

SENATE*Tuesday, March 9, 1999*

The Senate met at 1.30 p.m.

PRAYERS[MR. VICE-PRESIDENT *in the Chair*]**HER MAJESTY THE QUEEN
(COMMONWEALTH MESSAGE)**

Mr. Vice-President: Hon. Members, I just want to draw to your attention a message that was sent to us on the occasion of Commonwealth Day 1999 from Her Majesty the Queen, Head of the Commonwealth. This should have been circulated, so I would not read it, but I draw it to your attention. Commonwealth Day being March 08, 1999, which was yesterday.

LEAVE OF ABSENCE

Mr. Vice-President: Hon. Senators, I have granted leave of absence to Sen Selwyn John for the period March 04—09, 1999. I have also granted leave of absence to Sen. The Hon. Daphne Phillips with effect from March 09, 1999.

SENATORS' APPOINTMENT

Mr. Vice-President: I have received advice from His Excellency the President that he has appointed Sen. Roodal Moonilal as a temporary Senator with effect from March 09, 1999 and continuing during the absence from Trinidad and Tobago of Sen. Selwyn John. His Excellency the President has also appointed Sen. Kelvin Ramnath as a temporary Senator with effect from March 09, 1999 and continuing during the absence from Trinidad and Tobago of Sen. The Hon. Daphne Phillips.

OATH OF ALLEGIANCE

Sen. Kelvin Ramnath and Sen. Roodal Moonilal took and subscribed the Oath of Allegiance as required by law.

PAPERS LAID

1. Report of the Auditor General of the Republic of Trinidad and Tobago on the accounts of the Princes Town Regional Corporation for the year ended December 31, 1995. [*The Minister of Finance (Sen. The Hon. Brian Kuei Tung)*]

2. Report of the Auditor General of the Republic of Trinidad and Tobago on the accounts of the Trinidad and Tobago Television Company Limited for the year ended December 31, 1997. [*Hon. B. Kuei Tung*]
3. Report of the Auditor General of the Republic of Trinidad and Tobago on the accounts of the National Broadcasting Service of Trinidad and Tobago for the year ended December 31, 1997. [*Hon. B. Kuei Tung*]
4. Report of the Auditor General of the Republic of Trinidad and Tobago on the accounts of the Public Library of Trinidad for the year ended December 31, 1997. [*Hon. B. Kuei Tung*]
5. Annual Report of the Central Bank of Trinidad and Tobago for the nine months ended September 30, 1998. [*Hon. B. Kuei Tung*]

ARRANGEMENT OF BUSINESS

The Minister of Public Administration (Sen. The Hon. Wade Mark): Mr. Vice-President, today is not Private Members' Day. However, I seek leave of the Senate to deal with Motions under Private Business instead of Government Business.

Agreed to.

ECONOMIC PHILOSOPHY

[THIRD DAY]

Order read for resuming adjourned debate on the question. [November 24, 1998]

Whereas in early post-war years the economy of Trinidad and Tobago was actively redirected to providing enhanced infrastructure and higher incomes to the population through a policy of localisation and industrialisation and planning; and

Whereas with the slowing down of the industrial boom worldwide in the sixties there evolved a policy of public participation in industrial enterprises culminating in the resource-based industries at Point Lisas; and

Whereas with the third oil shock and the new liberalisation paradigm there has been since the eighties a move towards divestment and trade liberalization; and

Whereas economic activity thrives best in an atmosphere of clearly understood and stable economic policies;

Be it resolved that the Government of Trinidad and Tobago articulate its broad economic policy particularly regarding public participation in industry, economic liberalisation and human resource management and its strategies for furthering the economic well-being of the nation. [*Sen. Dr. E. St. Cyr*].

Question again proposed.

The Minister of Planning and Development (Hon. Trevor Sudama): Mr. Vice-President, let me say that I am happy to have the opportunity to participate in this very important debate, which seeks to have the Government articulate its broad economic philosophy with respect to public participation in industry, economic liberalisation, human resource management and strategies for further economic well-being of the nation.

My point of departure is that the ultimate aim of economic philosophy and indeed the strategy which emerges from that, is the advancement of the well-being of a nation and its citizens. In other words, how to maximize the productive efforts of a society and how to have as equitable a distribution of the fruits of one's labour.

1.40 p.m.

Therefore, implicit in this articulation of our philosophy is the conception of how best the resources of a country could be utilized to achieve this ultimate end. But before I proceed to outline the Government's position, let me make three points.

The first is that economic development is not only a matter of economic philosophy and strategy. We must take into account the cultural and institutional framework which influence such development; whether such a framework facilitates or inhibits development—and here we are speaking of the attitudes, the tendencies, the awareness, the motivation of the people of a country; what emphasis is placed on production as against consumption; thrift against profligacy; discipline against licence; self-reliance against dependency; initiative and enterprise as against complacency and risk aversion.

Secondly, does economic philosophy and the policy that arises from it, need to adapt to changing times and circumstances? There is no such thing as a fixed economic philosophy which must be attuned to the times in which we live.

Thirdly, in the notion of adherence to an economic philosophy in the concept of the role of the state, what ought to be the function and role of a state in the articulation of that economic philosophy?

So that, to state it as simply as I can, the position of the Government which has been stated before and which needs to be restated, is that the Government sees private-sector-led economic activity as the engine of economic growth and advancement; that the Government envisages that growth will be generated, by and large, by private investment whether that investment is local or foreign.

Therefore, arising from this, its strategy and, indeed, its policy will be to remove all unnecessary impediments to private investment and to provide adequate and appropriate incentives to such investment. Therefore, in this regard, the Government will act generally as a facilitator of such investment and will minimize its participation directly in economic activity.

The Government has an obligation to provide the necessary infrastructure itself, or to ensure that such infrastructure is provided, whether it is physical or social infrastructure, whether it is the legal, the institutional, the administrative, the regulatory and financial framework; whether it has to do with an adequate level of utilities being provided; whether it has to do with a proper telecommunications infrastructure: the Government has this responsibility to ensure that the adequate level and kind of infrastructure is provided.

But the Government also recognizes that economic philosophy is not a matter of pure ideology and, given our own developmental needs, reserves the option to act as a catalyst in promoting investment through direct strategic intervention, that is, through a process of investment and eventual divestment. This is the philosophy that has guided us, for example, in participating in the Lowlands hotel development project in Tobago where we went in with direct investment, got the thing going and then, ultimately, we will see how best to divest ourselves of participation.

Government, however, has inherited a portfolio of direct investment in economic activity through the state enterprise sector. Its position here is that while it is committed to divestment, some discretion must be exercised in determining the place of divestment and creating the appropriate conditions where such divestment will bring maximum benefit to the economy and to the country.

Government has undertaken to rationalize the state enterprise sector to boost economic efficiency and improve resource allocation and, in doing so, it will be guided by certain criteria in evaluating state equity holdings. Among these criteria are:

To determine the strategic national significance of its involvement;

To determine how much the public interest is being protected and will be protected via divestment;

To decide on the validity of the mandate that was given when the enterprise was first initiated;

To look at the whole question of optimal resource utilization in deciding what to do with our state enterprise sector or elements of it.

We also have to look at the viability of the enterprise and the question of how efficiently it is operating within the market in which it is engaged; also, what are some of the requirements for long-term competitiveness of the enterprise, whether, given the emerging trends, there is the inherent capacity in the enterprise to be competitive. Then, of course, look at the whole socio economic implications of its continued participation or the possibility of divestment. Therefore, the strategy is to reduce state participation in economic activity to what is considered absolutely necessary for development and maximum resource utilization.

Government's position has been influenced by the country's experiences of the 1970s and the 1980s where there was considerable state intervention in the economic sphere. The question that arises is: What is Government's capacity? What can it best do? Should it get involved directly in economic activity as a matter of principle or as a matter of priority? Or, should it stay away, exercise its discretion and create the infrastructure and facilitatory environment?

Sen. Dr. St. Cyr, in moving the Motion, referred to Government's establishment of the Iron and Steel Company and that expectation of profits was premature. We have no quarrel with the original intention of Government getting involved to serve as a catalyst; however, there were no profits for about 10 years. In fact, there were increasing losses and by 1988, the company was losing almost \$1 million per day. Having come and confronted such a situation, the Government of the day had to act and we decided on a process of divestment.

When this steel company was divested, Mr. Vice-President, there was an immediate turnaround when it was leased to ISPAT—private sector involvement, private sector managed and controlled. There were no new investments. All there was, was a change in the key management staff and immediately, within a matter of months, there was a turnaround. Therefore, the question arises: Is Government's role one which should be involved so intimately? Having served as a catalyst, when should it get out and when should it allow the private sector its head in promoting activity?

Now, the Government's policy of supporting new industries and infant industries is accepted in principle. However, if there is a lack of oversight, if there is a lack of monitoring and adherence to benchmarks, what happens? These infant industries never grow up; they live in a protected environment which results in gross inefficiencies, misallocation of resources, high costs and low quality of products.

Therefore, complementary to Government's strategy of reliance on private sector initiative and investment, Government is actively considering a rationalization of fiscal incentives to provide a framework for investment facilitation. The objective is to facilitate investment, as well as to provide a reasonable contribution to the revenues of the country.

Mr. Vice-President, if I may outline the elements of this incentive strategy with the twin objectives in mind. As a matter of policy, all corporations should make a contribution to government revenues and, therefore, should pay some portion of tax, therefore, there ought to be no automatic grant of 100 per cent tax relief. [*Desk thumping*]

Secondly, again as an incentive, the corporation tax is to be reduced from the current level of 35 per cent as and when the situation warrants.

Thirdly, except in special circumstances, new investments should be granted as fiscal incentives, 15 per cent relief in corporation tax for up to 10 years; that tax holidays for plant expansion of existing energy-based industries be discontinued, and that the use of accelerated depreciation allowance be explored as a less costly option to tax relief through tax holidays. Notwithstanding the above and in order to proceed and promote the diversification of the economy, special consideration will be given to certain preferential areas, which the Government wishes to encourage. I just mention three such areas.

First, the downstream industries. For example asphalt, forestry, ammonia, methanol, metals and those activities which can be encouraged downstream.

1.55 p.m.

Then there are the emerging sectors which you want to promote. And some of these sectors are recreational, marine, agribusiness, floriculture, entertainment, information technology. And then thirdly, what we would wish to promote as well are the knowledge industries such as research and development functions, service centres, the promotion of business and operational functions, the business hub, software development and high-tech industries.

We have also decided that while we are encouraging investment from overseas, we would negotiate with those investors to make a commitment to the following areas so that there can be an increase in national stakeholding and there can be more sustainable development and that in the areas of technology transfer, special arrangements would have to be made as to how much research and development is undertaken locally, how much contribution they make to the education and training of the work-force and indeed for education and training generally, how much support they give to domestic industry.

We want to encourage them to widen their equity ownership so that more equity is available to locals and that the divestment of at least 20 per cent of their equity should be in favour of nationals over a period of time; that they ought to co-operate with the monetary authorities in the management of the exchange rates of Trinidad and Tobago and also, of course, to adhere to the most enlightened environmental health and safety standards. So that while we are facilitating foreign investment, we also want that foreign investment to commit itself in a way that we will promote sustainable development in this country. In order to do this we will be establishing a committee to oversee the commitments and how these commitments have been realized over time.

In the area of legal and administrative facilitation, we are bringing to Parliament, I am not sure if it is ready to be put on the table of the Senate, the Investment Promotion Bill. [*Interruption*] It is before the Senate. In that Bill we will attempt to speed the process of the granting of approvals and, therefore, the responsibility of the Tourism and Industrial Development Company and the National Gas Company will be to evaluate applications and make recommendations to the relevant Minister within 20 days of the receipt of applications. The Minister is to seek the approval of Cabinet within 20 days and the applicant will be notified within five days. So that, having set those deadlines in place, we are going to have a process where there is certainty on the part of the investor that he is going to submit his application, have it evaluated and considered and not hanging there for years and years.

There is also the question of the availability of lands as a constraint to development. The solution to this that the Government has embarked upon is to develop industrial sites, alternative industrial sites, and dispersed throughout the country in suitable locations and not to try to build an industrial site on asphalt as was attempted by the last regime—in suitable locations and, of course, together with that, to develop the associated infrastructure.

Mr. Vice-President, in view of global developments—and Trinidad and Tobago is an island but not an island unto itself—we have little option but to accept the principle of economic liberalization in matters of trade, in matters of capital movement, in matters of accessing funding and financing, and we have little option but indeed to be guided by the operation of market principles.

I need to restate this because perhaps there is some concern. It is generally proven that markets facilitate greater efficiency in production—and we are talking about domestic markets as well as global markets; that they are mechanisms for better allocation of resources and that they reduce waste; that they supply goods and services in demand and increase their availability. They encourage improvement in technology, risk taking and innovation and internationally they encourage specialization and exploitation of comparative advantage and have resulted in the expansion of world trade.

However, the Government is fully aware that the market has its down side; that the market facilitates speculation, in which case we have to put in place a suitable and appropriate regulatory framework; that the market may not provide all the necessary goods and services to meet the demands of the whole population and this, therefore, is a case for a measure of direct state intervention where this occurs; that the market does not deal with distortions emerging from monopoly situations.

Of course, in order to correct this we should have a better competition infrastructure in place and therefore Government may be required to intervene directly or through measures to regulate the operation of market forces. As you will recall, Mr. Vice-President, we have already passed legislation for the Regulated Industries Commission and that will become active in a short while. Through the operation of the markets, there is emergence of inequality and disparities that have been experienced.

But how do we deal with the emergence of inequalities and disparities? The correctives are with promoting of skills training and the empowerment of people. We have to provide the infrastructure so that in areas which are depressed and so on, additional infrastructure will enable more evening, creation of more equal opportunity and, therefore, we have to focus on the communities in our developmental strategy in the provision of such infrastructure and, of course, in providing extra incentives for industries to go into areas which are not generally favoured.

Now, of course, the operation of the market does not guarantee an expansion in employment and I think the Senator made that point. There is no option available if that is happening. There are only two options available, that we increase the level of investment which is taking place and that we upgrade the skills of the labour force in order to be able to accommodate the trends in the market. And therefore what we have to encourage, what we have to promote, is an adaptable labour force.

In order to do that and in order to deal with a situation where employment opportunities are not being created as fast as we would like them to be created, we have to realize the potential and comparative advantage of the various sectors of the economy and what we need to do is to convert comparative advantage into competitive advantage. In order to do this, Mr. Vice-President, the Government has embarked on a policy to promote entrepreneurship and enterprise especially at the small, medium and micro enterprise level.

We have stated this time and time again, that we cannot continue to have the level of reliance on the energy-based industries that we have had in the past and, therefore, in order to diversify the economy, we will have to look at expansion and development in the other sectors of the economy. We have said so time and time again and we have identified those sectors and those sectors are agriculture and manufacturing, non-oil manufacturing, and the tourism industry and indeed certain services where we feel we have some measure of advantage.

If I may just briefly indicate, with respect to the agricultural sector—and since I am dealing with this matter at a general level—we are currently planning and embarking on a reconstruction of the agricultural sector. We are tackling the problem of Caroni and shortly an announcement will be made. [*Interruption*]

Well the PNM had the problem of Caroni for how many generations and what did they do about the problem of Caroni?

We have to address the question of the provision of infrastructure where we are putting more and more emphasis on the infrastructure for agricultural development. We are in the process of a programme of land distribution and the provision of incentives. The Ministry of Agriculture has announced a whole programme of incentives for agriculture to deal with the question of access to credit, to markets, technology and information. On the legislative side three Bills will be coming to the Parliament dealing with land tribunal, land registration and land adjudication which will facilitate the working of the market in land, which has been one of the real problems in trying to promote agriculture in this country.

We are also bringing to Parliament the Agricultural Small Holdings (Tenure) Bill which, when it comes to Parliament and is approved, will then facilitate the distribution of lands that we have promised with respect to Caroni (1975) Limited and other state lands to private farms in order to encourage more private sector investment. That is the whole objective. State involvement in the agricultural sector has been seen not to work and therefore we have to embark on a strategy to encourage more and more private sector involvement in the agricultural sector. That is the position we have adopted.

There are a number of constraints which we have faced and there are a number of current initiatives we are taking and there are a number of initiatives that we will take into the future.

Sen. Prof. Spence: Mr. Vice-President, I wonder if the hon. Minister would just expand a bit on the necessity for using the Agricultural Small Holdings Bill in order to distribute Caroni lands? Would it not have been easier to transfer that land to the state and then distribute it from the state, which is not covered by the Agricultural Small Holdings Act?

2.10 p.m.

Hon. T. Sudama: Mr. Vice-President, I am advised that in order to deal with this and get around all the impediments that are associated with the current law, we need to pass this in order to facilitate the transfer to the private sector on lease.

Sen. Prof. Spence: That is correct as long as Caroni (1975) Limited is considered a private company, but since it is a state enterprise it seems to me a different route would have overcome the difficulty by transferring the land to the state, where the controls, perhaps, would be better than the controls that can be exercised by Caroni (1975) Limited under the new Act.

Hon. T. Sudama: We have an ongoing programme of transferring state lands to farmers, and we intend to intensify this programme in order to promote agriculture. At the same time, we are going through the process of devising a land-use policy that would identify the most suitable lands for agricultural purposes. Those lands which fall under the purview of the state will then be given priority for distribution.

With respect to human resource development we are currently upgrading the education system at all levels: preprimary, primary, secondary and tertiary levels, and putting the emphasis on science and technology, and on preparation for the

workplace. We have in place computer literacy development programmes. We have the expansion and reconstruction of curriculum at the secondary schools, while at the same time we expand secondary and primary school places.

We are proceeding through the National Skills Development Programme which is market-oriented and driven, and we are paying particular attention to education at the tertiary level, at the University of the West Indies and the National Institute of Higher Education, Research, Science and Technology, where we are seeking expansion, orientation to science and technology, putting emphasis on graduate programmes and market driven research at the tertiary level. The objective is really to give citizens the capacity in the end, to produce quality goods and services efficiently and which are internationally competitive. In today's world that is the only route to seeking independence.

Mr. Vice-President, with respect to the terms of insertion into the world economy, we are saying that, in the evolution of the world economy there is a dynamic situation that is fast changing and largely beyond our control. The Government is assisting exporters to enable them to compete. We are providing fiscal incentives—and this is all within the philosophy that I articulated earlier—export allowance, credit through the Export/Import Bank, identification and pursuit of niche markets, access to markets through trading arrangements, admission to blocks and through bilateral arrangements, in order to consolidate ourselves so that this small country has a chance in the global market.

One of the other critical areas that has hindered development is the whole issue of how much we save, and how well what we save is invested for productive purposes. To date, we have a situation where the national savings rate is 13.5 per cent which is relatively low, by international standards, when we compare ourselves with those fast developing countries of the world. What we need to do—and we have provided some incentives through the budget and otherwise—is to increase the level and volume of savings—the Minister of Finance has spoken about the pension reform programme which we hope would do this—and also to have more opportunities for those savings to be invested, because this would encourage a higher rate of savings.

We have been strengthening and expanding the Stock Exchange, we are putting the regulatory mechanisms in place, the Securities and Exchange Commission. We have gone into the issue of venture capital and have strengthened the Small Business Development Company to focus on small business and the availability of credit to micro enterprises. We have set up the

Energy Holdings Company in order to give a greater stake holding to locals in the energy-based industries. We are looking closely at the role of banks and pension funds in order to broaden the scope of the availability of savings and, indeed, for their productive investment.

With respect to foreign direct investment, the Senator did say that if we have too much of that it is a threat to our independence. The only way you can reduce your reliance on foreign direct investment is to save more yourself, and if you are not doing that then there is little option if you want to develop economically.

I want to emphasize that there is no such thing as absolute independence for any country, whether big or small, and that is in a sense an illusion in an interdependent world. The degree of independence is dependent on how well one manages the terms on which one competes in the outside world and this, as you are aware, is more difficult for smaller countries. Some countries have managed to compete effectively on the basis of the development of their human resources, their capacity to save and the acquisition, adoption and utilization of technology. They have done that, and that is the route we have to take. Therefore, acquiring a measure of independence in the world is dependent upon developing the capabilities for competitiveness, adaptability, product innovation, market penetration and indeed, for the forging of appropriate alliances in the world.

The development thus far in our history has been premised on the pursuit of a resource-based strategy, and this will continue in the immediate future, though in a modernized way. We have our energy resources, our agricultural resources and indeed, our marine resources, and to date we have used these in one form or another to create primary or secondary products, and that has been the basis of our development. While we have to continue for a time in this way, the assumption was that in having a resource-based strategy of development, the surpluses you get from the exploitation of your natural resources—which are largely non-renewable—would be utilized for the provision of critical infrastructure and financing human resource development. That is what the assumption was, that if you do that and exploit your natural resources and utilize them in this way, you would have created the platform for some sustainable development.

To the extent that our economic well-being still depends on the exploitation of our hydrocarbon resources, this strategy still has some relevance. But we must learn from our experience, and we must have discipline and purpose. In this context, I want to quote the Senator's observation in his statement. He said that the financial resources that had been growing in the period of the 1970s and 1980s—

and I think we went into a decline in 1983—suddenly dried up. But the question arises that the financial resources which had been growing—how were they used? So that the focus really should not be on the drying up of the financial resources, but on the utilization of those financial resources. There were huge amounts when, in fact, we had the oil boom of the 1970s and 1980s.

What we recall is that some investment was made in infrastructure in those years, and some in human resource development, but that was merely a portion of the huge surpluses we had in those days. To a large extent, the surpluses were frittered away in waste and squandermania. There were ill-advised investments and excessive consumption. Those were the days when "money was no problem" to satisfy any whim and fancy. Those were the days of government to government contracts; 100 per cent wage increases, whether they were deserved or not; unbridled consumption of foreign goods; payment for no work; two-tiered exchange rate with all its implications for manipulation and flight of foreign currency and massive cost overruns—one only has to record what happened at Mount Hope, the Twin Towers or the Hall of Justice. [*Desk thumping*] There were massive overruns—

Hon. Member: Twin Towers - \$300 million!

Hon. T. Sudama: —and no accountability for huge public sector investment.

Therefore, the old adage is: he who does not learn from his mistakes is bound to repeat them. Therefore, while we have recorded that phase of our economic development in the 1970s and 1980s, we must learn the lessons of that development.

2.25 p.m.

And one of the lessons that we have not really learnt is that we have not made a concentrated effort to diversify the economy of Trinidad and Tobago. No such effort had been made and therefore, it was left for us to put the emphasis on agriculture, to put the emphasis on small business development, to put the emphasis on the manufacturing sector, on tourism, and on services.

If I may just Mr. Vice-President, indicate what we perceived as the constraints in these areas as to the Government's strategies, the perception of what the constraints are, the analyses of the constraints, and then initiative to remove those constraints and allow private sector development to take its course.

Economic Philosophy
[HON. T. SUDAMA]

Tuesday, March 9, 1999

In the agricultural sector, what we have there is the absence of the large and stable category of farmers, and the general perception that agriculture is an occupation of last resort. Once you have that thinking, that sentiment prevailing, you are not going to have agricultural development.

What we have in the agricultural sector is utilization of vast tracks of land for internationally uncompetitive agriculture. We have the poor and deteriorating state of infrastructure, and we have praedial larceny. We have the high cost of agricultural inputs, and the fact that these inputs are sourced externally. We have the accent on linkages with other key finance sectors. We have the high cost of agricultural credit and market related products. We have the lack of legislative reforms: the question of land rights and issues of tenure. We have inadequate access of roads to agricultural lands. We have inadequate social amenities and utilities in the rural areas; and we have insufficient information on markets particularly for export and information.

Mr. Vice-President: The speaking time of the hon. Minister has expired.

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

Question put and agreed to.

Hon. T. Sudama: Thank you Mr. Vice-President. I am merely using this as an example to indicate to this House that we have given serious thought to the issue of diversification and its sectors, and that as we proceed, we are putting in place a strategy to deal with those constraints; and we have certain current initiatives and derived initiatives which will come in the future.

Our current initiatives Mr. Vice-President, include implementation of an enhanced agricultural incentive programme, the continued implementation of the agricultural sector reform programme; and this is being done through funding from the Inter-American Development Bank. We are improving the agricultural infrastructure; we are constructing markets in strategic areas; we are rehabilitating roads under the Rural Access Road Programme, and under a direct programme of the Ministry of Agriculture. We are pursuing a Water Management Programme; we are establishing fishing facilities to increase productivity, and we are doing a number of things to increase agricultural productivity, generally.

We are initiating an Agricultural Land Information System. We have established a livestock board to promote the development of the livestock industry.

We have continued the restructuring of the Agricultural Development Bank aimed at improving credit availability to farmers. We are finalizing a joint management fishing regime with Venezuela. We have taken initiatives to improve the legislative framework for the agricultural sector; and what we are going to do in the future. These are initiatives that are current, but will be pursued in the future.

We are increasing the efficiency of the research extension, the adoption process with supports from agricultural incentives, increased land ability, and improved infrastructure. We are seeking to adopt loss reducing technology by increasing the efficiency of agricultural research through co-ordination, operation, research institutions. We will ensure that one of the critical issues, information dissemination to farmers, is institutionalized—whether it is information on product, on sales, or on market technology. Whatever.

We are fast-tracking the removal of the deficiencies of the land administrative reform programme. We are speeding up the institutional strengthening of the Ministry of Land and Marine Resources, that in the future, the Ministry of Land and Marine Resources, would be one which would be a policy making and monitoring institution that will set the framework, and then that will implement the incentives for agricultural development.

We are devoting more resources for infrastructure in agriculture. We are developing and institutionalizing market information systems on regional and extra-regional markets and particularly niche markets; and we are putting in place all the mechanisms to ensure that farmers increase their productivity levels, and that they have adequate market opportunities.

Now, as I said Mr. Vice-President, I am dealing with these issues at a general level. This is not the time nor the place to go into the specifics as to what the Government actually is doing in terms of programmes. But, I also want to indicate to this House, what in the area of manufacturing we perceive as some of the constraints, and what strategies we are going to put in place in order to deal with those.

We have a situation where high levels of interest rates may preclude certain types of productive investments, and this of course has to do with the tendency of people to borrow from the commercial banks, and to borrow longterm from the commercial banks. Until we get a system where more savings are available for risk investment we are not going to deal separately with this question of the high levels of interest.

We have in the manufacturing sector a lack of an efficient export financing system that would effectively edge against exporting to extra-regional markets. We have an information network that does not provide adequate market information, that is low cost to local manufacturers and regional and extra-regional markets.

We have a lack of methodical and sustained research and development within manufacturing firms. We have delays and bottlenecks in the administrative framework. We have a mismatch of skills made of the manufacturing sector, and skills derived by the education system; and while we have employment opportunities in the manufacturing sector, you find that in certain instances what we are producing from our secondary and tertiary level institutions may not match.

We have a financial system that has not really been oriented to facilitate productive investment, but, has been oriented mainly to give credit for consumption purposes. We also have a legal framework that needs to be addressed; that is not conclusive. What we do not have, is a spirit of enterprise among sectors of the population—a spirit that will enable people to get into business, and to be self-reliant. We do not have that, and that has to be inculcated. We have to provide the opportunities and the infrastructure and, of course, we do not have the adequate framework to give the technological support to manufacturers: how to access available technology, and how to utilize that technology in their processing; and how to improve their productivity level and so on.

In order to address these problems, we said we are taking a number of initiatives. Mr. Vice-President, we have embarked on a strategy where we are going to deal with fiscal incentives, we are going to develop skills, we are going to develop infrastructure for the assessing of appropriate technology, we are going to get involved in competition, we are strengthening the role of TIDCO, and we are strengthening the Ministry of Foreign Affairs, so that their representatives in the various countries would act as trade facilitators as against only the people who are involved in foreign affairs matters.

2.35 p.m.

We will ensure that the Exim Bank is adequately capitalized. We will look to the initiatives being taken to see how best we could lower interest rates. We are trying to facilitate more equity participation of individuals in the manufacturing sector, and we have oriented our industrial policy to target some of the basic clusters—food and beverages—which have been doing very well, when you look

at the elements of the non-oil manufacturing sector. We are also targeting metals in engineering, chemicals and chemical-related products, and we are trying to see how best to facilitate the backward linkages into the economy to generate more employment opportunities, given a certain level of investment.

So, Mr. Vice-President, the question of flexibility of labour markets is something that we will address, which also has been a drag on the development of the manufacturing sector and, indeed, of other sectors.

Here, we have talked about looking at the issues of severance payments; pension reform and transferability of pensions; skills development and upgrading, and lastly, the issue of revamping and making the education system more relevant to the needs of the labour market.

We are also looking into the question of providing incentives to firms to engage in research and development, given the fact that we are a small country and the size of firms may not facilitate any large-scale research and development exercise. But, of course, if we work in collaboration with other external agencies we should be able to do some significant level of research and development which then, will be utilized to promote productive activity.

We should have a process of rewarding those firms which have gone ahead and become innovative and so forth. We should institutionalize the dissemination of information, which is one of the critical needs of today. There is much information available, and the dissemination of that information is something to which we have to pay specific attention, particularly where that information is obtained from Government funded research. This should be made available to firms.

We have in mind to establish an overall research and development centre by the year 2000 in collaboration with our Institutions of Higher Learning. There is also an administrative need to eliminate bureaucratic bottle-necks, and we have to fast-track the implementation of development approvals and permits. We are putting that in place. We have to speed up the VAT rebate process on import inputs. These are all matters which have been brought to our attention through consultation with the manufacturing sector. Having gotten all their views and so forth, we are trying to synthesize their views and re-orient our policy and strategy for the manufacturing sector.

As we go through all these measures, and as we adopt these strategies and implement them, we hope to create the right investment climate—the Senator in his statement said that we must have stable conditions and people must know what

Economic Philosophy
[HON. T. SUDAMA]

Tuesday, March 9, 1999

the economic policy will be for the future, and once they know that, obviously, there will be increasing levels of investment. Well, I think that the investors know that, and that is why we have had increasing levels of investment over the last three years in Trinidad and Tobago, because they are convinced that the investment climate is right and there is certainty and stability in Government's policy.

So, in order for us to achieve sustainable development and promote the welfare of the people—which is the end result of all our policies and programmes—there are no easy solutions and quick fixes, more so, given the legacy of all that we have inherited from the PNM regime.

We cannot diversify the economy overnight. The diversification of the economy has to be the result of a process. We cannot change the attitudes, the propensities and the consciousness of a people by law or fiat. That cannot be done. But, what we have done is embark on a course which is clear and which is under-pinned by the appropriate economic philosophy that I have articulated. The strategy is consistent and the policy is transparent and well-known. It has inspired investor confidence in the last three years, and I feel certain that it will continue to do so during the many years of the tenure of this Government.

Thank you very much, Mr. Vice-President. [*Desk thumping*]

Sen. Danny Montano: Mr. Vice-President, the question before us, obviously, comes from a very acute mind. It speaks to the very crux and to the very point as to where this country has reached on this day in 1999.

I would like to ask Members of this honourable Chamber why this question is burning in the minds of every citizen of Trinidad and Tobago. You cannot open a newspaper without this question being asked in one form or another. It begs the question: Why is this Motion so timely, so appropriate and, obviously, on the minds of every thinking person in the country? [*Desk thumping*]

We are more than three years into the tenure of this UNC administration and questions are being asked, and the questions are very specific, very specific and have obviously completely eluded the three speakers on the part of the Government and particularly, the speaker immediately before me. [*Desk thumping*] They speak to four specific questions and they are these: They require that the Government articulates its broad economic philosophy:

- (1) regarding public participation in industry;
- (2) Economic liberalization;

- (3) Human resource management, and
- (4) and most importantly, they are demanding that the Government clarify and define its strategies for furthering the economic well-being of the nation.

I could never have worded a question so brilliantly, because it speaks to the very heart of the people, and I commend Sen. Dr. St. Cyr for the brilliance of the Motion. [*Desk thumping*]

2.45 p.m.

Mr. Vice-President, what we face is this, we are three years into a regime and we, the people, are demanding of the Government to define itself, to tell us where we are going. We know that immediately in front of us, we are facing an economic crisis. How are we going to deal with this? What are the measures that are in place that are going to allow us to get through this? It is not rocket science; it is very simple. What you have heard on the part of the three ministers who spoke before me, was a classic example of vagaries. Nobody really understands the clarity that is necessary on the thinking on the part of the Government. It is very simple, and what Dr. St. Cyr has asked is this: he has asked that the Government define its broad policy, and then define its strategies for furthering economic well-being. And I would define that further for you later.

In between there, Sir, the question demands of itself that before you can define your strategies, you must define your objectives. And what we have not heard for three years is what the specific objectives of the Government are. On a sector by sector basis you must define your objectives, clarifying the issues. Tell everybody what it is you are doing and then your strategy follows quickly and resolutely from that statement of objectives.

I heard the Minister of Energy and Energy Industries speak, and I was appalled: I was completely appalled at the confusion in his contribution. He did not seem to understand the difference between policy, objective and strategy, and he confused the words in his statements over and over again. The speaker before me did the same thing; he completely omitted the idea of following any specific objectives as regards anything at all.

Mr. Vice-President, I would remind you that in reference to the speaker before me, when he started to outline some of the measures, strategies and things that the Government is now doing, this Government inherited strategies that were working,

and those strategies were clearly defined in terms of objectives, and were formulated from very clear-cut policies. [*Desk thumping*].

The good Senator, Dr. St. Cyr, began his contribution by outlining generally, what the economic strategies and policies were, coming forward from the post-war period. He indicated that immediately after the post-war period, the policies were to maintain law and order, to facilitate exploitation of resources by foreign capital. There was an emphasis on export of raw materials without regard to the development of local infrastructure. This certainly was the situation as it existed until 1956.

He indicated, also, that the 1950s was driven by Arthur Lewis' strategy, which was to develop secondary industry, create employment and increase investments. Those strategies basically were fiscal incentives and to see that secondary industries were to absorb labour. Of course, you would remember during the late 1950s and 1960s we had a closed economy and there was a policy of import substitution. That was the order of the day worldwide, Mr. Vice-President. The Senator said that to a large extent, those policies failed. I take issue with him on that point.

The Minister of Planning and Development referred to the private sector as being the engine of growth. He referred to the industries that are in existence today, because of the policies that were in existence in the 1950s and 1960s. It is those industries today, that can now be looked upon as the engine of growth for the future. Whereas, they may only have been partially successful, I know of quite clear reasons for that. As of now, they stand as very much the backbone of our local economy.

Mr. Vice-President, you would remember that it was not only our economy that was closed in the 1960s, almost everybody else's economy was closed as well.

The speaker before me spoke about ISCOTT, the Iron and Steel Company of Trinidad and Tobago, but what he has forgotten, or what he has conveniently omitted to remind you, is the fact that when ISCOTT was set up we could not get our steel into the United States. The biggest and nearest market was closed to our company, and the difficulty was one of marketing. The new owners had arrangements with sister companies; they had strategic alliances and they were able to do what we could not do, standing by ourselves. It is as simple as that.

Serving in the private sector here, today, I can tell you that many companies in the private sector have the same problem trying to penetrate foreign markets. It is a big question and a major problem. The question of the strategic alliances is on the mind of almost every major exporter in our economy.

By 1999, Sir, what we face is an economy that is open, where we have foreign markets that are clearly accessible, and we have free access to foreign exchange. That, I would remind you, was as a direct result of the People's National Movement. [*Desk thumping*].

It is to the fourth question, Sir, that I would like to speak, and that is to the strategies for furthering the economic well-being of the nation. What exactly does that mean? That is a broad statement in itself, but it is very cleverly worded because it leaves the door wide open for the Government to explain itself, which up until now it has not done. Let me just put the issues to this Senate. In order to improve the economic well-being of the country, you must achieve five specific objectives:

1. You must improve the purchasing power of the average citizen.
2. You must improve his spending power—and the two are not necessarily the same thing.
3. You must provide more people with more money.
4. You must promote the accumulation of wealth.
5. You must improve the access to, and the quality of your social services.

Members would know very well that the poverty line is measured, not only in absolute terms in terms of income, but it is measured also in terms of access to and the supply of social services.

Mr. Vice-President, in terms of purchasing power, what I am talking about specifically is our exchange rate. Our exchange rate is the life blood of this economy. Foreign exchange is the lifeblood of this economy and your purchasing power is dependent directly on your foreign exchange. If you devalue your foreign exchange rates you literally impoverish the whole country.

In terms of spending power, what I mean is this: we are talking about the wage rate, the average income of each worker in the country. In terms of having more people with more money, what I mean is the rate of employment. In terms of the accumulation of wealth, what I mean is savings and investment. But where are the

Economic Philosophy
[SEN. MONTANO]

Tuesday, March 9, 1999

measures to promote savings and investment? In social services I am talking about, quite simply, the social infrastructure. That is specifically: health, education, water, electricity, roads, and justice and protection. Those are the specific things to which I speak.

2.55 p.m.

Mr. Vice-President, what is required of the Government and what is required of any government, is to set specific objectives with regard to those matters that favour the economic well-being of the country. That is what I am talking about. As we face a looming crisis, it is underscored by what I thought was a very good editorial in the *Newsday* dated Monday, March 1, 1999 which I would like to share with you. It says:

“In view of growing public concern as to the state of the economy, hard hit by the troubling decline in crude oil, methanol, urea and ammonia prices, contracting export markets and an unfavourable balance of trade, Government must fully brief the nation on the extent of the country’s economic slide and woes.

In addition it must state what policies are being devised to stimulate economic growth...

The country is being fed with bits and pieces of information, an appreciable part of it conflicting, one with the other.”

It goes on:

“Does Government plan slashing the estimated Expenditure levels defined in the 1998-1999 Budget? How far has Government reached in accessing loans—domestic and international—to deal with the \$3.5 billion deficit which arose out of the Budget’s approved estimated revenue and estimated expenditure?

Does Government have a contingency plan to trim high-priced projects, for example, the expansion of the Piarco International Airport in the event that it is unable to access needed revenue?”

Mr. Vice-President, with your permission, I would read from the *Latin America Monitor* of February 1999 which says:

“A budget deficit of US\$60mn emerged in the third quarter of 1998...as spending rose by 27% while revenues increased by only 6% compared with the same period of 1997. The government financed the deficit through drawing on the central bank.”

And it begs the question: Where are the strategies and what are the objectives to deal with these issues?

What is the Ministry of Finance doing to stimulate economic growth and employment?

The Latin America Monitor says:

“Despite low prices, the petrochemicals sub-sector expanded by 6.5% in the third quarter, with nitrogenous fertiliser output expanding by 16% to 874,700 tonnes as new capacity came onstream. Similarly, methanol output increased by 45,000 tonnes, offsetting sluggish prices. The petroleum sub-sector fell by 1.6% as service contracting declined, despite a slight increase in exploration, production and refining. The non-petroleum sector declined by 0.5%. Inflationary pressures remained relatively strong with retail prices rising by 7.1% in the year to September.”

Mr. Vice-President, we are sitting here in year three, actually, in year four of the Government's tenure and we have nothing that we can point to that is going to tell us how these issues are going to be dealt with.

Mr. Vice-President, I just indicated that the petrochemical sector expanded by 6.5 per cent in the third quarter, but the Minister of Finance is on record as saying that his targeted growth for 1998 would be 5 per cent and growth for GDP in 1999 would also be 5 per cent.

The GDP is the measure of the gross domestic output. That is, as these new plants come on stream, we all know that all the products are exported. What gets added to the GDP is the gross total sales of those plants. But they are very significant to the whole economy as you would well appreciate and they are measured in US currency. The fact is, that the part of that revenue stream that actually accrues to the citizens of Trinidad and Tobago is a relatively small part of the total sales figure, so in other words, for the sake of argument, if a particular methanol plant has sales in a particular year of TT \$1 billion, the portion that is actually going to be paid to nationals of Trinidad and Tobago by way of salaries and wages, electricity, telephones, royalties and income taxes is a relatively small part of the \$1 billion. While it is fair to say that it adds to the overall benefit of the country, the part we get is relatively small. So when you start talking about that and about GDP, it is somewhat misleading and, furthermore, I would refute what the Minister has said.

The *Latin America Monitor* says that they forecast real GDP growth for 1998 as being 2 per cent and for 1999, 3 per cent. What they are talking about is the gross sales of all the new plants, and in 1999 we have four new plants coming on stream including the LNG plant, so what you could very well have, is an actually declining economy in real terms, but an increasing GDP and that is the reality we are facing.

To underscore the point as to what was happening even in 1998, the *Central Bank Annual Report* indicates clearly that during 1998 we had serious tightening of liquidity in the banking system. The Central Bank finances the Government's operations and issues Treasury Bills 30 days, or 90 days as it might be, and by the end of the year it was unable to roll-over \$199.5 million in Treasury Bills. There was no market for it. The liquidity in the banking system was too tight. That is what it meant. Furthermore, by the end of the year, the Central Bank had to support the supply of foreign exchange to the tune of US \$30 million. That is the reality for 1998.

Mr. Vice-President, to deal with the specific issues, when I spoke about purchasing power, I said I was speaking directly to the rate of foreign exchange. In that regard, what the Government needs to do is not only state its policy as regards foreign exchange—and as yet, I have heard nothing about any policy as regards foreign exchange—but to set a specific objective and tell us how it is going to achieve it.

What is the exchange rate going to be at the end of 1999? The *Latin America Monitor* is forecasting it would be \$6.35. What will it be? What does the Government say it would be? Does Government have any objective at all, or is it just going to fuddle along? What we are hearing is that there are no specific objectives as regards building of schools or anything of the sort. What about the exchange rate? What will it be next month, next year? Can the Government say its objective is to hold the exchange rate at \$6.30? Or can it say it is their objective that within one year's time it would be \$6.25 or \$6.10? There is no objective and without an objective, there is no strategy.

Mr. Vice-President, Phoenix Park Gas Processors, is a company in which the people of Trinidad and Tobago have a financial stake. In the financing of that plant, long-term bonds were issued on the foreign market and they are due to be repaid when they mature by the accretion and accumulation of a sinking fund. What that means, for those who do not know, is that every year money is put into this fund and it is built up until the fund actually is equal to the face value of the

bonds and the bonds are paid off. That is what happens. The bonds are expressed in US dollars and are lent by some foreign banking organization.

Phoenix Park takes its profits, cash surpluses and invests them in Treasury Bills. In fact, I can tell you they are invested in United States Government Treasury Bills. That is where the sinking fund money is invested. That money is sitting in the United States of America. That money was earned from natural resources that came out of our ground, it came from Trinidad and Tobago and it is being invested in the United States.

I have no quarrel with the government of the United States of America, but why are those funds not invested in Trinidad and Tobago? I do not care what the currency is, but at least invest it here and better still, why is it not invested in Trinidad and Tobago Government Treasury Bills? When you create a preferential bias to hold Trinidad and Tobago's currency, the bias to hold foreign currency diminishes and you automatically strengthen the value of your currency. Without setting any specific objective to where you want your currency to go, or what direction you want it to go in, you do not do anything about it. But when you set objectives and targets for yourself, you do something about it. That is how successful companies and governments are run.

Mr. Vice-President, instead what we face is this—and again I refer you to the *Latin America Monitor* of February 1999 which says:

“With overseas borrowing constrained by market nervousness, the government will use a mixture of spending cuts, tax hikes and domestic borrowing to offset the reduction in revenue. If these policy measures prove insufficient, the exchange rate will take the strain.”

That is the reality. Have we heard anything from three Government Ministers that anything is going to be done about this? We have heard nothing. We have heard the Minister of Planning and Development, the man who is responsible for the overall planning and development of the economy and we have heard nothing as to how the exchange rate would be defended, if at all.

Mr. Vice-President, what is happening and what we face is that in the absence of specific and clear statements from the Government, there is understandably, a lack of confidence and you will find, within the banking sector, that the deposits of foreign exchange increased during 1998 by 26 per cent. The dollarization of the Trinidad and Tobago dollar is what is taking place. Total foreign currency deposits in our local banks now account for 25.4 per cent of total deposits in the banking system.

3.10 p.m.

That is what is taking place. Nobody wants to hold Trinidad and Tobago dollars anymore. Everybody says: "I am frightened—I am afraid". And they are afraid with some cause and justification, because there is an absolute silence on the part of the Government about what they are going to do about it, if anything at all.

Mr. Vice-President, what happened was this, just to be specific. There is still a shortage of currency available in the market place, because people want to horde US dollars. The banks sold US \$1.2 billion in the nine-month period and bought \$1.1 billion from the public; the shortfall was purchased from the Central Bank. The Central Bank continues to have to support the supply of foreign exchange only because the mentality exists outside there that it is better to hold US dollars, even if the return on US dollars is lower than on TT dollars.

Let me just tell you this. If you put your money in the bank, in US dollars what you would get on average, at the end of 1997 would be 5.22 per cent. That would be your interest income. In TT dollars it would be 6.4 per cent. So in other words, people are willing to forego one per cent because of the relative risk.

Mr. Vice-President, I believe that the Government has an obligation and a duty to the citizens of Trinidad and Tobago to ensure that the exchange rate and, thereby, the cost of living and the purchasing power of the dollar is defended.
[Desk thumping]

I spoke, secondly, about spending power, and I said that what I meant by that, was: the effective wage rates. Mr. Vice-President we have heard nothing. What we did hear from the Government a while ago, is that they were going to increase the minimum wage rate to a particular level, but that is not a strategy or policy that really impacts on the entire country. That is one sector. What the Government did, and this was a strategy and not an objective, it increased old age pensions. So, in effect, they have increased wages of one sector of the society. That is their strategy; that is what they did, but that is not an objective. What about the rest of society? What should happen with wages? We all know that real wages have been devalued enormously since 1986 when the price of oil fell.

The other matter I spoke about was that in order to improve the economic well-being of citizens, more people should have more money. In other words what we are talking about is employment, specifically, job creation.

Every Government has the same philosophy or policy and that is, they want to increase jobs, but you cannot just say that you are going to increase jobs without setting specific targets and objectives on a sector by sector basis. [*Desk thumping*]. When you define it clearly and precisely on a sector by sector basis, you will find that the strategies drop out—they bump you on the head, for those of you who cannot see it. Define it clearly, set what your specific objectives are on a sector by sector basis and then start working towards it, and make sure that every single ministry is accountable for those sectors within its portfolio.

Mr. Vice-President, I spoke also about the accumulation of wealth. Within the accumulation of wealth, you have two factors: savings and investments. We heard the Minister of Planning say that the rate of savings is 13.5 per cent. But did anybody hear the Minister say what rate of savings it should be? I did not hear him, and I listened very closely. He did not say it should be 12, 24, or 19. He was silent on the subject, because there is no stated objective. We are dealing here with total vagaries. Nobody knows what is going on. It is just, well, we are going to increase the rate of savings. How are you going to do that? When you set a specific target and you say by the end of 1999, we have a target to achieve the savings rate to be 15 per cent. We heard the Minister of Finance say that once, but he did not tell us how he was going to do it, and in the next breath, he took away many of the savings mechanisms that prior administrations had put in place, so we were left in a kind of a vacuum. We had an objective but we had no strategy. You cannot have one without the other and that is where we are and that is why people are asking—where are we going and how are we going to deal with the future?

The Minister of Finance dealt with one aspect of savings, and that was savings through the accumulation of pensions funds, through the National Insurance Board. But Mr. Vice-President while that might be savings in a particular sense, we on this side have grave concerns about the application of those investment funds, when they start being lent back to the Government for projects like Piarco Airport, where we know there is massive corruption. That is the people's money, so you are squandering and wasting the savings of the country. [*Desk thumping*]

The second part of the accumulation of wealth, I said, was investment. The speaker before me said that the private sector was going to be the engine of growth; that it was the state's responsibility to remove the impediments to that growth. That is exactly what he said—and that the Government would act as a facilitator. Now, those are strategies. I did not hear an objective. I do not know if anybody else did. I did not really hear an objective. I did not hear anybody say, we

plan to create, stimulate, provide or look for indigenous investments to the tune of \$10 next week, next month or next year, whatever. There were no specifics at all.

Mr. Vice-President what happened was this. When Sen. Marshall was speaking, the Minister of Finance interrupted with a question and he said this:

“I wonder whether you would make a comment as to whether the lowering of tax rates together with the lowering of interest rates, would influence the increase in local investments?”

Mr. Vice-President, I do not know why the Minister asked that question, because obviously, he thinks the answer is yes. Of course, the answer is yes. Because, how else would you explain the fiscal incentives, InnCogen Limited Order of 1998, and for those of you who did not read it, let me just read part of it. Paragraph 4 (a) states:

“4. The Company...is granted for a period of eight years commencing from the production day—

(a) total relief from corporation tax in relation to the approved product...”

Total relief! That seems to be contrary to what the Minister of Planning and Development said, but nevertheless—

“(b) total relief from customs duty in relation to the approved product;

(c) subject to section 16 of the Fiscal Incentives Act, total relief from income tax on dividends or other distributions...”

In other words, even when they pay their profits back to their parent in the United States or the Cayman Islands there would be absolutely no tax on it.

Mr. Vice-President what kind of question was that to ask Sen. Marshall? They give InnCogen eight years tax free to do what exactly? To strip this country of its natural resources and to have us pay through our noses for electricity? [*Desk thumping*]

Mr. Vice-President, we can understand how these matters come about. It is very serious. When the Minister who is involved with this matter, knocks down a house on which he has a mortgage of \$500,000 and builds back a property that apparently costs over \$1,000,000 and does not seek financing for it and then afterwards looks around for \$200,000, then you begin to understand why things like this take place.

3.20 p.m.

A company that we own, the Trinidad and Tobago Post, gets a three-year tax holiday; but of course, that is because the New Zealanders are going to share in the profits for a little while. Are any local entrepreneurs getting tax holidays like this? No, Sir. What we heard from the Minister of Finance was that those exporters who are exporting outside of Caricom are going to have their export allowance removed! So the tax break that they now enjoy is going to be removed. That is what they are facing. And they want to know what kind of a question is that. Sen. Marshall did answer it. He said the lowering of interest rates is going to provide a confidence level for our nationals to invest. We heard the Minister of Planning and Development say that he was going to reduce the tax rate. He did not tell us when or to what level. He might reduce it half of a per cent in—it cannot be longer than next year.

Mr. Vice-President, where are we going? In terms of investment, the other part of the Minister of Finance's question spoke to the question of interest rates. Here is what the *Latin America Monitor* of March 1999 says:

“Central bank governor Winston Dookeran confirmed that monetary policy would concentrate on promoting low and stable inflation, allowing an easing of interest rate spreads. He said the bank would continue to monitor credit supply. However, he warned that the fact that most of private sector credit was flowing to the business sector ‘may not be as reassuring as may first appear’, since many firms, particularly in the distribution sector, were importers and distributors of consumer goods.”

What we are talking about there is interest rates.

Let me just give a little information here. At quarter four of 1997, the weighted average rate on loans at commercial banks was 13.35 per cent; the weighted average rate on deposits was 5.49 per cent; the interest spread was 7.86 per cent. In the third quarter of 1998, a scant nine months later, the weighted average rate on loans was 15.57 per cent, up by 2.3 per cent; the weighted average rate on deposits was 6.41 per cent; and the interest spread was 9.15 per cent. That is where we are.

Now, Mr. Vice-President, I am not chastising the commercial banks. I am not criticizing them; understand that. I would like this honourable House to understand that very clearly. But, as I have said before, the Central Bank has to react to Government's lack of policy in some cases and its active strategies in others. The

Economic Philosophy
[SEN. MONTANO]

Tuesday, March 9, 1999

result is that interest rates are where they are and interest rates are this high because the Central Bank needs to defend the exchange rate. So, until something is done about the exchange rate, nothing is being done about interest, and if nothing is being done about the interest rates, let me assure them that nothing is being done about local investment and growth, because investment is directly related to the cost of capital. That is not rocket science. That is simple elementary economics.

Mr. Vice-President, let me assure you that no recovery anywhere in the world is led with high interest rates. So when we hit a crisis and hit the wall come September of this year—

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

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

Question put and agreed to.

Sen. D. Montano: Mr. Vice-President, the fifth thing I spoke about was social services and that the Government must set very specific objectives to improve the access to and the quality of the social services in health, education, water, electricity, roads, justice and protection.

This Government has been noted by the fact that it has done little or nothing to improve the provision of health care for the citizens of Trinidad and Tobago. [*Desk thumping*] A vast majority of the citizens of this country depend on the health care system as it is now, and improving the reliability and quality of that health care system improves their economic well-being. It is part of the value and quality of life to which every citizen of this country is entitled.

They have failed in their education policy. Just a few short weeks ago, we were debating a Variation of Appropriation Bill where one of the line items, I remind them, was to remove \$100 million from the Ministry of Education for vacant posts, and I showed them how, even after they apportioned it for nine months as opposed to 12 months, it was still \$100 million in vacant posts that the Government failed to fill.

Mr. Vice-President, with respect to the provision of water, that is not going to succeed. I can tell them why it is not going to succeed. A young British engineer came to me some time ago and told me a story. He said he was involved with the pipe-laying projects down South, and after a particular local sub-contractor had finished a particular section of the road, the engineer said it was now time to pressure

test the pipe, and the contractor said, “No. We are not doing that. It is time-consuming and expensive.” And the engineer said, “No. You have to do it.” I understand that complaints were made to the Ministry, to WASA and to the other British firms saying “Leave it alone”, and the British engineer was told, “Leave it alone”. The young British engineer went back on the site and the contractor told him, “If you come back here again, we are going to bury you here with the pipe.” That is when he came to see me.

Do they think they are going to fix water with that kind of thing going on? With the nepotism and corruption in the award of contracts? It cannot happen. That is why the Minister will stand and say we are going to put down a desalination plant in Point Lisas. Has anybody heard anything more absurd? This country has more rainfall than any other island in the West Indies, and we need a desalination plant! [*Desk thumping*] It is so crazy as to defy logic, and the only explanation is that it is another avenue for rampant corruption. [*Desk thumping*]

In that regard, the last paragraph of the article from the *Newsday* reads:

“Finally, does Government plan to do anything positive to deal with State corruption which has added to the economic burdens of Trinidad and Tobago?”

Mr. Vice-President, I will read some excerpts from an article by Frank Vogl, who is the Vice Chairman of Transparency International. This is what he says:

“Corruption impacts directly upon economic and social development. Vast sums of money are misallocated by public officials in dozens of countries. Funds originally earmarked for new schools, hospitals and institutions to serve the most needy are often channeled into projects of negligible social value by officials receiving kick-backs from commercial contractors.

Corruption crushes the potential benefits of free market forces.”

It goes on:

“Corruption is patently the enemy of democracy. Steadfast in opposing efforts to open government, corrupt leaders cling to power curbing personal freedoms and abusing basic human rights.”

The most forthright abuses of political power for private gain take place in systems where vested interests are deeply entrenched and protected by special Government supported cartel and monopoly arrangements. In such circumstances, the deals between private individuals and corrupt leaders thrive because public accountability and competition are both non-existent. The

Economic Philosophy
[SEN. MONTANO]

Tuesday, March 9, 1999

establishment of more transparent systems demands a vibrant press and effective competition which breaks the oligopolies and special business government arrangements.

Furthermore, a secure impartial judicial system is also an essential requirement for building and sustaining a democratic Government.”

And I would ask Members of this Senate to look at the actions of the Government outside of this Chamber with specific reference to what I have just read.

Mr. Vice-President, I could go on. The Minister of Planning and Development referred to the privatization of state-owned enterprises, and I would just like to read one line from the *Economist* magazine of January 16, 1999 which says:

“Privatization in Russia became an orgy of sweetheart deals.” *[Laughter]*

Is that what we are facing here? I have already spoken about InnCogen. Last week I was speaking about the National Gas Company where, in a most peculiar set of circumstances—and I have the documentation to prove it—Kenonic Controls, the consultant for NGC, recommended on January 29, 1999 that the Spanish firm, Sainco be awarded the contract to supply the scale system. On January 27, two days before, Honeywell and Motorolla were invited to a meeting in Calgary on February 2, and February 3, respectively, but the decision was made on January 29. What on earth was the point of inviting those two companies to fly all the way up to Calgary, spend all of that money, when the decision had already been made? I would be hard-pressed to accept any explanation other than there was a corrupt intent in that decision.

Mr. Vice-President, with respect to the Miss Universe Pageant, the Government is reportedly spending \$81 million. I do not care how much or how little money it is. The point of the matter is, does this really benefit the people of Trinidad and Tobago? And if, as I heard one Minister who spoke here talk about how it was going to attract tourism and obviously, that is the only justification for it, why on earth is it being held in Chaguaramas instead of Tobago? Tobago is our prime tourism destination, so what on earth is it doing in Chaguaramas? It beats me. I do not understand that logic at all.

They are spending vast sums of money to refurbish this former hangar, and I have no idea what it is going to be used for afterwards, or what it could possibly be used for afterwards. I would like to know where the money is coming from, because I did not see any line item in the budget saying “Miss Universe Pageant—

\$81 million” or “\$30 million”. It did not say anything at all. So if, in fact, Tidco is spending \$81 million, I would like to know from where Tidco is getting \$81 million.

3.35 p.m.

It is clear that Government’s investment decisions are prompted by corrupt intentions, by the promise of personal gain by the decision-makers. I would ask anybody over there to explain the rationale and justification for the orphan road project now being funded by state-owned enterprises. Those are state-owned companies, owned by the people of Trinidad and Tobago, where corporate objectives whatever they might be—to produce gasoline, to process natural gas, to manufacture methanol, whatever it might be—have nothing to do with fixing roads that belong to the state.

I would like to know, how on earth it is that they have managed to instruct different state boards to spend \$50 million fixing roads. I would like hon. Members here to ask yourselves the same question as to why would they ask state corporations to fix roads? What would the tendering process be? Would there be any tendering requirements at all?

Sen. Mohammed: Election campaign material. Handouts.

Sen. D. Montano: I do not know. I have never heard anything about it. The next thing is, who is going to audit those numbers? Does Parliament get any kind of report at any time on how those funds were spent? Because ultimately, the money belongs to the state. If any of those state-owned enterprises has \$50 million lying around, then hon. Members would know that they would have a duty, either to pay up their taxes, as in the case of Caroni (1975) Limited or to pay dividends back to the state so that it would form part of the treasury funds, and the government could then fix the same roads, or invest in hospital equipment or whatever. I cannot understand, for the life of me, why it is that state companies have to get into the management and repairing of state roads. There could only be one answer, Sir, and that is, corruption. [*Desk thumping*]

It is against that backdrop that not only I and we on this side, but also the whole country is asking—where are we going, and what are you doing about these issues? Tell us specifically, and it is a distressing shame that four years into their tenure, we have to demand answers to these elementary questions. [*Desk thumping*]

Mr. Vice-President, the Government has failed. You can describe it in no other term. They have failed, because the reality is that there are no answers to the questions that have been raised. There are no stated objectives. There are no specific objectives. It is just a question of fumble on, continue with the strategies that they have found in place and tinker with this and tinker with that, and make out as best as you can.

While it may appear dark, it is not as dark as it might be. There is light at the end of the tunnel. But, we do have some dark days in front of us. But there is light at the end. [*Desk thumping*]

The Minister of Education (Dr. The Hon. Adesh Nanan): Mr. Vice-President, I welcome this opportunity to speak on the Motion tabled by Sen. Dr. St. Cyr. The Motion includes human resource management and its strategies for furthering the economic well-being of the nation. The economic well-being of a nation is inextricably linked to relevant secondary education, including technical and vocational education and training.

I want to start my contribution with current issues. I want to start by dealing with the problem of indiscipline and violence in our schools. Violence caused by school-aged children in and out of school is on the increase and threatens to permeate every segment of society. However, one may ask the question: Why has it taken a decade for this problem to be dealt with?

This Government has reinforced security measures in a number of primary schools and trained principals to become better principals. The vast majority of our youths are not violent. Nor have they committed acts of violence. Generally speaking, there are three groups of students in a school—what is called the 80/15/5 Rule. Eighty (80) per cent of the students rarely break the rules or violate principles. Fifteen (15) per cent break the rules on a somewhat regular basis, by refusing to accept classroom principles and restrictions. These students, if not clearly apprised of expectations and consequences of their behaviour, can disrupt learning for all other students. The last 5 per cent of the students are chronic rule-breakers and are generally out of control most of the time. They may commit acts of violence in schools and in the community.

Youth violence in many schools frequently mirrors the situation in the surrounding community. The Ministry of Education has issued a recent circular: “*Student Discipline In and Out of School*” and it reads as follows:

“The Ministry of Education again draws the attention of Principals in their capacity as front line managers, to the need for them to exercise their authority firmly, fairly and swiftly in matters relating to discipline.

Circular Memorandum No. 4 of January 14th, 1997 is hereby reissued.”

I will refer to that Circular later.

“Principals are directed **to impose the maximum suspension** for any of the four offences listed at paragraph three (3)...”

These offences include:

- “(i) Possession of illicit drugs, regardless of the quantity.
- (ii) Possession of arms and/or ammunition.
- (iii) Extreme violence to anyone.
- (iv) Any form of assault on any member of staff of any school.

Principals are further directed to institute random checks for weapons and illicit drugs, and to immediately suspend students found in possession of weapons or illicit drugs.

The possession or consumption of alcohol by any student, at any time, on school premises or at any school function or on the way to or from school must also be dealt with.

The Ministry of Education furthermore instructs Principals to create in their schools a climate of zero tolerance for substance abuse. On any occasion on which students are found to have in their possession illicit drugs or weapons, the Community Police are to be informed immediately and invited to take such action against the student, as they may deem necessary in keeping with the laws of Trinidad and Tobago.

It is to be noted that informing the Community Police about students found in possession of illicit drugs and/or weapons is not a substitute for suspension of such students. All students found in possession of illicit drugs and/or weapons are to be given the maximum suspension from school, which the Principal is authorized to impose.”

3.45 p.m.

Sen. Shabazz: Just for clarification, I wanted to know if the Minister was still on the Motion, or if he was making a statement.

Dr. The Hon. A. Nanan: Mr. Vice-President, I am speaking about the future leaders of the country. [*Desk thumping*] Apparently, he does not realize the importance of the problem of indiscipline and violence because in August 1992, a report of a task force on violence and indiscipline in schools was presented to the former Minister of Education and nothing was done.

Hon. Senator: Oh gosh!

Dr. The Hon. A. Nanan: It is unfortunate that I have to bring this to the Senate this afternoon.

Sen. Shabazz: What about the economy?

Dr. The Hon. A. Nanan: But I want to deal with the matter of human resource management. We are dealing with a school population of over 200,000 children—human resource management. I said earlier in my contribution that secondary school education is inextricably linked to the economic well-being of the nation. [*Desk thumping*]

Mr. Vice-President, for proper human resource management and to encourage in our classroom a culture conducive to learning, we have taken on board this report that was shelved and placed in the cobwebs of the Ministry of Education.

Sen. Shabazz: To bring it out four years after.

Dr. The Hon. A. Nanan: Page 10 of this report talks about a special interdisciplinary team to address problems affecting our most troubled schools. This small committee, drawn from the Ministry of Education, TTUTA and the National Council of Parent Teachers Association, has been set up. A second meeting is to be held with respect to this particular report. We have also gone so far as to advertise for guidance officers because if they had read this report, they would have recognized that one of the recommendations was to have more guidance officers.

That is how I start off my contribution in terms of the very fabric of our nation. We do not want to destroy the very fabric of our nation. This is not a Government/Opposition problem; this is a problem for the country as a whole. If we do not deal with this problem efficiently and effectively, it could destroy our country and there will be no Motion tabled as such later on.

Sen. Shabazz: What is your plan? The paradigms are shifting.

Dr. The Hon. A. Nanan: Hold on. They are all coming.

Mr. Vice-President, in terms of the problem of indiscipline and violence in schools, we have instituted these measures. Of course, this is only preventative, dealing with the problem afterwards, but we are also putting mechanisms in place in terms of dealing with the problem. Conflict resolution in our schools will be a part of the curriculum. We are also going to introduce a curriculum officer for morals and values of education to deal specifically with our problem of indiscipline and violence.

Having dealt with this holistic approach to indiscipline and violence, I now move on to the *Medium Term Policy Framework 1999—2001*. On page 22, the hon. Prime Minister has set out to mobilize the nation in what he has termed a revolution in education in Trinidad and Tobago. There are many components to this revolution in education which is under way in the nation. I wish to outline some of them.

In March of this year, the Prime Minister announced that the Common Entrance Examination is to be abolished by the year 2000.

Sen. Shabazz: Are you doing that still?

Dr. The Hon. A. Nanan: Of course, and I will tell you how.

Mr. Vice-President, I did not interrupt anybody when they were speaking and I would continue my contribution.

Sen. Ramnath: A factual contribution, one with relevance.

Dr. The Hon. A. Nanan: Exactly.

I speak about our management of schools as it relates to the indiscipline and violence and I will come to the other points with respect to our Common Entrance Examination.

We have put in place training of principals, vice-principals and senior teachers in primary schools; we have also introduced something called school-based management; and a major pillar of our revolution in education is local school boards. I want to deal with the local school board issue because we recognize that we are going to introduce a local school board for every government primary and secondary school, technical institute and vocational centre.

A local school board would be made up of a minimum of five with a maximum of 10 members. On the local school board, there will be a chairman, a representative of TTUTA, a representative of the national PTA, a person representing the corporate sector, probably somebody from the banking industry to bring that kind of financial management concept to our school improvement planning exercise, a representative of the Inter-Religious Organization, a representative from the Ministry of Health, a representative from the community police.

Sen. Shabazz: You said five.

Dr. The Hon. A. Nanan: I said a minimum of five; five is the quorum; and a maximum of 10. The basic education project, driven by the World Bank loan, has a facility that will give this kind of school improvement planning and empowerment to the principals of our primary schools. We are going to empower our primary schools by giving them the facility for purchase.

Part of the community driven project, this basic education project, to involve the community into the education system, to have that kind of bind, is to facilitate a certain amount of money to the principals. The figure is about \$90,000 that will be distributed to all primary schools. We are using our local school boards in our primary schools to act as that kind of management linkage to oversee the use of funds that will be sent from the Ministry of Education to these primary schools.

The Senator looks confused so let me explain something to him.

Sen. Brig. Theodore: No. He looks that way all the time. [*Laughter*]

Dr. The Hon. A. Nanan: Apparently, he is not familiar with the basic education projects or the World Bank loan, but the World Bank loan was designed in such a way that there would be autonomy given to principals. We would try to have that bind from the principals, teachers and parents, so part of the exercise is to have all the stakeholders involved. This is not a centrally driven process; it will take the education system right into the schools.

The allocation of \$90,000 will come from the Ministry of Education and we have undertaken what we call school improvement planning, so we have had trainers going in with our supervisors who have been trained. Principals have been trained with respect to how they go about their planning. I have seen a number of the school improvement plans coming from our primary schools and this is all in the concept of human resource management and the economic well-being of Trinidad and Tobago.

The plans are coming forward, a number of them with requests for technology centres, 21st Century information super highway, the internet. We have to take our students into the 21st Century and we are doing so by asking the principals, teachers and the community to come forward to tell us how we can do that. We will supervise and say, "If you have problems in your plans, this is how you should go." The \$90,000 could facilitate a training component, hardware and software computer equipment, libraries, all with the aim to enhance the quality of the school.

Part of the process of the basic education project loan is not only for access. I listened with astonishment when Sen. Montano made a statement that there is no plan for the building of schools. Apparently, he is not aware of the loan. But, there is a properly phased programme in place for primary school construction, rehabilitation and development. These primary schools are being constructed in areas based on a survey.

Let me digress a bit in terms of the Aripo R.C. and Malabar Government, where two new contracts have been awarded with construction to begin in the next month for both the Aripo R.C. Primary and the Malabar Government, which is a new school. That is the access aspect of the loan.

Now, there is another concept called the quality aspect and the school improvement planning that is going to be coming forward will give that kind of upliftment of the school atmosphere and the school environment because, if and when these plans are approved, there will be technology centres; there will be computer labs and properly equipped libraries. We are going to increase the curriculum delivery, or enhance curriculum delivery in our various schools. So that is one component of this loan, the school improvement planning exercise where money will be given to the principals. Of course, the principal is a member of the school board.

We are also going to include, in the areas where there are supervisors, a supervisor on the board, or a special education teacher, or somebody with special education experience. So this local school board will have that kind of component, special education, financial, principal supervision, the Inter-Religious Organizations component, community health officer, all to give that kind of new look to our schools and school planning.

The local school board, although it is a pilot now, is going to be fully developed by the year 2000 and beyond. So, we are preparing our students as we

Economic Philosophy
[HON. A. NANAN]

Tuesday, March 9, 1999

go into the 21st Century, that technology era, with our technology revolution. Our whole revolution in education is to make our students ready for the 21st Century and to also make them globally competitive as we access new markets.

Sen. Montano also spoke about a failure of the education system, but I speak quickly about his comment about corruption at the airport, to tell him that if he has the evidence, to produce it, rather than to come here and paint a brush of corruption.

4.00 p.m.

You see, it is all well and good to come into the House and say there is corruption here, and there is corruption there and then to just go, but you must consider the economic well-being of our country as part of this particular movement—the economic well-being of this nation—and focus on the headlines that will go via the Internet to the international arena. So be very careful of what you say if you are concerned about the economic well-being of Trinidad and Tobago as you claim.

I want to get back to the situation with respect to the local school boards. We have trained the principals, vice-principals and teachers; we have the money that we are going to give to the principals, the technology centres, the libraries. Another thrust of this Government is the removal of the Common Entrance Examination. Mr. Vice-President, today the Acting Prime Minister, the Minister of Energy and Energy Industries, Sen. The Hon. Finbar Gangar and I launched an energy game show.

Mr. Vice-President, the vision of the hon. Prime Minister, Mr. Basdeo Panday, is to remove the Common Entrance Examination to make our students creative thinkers and innovators, to make learning more exciting and fun. The launch of the energy game show today, Mr. Vice-President, is part of this Government's movement to bring fun and excitement back into the education system, to remove the Common Entrance. [*Laughter*]

I see Senators on the other side laughing. Apparently they do not know the impact—[*Interruption*] Mr. Vice-President, when she sees the energy game show she will be excited.

Mr. Vice-President, the whole thrust of the Ministry of Education is to encourage debates, quizzes, choral speaking and poetry in our schools. We are going to place heavy emphasis on the mind. Now, Mr. Vice-President, there is a saying that education is not the accumulation of knowledge but where to find it,

and as we move towards the 21st Century there are many areas where one can find information. It is how we train our students to find information. [*Interruption*]

Of course we have a plan. She is asking me for a plan. I heard Sen. Montano speak about objectives. The hon. Senator asked me for a plan. I heard him talk about policy objectives and strategies. Mr. Vice-President, we know our objectives. We have over 200,000 school children who have irrelevant education. Our objective is to make them marketable, to give them skills. Our policy is universal secondary education. Our strategy is to have universal secondary education, Mr. Vice-President.

Sen. Shabazz: What is the strategy?

Dr. The Hon. A. Nanan: I will come back to that part. Hold on to that thought. Mr. Vice-President, we recently had as part of our consultancies—we have had 16 consultancies for our secondary school loans and I want to refer to the cost estimate summary for our secondary schools. Now I have a total here of \$466,630,140.00. That figure represents architectural, structural, plumbing and electrical work for our secondary schools. This particular consultancy was to look at all secondary schools, the 101 secondary schools, and to cost the infrastructural upliftment—architectural, structural, plumbing, electrical.

Mr. Vice-President, I want to speak about the poor maintenance of plant for both primary and secondary schools. Over the past three years the Ministry of Education has embarked on a repair programme for primary and secondary schools. But if you look at the figure that I just quoted, you would see that because of poor maintenance over the years, total neglect of our most important assets, our schools, there is now a requirement for over \$500 million to improve our school facilities.

Mr. Vice-President, our Government is committed to enhancing the school environment. In the next ten to 15 years, we are going to ensure that all our schools are of a standard that is acceptable and will deliver quality education . [*Interruption*] Yes, this Government. And of course we are going to 2015, so—I just want to point out some of the areas quickly, Mr. Vice-President, areas that were controlled by the previous administration.

Sen. Shabazz: The NAR.

Dr. The Hon. A. Nanan: No, no, no. St. James Government Secondary, \$5 million is required; Tranquillity Government, \$6 million; Woodbrook Government

Economic Philosophy
[HON. A. NANAN]

Tuesday, March 9, 1999

Secondary, \$6 million; Diego Martin Government Secondary, \$7 million; Queen's Royal College—I want to repeat that—Queen's Royal College—a number of the members from the previous government attended Queen's Royal College—\$7 million; South-East Port of Spain, \$4 million; Providence Girls, \$3 million; Belmont Boys' Secondary, \$5 million; Belmont Junior Secondary, \$4 million; Mucurapo Junior, \$4 million; Mount Hope Junior, \$3 million; Mucurapo Senior, \$4 million; Malick Senior, \$7 million; Morvant/Laventille Secondary, \$4 million; Success/Laventille, \$4 million.

I could go on, Mr. Vice-President, but I just wanted to draw some reference to some of the areas of neglect. Toco Composite, \$5 million; Sangre Grande, \$5 million. Look at this one, San Fernando East Junior Secondary, \$5 million. These are figures coming from a consultancy, Mr. Vice-President. So I just wanted to talk about poor maintenance, totally, gross neglect of a vital commodity in terms of the economic well-being of Trinidad and Tobago.

Now, Mr. Vice-President, back to the Common Entrance removal. The Common Entrance removal is based on the recommendations coming from the task force for the Common Entrance removal. The recommendations have been accepted by Cabinet and a special unit is to be set up to remove the Common Entrance Examination, a special unit with a project manager and various components recommended by the task force to remove the Common Entrance Examination. In fact, the last year for the Common Entrance Examination is the year 2000. So, Mr. Vice-President, we have not just spoken words like the previous administration. We are going to remove the Common Entrance Examination. The last year is the year 2000.

Sen. Mahabir-Wyatt: Mr. Vice-President, I thank the hon. Minister for giving way. I wonder, as he is talking about the removal of the Common Entrance by the year 2000, could he give us some indication of what will replace it and the mechanics by which this will be done? It is very, very relevant to Prof. Dr. St. Cyr's Motion, particularly as regards human development and human resources as well. Thank you, Mr. Vice-President.

Dr. The Hon. A. Nanan: Mr. Vice-President, part of the strategy for the removal of the Common Entrance Examination is the provision of secondary school places—

Sen. Yuille-Williams: By next year?

Dr. The Hon. A. Nanan: —by next year. You took the words right out of my mouth. We are going to do so because we are in negotiations with the IDB for a Secondary Education Modernization Programme abbreviated SEMP. Mr. Vice-President, this particular loan will facilitate the building of the necessary secondary schools to provide places for all secondary school students.

Now, as the hon. Senator asked that question, let me deal with the Secondary Education Modernization Programme in its totality. The overall Secondary Education Modernization Programme comprises four well integrated components designed to develop a secondary level capable of addressing the personal needs of students, community, national and regional human resources needs against the background of globalization. These components are quality improvements comprising curriculum development, teaching and learning strategies including provision of textbooks and library books, professional development of teachers and administrators, testing assessment and evaluation strengthening.

4.15 p.m.

School construction comprising: construction of 19 new schools, including two for replacement of dilapidated facilities at Palo Seco and Rio Claro; rehabilitation and refurbishment of the 100 existing secondary schools, including upgrading of science laboratories and installation of computer labs; institutional strengthening comprising: strengthening the management and technical capability of the Ministry of Education; increasing operational efficiency and monitoring and evaluation capacity; and students and teachers incentives programmes. There would be studies such as rates of returns to education, efficiency of the system, and strategies related to expansion of post-secondary or A' Level coverage. The implementation period or the programme life cycle is seven years. The estimated cost is US \$150 million.

Now what are the objectives as Sen. Montano asked? To assist in addressing the manpower requirement for a competitive and dynamic economy, through the provision of well-rounded secondary school graduates capable of further development through post-secondary education and training programmes, in keeping with the changing demands of the economy; [*Desk thumping*] develop and implement a modernized curriculum at the secondary level; achieve universal secondary education; have all secondary students pursue five or seven-year programmes of sound general education in single shift, [*Desk thumping*] five and/or seven-year secondary schools. [*Interruption*] You look a little depressed Sen. Shabazz. [*Laughter*]

Hon. Members: Impressed or depressed?

Dr. The Hon. A. Nanan: Establish a cadre of professionally developed teachers capable of transforming the system geared to delivering quality education, and the classrooms into effective learning environments.

Sen. Shabazz: Have you started putting a computer in every school as yet?

Dr. The Hon. A. Nanan: Achieve increased or improved student test scores at the secondary level; enhance curriculum development and delivery at the secondary level; produce well-rounded secondary school graduates, fully equipped to move on to the next level of education, or sufficiently trainable to enter the world of work; [*Desk thumping*] to establish school-based development projects at the secondary level; improve the management operations and organization of the Ministry of Education, at the central, regional and school levels; to enhance school-based planning and development; to support local school boards or school committees; and to establish a cadre of professionally developed school supervisors for the enhancement of teachers, school and programme supervision; to strengthen the capacity and management capability of the Ministry of Education to effectively bring about the required change in the system and also to manage the change process; all with human resource management, Mr. Vice-President. Establish an education management information system to support sound decision-making; to develop appropriate and effective methods and systems of testing and assessment; and to establish a national certificate of secondary education which will allow for the certification of all secondary graduates.

Mr. Vice-President, I saw eyebrows raised when I spoke about a seven-year programme and that we are looking for a two-year building programme for our schools. The areas identified for secondary school construction are: Waterloo—this is based on a consultancy—Biche—let me give the size of schools:

Waterloo	875
Biche	525
Debe	525
Mathura	350
Blanchisseuse	350
Valencia	875
Brazil	525
Tableland	525

Coryal	350
Manzanilla	350.

If you add that up you would see 2,625 on the first list and 2,625 on the second list.

Hon. Members: Equitable distribution.

I spoke about single shift five-year and seven-year schools to facilitate single shift schools:

Palo Seco	875
Montserrat	875
Rio Claro	525
Guayaguayare	350
Diego Martin	875
La Brea	525
Charlotteville, Tobago	350
Naparima	875
St. Patrick in Tobago	350.

If you break it down, seven schools of 875, enrollment, 6,125; six schools of 525, enrollment 3,150; and six schools of 350, enrollment 2,100; total, 11,375.

Now, the Waterloo, Biche, Debe, Mathura, Blanchisseuse, Valencia, Brazil, Tableland, Coryal, and Manzanilla schools will be excised from the school construction component and built through local funding arrangements.

Sen. Dr. St. Cyr: Thank you, for giving way. Do you anticipate those school places being ready for September 2001?

Dr. The Hon. A. Nanan: Yes, Senator. We had extensive discussions with the InterAmerican Development Bank, and we placed this great emphasis, as I said, because part of the exercise here is to realize the dream of the Common Entrance Examination removal, to have the secondary school places. In fact, everything is on stream, sites are already being identified for secondary school construction, so that we envisage that we will have the places.

Sen. Mahabir-Wyatt: Will there be as many places in secondary schools for female students as there are for males, finally, once your construction project is finished?

Dr. The Hon. A. Nanan: The figures I gave was for all students.

Sen. Mahabir-Wyatt: There have always been more places for male students than for females. Would there be places for all genders?

Dr. The Hon. A. Nanan: We will look at that, coming from—because I recognize that what you said is true as it is now. With reference to what you just asked me, we are also going to construct two secondary schools in Trincity, in that Tunapuna/Trincity area, to facilitate 750 students each in each of those schools as part of the exercise of universal secondary education.

Sen. Prof. Ramchand: Mr. Vice-President, I thank the hon. Minister for giving way. I wonder if the hon. Minister is aware that many of the students who pass the Common Entrance Examination and qualify to go into secondary schools on the basis of the examination, are really under-prepared, and when they go to secondary schools they are under-achievers. If he is aware of that, and they are planning to build more secondary schools, is the nature of these secondary schools going to be different from the existing secondary schools? Will they be designed and the teaching in them be done to accommodate the fact that the primary school system is so substandard and inadequate that it cannot produce suitable people for secondary education? Perhaps the Minister can explain why there is an emphasis on secondary rather than on primary, where the greatest need seems to exist.

Dr. The Hon. A. Nanan: Mr. Vice-President, I went ahead to deal with the—because in my opening contribution I said that the economic well-being of a nation is inextricably linked to strong secondary school education including technical and vocational education and training, and I made mention of the basic education project. We have not abandoned the primary school arena. I was coming to the curriculum strengthening component of the basic education project. Part of the loan component is to provide access at the primary school level, and also to enhance quality, in terms of curriculum strengthening, testing and assessment, to improve and enhance the entire primary school curriculum.

Mr. Vice-President: The speaking time of the hon. Minister has expired.

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

Question put and agreed to.

Dr. The Hon. A. Nanan: I thank the hon. Members. [*Interruption*]

Mr. Vice-President, I want to take Sen. Shabazz into the 21st Century as I speak about information technology, [*Laughter*] and in terms of human resource management. I want to inform him so he could inform others about our approach to information technology delivery, especially in the constituency of Laventille East and West. Apparently he is not aware, so I want him to be aware so he could inform the students in that particular area.

We are training information technology teachers to deliver the CXC curriculum in information technology. That is how important the thrust is as this revolution in education takes place in terms of the technology revolution. Of course, with the assistance of the Ministry of Energy and Energy Industries, we were able to put over 500 computers in secondary schools. [*Desk thumping*] We have not done like the previous administration, placed computers and forgot about them, we are putting a training programme in place and a proper maintenance facility. Our computers are state of the art, they are Y2K compliant and teachers are also being supplied. We have made provision for information technology teachers to accompany computer delivery, and a training component.

For years, the shortage of A' Level places has affected the Republic of Trinidad and Tobago. As I speak of the economic well-being of the nation, the human resource management and strong secondary education, this Government, in 1998, provided places for all students who had the qualifications to get into A' Levels for the first time. [*Desk thumping*] As the Chairman of the Curriculum Task Force, we have finished the primary school curriculum and our action plan is to develop a new primary school curriculum.

4.30 p.m.

The Task Force will begin shortly on work for a new Secondary School Curriculum. All with that aspect of our Prime Minister's vision for a total quality nation. [*Desk thumping*]

We have also for the first time given scholarships for environmental science this year. [*Desk thumping*]

Mr. Vice-President, the entire environment adopted a major component, which I think should be voiced here, which is the early childhood component and I got some acknowledgment from the other side. I also want to put in a plug for *Special Education*. [*Desk thumping*]

Since I gave out my e-mail address at the symposium, I have had so much e-mail coming to me with people wanting to help with special education. Because we had this symposium we are moving towards an action plan but for far too long, the special education area has been neglected, and we are not only speaking about the physically challenged, we are also speaking of gifted students.

So, we are putting that on the front burner, the whole concept of special education and how to address the needs of special education students. As I said in that case, and I will say it again “special education students are like dewdrops on the cheek of time”. *[Laughter]*.

Mr. Vice-President, we are moving from early childhood to Primary, Secondary and the Minister of Planning and Development spoke about the Tertiary environment, the National Community College. Of course, our Professor Ken Ramchand is the Chairman of our Textbook Evaluation Committee. *[Laughter]*. I must say he is doing a wonderful job. *[Desk Thumping]* We look forward to the new Primary School booklist in the not-too-distant future; and I am sure all the Members on this side will be extremely satisfied.

Mr. Vice-President, there are key issues that I want to deal with here. The issue of the alleged corruption in the textbook environment. As Minister of Education, I am trying to ensure that all our students benefit when you purchase textbooks—the price must come down. That is why the policy of the Government is to ensure the standardization of textbooks for my young friends, the students in the Republic of Trinidad and Tobago.

The economic well-being of a nation, and the human resource management planning depend on the ability and the purchasing power. Somebody spoke about purchasing power—Sen. Montano spoke about purchasing power. We are also going to provide 35 per cent of the school population at the Primary School level with textbooks—free textbooks. *[Desk Thumping]*

Sen. Shabazz: When?

Dr. The Hon. A. Nanan: Mr. Vice-President, I am going to say when. The Hon. Senator, the Chairman of the Textbook Evaluation Committee, his report is going to come in—I am sure, he is going to tell me earlier, but by the first week in April I am assured, but we are looking at—I know he is going to come in much earlier, probably the last week in this month. But, if you look at the time-frame.

Sen. Prof. Spence: I just want some clarification. I wonder when the Hon. Minister is looking at textbooks if he would look at the problem of children having to take the textbooks to and from school. It really is a severe medical problem developing by having to lug these heavy textbooks.

Dr. The Hon. A. Nanan: I welcome that comment from the hon. Senator. We will definitely take that on board. [*Desk Thumping*]

Mr. Vice-President, I want the Members to understand that the timing—we have to look at the six months from the date of submission. We are working already in terms of getting the 35 per cent of the school population and to identify the principals, to identify the students. We recognize that if we are to meet the September 1999/2000 academic year, we would have to have the booklist by the end of March/early April. But, there is a problem.

This has to be sent to the Central Tenders Board and they have to award contracts to the various suppliers. We cannot guarantee—I am being told it is four to six months that the Central Tenders Board needs to deal with contracts. So, what we are planning to do, is to deliver textbooks for the next academic year; because we do not want to deliver textbooks that will be coming in after September and have a problem with delivery after the term begins. We are going to provide textbooks for our Primary School students, 35 per cent of the primary school population—free textbooks.

Sen. Montano, spoke about our building programme. I just want to remind him of the projected construction for 1999, and the completed projects: Cedros Government Primary School opened by the honourable Prime Minister; Bamboo Grove Government Primary School already opened; the Valencia Government Primary School to be opened in Toco/Manzanilla; Carapichaima R. C Primary School completed and to be opened.

Schools currently under construction Beetham Government Primary School, 90 per cent completed and the Gran Couva R. C. Primary School 75 per cent completed.

Now, the Primary Schools projected for construction in 1999:

Aripo R. C. Primary School - the contract is already awarded.

Malabar Government Primary School, contract already awarded.

To be awarded in the month of April:

Maloney Girls' Government Primary School

Economic Philosophy
[HON. A. NANAN]

Tuesday, March 9, 1999

Longdenville Government Primary School

Edinburgh Government Primary School

In May:

San Juan R. C. Primary School

5th Company Baptist Primary School and the long awaited

Cunupia Government Secondary

Let me talk about the infrastructure for the early childhood sector and I talk about the human resource management, because research has shown that this pre-school area is very important in terms of proper education because, less money is spent later on, in terms of remediation.

Now these are names of the areas—remember that these schools are being constructed in areas that are socio-economically deprived. These schools are being constructed for 50 students with three well-trained pre school teachers—complete with furniture and equipment. Ten new ones per year.

Completed:

APS Barrackpore, Charlieville Mennonite, Frederick Settlement, La Romain, Morvant St. Dominics, Penal Presbyterian, Rosehill Moravian, St. Anthony's, St. Catherine's San Juan/Aranguez, Tabaquite, Tableland SDMS, Tunapuna SDMS.

Upgraded—because part of this loan is not only to build new ones, but also to upgrade the existing ones.

Arima, Belmont, Caroni, Clarke Rochard, Cumana, Embacadare, La Brea, La Pastora, Morne Diablo, Piparo, Rancho Quemado, Paynes Village, Valley Line, Williamsville. This is part of the construction component of the World Bank loan.

I also want to speak about our Government's track record in terms of trade, and the introduction of Spanish in primary schools in Trinidad and Tobago.

Mr. Vice-President, Trinidad and Tobago, has increasingly been strengthening political, social, and cultural ties with the Spanish speaking countries of Latin America and the Caribbean, and extending international trade and business opportunities and links with these countries.

4.40 p.m.

The Government and people of Trinidad and Tobago recognize and accept that citizens need to be competent in the Spanish language in order to communicate more efficiently in cementing the ties already established.

In keeping with the objective, the basic education project would support a pilot sub-project in the teaching of Spanish at the primary school level. It is expected that this initiative would provide the basic foundation for students continuing into the secondary level Spanish programme.

Hon. Senator: When?

Dr. The Hon. A. Nanan: We have already had the workshop. Apparently you do not read the newspapers. There was a “train the trainers programme” a workshop already being conducted by this particular unit, and it is targeted for the Spanish pilot to begin in September, 1999 to 2000.

Mr. Vice-President, I spoke about the entire environment, whether it be pre-school, primary school or secondary school, but what I want to leave here this afternoon is our youth. I opened with indiscipline and violence. When we speak of human resource management, the economic well-being of a nation, secondary school education inextricably linked to the economic well-being of the nation, [*Desk thumping*] I want us all to realize the importance of our youth. The environment for learning in our schools—we are fully behind our principals and teachers.

The Government is going to provide all support necessary to ensure that the atmosphere remains conducive for learning and teaching in our primary and secondary schools, because we recognize, as we move towards the 21st Century, that our future leaders depend on our education system. A strong foundation in education will remove that stigma of poverty as we move towards the 21st Century. We want to give the youths of Trinidad and Tobago that chance, the competitive edge, as we move into the 21st Century, and to make them globally competitive.

Thank you. [*Desk thumping*]

ADJOURNMENT

The Minister of Public Administration (Sen. The Hon. Wade Mark): Mr. Vice-President, in moving to adjourn this Senate, may I inform my hon. colleagues that at the next sitting, which is going to be on March 16, we intend to deal with Bills Nos. 3 and 4 jointly. These Bills are going to be referred to a Joint Select Committee. Then we will go to Bill No. 1, which is the Evidence Bill, and then we will proceed to Bill No. 10, which is a Bill for the promotion of

Economic Philosophy
[HON. A. NANAN]

Tuesday, March 9, 1999

investment in Trinidad and Tobago. We will then proceed to a Bill to establish a Criminal

Injuries Compensation Board; we will then proceed to Bill No. 9, a Bill to give effect to the agreement concerning the Caribbean Investment Fund.

Seeing that we have a lot to do next Tuesday and we probably would not want to come on two consecutive days, we will start at 10.00 a.m. so that we can, at least, complete these Bills by 6.00 p.m.

I beg to move that the Senate do now adjourn to Tuesday, March 16, 1999 at 10.00 a.m.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 4.45 p.m.