**

If I am to continue on the matters raised on the other side, we were told that Mexico has unilaterally declared its own moratorium, and I ask: Is it the policy of the other side that Trinidad and Tobago should do the same. I am prepared to give way to get an answer on this, because I will tell you, if we in Trinidad and Tobago want to be so foolish as to tell our lenders that we do not intend to repay moneys which we contractually borrowed and repayment contractually agreed, we would pay a price worse than that paid by Guyana, and by Haiti with its ruined economy. That is the fact of the matter.

This is a fundamental issue. You see, the side putting this motion is the alternative government of the country and we must have a certain amount of intellectual clarity and indeed a certain amount of honesty in our dealings and this is the reason why I want to know what really is their policy. They say that they are against a market economy but yet I read in newspapers—which may or not be correct—that his leader wishes to join us to the United States. Let me inform him that the whole of the United States is an open and free market economy.

They imply that we should not be part of the IMF and the World Bank system. I believe here that a few words of explanation might go a long way towards—

**Sen. W. Mark:** On a point of order, Sir. I never, in any part of my statement indicated that Trinidad and Tobago should not be part of the World Bank or the IMF. If the Senator wishes to obtain a copy of my statement I can make it available, but I never said that in my presentation. So I would ask him to withdraw that statement.

**Sen. Kuarsingh:** I humbly and I gladly withdraw. I am glad to learn that it is the policy of the other side to be part of the World Bank and part of the IMF and, indeed, this is the policy on our side. We consider that these are banking institutions, the membership of which brings a net benefit to us. And if I misquoted the Senator, I humbly apologize and withdraw. But I ask him, then, what is the benefit of being a member of the World Bank and of the IMF—to which he now agrees—and not draw benefits and not borrow when one sees fit? That is the point.

Now, also the contribution of the other side included a quotation from Gurvon proposing state control of the economy. Let me tell them that this pure, unadulterated Marxist baloney—and I am not sure that “baloney” is a parliamentary word, but if it is—

**Mr. President:** I prefer you to withdraw it.

**Sen. Kuarsingh:** I withdraw it, Sir. This pure, unadulterated Marxist rubbish has ruined the Soviet Union, the whole of Eastern Europe and has brought ruination to much of the Third World. The truth of the matter is that state control has been shown, after a 73-year experiment in Eastern Europe—

**Sen. W. Mark:** Mr. President on a point of order. I simply attempted in my contribution to give a definition of the term “liberalization”. Nowhere in my contribution did I go on to talk about a Marxist controlled economy. It was a definition by a very prominent Caribbean citizen, Prof. Norman Gurvon.

**Mr. President:** Senator, if you are quoting the Senator, please quote him accurately.

**Sen. Kuarsingh:** Yes, and I have quoted him accurately. Mr. President, you sat here and I sat here and I thought that the tenor of his address was that we should go for more state control and that we should, in fact, go for the idea that the state should control and regulate the economy. This is what I understood the tenor of his contribution to be. I stand here and I would be very happy to be corrected.

**Sen. W. Mark:** You misinterpreted me.

**Sen. Kuarsingh:** I wonder if I really misinterpreting. But in any event if you have a point to make and you stand up, I shall be glad to answer him, I advise you not to interrupt me too much. You know that whenever you stand up you get put down.



Mr. President, if I may continue. State control of the economy has ruined large parts of the world. *[Interruption]* I would love to answer any question Sen. Capildeo would pose.

**Mr. President:** I would advise you, Senator, to address the Chair and avoid the asides and you will get along in your contribution much better.

**Sen. Kuarsingh:** Thank you, Sir. If I may continue, state control of the economy has ruined large parts of the world. After a 73-year experiment, the former Soviet Union has totally abandoned state control of the economy. The entire Eastern Europe has abandoned state control of the economy. A country in which many of us have roots, India, is moving in the direction of abandoning state control of the economy.

The truth of the matter is that state control of the economy as envisaged and argued by those who prefer it has led to economic impoverishment of the citizens of the country. Therefore, I want to know what is the policy of the other side. Is it state control or is it not state control? That is what I want to know, Mr. President. I believe that I am reasonable in asking this from the tenor of the debate so far from the other side.

There are a few other technical points that I would ask for an explanation. I understand that questions are raised about why it is people believe that trade liberalization is in our benefit. Let me try, briefly, to answer that. The fact of the matter is that we live in a smaller world today. I am going to tell you about a project which is called the Iridium Project. The Iridium Project is so called because the metal iridium has an atomic number of 77. In three or four years there is going to be a telephone system in the world called the Iridium System; there will be 77 satellites circling the world and every person will have access to a telephone and theoretically could have his own telephone number. I use this as an illustration to point to you that we live in a smaller world.

In the ideal circumstance of free and fair trade, the nation that produces goods of the cheapest and best quality will be able to sell on the market. I believe—and those of us on this side too—that, in aggregate, our country will benefit from a system of trade liberalization. But in any eventuality, the people with whom we trade are moving in a direction of liberalized trade and the fact of the matter is that we have no choice but ourselves to move in that direction. I am of the view that in general this will bring benefit to all of our people.

Prof. Spence often makes the argument that many on the other side of trade liberalization cheat or perhaps do not carry on their trade in the fairest manner. He has spoken about Japanese rice, and others on the other side have spoken about how the United States protects certain industries, and this is all very true. But remember that we are at the beginning of the process. As the years pass, we hope, and indeed our effort will be, that all sides trade fairly. If, in a world where all sides trade fairly we cannot earn our income, then indeed we are the poorest of the lot.

**Sen. Spence:** Mr. President, I am just wondering whether the Senator suggests that Trinidad and Tobago should take the lead in this race and go ahead of the others and show the United States what to do with trade liberalization.

**Sen. Kuarsingh:** I am not suggesting that Trinidad and Tobago should take the lead. I am suggesting that our realistic position, our position in the world is that we must move in that direction. I take note of Sen. Spence's concern about our agricultural products. I take note of his concern about the smallness of our manufacturing capability. Indeed, this is the reason why we have a 45 per cent tariff barrier—to give our manufacturers a chance.

The fundamental point that I want to make, though, is that in the world in which we live, our trading partners are moving in the direction of liberalized trade and we have no option. That is the fundamental point. That would seem to sum up the points that I want to make. If you would permit me, Sir, in ending to quote from a letter from St. Paul to the Romans. He said:

“Give to all their due, tribute to whom tribute is due, custom to whom custom is due, fear to whom fear is due and honour to whom honour is due.”

I ask all of you reasonable men and women to look carefully at the performance of the present Government. Look carefully at the performance of the present Cabinet. They have in a few months courageously taken the economic steps which will set this country on the road to prosperity, if it will ever go on that road. I ask you to give them their due, their due is encouragement and support.

The motion, as it stands, I am afraid we cannot support it. Give to the Government their due. Give them your encouragement and support. Thank you, Mr. President.

**Sen. Muntaz Hosein:** Mr. President, the motion before us is a very serious one; the lives of all Trinidadians and Tobagonians encircle this motion.

I am always heartened to listen to Prof. Spence because his is always a voice of reason and he always seems to take the reasonable road, the reasonable stand; a stand that will not ruffle the feathers around. We need people like him in every society so that there may be a semblance of balance. We also need court jesters, because we need to laugh.

**Mr. President:** Senator, you have the capability of making very good contributions and I have asked you before to try to keep out those labels that you keep affixing to other Senators. Just address them as the Standing Orders require.

**Sen. Hosein:** Thank you, Mr. President. The temptation is so great, generated by the contributions of the other side.

Now, I have to dig into my limited vocabulary to find suitable adjectives to describe my fellows of the opposite side. So forgive my temptation, Sir. I am only human. I shall try to find more suitable references. The vocabulary and the scope of certain Senators on the other side suggest that I should not go too deep or they would not understand. So I have to keep it simple.

**Sen. Ojah-Marahaj:** Just say you support the motion.

**Sen. Hosein:** That is a very good. I understand that the Senator is supporting the motion. I am happy to hear that. He probably got some kind of okay from the Leader on the other side to support it, but it seems that one is supporting and one is not supporting. But be that as it may, the confusion goes on and on.

The debt that we are looking at is rather large by any standard. When we look at the public debt as of February, 1992, we will see that it is \$11.130 billion, an extremely large debt. Of that, the external debt is \$6.407 billion, which we have to repay in US dollars. If we look at the payments that we have to make, they are in excess of US \$600 million this year only. To see the relationship, one would have to go and look at the relationship of visible trade.

One will see that in 1991 our total exports were just over \$8 billion, \$8.436 billion; and our imports stood at \$7.084 billion. So we had a surplus of visible trade of \$1.351 billion. But our debt servicing, for 1992, equals more than \$2 billion. We see right away that the surplus is wiped out. We have to dig into our coffers to the tune of \$1 billion in order to meet the payment of the debt in this year alone. It goes on and on.

One must look at that and say, well, how are we going to meet that? Obviously, it would mean and seem to me—I have heard arguments from the

other side—that we are going to be selling off assets. Sen. Spence made reference to what kind of assets we shall be selling. I think that that is a relevant question. Are we going to sell out the ones that are viable? If so, then our take and revenue will be less. I do not know whether the Minister of Finance took that into consideration. Or, are we going to sell off the unprofitable enterprises? If so would we get a buyer and at what price? What price are we prepared to let it go at? These are relevant questions that we must ask.

I recall that in the budget debate, I posed a question for the Minister of Finance. He did not answer it then, but it came to pass afterwards, because the assumption of part of the budget had to do with the increase in petroleum prices. My question was: If we are trying to promote CNG and convert vehicles, what would happen to the assumption in the budget when you have a fall in the gasoline price and perhaps you had it in mind to increase the price of CNG? But no answer came from the other side and lo and behold, a month after, CNG was raised. These are questions on which the other side must seek to satisfy this side of the Senate and the community of Trinidad and Tobago so that we all understand what is happening.

Although the electorate gave the other side the mandate to govern, I fear that they must not accept that as a *carte blanche* kind of licence to simply do whatever they want to do. I do not feel that that is the way we should go. I feel the way we ought to go is that we should make the people of Trinidad and Tobago, who own all the assets which the Government hold in trust, aware of what they are doing with the assets. They simply bring it to this House and ask us to rubber-stamp it, and the community does not know anything, or very little about it. They must know all that they should know about the sale of assets. That needs to be cleared up. Unless we can do so, I believe the question of debt and debt servicing cannot be addressed properly. As of now we do not know where we are going; we are just shooting in the dark.

Whenever debt servicing goes past 25 per cent of our exports, I think that that is a cause for alarm and a cause for us to become very concerned. I believe that when you get past 25 per cent, you start to look at danger signals. What we have heard is that our debt servicing has reached 33 per cent or whatever the figure; it is past 25 per cent, whether it is 30 or 33 per cent. Therefore, this motion is relevant today because we on this side are not convinced that the Government is being prudent with borrowing and debt servicing.

On the one hand, we had a Senator on the other side saying that they have met mountains of debt and produced a big chart to show what happened between 1986 and 1991. But what did our Government do? Did we stop borrowing and reduce that debt? Quite the contrary: The borrowing continues. So that what we are seeing is while they are saying that this was wrong, they did not address it; they continued to borrow *carte blanche*. I believe that that is cause for concern and, therefore, they need to address that so that the community of Trinidad and Tobago could understand the debt servicing, the public debt, how we are going to pay it, how it will be effective, what kind of development they intend to pursue.

For example, do we have in place any mechanism to take care of the price of oil dropping lower than what is now envisaged? It seems to me that we need to have that. Because if we have to pay debt beyond a certain amount—and we are talking beyond 25 per cent now; we are talking about TT \$2 billion or approximately US \$600 million—we would have much trouble if the price of oil falls. Then that approximately 30 per cent could go much higher, and what are we putting in place?

The Minister of Finance in one of his presentations in this Senate talked about a hedge against oil prices. I do not know whether that has been proceeded with; perhaps the Minister in charge of Government Business in the Senate today will want to clarify that. Do we now have that hedge against falling oil prices in place? These are relevant issues that we need to hear about so that we could feel comfortable with what is going on. I do not feel comfortable with what is happening.

If we are going to borrow money, we must see how we have managed what we borrowed in the past. We must go back in time and see the Government's record of management. To see that you simply do not have to go very far. You can pick up any one of the Auditor General's reports and you will see millions of dollars unaccounted for. You can go further and see buildings—we do not have to go very far, we could go to the Twin Towers, the magic of the Twin Towers that everybody seems to want to get into. I do not know why they want to get into that place, but one fellow left a beautiful building around the Savannah, he did not want to fix it.

But that Twin Towers is a little bit of magic. The Twin Towers cost a tremendous amount of money, well over what the initial cost was; overruns went on and on. Reference was made to the Mt. Hope Medical Complex by Sen.

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Spence and that, too, was another cost runaway, overruns of cost, on and on. Given that kind of background—and we could go on and on but I do not wish to, I just named two of them. We can go on to the schools that were put down and the kind of overrun of cost *etc.* We see by the management of funds by that side of the Senate that their record has not been good. That is cause for concern by the population of this country.

Therefore, if you are going to put us into more debt—course borrowing by itself is not a bad thing, because sometimes you do need to borrow in order to get what you want within a certain time-frame. So I have no argument with that. but if you are going to borrow and you are not going to show us how you intend to manage those funds differently from what you did before, then we are concerned about that. Therefore, I think that the Government need to tell the population why different from their predecessors. They need to say that. They need to say what steps they are going to take to safeguard the funds of this country, which it seems my great-grandchildren will still have to pay for.

When funds are not managed properly, the people of Upper Malick, who are without that bridge to cross the river, and which has been for 30 years, may never get that bridge. The farmers who have been flooded out every time we have excessive rain may never have that problem addressed. Therefore, food which is so vital for any nation, will become scarce and very expensive. There is a link with the amenities that people receive and the moneys which the Government borrow and how they intend to spend it.

I ask the other side to be clear. Because as you will have heard, time and again, we on this side of the Senate, and the Independent Senators, have been asking for clarification. Up to today, we hear Sen. Spence saying that he was not clear in his mind what the Government's position is.

Trade liberalization is a major problem. This country never had the opportunity to debate or understand what it means before the Government embarked upon it. I think that is not fair to the people of this country; it is wrong. Perhaps it is not too late for information to flow to the population about the pros and cons of trade liberalization. Because this is a serious step.

This Government has not been able to tell the population of this country what fractures they expect when trade liberalization becomes a reality. They have accepted that there will be problems; they have accepted that many companies will go under; they have accepted that there will be many jobs lost. What they

have not said is what they expect and how they intend to deal with it. Are they going to allow those people to go by the wayside and beg their bread like all the other people who are begging for bread today? Is that what they are going to do, or do they have a plan to deal with it? If they do have a plan, we on this side of the Senate would like to hear it. It is very important, because the livelihood of people is the soul of this nation. Without jobs, without food, without shelter and clothing, no nation could feel proud, none whatsoever.

We have heard many arguments about trade liberalization being the way the world is going and therefore we should go that way, too; that we have no choice. I do not like to hear the concept of "no choice". I have made that point before and I am sorry I have to say it again today, but it bears repeating. When a government, elected by the people, say that they have no choice, it tells me that something is wrong; they are weak; their heart is weak; they do not have the strength to go out there and fight for the people of this country. They are saying that they do not totally agree with it, but that they have no choice because that is what is being foisted upon them by the agencies abroad. I do not accept that.

#### **4.20 p.m.**

I should have preferred to hear from the other side that we have gone to bat for this country, we argued in this way and that way and we have been able to get this and that against the total picture. We are not hearing that. I get the distinct impression that the Government has accepted everything *carte blanche* and are saying, "Well boy, this is something we cannot fight, let us just go with it and make the best of it." I find that quite unacceptable, and the people of this country also find it so.

What are we going to tell the people on the breadline? Can we tell them that we had no choice? That will not help their positions when they have not got jobs; that will not help their positions when their children are crying for food. They cannot tell their children, "Well, the Government had no choice." It is not going to solve that problem. I read in the newspapers some weeks ago, when the Prime Minister came back from the United States, that \$50 million was accessed as a safety net. What we want to find out is, how is that \$50 million going to be used? Are we going to give handouts? Are we going to use it like the ECHO programme? Are we going to give it away? Is it going to be another "ten days"? Or are we going to put it into productive use and teach people, show people and redirect them?

There is a great need in this country for jobs for children coming out of school and university. Yet, there are some jobs available for which you cannot find people. It seems to me that our education system is, perhaps, not in keeping with our socio-economic policy, if there is one. I tend to feel, and the people who are qualified and cannot find jobs would like to know at some point that there is an authority that will say to them, "Look, those of you who like dentistry ought to study it because by the year 1995 we shall need 500 dentists in Trinidad and Tobago." We need to say that the Trinidad and Tobago market will be able to accept 400 chartered accountants—so therefore, that is a way in which you should go—in 1994, we shall need 10 petroleum engineers; we shall need 5 agronomists; we shall need two merchants to sell cloth, so maybe that is what you ought to study.

The point I am making is, we should direct our education and training to the needs of the country, so that there will be fewer frustrated people who are out there just willy-nilly with qualifications and cannot find jobs. I am not saying that is the answer to our problem but, certainly, it would help a great deal. I do not think that my suggestion is a novel one; I am sure that this has been suggested before in this Parliament. Somehow, I get the feeling that this present Government listens a little more than its predecessors. And I give them credit for that. I give them credit for that because the Minister of Finance listened attentively when we spoke, and therefore, adopted one of our suggestions that will save this country millions of dollars. The Minister of National Security also did the same. I am hoping that today they will listen and put some of the suggestions which they find worthy in implementation stage so that we may really build a better country. I hope that they will take that into consideration.

In 1986, prior to the NAR's taking office, they stated that they were not going to the IMF, they did not want to have anything to do with the IMF and the World Bank. However, right after that they went to the IMF and the World Bank. In my view, this is a dishonest thing to do especially since—

**Sen. Kuarsingh:** Just to correct the record, Sir. I am not aware that before the election our side said that we were not going to the IMF—*[Interruption]* I beg your pardon.

**Sen. Hosein:** Mr. President, I will donate some hearing aids because we always have this problem. I will get a cheap contact in the Far East for hearing aids because we are not making them as yet.



**Hon. Senator:** We deal with quality, not cheapness.

**Sen. Hosein:** Mr. President, the previous Government indicated this and took this country down the IMF road without consultation with the public. I am not arguing the fact that they went down the IMF road. I am saying that they did not consult the public of Trinidad and Tobago. The same thing is happening with this Government. We are going down the trade liberalization road, high debts, and there is no consultation with the public. This is a trend that I should like to see finished with. The public of Trinidad and Tobago deserves better than that.

I wish to warn the Government that the kind of people we are dealing with today are not the same people that we were dealing with 10 years ago, so your policies of 10 years ago will not work today. You are dealing with an enlightened population who will not take nonsense from anybody. Having removed the PNM after 30 years, it becomes very easy to remove anybody; as we have seen, they removed the NAR. More than that, they do not have the patience of our President; they do not have the patience of our Leader on the other side. I say this with all the seriousness that I can muster. They are an impatient people.

Therefore, your technique in dealing with these people must change. You must communicate with them. You must tell them where you are going and how you plan to go. You must communicate that to them. You must bring them into your confidence, you must convince them. If you do not do that, you will be looking for trouble, something that side neither wants—none of us wants that. But we cannot control what the other side does, we can only ask or beg. We will do our part and we hope that the other side will do its part.

When we do not spend the public's money properly, when we take money for development purposes and pay foreign debt, the services that this country deserves it will not get—services at the hospitals, including at St. Ann's Hospital where 13 persons have died. We were told that it was salmonella poisoning and we were told that nobody is to be blamed. We see Caesar investigating Caesar, and I have a problem with that. I cannot see how that could ever be fair. I am told that nobody was able to examine the egnog.

**4.30 p.m.**

If Caesar is investigating Caesar, a lot of things will be thrown away, a lot of evidence will be lost, because there is a vested interest in making sure that who is to be blamed is not called to book. This is one of the problems that we are going

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to have in this country. It is strange; in any other country, we would have had the resignation of two people—the person in charge of all the hospitals would have resigned and, of course, Mr. President [*Interruption*]

You do not have to resign because you are temporary, but if you want to resign as temporary you could do that—and you would have had, Mr. President, in more advanced societies the Minister offering his resignation. But we have not reached that stage in this country and I feel sorry that we have not reached that stage—

**Mr. President:** The sitting of the Senate is suspended for half an hour. We will resume at 5.00 p.m.

**4.32 p.m.:** *Sitting suspended.*

**5.00 p.m.:** *Sitting resumed.*

**Sen. M. Hosein:** Mr. President, when we adjourned, I was winding up, and I believe thus far, we, on this side of the Senate, have made a credible case to the other side, to put their house in order, to give us more information, and by extension, give the people of Trinidad and Tobago more information, so that we may understand all the pros and cons of the public debt and trade liberalization, for they are both tied together.

The public has been called upon again to shoulder further burdens. As we have seen, the burdens will continue because there will be further borrowing. The Minister of Finance earlier on, I think it was last Tuesday, in answer to a question, gave us a rundown on further borrowings. Therefore, Trinidad and Tobago will have fewer dollars to spend on development and on the amenities that are required to run our beloved country.

The rewards that the community of Trinidad and Tobago receive in comparison with the burdens we are carrying seem to be an imbalance. Because up to, say, 1985, when the public debt was less than half of what it is now—and look at how much we have borrowed since then and what we have received for it. If you look at what gains have been received by the taxpayer, you would find that there is very little to show.

This is why we on this side of the Senate, feel that we need to get further explanation so that the people can understand that if they are to shoulder more burdens, and what rewards are they going to get for it. Because during the past five to six years our standard of living has not improved. As a matter of fact, one would say that it has deteriorated. If you look at the middle and upper-middle

income earners, they have fallen. As a matter of fact, there are just no middle-income earners in Trinidad and Tobago any more. They are now called "the new poor." The burdens of debt and taxation are weighing them down. If it is that we are going to borrow more money, we must say precisely what these moneys are going to do and we must say in clear terms what the rewards will be if we borrow. The people want to know that. And I think we must say that in clear and unambiguous terms.

I read in the newspapers this morning—I did not have time to read the whole thing—but from what I saw in one of the newspapers, liquidity is going to be tightened again. This will occur once more due to the borrowing of this Government, locally. This, again, is frightening, because less than a month ago, the Minister of Finance went on record as saying that the liquidity situation had improved a bit and things were getting less tight. Now reading this statement in the newspapers this morning scares me a little. I think that the Minister—I am glad he is present—will explain this see-saw that is taking place.

Because the business community simply cannot operate in a system where the message coming from the Government is mixed. One moment you hear, the liquidity is tight, which we all know, and we hear it is loosening a little, then this morning you hear it is going to get tight again because the Government is borrowing locally, albeit it may be necessary to do that.

But the message that is being sent to the business community is not clear, and when this is so, I think the Minister of Finance knows very well that is not going to encourage investment. People will hold back their investments and that is not a good thing, because when investments are held back, job-creation is at a minimum. This is not what we want. We want job-creation to accelerate so that there are more jobs for the people.

Much has been said about foreign investment, and perhaps the Minister of Finance can tell us how far we have gone with this, because we need it tremendously and we need to provide jobs through foreign investments. I know the Government is only five months old and I do not expect miracles in five months. We are not going to get it and we are not expecting it. What I expect to hear from the Ministry of Finance in his contribution today, is that, "we have done 'x', 'y' and 'z'; if this is promising; this is on stream and if these come to pass within, say, a year, we expect to provide 'x' number of jobs." I think that is fair. We are not asking for too much.

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I think we need to know that so we may ease the minds of the people out there who are looking for jobs so we may give some kind of hope on that mountain of despair. I hope we can hew out a stone of hope. That could come if the people on the other side would give that kind of information so that people would understand.

Much has been said about free trade and Caricom. We just ratified an agreement with Venezuela. But what are we looking at? Our Prime Minister is talking about getting an agreement going between Barbados, Guyana and Trinidad and Tobago. That is not much more than two million people. I do not know what we can do differently now that we have not done in Caricom.

I know, because it had been frustrating for me because I was involved with the Minister of Finance—he was Minister of Trade in those days—trying to get Caricom to play by the rules and trying to push Caricom further to cement that kind of relationship. I played a small part with that Minister, a pleasant relationship we had. But we were frustrated in trying to get that done. So I understand the thinking and perhaps out of these two, they are thinking that they can get something going. But what we are looking at here is a very small market. That really cannot help us too much, because the Guyanese economy, as we know, although it is showing some signs of a turnaround, is very poor and sluggish. The dollar is very low. I do not know what we can get out of that at this time.

**5.10 p.m.**

I heard some of the Senators opposite in another debate talking about thinking big, and I agree. But we cannot be thinking big if we want to join up with Guyana and Barbados. That is not thinking big. That looks like we are thinking puny. Therefore I cannot support that kind of thought in the context of thinking big. I feel the way we ought to go is to look at joining the Mexico/Canada/US trade pact and then we would be doing something, whether in unison with all of Caricom or whether we go alone, whatever is necessary. We need to get out there and do our thing. If they do not want to come with us, well, shake hands and say nice fellows, when you do make up your minds join us but we are going for the bigger markets. *[Interruption]* The Minister is telling me he has already started negotiations. I am very happy to hear that. I know he will give me the details when he makes his contribution.

We need to join that kind of treaty because we are looking at big markets. We are looking at markets there pretty close to nearly a billion people. It is a lot of

people and the market is large and we need to get into that kind of trading bloc. Then we would be doing something serious.

We need not simply have trade agreements. We need to have agreements that will enable goods, capital and labour to move freely. If we can do that, I believe all of us would be smiling. I know that I would be smiling and I know that the majority of people in Trinidad and Tobago would be smiling. Then you can set your course and have your manufacturers adapting to suit a market of that size. Then you will have your manufacturers linking up with people in the United States because they will see the benefits.

We do have fairly cheap energy in Trinidad and Tobago, we have a literate population, a fairly well-trained population of workers and so on. We have much to contribute and we can hold our own in collaboration with our partners from the North. I feel that is the way we should go and which I recommend. I am glad that the Minister of Finance indicated to me that there is some kind of gel in our thinking and I would really hope that that is so and we will be doing that in the not too distant future.

So much has been said about foreign investment. We all know that we are fooling ourselves if we cannot show that there is a market for these goods that we are talking about. No big company, apart from the petrochemical sector, is going to come into Trinidad and Tobago and look at markets of Barbados, Guyana and Trinidad and Tobago with little above 2 million people. No way! You have to be a part of that trading pact whereby people will know that they have a guaranteed size of the market, a market that has plenty money. That is important. I hate to go too much on the money end of it but through no fault of mine that is the way the world runs, with money. Therefore, we have to give it due respect in whatever deliberations we make.

In winding down my little contribution today let me say I think that this motion which my worthy Senate colleague has instituted is very timely. It has come at a time when the Government is only five months old and which is a good time to talk about things like this. I think that he has done a good thing. I believe coming out of the debate today will be quite a lot of information and I do hope that the press will give due respect to the debate that we have had so far in this Senate. I know we are far from done and there is much more debate to come so that the people out there will understand what is being debated, they will understand the pros and the cons or at least part of it.

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This debate will not go to the Lower House, and that is a pity, but the Government in its wisdom might decide to have a forum by means of which all the communities of Trinidad and Tobago could participate in an exercise like this. I believe that it is required that the population—because we have many thinkers out there who are not in this Senate. The university is full of them and some of them are really good thinkers. There are also many people out there who are not at the university but who have contributions to make. I wish to recommend to the Government that it institute that kind of forum so that this debate can be extended. I thank you very much, Mr. President.

*Motion made and question proposed, That the Senate do now adjourn to Thursday, May 28, 1992 at 1.30 p.m. [Hon. L. Saith]*

*Question put and agreed to.*

*Senate adjourned accordingly.*

*Adjourned at 5.16 p.m.*