

*Leave of Absence**Tuesday, July 20, 1999***SENATE***Tuesday, July 20, 1999*

The Senate met at 1.37 p.m.

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

**Mr. President:** Hon. Senators, leave of absence has been granted to the following: Sen. Shabazz, for the period July 15—22, 1999; Sen. Dr. The Hon. Daphne Phillips, from July 16—21, 1999.

**SENATOR'S APPOINTMENT**

**Mr. President:** Hon. Senators, I have received the following communication from His Excellency the President of the Republic of Trinidad and Tobago:

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency ARTHUR N. R. ROBINSON, T.C., O.C.C.,  
S.C., President and Commander-in-Chief of the Republic  
of Trinidad and Tobago.

\s\ Arthur N. R. Robinson  
President.

TO: MR. KELVIN RAMNATH

WHEREAS Senator Dr. Daphne Phillips is incapable of performing her functions as a Senator by reason of her absence from Trinidad and Tobago:

NOW, THEREFORE, I ARTHUR N. R. ROBINSON, President as aforesaid, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, KELVIN RAMNATH, to be temporarily a member of the Senate, with effect from 16th July, 1999 and continuing during the absence from Trinidad and Tobago of the said Senator Dr. Daphne Phillips.

Given under my Hand and the Seal of the President of the Republic of Trinidad and Tobago at the Office of the President, St. Ann's, this 15th day of July, 1999.”

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**OATH OF ALLEGIANCE**

*Sen. Kelvin Ramnath 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 Audit of the Accounts and Financial Statement of the Assistance to the National Drug Abuse Demand Reduction Programme for the period January 01, 1998 to September 30, 1998 as required by Project Document AD/TRI/96/910 between the Government of the Republic of Trinidad and Tobago and the United Nations International Drug Control Programme (UNDCP) [*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 and Financial Statements of the Tobago House of Assembly for the year ended December 31, 1990. [*Hon. B. Kuei Tung*]
3. Report of the Auditor General of the Republic of Trinidad and Tobago on the Accounts and Financial Statements of the Tobago House of Assembly for the year ended December 31, 1991. [*Hon. B. Kuei Tung*]
4. Auditor's Report and Financial Statements of the National Helicopter Services Limited for the year ended September 30, 1998. [*Hon. B. Kuei Tung*]

**FREEDOM OF INFORMATION (No. 2) BILL**

Bill to give members of the public a general right (with exceptions) of access to official documents of public authorities and for matters related thereto, brought from the House of Representatives. [*The Attorney General*]; read the first time.

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

*Question put and agreed to.*

**ARRANGEMENT OF BUSINESS**

**The Minister of Public Administration (Sen. The Hon. Wade Mark):** Mr. President, today, the Senate should be dealing with Government Business. However, I seek leave of the Senate to deal with Private Business instead of Government Business.

*Agreed to.*

**ECONOMIC PHILOSOPHY**

[Seventh Day]

*Order read for resuming adjourned debate on question* [November 24, 1998]:

*Be it Resolved* that the Government of Trinidad and Tobago articulate its broad economic philosophy 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.*

**Sen. Prof. John Spence:** Mr. President, in a way the issues that we discussed on this Motion are, to some extent, the same issues that we discussed during the budget debate, except that we have had a longer and lengthier period to address the issues that have been raised by Sen. Dr. St. Cyr.

In the three years that I have made some comment on the budget debate and the general economy, which I suppose is the focus of this particular Motion, I would usually make some comment on tertiary education, because it is an area on which I feel I have some background knowledge, and then I would talk about the agriculture sector. This time would be no different to that of the budget debate. In a way, that means I can be briefer because I do not think that there is really anything new to discuss in these areas and, therefore, most of what I should say has been said, in one form or another, over the last few years.

It seems to me that if we look at the general economic policy as stated in the document which was circulated to us by the hon. Minister of Finance, by and large, the objectives of those have been met, that is the macro economic indicators: the level of inflation, the rate of exchange and the stability, generally, of the economy. I think the management, in that sense, is such that one would not need to be too worried that there is going to be large divergence from the path we are now taking. So there is growth, to some extent, affected by the price of oil so there may be a bit of a bridge here and there, but, by and large, I think that is the way it is going.

There is one important issue that I think we ought to discuss—and I am not pretending that I have the answer to this problem, but I certainly think it is important that we address ourselves to it—that is, the present global economic structure. We are certainly a part of that and are paying due respect to the needs of

that global structure. It is resulting—not just here in Trinidad and Tobago but worldwide—in a greater disparity between nations and the rich and poor, but of more concern to us here is a greater disparity between rich and poor. There is no doubt that this, too, is happening in Trinidad and Tobago.

Some time ago, when Sen. Mahabir-Wyatt had a motion on unremunerated work, I attached to that—it was approved by this Senate—a suggestion that we should have a periodic household survey, not necessarily every three years. It is very difficult to pin down exactly what the state of the population is until we are able to have such a survey. This is a survey which is done in the United Kingdom every year, and it gives a good idea of the well-being of the population as a whole, particularly the poorer folk in the community.

So when we throw figures around that there is 30 per cent below the poverty line, or if we increase the old-age pension to \$600, we have taken so many thousands off the poverty line—not perhaps adding that that was the poverty line some years ago and it may not be the poverty line today—we really do not have the hard data to discuss the issue sensibly. I think it is extremely important that we do that household survey and inform ourselves as to precisely what is going on internally, with respect to the distribution of wealth.

The hon. Minister has referred in his document to a trickle-down effect. Well, I do not think that anybody could prove that there was a trickle-down effect. This was the wisdom two years ago when structural adjustment first came in, and we were lowering taxes in order to create more investment and entrepreneurship, and by that way create wealth and some poorer people would somehow benefit from this.

**1.50 p.m.**

This has not been the experience of any of the countries that originally espoused this theory. So I think we should stop talking about the trickle-down effect because I do not think it works, but we need to examine our own system. I am not an economist. I do not pretend to have the answers. The only contribution that I can make to that sort of debate is to say that if we develop all the sectors of our economy this is bound to have some beneficial effect. So if we develop the tourism sector, the agricultural sector, the services sector and so forth, as opposed to the great reliance we now have on the petroleum sector, this is bound to go towards alleviating that global problem. It may not solve it but it may go towards alleviating it.

Of course, one of the objectives of the economic policy of the Government, again as stated in the Minister's document, is development of agriculture. I think I have underlined three times in his document where he talks about agriculture. He talks about the new agricultural incentive programme which we discussed, therefore I think we really ought to think not only in terms of developing the other sectors, which is what I will talk about in a while, but we also ought to think in terms of what we can do with our economic structure, what instruments we need in order to address this issue, then perhaps we may give something to the rest of the world if we can find some solutions here. We are a small island with a small population, we have a fairly tight system and surely we can see what we can do in that regard.

A new United Nations Development Programme study was put out last week. I tried to get hold of a copy but they said it was being launched in Trinidad and Tobago, I think this week, so copies were not yet available. I would have liked to look at this because I gather from the announcements where it was first launched in New York last week that the UNDP is saying that globalization is having many adverse effects.

There is already happening what I expected when we first started going heavily in the direction of globalization, trade globalization and the rest. I thought that eventually there would be a swing back. I did not think it would happen in my lifetime. Having arrived at the age of 70 last week—[*Desk thumping*—I feel that I am now on borrowed time because that is the Biblical three score and ten. But already we are seeing that change. So it seems to me that there is a possibility that the movement may come from without as well.

We have heard the Caricom countries talking about the banana problems and trying to get together to influence how the World Trade Organization might address issues such as that, and I must say that I congratulate the hon. Minister of Foreign Affairs who has been quite outspoken on this particular issue. So I think that is all to the good. However, we must seriously put our minds to this problem. If the economists come up with something which is meaningful, then perhaps the rest of us can discuss it. I do not think that non-economists can really advance the theory that needs to be first thought about and then the practice that must follow.

Another issue that I will touch on for a while is tertiary education. Again, to repeat what I have said in the past, the Hon. Dr. Morgan Job, when he was making his contribution to this debate, made the point that we still do not have enough people through tertiary education in this country and I have said it repeatedly that

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one way of addressing this, which is within our grasp, within our means, within our resources, within our capability, within the concept of our decision-making process, is to create a second university in Trinidad and Tobago.

I cannot understand why certain academics—I can understand perhaps why the academics of the University of the West Indies do not encourage this development because they see this as a threat to them. They should not. They should see it as a means of keeping them on their toes and some competition is always good, even in the academic sphere. So I think they are making a mistake by doing this by slow stages. First it was a community college. We went one step further because we no longer call them community colleges, we call it the College of Science and Technology or some such terminology.

Let us be clear; what we need is more training at university level and we do not want another academic institution. We want a university that is more like the land grant colleges of the United States which started off mostly for agriculture and for mechanical sciences. We are at the stage of development that the United States was perhaps 50 or 100 years ago and it was beneficial to them then, it will be beneficial to us now. So why do we hesitate? Why do we not take the step? Is there some vested interest that is stopping us? I know that there are a number of private sector initiatives now.

All the universities in the United Kingdom used to be polytechnics. There were perhaps 20 universities some years ago. About 10 years ago they transformed all the polytechnics into universities so now there are 101 universities. And all the new universities are offering degrees in Trinidad and Tobago. We are awash with degrees being presented by these universities from abroad but we do not think of creating our own universities to offer degrees. I just cannot understand it. We have all the infrastructure, we have the basic requirements. It is just a question of upgrading the colleges that we have, Cipriani Labour College, John S. Donaldson Technical Institute, San Fernando Technical, ECIAF and the like.

I still urge the Government to consider moving somewhat faster along that road and indeed I hope that Minister Job would prod from his position—a much greater influence than mine—in the sense of trying to move the Government in that direction. But he certainly has expressed clearly the need for that development in the sense that we need more graduates in tertiary education. It makes no sense saying that we would send them abroad for training because if we do and they are

bright they just do not come back because the attraction is so great; not that I am one for complete inbreeding.

I am not suggesting that people should go to our own university for a first degree and then go nowhere else. I do think they should have their first degree here, either at UWI or at their own university, then they will get opportunities to go abroad, either for technical training or for postgraduate training in more academic subjects and the like. They are more likely to come back if they had made their first allegiance to their homeland, having spent their formative years between 18 and 21 in Trinidad and Tobago, rather than spending them abroad.

There was a time in my day when, even though you spent time abroad in the United Kingdom, the whole atmosphere in those days—we were still colonies and the whole concept was that you were being trained in the United Kingdom to return to your home. There was no encouragement given you to stay in the United Kingdom to work and I think that was the right policy. Certainly at that time most people came back home—not now—because the attraction is so great and the policy now is to try to get the best brains that you can.

So that, you have the phenomenon of the United States sending people not only to get them at university level but to sit the SAT Exams so that they can capture them from school. We are starting the brain drain now at age 17 and 18 because they are being encouraged to sit the exams and they are sending people down to recruit our best brains. I think this really is very sad and we must use every effort to fight against it because we would not solve these problems, which I am saying are almost intractable, unless we have the brain power to do it.

Mr. President, the third issue I would like to address is that of agriculture and again, because I speak about agriculture so frequently, it really is not necessary for me to spend a very long time in this area. Up to now, as with previous governments during whose time I have been in Parliament—that is the NAR and the PNM—I have usually, for the first three or four years, refrained from making any serious criticisms of government because I think everyone must be given a chance to show what they can do, and then after that we can perhaps have a greater say. In the present case, of course, I have another reason and incentive in that the hon. Minister is a former colleague of mine at the university.

However, there comes a time when, if you feel that things are not going the way they should, it becomes incumbent upon you to say so, therefore it is necessary for me to call into question just where we are going with the agricultural

sector. The first issue I think is whether, indeed, productivity is increasing. In order to assess this I obtained productivity figures for a number of the major commodities in Trinidad and Tobago. I have passed around these documents because it is easier to look at a document and see the figures rather than to have somebody read them out and then try to remember them.

So if we look at this chart, basically it is a chart—the figures which do not stand out on the document were taken from the *Quarterly Agricultural Report*. As I say, I did not take it myself but I got it supplied to me and that is where it was taken from. The figures in bolder type are figures that I got myself by ringing around to the various agencies, the Cocoa & Coffee Industry Board, the Central Statistical Office and so forth. No doubt there will be explanations for why each of these has decreased, but in total they indeed have decreased.

Rice has gone down perhaps because we no longer grow it in the Nariva Swamp, but one must also say that we have not substituted anything to replace that production from the swamp. Secondly, we have the position with cocoa which this year is almost disastrous, 815,000 kilograms. Quite frankly, if that continues for another year or two we will lose our cocoa markets. Trinidad has a market for cocoa because we produce a fine flavoured cocoa, but manufacturers are not going to wait on Trinidad in order to get their supply. When the supply drops to too low a level, clearly the manufacturer will look for other sources such as Venezuela, Ecuador, Fiji or somewhere else where they produce fine-flavoured cocoa. So unless we can keep that supply up, we are in a very precarious position.

Many of the criticisms that I will make this afternoon I have made over the last 10 years, so I include previous governments in those criticisms. For example, in the case of cocoa, in 1992 the then hon. Minister of Agriculture put together a task force to advise on what should happen in the case of cocoa and a group of us got together: farmers, academics, ministry people and the like, and we wrote a report.

That report, in fact, advised that the government should plant 1,000 acres of cocoa a year for five years: that we should, in fact, double the actual acreage of—the actual production of cocoa, not the acreage because acreage is much bigger because our production is so low per acre, but we should double the production. Well, we were not suggesting that those acreages should be run as state farms. We suggested that they should be established by the government and then leased to private farms. Well nothing was done and I have repeated that proposal here time and time again to both the PNM government and, now, the UNC Government.



We have, in fact, the Non Pareil Estate which is 2000 acres which used to be a very productive estate for cocoa. So there is land readily available there, owned by the Government, not producing at all. But when one talks about Non Pareil Estate there are all sorts of rumours about who it is going to be given to, and who not, and why it is not being put into cocoa, and what is going to be done with it. I have no way of knowing exactly what is going on behind the scenes. All I can say is Non Pareil Estate should be recultivated in cocoa and it should be divided into 50-acre lots for farmers and anything else I think would not be to the benefit of Trinidad and Tobago.

Coffee has never been a big crop here and that also has gone down. What is surprising is that oranges and grapefruit have shown a steady decline because this includes the coming into bearing of the trees in Caroni (1975) Limited which consists of 3,000 acres, so these figures surprised me, but these are the figures that I was presented with. It must mean that the other acreages are going down, or else most of Caroni's crop is subject to praedial larceny and therefore it is sold by the roadside and does not show prominently in the figures; so that certainly is surprising.

Copra goes up and down—not much change there. It is surprising that broilers also show decline. Table eggs are about the same. It is surprising that beef and veal have shown a decline. Pork goes up and down. It can go right up. If you went up a few more years you would find it is right up and it goes up and down. Milk has gone up a bit.

We come now to sugar. I think we should discuss sugar a little more because the last two years have been disastrous as far as sugar is concerned. If you look at 1995, 1996 and 1997 it fluctuated around 115,000 tonnes. In 1998 it went down to 80,000 and then in 1999 it went back up a bit. It is now 90,000 tonnes this year. Of course the whole future of sugar is something that I believe is being addressed by the Government. I have not seen Minister Job's document, which I understand he has prepared, so I cannot comment on that. I can only comment on the situation as one sees it as a member of the public.

### **2.05 p.m.**

It seems to me that one should really get at what has happened in 1998, and I think there was some carry-over effect in 1999, because the public statements to me, do not indicate what really went wrong in that year. The common belief is that there was a severe outbreak of froghopper, and this caused a substantial decrease in sugar production. It is a belief that I hold. Other explanations have been given. I

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was given one yesterday, in fact, which said that, indeed the problem was not froghopper but *El Niño*, because the crop in Barbados, Jamaica and somewhere in the Far East had also reduced; so it was really *El Niño*, and not froghopper.

To give an explanation like that shows a lack of understanding of the environment, say, in Barbados and Trinidad and Tobago. In Barbados it is a very dry climate, so any reduction in rainfall would certainly have an effect on the growth of crops. In Trinidad and Tobago we have heavy clay soil, waterlogged in the rainy season and, indeed, a dry period during the rainy season tends to increase productivity because the plants have more room to grow in and are less waterlogged at the level of the roots.

Indeed, I consulted a sugar person after being given this explanation and I was told—I have not looked at the figures myself, so at the moment it is second-hand; I would look at them subsequently—that there was a dry period during the rainy season of 1989, and that resulted in a much bigger crop in 1990. So that before making these glib statements, I think people should look at the circumstances and get a little information from knowledgeable persons on the subject. That is what I did. I went to a knowledgeable person on the subject in order to find out what was going on.

Mr. President, if, indeed, it was due to froghopper damage, where was the decision taken to shift from chemical control to biological control at one go? This seems to be the problem.

There was some discussion on this in the other place and I have here the *Hansard* record of what the hon. Minister had to say on this point. Basically, the hon. Minister has said that the change to biological control was implementing a policy collectively agreed to in the tripartite agreement and which is a conditionality under the agricultural sector loan. So he is saying that it was tripartite policy and IDB conditionality.

I have looked at the Tripartite Committee Report and I invite any Member of the Senate to do so—I got this copy from the Library and it has to be returned this afternoon. There is nothing about froghopper control in this report. So I do not know where that comes from. Perhaps there was some secret agreement that the Tripartite Committee made outside of the report; it is certainly not in the report. With respect to the IDB's conditionalities there is a mention of froghopper control and what it says is, that a system of biological control for froghopper and thrips should be developed. Now anybody who knows anything about sugarcane, reading

that statement should immediately be suspicious about the capability of the person who wrote it. Because thrips is not a problem with sugarcane in Trinidad and Tobago. The other pest which is of significance is diatraea, a stalk borer, and that can be controlled biologically.

Clearly, that is an error. If it was an error under thrips, I would be very suspicious about the recommendation on the biological control. But the statement does not say that one should implement a programme of biological control; it says that one should develop a programme. And clearly having developed it, you do not implement it until you are sure that it is going to work. That drop in production cost the taxpayer in 1998—because Caroni (1975) Limited is subsidized by the taxpayer and I estimate that if you take it at \$3,000 for a tonne of sugar, it is about \$105 million; if you take it at \$4,000, it is \$140 million. Again, other explanations have been given about the drop this year—rainfall in January and all the rest of it—but some of that must be due to last year's infestation, because you cannot batter plants like that and expect them to come back the next year. Some of the 25,000 tonne drop this year must also have been due to last year.

But who is responsible? The hon. Minister said that if the crop this year dropped under 130,000 tonnes of sugar the Board of Caroni would be sacked. At least I think that is what he said, given his statement in the other place. I think the Chairman had just been reappointed. Who is responsible for these problems? How are we going to solve Caroni if things like that happen and we do not address them seriously, and make sure that whoever is responsible is brought to account?

Mr. President, what is the future of sugar? I know that Caroni (1975) Limited has plans for all sorts of other activities like land development and renting land to industrial states in order to earn an income and so forth. But even if income is derived from these other sources, there is still a large sugar production and the labour force employed. If we are looking at IDB's conditionalities—by the way, we say that we did frog hopper because of IDB's conditionalities; there are two other conditionalities there that I do not think have been done. One is to distribute 6,000 acres of land and the other is to reduce the labour force last year by 900 persons. Has that been done? Those are both conditionalities that we see in the loan agreement with the Inter-American Development Bank. So I really think—perhaps it is some personal prejudice on my part—that we have not yet implemented recommendations made by a committee, on which both the Prime Minister and myself sat in 1979, on the Rationalization of Sugar. I certainly think we still have that duty to address that problem.

What is the present Government's agricultural policy? Well, it is very difficult to discern it, because one can only go by the bits and pieces that appear in the press. When the Government first came into power the hon. Minister of Agriculture, Land and Marine Resources kindly provided me with the policy document, but it turned out to be the document that had been prepared by the previous government, dated May 1995. So I presume that is no longer this Government's policy. There has not been any policy statement since.

I had hoped, today, that the hon. Minister would speak before I did, so I could get the policy statement from the Government and then I could comment on it. Indeed, the whole point of this debate is that the Government is laying out its policy in various areas, such as energy, housing, education, what have you, and then we would respond. But I am unable to do so because I was persuaded that the hon. Minister wants to speak after me, and I gave way to that arrangement. I hope that I would have some opportunity in the future when he does give us his policy this afternoon, to respond, perhaps, by way of a motion on the adjournment or some other device.

The main policy of the Government with respect to trying to increase the agricultural sector seems to be the incentives programme. The incentives programme covers many different issues. It covers some price support, for example, in cocoa and rice; it covers some subsidies for purchasing equipment—land rover or pickup, spraying equipment and the like; some for production purposes, I think, for digging a well or digging a pond and all the rest of it.

### **2.15 p.m.**

Mr. President, the problem is that these devices are not new. These were the devices that were used by the PNM government in the 1970s and 1980s and which failed abysmally. Indeed, hon. Minister Job referred to them in his contribution to us here. I am reading from Minister Job's contribution of June 1, 1999. I see here he has "towel subsidy", but I think it is "ploughing subsidy" he really meant. This is what he said:

"I remember when I used to be in the public service, I said once, talking about a subsidy called "ploughing subsidy", that the amount of "ploughing subsidy" that I have approved in the last three years, all the land between Cedros and Venezuela, all over the Gulf of Paria, should be ploughed up and planted with potato and rice, because the subsidy was not used to plant anything. It was a way of siphoning off state resources, a way of corruption."

Clearly, Dr. Job has the same opinion as I have about these subsidies. They just do not work. They have not worked in the past. Why repeat something that failed abysmally? They may be of different value now. Some may be increased, a little here, a little there, and so forth. I do not believe that is going to work. Let us wait and see. Perhaps it will, but certainly, if one talks to the people who are knowledgeable on the subject, it is perfectly clear that the majority opinion is, amongst the agriculturists, that this will not work. I really do not feel that I can speak very much in favour of that policy.

The second activity, I do not know if they would call it a policy, is the growing of corn. The previous Minister of Agriculture, Dr. Rowley, also had the idea of growing corn. I was very skeptical about it then and I am very skeptical about it now. We have to understand the new global economy. We talk about trade liberalization, globalization, and we do not understand that one of the things this means is that if there is a commodity which can be produced very cheaply in another country with which we trade, of which we will be an expensive producer, we do not produce that commodity. We can produce something else which we can ship to them, even though we may have a large import on it.

Corn is one of the things I do not think we should go for if we are in a globalized economy. I think the price being given for corn—the Minister can correct me if I am wrong—is one dollar per pound. We could import dried corn at 25 cents per pound, and they are going to pay one dollar per pound for it? I am not against subsidies for agricultural produce, like cocoa, if they make sense, but I do not think that this one does.

Of course we would not get the response, because a grower, even at that price, can make a lot more money by selling fresh corn for boiling or for roasting. The longer the plant stays, the more it is likely to get diseased or attacked by pests. Why do it? Of course, I tried to find out what the response was to this corn project and checked around at the ministry. I discovered that the Director of Research is responsible for the corn project.

Quite honestly, a research activity is a research activity, and if somebody has to be responsible for corn, it should be the Director of Extension or somebody else, but to put the Director of Research away from his job of doing research—fortunately, we are not going to get much corn. I do not think we are going to get anywhere with corn. I might, perhaps, say facetiously that we would go the way of

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the apples, because when the hon. Minister first came in he spoke about apples. I do not know what happened to that.

The Agriculture Sector Loan which started in previous governments—not this one—I have always been somewhat doubtful about, because it seems to me that it started at the wrong end. What it is doing is trying to strengthen the Ministry of Agriculture, Land and Marine Resources basically, improve land management and, perhaps, some water management, but I think we first have to ensure that the agricultural sector has been restored. It is at a very low ebb at this moment. When they have done that, then we can see what they need to do with respect to providing services. That is not the same, but the services are in good shape.

I tried to get a leaf analysis done on my anthurium lilies recently, and I went to Centeno and was told I could only get nitrogen phosphorous and potassium (nPK), because the machines to do the other elements were broken down and, therefore, it could not be done. Of course, this very expensive scientific equipment has to be kept in air-conditioned rooms, but the air-condition unit broke down some time ago.

I worked at Centeno for nine years and one has no idea how depressing it is for me to drive through Centeno now. The houses where I once lived are run down, the people are demotivated. It is a very sad state and something needs to be done, but it cannot be done within the ministry. For 30 years we have been talking about putting the research into an autonomous institute. We set up the Institute of Marine Affairs, CARIRI—a separate entity, not in ministries, because we realized that to try to do research within a bureaucracy is almost impossible. The whole thing is unmanageable.

When things are being cut back, they do not cut staff; they cut materials. So, they end up, having staff and no materials. When people are being promoted, they get promoted out of research. The classic one, way back in PNM times, was that the only man to get a national award for agricultural research, a few months after, was made the Head of Extension, because that was the next line for his promotion. We have not understood that a good scientific service means that one can stay doing the same job even though one is promoted, and get the same salary. We have to do something about the research services. Certainly, I agree that there is a problem that needs attention.

The whole thing in the ministry is sad. Of the senior staff, from Director above, there must be three-quarters who are acting. How could one motivate people and run a system when they are acting? We have lost two Parliamentary Secretaries,

we have lost a Permanent Secretary and contract officers. There just is a complete turnover of staff. How does one run an organization with that situation?

What new initiative should we have in agriculture? Because I do not see the new initiatives coming from the ministry. What should we do? Well, again, I repeat: we should establish feed crops by the Government intervention. This is one area in which Government has to act, not just by facilitating, but by actually doing. We need to establish feed crops and rent them out; cocoa, coffee and citrus.

I think we ought to expand the School Feeding Programme. The hon. Minister was kind enough to ask Sen. Prof. Kenny and myself to sit on a committee to look at this and, indeed, we did recommend what needed to be done. What did we find? The Government could not find a few hundred thousand dollars to employ a consultant to do a proper study on this issue. I think it was given to NAMDEVCO to do another sort of report, so I do not know what they did. We can find \$60 million to run a Miss Universe show, but we cannot find a few hundred thousand dollars to study the School Feeding Programme to see whether we can get other farmers locally to produce food for it. This does not make sense. I refuse to believe that the Minister of Finance would not provide a few hundred thousand dollars to a consultant to address that issue, but that is what we did. I do not know what is happening about that.

**Sen. John:** I am wondering if the good Professor may want to reflect on the decision of the Government to close down some important stations—six stations in 1994, two most important: the Toco producing station and the La Pastora propagation station, and what effect that might have had on the situation we are experiencing today.

**Sen. Prof. J. Spence:** Certainly, I would make a comment on that. The problem is, as far as I can see it from my knowledge of what went on, the stations were closed down, but that was all. They were supposed to be privatized, but they were not. So, the result is that they are still paying the labour and the staff, but they are not getting the benefit of having privatized it.

I do not think it was a good decision. Certainly, it is a decision which this Government has had three years to reverse, but I would also say that having those stations on their own would not solve the problem. There must be an agriculture sector for them to service. If we do not have a cocoa industry, there is no use producing plants to go into that industry. Those go hand in glove.

I heard recently that one of our large conglomerates started to grow cocoa—I think they are growing some 20 acres—and I do not know if this is so, so I say, subject to correction, that when this grower bought the available plants, there were very few left. That means we are now only producing enough cocoa plants per year for 20 acres.

**Sen. John:** We understood when the NAR government started to rehabilitate some of those abandoned cocoa estates there would have been a resurgence of the cocoa industry, only to find out that after this was done they could not get planting materials. There were no cocoa plants being produced, so the abandoned estates remained abandoned.

**Sen. Prof. J. Spence:** There is a technical point there. The problem is that the old estates cannot be rehabilitated. We have tried that for 26 years—from the 1950s to mid-1970s. That is an error. That is why in 1992, when we were advising the government, we did not say rehabilitate; we said replant.

There are very good reasons why one cannot rehabilitate them. When one puts new plants into old fields, those plants are subject to all the disease and pests collected on the old trees over the years. They stay in the roots. One does not give as much attention to individual plants scattered about, but one does if there is a complete replanting of plants.

So, rehabilitation, as has been suggested, will not work and again, I think we are about to do it again, because we are trying to get money from the European Union for fixing the cocoa industry, and we are talking about rehabilitation. I was involved in that study and I tried my best to steer it in the way I think it should go, but I think it will come out again rehabilitative, despite the fact that one of the consultants absolutely said it could not work. I could show them the report, if they are interested, done by a Ghanaian visitor to the Cocoa Research Unit. He studied small growers in Trinidad and Tobago.

One cannot build one's cocoa enterprise, in this day and age of globalization, on the basis of a taxi driver having a few trees of cocoa. That is what the majority of cocoa plantations are. There are only two that I know of, which are of any substance—there may be three or four: Phillip Agostini and Manickchand in Manzanilla. Manickchand is a model that we use. He gets over 1000 pounds of dried cocoa per acre, and the island average is less than 100. Why are we talking about doing cocoa which gives a yield of about 100 pounds per year when we can get 1000? It is very frustrating, Mr. President. That is why sometimes I speak in a



very peculiar manner. I think that is one way we should go—the School Feeding Programme.

With respect to poverty alleviation, it is important that we add a dimension of food. Not by handing out food at soup kitchens, but by training people to grow some of their own food. Take fruit. I do not see why every household in Trinidad and Tobago should not have a passion fruit vine growing between the houses on the fence or a dwarf pommecythere plant—I will talk about that in a minute—which I think provides good fruit for children.

I honestly feel that we should be mounting a global food campaign using the resources in the Ministry, including the propagation stations. I have had two Private Members' Motions in this House in previous governments trying to persuade government to do this to alleviate poverty, and honestly, it seems to me such a good political strategy, but I cannot understand why it is not done.

I think we ought to be developing our forestry. Elton Richardson assured that we can grow mahogany very well in Trinidad and Tobago, yet we are not growing any mahogany. The forestry department should be planting applemat, cedar and mahogany to add to the pine and teak that we now have.

Then, other new initiatives have been taken by the private sector. I always say that the initiative of the rice growers in the Nariva Swamp was one of the few examples of entrepreneurship in the agricultural sector within recent years. I think Manickchand is another one.

### **2.30 p.m.**

Unfortunately, they should not have gone to squat on Government land in the way that they did or else governments which were not around at that time and the next one, and the next one should have perhaps managed the system in a way that they did not do any damage to the swamp, while they were growing their rice. So that is one initiative.

Cut flowers are another initiative. It is a small industry and employs a fair number of people, but it is not going to take up much land. We perhaps have 32 acres of anthurium lilies in this country and that is an investment of some TT \$16 million and it is not going to grow much more than that.

People are growing more hot peppers. If one looks at the data—I have not presented the data for vegetables—but by and large people can grow vegetables in Trinidad and Tobago and so that keeps up in spite of whatever happens.

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Sometimes the quantities go down a bit when there are floods, but by and large they recover very quickly because they are short-term crops. And indeed, I will also say that hot peppers, because there is a good market in the United States of America and Canada, are now being grown in larger quantities than they were in the past. So that is another possibility that I think we ought to look at.

*Motion made*, That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. D. Mahabir-Wyatt*]

*Question put an agreed to.*

**Sen. Prof. J. Spence:** So we can do things like that and we will do them and there will be some more entrepreneurship in that area, but that does not affect the overall large deficit that we are having in the major commodities.

Mr. President, I myself as you know, am quite sold that we can develop the dwarf pommecythere as a new enterprise in Trinidad and Tobago. I hate talking about my own initiatives, but I really have to say this that at 70, I feel I am showing more initiative in trying to get a new enterprise in Trinidad and Tobago than the Ministry of Agriculture [*Desk thumping*] and that is a very sad reflection on the ministry.

I spoke about the dwarf pommecytheres sometime ago, when the hon. Minister was in the Parliament and his comment was that it gets a disease. Sure, it gets a disease but it does not affect it. I have an acre and it gets the disease periodically, but it does not affect it. And I think most Senators would have had the products that I have distributed from CARIRI—Caribbean Industrial Research Institute and I think that all the responses are favourable. So here we have a plant—a new product that is, easy to grow, easy to harvest, grows under a wide range of conditions, very drought tolerant, yet can be grown in heavy waterlogged clay soils, makes some nice processed products but no interest in this by the ministry at all, not even at the university for that matter. Perhaps something is wrong with me!

Mr. President, when it comes to the overall food bill, I have here some other data which I got just at lunch time from the Central Bank, so I could not circulate it like the other documents, so I would just read the food import figures for the last four years:

1995	-	1.34 billion
1996	-	1.41 billion

1997 - 1.6 billion

1998 - 1.6 billion

So again, the trend is up and not down, another parameter that is adverse with respect to the agricultural sector.

Percentage change in agricultural gross domestic product:

1995 the change was negative, -5.2

1996 - +3.8

1997 - +2.7

1998 - -14.7

I suppose that is due to the sugar cane and the rice production. The numbers employed in agriculture because, of course, it is an important aspect as has been suggested for the agricultural sector, is that it must employ people. Now, I do not myself believe that it should employ people in production. I think it would employ them if you have a good industry on the input side and on the production side and also on the processing side.

Recently, one of the economists at the Inter-American Institute of Co-operation on Agriculture was including processed products, agro-processing in the agricultural sector, so he came out with a marvellous result, that agriculture was growing in Trinidad and Tobago. Well, of course, all the processing is done with importing raw material, so that is a very spurious way of looking at the data. You can do that if all the processing is done on your own raw material, then you could include those input and output sides as part of the agriculture sector and say this is what the sectors are really doing; but otherwise you have to look at the production separately and that is what I have done this afternoon.

With respect to employment, again, data from the Central Bank, these are in thousands:

1995 - 45.9

1996 - 42.6

1997 - 43.7

1998 - 38.9

Mr. President, again, the trend is in the wrong way; not one single parameter have I been able to devise, I did not look for parameters of the negative, I looked for the normal parameters that you would use to assess the sector: productivity, employment, contribution to GDP, effect on food imports and in all those four areas the effect is negative.

So what do I conclude about the agriculture sector? At the moment we are going nowhere, except down. Of course, if we have been going down for some time now, I will accept that, but we have been going down with previous governments.

I must say that I had high hopes with this Government which I thought started off on a rural basis and, I really felt that if one government could achieve a change in the agricultural sector, it was the UNC Government.

Mr. President, if sometimes I speak a little disappointedly, it is really because I am disappointed [*Desk thumping*] and I hope that by speaking this afternoon, I would have some effect on trying to persuade the powers that be that the present approach will not succeed and we will continue to gradually go down. The incentive programme is not going to have any effect. Even the IDB programme is not going to have an effect because it is not addressing the production, it is addressing the services. Providing rural access roads is not going to help.

There is a rural access road near to me, I drove down it on Sunday because I was looking for a man who had done some plumbing for me, and believe me or not, lovely paved road, excellent road but it led nowhere, so I said to the one gentleman in the house, "Where is the agriculture?" He said, "well I am the only farmer in here," and he showed me some peppers and so on, that he had in a few square feet of land. It went nowhere, because you have not decided in advance, where the agriculture is going to be, in order to know where to put your rural access road. I said this from the NAR times when they negotiated and went to the American Development Bank and, at the time, the IDB man said "Well we know that, but Trinidad is very short of foreign exchange so we want to give them these loans so that they can have some foreign exchange." We are no longer that short of foreign exchange. We can do better now.

If the conditionalities of these loans are making us do things which are adverse; if they are making us do biological control, when we should not be doing it—just to revert to that for a minute. We have in Trinidad and Tobago an international headquarters—well it is no longer a headquarters—a branch of the National Institute of Biological Control, where you can get expert advice on that subject. Of

course, one of the persons that I asked to tell me whether they had advised on this, said: “Of course, no, we did not advise that, by no means: we would not have advised that.” That is in a way being an aside.

Mr. President, I am sorry to have painted such a depressing picture. I do so with the hope that it would have an effect on having us change course and do something to enhance the agricultural sector. I never like to criticize without making suggestions on how I think it ought to be. I have repeatedly made suggestions to where I think we ought to go, but no one listens. However, I will continue to make them. Thank you very much. [*Desk thumping*]

**The Minister of Agriculture, Land and Marine Resources (Dr. The Hon. Reeza Mohammed):** Mr. President, I listened very attentively to the words of wisdom from one of my former professors. It seems as though everyone has the solutions to the problems which beset the agricultural sector.

Mr. President, I listened to Lloyd Best recently, Overand Padmore, Prof. Kenny, Prof. Spence and Sen. Nafeesa Mohammed and it befuddles me to understand why—since many of these people who were former ministers in previous governments, senior staff in the Ministry of Agriculture—they did absolutely nothing to improve this situation. Yet they come to this House, and they prefer to lament about it regrettably. They had the opportunities but for whatever it is worth, I listened to what Prof. Spence had to say on the agricultural sector.

#### **2.40 p.m.**

I also took the liberty—knowing that I was going to make a contribution here today—to go through this volume. These are the *Hansard* records of the contributions on the Motion of Sen. Dr. St. Cyr. What I could see, Mr. President, is that coming out of these documents, the records, are some very good points which were raised by both the Independent and Opposition Senators and, moreso, Senators on this side of the House.

I want to focus primarily, in my capacity as Minister of Agriculture, Land and Marine Resources, on some of the concerns expressed on the importance of the agricultural sector and its contribution to economic liberalization and human resource management and the strategies in keeping with the nature of the Motion brought to this honourable Senate by Sen. Dr. St. Cyr.

Mr. President, firstly, let me deal with some of the concerns expressed by Sen. Prof. Spence. He brought a table to this Parliament with a number of commodities

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and he looked at the production figures over the period 1995—1999. In the case of rice, yes, rice production has fallen in this country. The only reason is because illegal rice farmers in the Nariva Swamp were removed because of the practices of rice cultivation and the impact on the environment in the Nariva Swamp. You know, it is mindboggling to understand from the very farmers that, as far as I am aware, they were given permission to go into the swamp by a former Minister of Agriculture, Land and Marine Resources, who incidentally happens to be the uncle of the hon. Nafeesa Mohammed. I am told they got verbal permission—that there was no planning process involved in the introduction of these rice farmers into the Nariva Swamp.

You know, we still do not understand why these farmers went to the Nariva Swamp. It was not because of the land resource, it was because of the water resource. Sen. Prof. Spence kept asking for the policy of this Government on the agricultural sector. One of the policies which has been developed by this Government and which is at the stage of implementation in certain respects, is water for agricultural production. We in this country have gone away with the understanding, rightly or wrongly, that if we have land and cheap labour we can produce food in this country. That is not so at all. One could have whatever size of a parcel of land and whatever cheap labour one desires, if one does not have adequate water resources, that land cannot remain productive. The entire Caricom—every member state of the Caricom—has practised rain-fed agriculture for many years, not understanding the importance of the management of our water resource for agriculture.

What has this Government done so far with respect to management of the water resources? We have a policy framework—a framework of the Ministry of Agriculture, Land and Marine Resources. We are in the process of putting in place an Irrigation and Drainage Division within the framework of the Land and Water Division of the ministry to deal primarily with drainage and irrigation in the context of water for agriculture.

With regard to unfarmed water for agriculture, last year we spent \$6.5 million in the Carlsen Field area where we have the State Land Development Project (SLDP) farms; a network of 19 kilometres of piping material; two artesian wells were sunk in the Carlsen Field area with the permission of the Water and Sewerage Authority, and this system would provide water for primary agricultural production for over 100 farmers in that area. We thought it necessary to look at this system for a short period of time on a pilot basis, with a view to establishing a similar system in different areas of Trinidad.

So that, when we talk about agricultural production—and I read in one of these documents here that Sen. Nafeesa Mohammed made the statement that the UNC is killing agriculture—I ask myself if the good lady ever takes a drive around this country to see how many fruits and vegetables are being sold at roadside stalls in this country. One hundred dollars can purchase enough material for one household. Where is it coming from? It has to be coming from somewhere! It is coming from the agricultural production base of the country; that is where it is coming from. So one hears all these negatives all the time and nobody seems to be able to understand what is happening. Maybe it is because they do not wish to understand, for whatever reasons.

Water for agriculture, land distribution, agricultural access roads—and I heard Prof. Spence talk about the way the agricultural access roads were identified in the areas in which they were identified. The IDB programme, under the Ministry of Works and Transport, for agricultural access roads was developed under the PNM government. They are the ones who decided where these roads were to be put. That is what they did.

I can refer to that six-mile concrete road that was put in Paramin which did not even meet the 12 per cent economic internal rate of return, but it was put there. At the end of it there is one tomato tree. Who put it there at a cost of \$1 million per mile? Who put it there? Who was in charge? The former Minister of Works put it there. Why did he put it there? There is a reason for that, because the parcel of land at the end of that road belongs to somebody and we all know who it is, Mr. President.

**Sen. Mohammed:** Who?

**Dr. The Hon. R. Mohammed:** So one sees the kind of wastage that took place there. Sen. Prof. Spence is right! Many of the roads which were established under the previous government under the agricultural access roads programme were wrongly identified—the areas were incorrectly identified. He is very correct! But that was done for political reasons, so that the agricultural sector continued to suffer under that government. I will talk about Caroni in a little while because Caroni seems to be a big issue on the minds of those opposite.

Let us go back now to this table produced here by Sen. Prof. Spence. He spoke about the decrease in production of citrus: oranges and grapefruits. Prof. Spence knows very well that this country was hit by a citrus disease called tristeza, which is having an impact on the production. He knows that very well, Sir. But at

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the Ministry, we are taking all the necessary measures to ensure that this problem is solved. So we have a slight increase in copra production—I see two people standing. Am I that important?

**Mr. President:** Will you give way?

**Dr. The Hon. R. Mohammed:** I do not know who wants me to give way.

**Sen. Mohammed:** Mr. President, before the Minister moves on to the other point, he made a statement just now about somebody who owns a parcel of land in Paramin. Can he please tell us who is this person to whom he is referring?

**Dr. The Hon. R. Mohammed:** Mr. President, let us talk about agriculture, shall we? That is what I am here to talk about.

Yes, Prof. Spence, you wanted to ask a question. I will give way to the Professor.

**Mr. President:** I think the Minister is becoming a bit agitated. I will let the Members know who can rise and who cannot.

**Sen. Prof. Spence:** I also have to apologize, Mr. President, because I responded too quickly. I just wanted to ask if the Minister could tell us what is being done about the tristeza?

**Dr. The Hon. R. Mohammed:** Would Sen. Prof. Spence mind repeating his question? I did not quite get that.

**Mr. President:** Prof. Spence, the Minister has said he did not quite get your question, would you please repeat it?

**Sen. Prof. Spence:** I was just asking what was being done about tristeza.

**Dr. The Hon. R. Mohammed:** Professor, we are in the process of looking at new geoplasm in the context of road stock and we are also in the process of developing the system for the certification of budwood, and we are working closely with the Co-operative Citrus Growers' Association to make sure that this tristeza problem is not prolonged and does not continue.

So that, getting back to figures, we have sufficient broilers and, of course, we need to produce more table eggs.

With regard to beef and veal, we have had serious competition because we have opened up the markets. We are in a trade liberalization mode, so beef and veal are coming into this country as imported products.



There has been a slight decline in pork production over 1997, but we still remain more or less self-sufficient in pork production.

We have always had a problem with mutton, there has been a shortfall in mutton production; that is understandable. We are now in the process of developing a new system for small ruminant production; it does not only involve the production of mutton, it also includes the production of goat meat. Mutton production has remained more or less stable, there are ups and downs, slight fluctuations.

Then we get to sugar. Sen. Prof. Spence spoke at length with respect to sugar and he asked a very, very pertinent question with respect to the future of sugar. I think in the discussion that Sen. Prof. Spence had yesterday—if I am not mistaken—with the Chairman of the Board of Caroni (1975) Limited, he would have been pointed in a particular direction. My understanding is that an explanation was given to him with respect to the global situation *vis-à-vis* sugar, 1998, 1999 and even 1997. The figures which were anticipated, the quantum which were to be produced were revised downwards, not only in Trinidad and Tobago, but in the case of Jamaica, which had to revise its production figures downward by 12 per cent. Similarly, in Barbados and Guyana and, in the case of Mauritius it went down by as much as 18 per cent: they had to revise their sugar production downward.

People continue to lament on this issue of the froghopper. I need to correct some of the statements we hear coming across the floor with respect to this froghopper issue. Late 1997/1998, globally, we felt the effects of *El Niño*. There is no doubt about it. When we look at what happened in Central and South America it is very clear that agricultural production, globally, was affected negatively by the effects of *El Niño* and in some cases *La Niña*. This is one of the reasons sugar production, globally, was revised downwards in 1997/1998, and it is just beginning to pick up in 1999.

In the case of the froghopper, under the Agricultural Sector Loan Agreement, one of the conditionalities was the establishment of an integrated pest management system for the control of the froghopper. You know, while Prof. Spence continues to talk about biological control, he of all people should know that when one speaks about integrated pest management, one speaks about a combination of the use of biopesticides and chemical insecticides.

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It is not simply a question—Professor let me finish my argument and I will give way if you do not mind. It is the combination of the use of biopesticides as well as chemical insecticides.

**2.55 p.m.**

The chemical insecticides to be used must be compatible with the biopesticides, that is to say, when you use a chemical insecticide in conjunction with a biopesticide, the chemical insecticide must not kill off your biopesticide. So in the case of the frog hopper, the intention was that a combination of the metharisium which is a fungus in addition to myophellium which is the chemical insecticide and which myophellium is compatible with, metharisium ought to have been used. Sen. Prof. Spence would have been told by the board member to whom he spoke yesterday that, in spite of claims being made by the management, there was a shortage of chemical insecticides. That was incorrect. We had in store at Caroni (1975) Limited, large quantities of the chemical insecticide.

Mr. President, the intention from an environmental standpoint was that we decrease incrementally the use of the chemical insecticide and concomitantly increase the use of the biopesticide so that you reach a balance whereby the metharisium would be used as well as the chemical insecticide myophellium, but unfortunately, that did not take place through mismanagement of the operation, and many people fail to appreciate that.

Furthermore, the impression is being given that it is because of the frog hopper, and that alone, that in 1997/1998 the sugar production fell dramatically. That is also incorrect because when we look at the figures at the end of the day, we discovered annually we lose between 5—8 per cent of our sugar cane because of the frog hopper, irrespective of how much chemical insecticide is used. When we started implementing the integrated pest management programme for the frog hopper in Caroni (1975) Limited, that is to say, implemental increases in metharisium, the concomittal decreases in chemical insecticides, the effect of the frog hopper on the sugar cane was only 10 per cent. A 2 per cent above the 5—8 per cent normally when only chemical insecticide is used. So all this incorrect information you hear being spouted about, the people who are talking about it do not have the correct information, yet it is being projected in the media, it is being projected everywhere, even in this Parliament.

In 1997/1998, we had a combined effect of the implementation of the integrated pest management system for the frog hopper as well as the effects of

climatology, the climate. That was general throughout the Caricom member states which are involved in sugar production and we have the figures to prove it. Guyana revised the sugar production downwards by 12 per cent. So did Jamaica, so did Barbados. Mauritius, by 18 per cent. So to come here and say that the frog hopper destroyed the sugarcane crop in 1997 and 1998 is hogwash. It is total nonsense, Mr. President.

I am going to give you the correct information now, and I hope you are not only listening, Sen. Mohammed, I hope that you are also paying attention because I also have to correct some of the inconsistencies as they are recorded in your contribution to this debate.

**Sen. Prof. Spence:** Mr. President, I would like to read from the Inter-America Development Bank report contract document which I think was signed in June last year by the hon. Minister to which I have referred. It says: to improve internal management operations of the distillery and develop a programme of biological control of frog hopper. That is why I referred to it as biological control because that is what the document says. It does not say integrated pest management.

I am fully aware that what should have been done was integrated pest management, but if I may be allowed to say that the only way we can actually find out what is going on—and I have asked the Minister if he would be prepared to do this—is to have a public enquiry into the circumstances of last year.

**Dr. The Hon. R. Mohammed:** A public enquiry into what Professor?

**Sen. Prof. Spence:** Into what caused the...last year, because my interpretation is different to yours. I do not believe that *El Niño* would have decreased the sugar, I think it would have increased it, so I think what we ought to do is to have a public enquiry. Let all the experts from Caroni (1975) Limited and elsewhere come and say exactly what the position should have been, or would have been. That is the only way we can solve it.

**Dr. The Hon. R. Mohammed:** Professor, we should also have a public enquiry in Guyana, Jamaica, Barbados and Mauritius as well. I do not see the need for a public enquiry. I beg to disagree. I humbly disagree with you, Sir. I do not see, in my capacity as Minister of Agriculture, Land and Marine Resources, the need for a public enquiry into this matter. The experts have had their say in this matter already.

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Mr. President, let me get back to policy. On the question of land distribution, under the tripartite agreement, approximately 2,000 acres of land were earmarked for distribution to the farmers. In addition to that, under the planned distribution of land administration unit of the Ministry of Agriculture, Land and Marine Resources, approximately 7,000 acres of land were earmarked to be distributed to farmers, but Mr. President, there was need for enactment of a piece of legislation—of which Members on the opposite side, as well as the Independent Senators, are very well aware—referred to as the Agricultural Small Holdings Tenure Act. That piece of legislation ought to have been enacted long ago. It was the responsibility of the former government to bring it to Parliament for enactment. When we came into office, we realized that very little was done with respect to the Agricultural Small Holdings Tenure Act, and this Government took the initiative to put the framework for the legislation. So much so that that piece of legislation is presently laid before the Senate for debate.

Unfortunately, that piece of legislation is contingent upon the establishment of a land tribunal and under the Investment Sector Loan, there is a land package which comprises three bills which are presently out for public comment and one of these bills speaks to the Land Tribunal Bill. So the debate on this Agricultural Small Holdings Tenure Bill, which is presently before this Senate, has to await the passage of the Land Tribunal Bill since the Agricultural Small Holdings Tenure Act is contingent upon the establishment of the land tribunal. That is the delay we are presently facing. I am advised by my colleagues who have that responsibility that the three bills are presently out for public comment. I am not certain of the deadline set for these comments to be finalized, however, I think they are already laid in the other place. It demonstrates one thing and that is, whilst the former government had these responsibilities they sat there and did nothing about it, because the Investment Sector Loan was signed a long time under the former government and they never did anything about it. It is only when we came into office, the present Minister of Planning and Development started taking the initiative with the Attorney General. *[Interruption]*

**Mr. President:** Senator, if you want to take an objection, take it in the proper way.

**Sen. Mohammed:** Mr. President, the Minister is misleading the Parliament when he says that the former government did nothing upon signing the Investment Sector Loan. The facts are there, the date would show that it has been a whole

package of things which were taking place and they, if anybody, have been very tardy in implementing the measures that we had already put in place.

**Dr. The Hon. R. Mohammed:** I am not talking about implementation here. You cannot implement something which has not been finalized, Mr. President. There were many things that were not finalized by that government. That is what I am saying. I am not talking implementation here. What happened to that land reform package? What happened to the bills? Who drafted the bills? Who brought them to the Parliament? Which government? How long was that Investment Sector Loan signed? Under which government? These are the questions I am asking myself. The delays we are encountering now are because of the tardiness in certain respects of the former government and I can use a very good example with respect to the tripartite agreement with Caroni (1975) Limited.

When Mr. Basdeo Panday, our Prime Minister, was the President General of the All Trinidad Sugar and General Workers Trade Union, he was signatory to the tripartite agreement, but there were certain provisions under the tripartite agreement. Sen. Prof. Spence has a copy with him. There were certain provisions made and agreed to by the former government, the company, and the trade union.

There was a provision of \$45 million for capital investment in 1993, there was a provision agreed to by the signatories of that agreement for \$45 million for capital investment in 1994. There was also an agreement for a provision of \$20 million for the pension plan for Caroni (1975) Limited, a total of \$110 million. Fact—none was provided by the former government. Reality—as a result of the non-provision of those financial packages agreed to by the three parties who signed the tripartite agreement, the PNM government financially strangled the tripartite agreement. [*Desk thumping*] That is the fact.

From day one—Mr. President, I am not prepared to give way this time.

**Mr. President:** It is on a point of order, Mr. Minister.

**Dr. The Hon. R. Mohammed:** I am not prepared to give way.

**Sen. Mohammed:** Mr. President, the Minister continues to mislead the Parliament and the nation in saying that we dragged our feet on the tripartite report. I wish the hon. Minister would produce the evidence for that.

**Mr. President:** On a point of order you must identify the area in which the Minister has misled the Senate.

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**Sen. Mohammed:** Thank you very much for the guidance, Mr. President. The area in which he has misled the Senate is in his persistent remarks that the former government did nothing insofar as the tripartite report is concerned.

**Mr. President:** That is too general a point.

**Sen. Mohammed:** Mr. President, if the Minister were to go into his ministry, he would see that there was a plan of action with respect to the implementation of the contents of the tripartite report.

**Mr. President:** Let me make this point again. If you are rising on a point of objection, you must state specifically what point it is, and not make a general statement.

**Sen. Mohammed:** Mr. President, is it okay for me to ask the hon. Minister to indicate to the Parliament then, the areas of the tripartite report on which we were dragging our feet? What about the \$2 billion? I would like him to produce the evidence please, Mr. President.

**Mr. President:** Mr. Minister, would you proceed.

**Dr. The Hon. R. Mohammed:** Mr. President, I did not expect to come to this Senate and have this continuous interruption, but it is precisely in keeping with what Sen. Mohammed is saying. It is because I went to the ministry and looked at the plan of action, I realized that the provisions agreed to under the tripartite agreement were not provided by the PNM government. That is all I am saying.

**3.10 p.m.**

It is precisely because of that I am able to make these statements here this afternoon in this honourable Senate, Mr. President. That is all I am saying. You know, the Opposition comes here and boasts about having written off \$2.8 billion debt of Caroni (1975) Limited. They should be ashamed, and I will tell you why. Under which government was that \$2.8 billion debt accrued? It was their duty and responsibility to write it off, because, the debt was accrued under the watch of the PNM government and the former Minister of Agriculture.

**Sen. Mohammed:** I rise again on a point of order, I refer to Standing Order No. 34(b). The point of order is about the writing off of \$2.8 billion in debt. I would like the Minister to produce the evidence that it was under the PNM's watch that debt accrued. That debt was written off in 1992. *[Interruption]* Where were you then? *[Interruption]*

**Mr. President:** Please, some order! Continue Minister.

**Dr. The Hon. R. Mohammed:** Mr. President, coming to this Senate this afternoon, I promised to behave myself, it seems as though I will have to change my mind on that issue. The PNM government took over Caroni (1975) Limited from Tate & Lyle in 1975. Who was in office between 1975 until 1986? Who was in office? Who were the overlookers of Caroni (1975) Limited between the period 1975—1986? Do we have any answers from that side? It was the PNM government. A debt of \$2.8 billion accrued to Caroni (1975) Limited under the watch of the PNM government, and I am not wrong!

**Sen. Mohammed:** I rise again on a point of order.

**Sen. Ramnath:** You are abusing your privilege.

**Mr. President:** Senator, you are also becoming quite agitated. Twice already I mentioned to you that when you are raising a point of objection, you must state specifically what it is. I am under the impression that the Minister did, in fact, answer your question about the \$2.8 billion to the effect that between 1975—1986 debts were accrued. I heard you say on the side there, it was under the NAR also, but that is not the point for debate. If the Minister has made a statement and you can refute it, then you may do so, but unless you can refute it, do not keep rising taking the same objection.

**Sen. Mohammed:** I seek some clarification—can it be refuted in terms of the response that he has given? Is it possible that I can have the opportunity to do that, Mr. President?

**Mr. President:** I am sure you have speakers on your side who would be able to make a contribution with respect to that. As it is, we must accept what the Minister says, unless you can directly refute it in some way or the other. What you can do is, when you rise on your point of order, you say that “the Minister has said so-and-so, but according to the records that I have here, this is not a fact”, and you produce the records.

**Sen. Mohammed:** As it pleases you, Mr. President.

**Mr. President:** The Minister may continue.

**Dr. The Hon. R. Mohammed:** Thank you, Mr. President. The truth always offends and this brings on agitation, but never mind. I was making the point that it

is shameful that the Opposition should come to this honourable Senate and make a statement boastfully that they have written off \$2.8 billion debt at Caroni (1975) Limited. My point is simply this: it was under their watch, during their stewardship, that the debt was accrued. That is all I am saying. I shall move on.

The lack of provision of the \$110 million over the period 1993—1994 and the \$90 million. From the start it actually stymied the progress of the Tripartite Agreement and the plan for implementation, because the provision of the funding was crucial to the implementation of the Tripartite Agreement. The PNM government never provided the \$45 million in 1993 nor the \$45 million in 1994. That is what Mr. Panday agreed to: the provision of these funds by the Government to ensure that the Tripartite Agreement worked. But, they strangled it. They strangled it financially from day one. That is why Caroni (1975) Limited is in this situation today. If those funds were provided as agreed to with the time-frames agreed to, Caroni (1975) Limited would have been far better off financially today. It is their fault.

I am thinking now that there are two fractions to the sugar industry in Trinidad and Tobago: one is the milling operations and the other is the production operations. Who produces the sugarcane in this country? It is the farmers. If the affairs are managed so as to shut down the mills, who are the farmers going to sell their canes to? What is the answer? The answer is very simple: the whole rationale behind the thing was to destroy the cane-farming community of this country; that is the only conclusion I can come to as Minister of Agriculture, Land and Marine Resources.

If it was really the intention of the PNM government, under the Tripartite Agreement to bring Caroni (1975) Limited to some measure of financial viability, they would have provided the funds. Do you know when they provided the \$45 million? In 1995. I am sure the Leader of the Opposition or the then Prime Minister knew even then—during the budget presentation for 1995—that he was going to call an election in 1995. That is why he provided the \$45 million. That is when it came—\$45 million. Too little too late for Caroni (1975) Limited. The Opposition continue to blame the UNC Government for the demise of Caroni (1975) Limited, when they strangled it from the start, from day one, by not providing the financial provisions agreed to. They did it!

I heard a former President of the Senate, Michael Williams—Who was it? Michael Williams made a public statement, he said: “Do not give Caroni any money, because those people do not vote for you”. Does anybody here recall that



statement? Michael Williams, a former President of the Senate, he made that statement: “Do not give Caroni any more money, because you give people in Caroni money and they do not vote for PNM.” That was the statement. From day one, the objective was victimization. That was the objective. The objective was to victimize the people involved in the sugarcane industry in this country. That was the objective. [*Desk thumping*] The PNM government, that is what they did. That was their intention. You see, on November 06, 1995, Mr. President, God smiled on this country. God smiled on this country on November 06, 1995 and nobody can dispute that. Because, if this Government did not come into office, Caroni (1975) Limited and all the families who depend on that industry would have been ‘has-beens’ by now. That is what would have happened. That is their wickedness. It is wickedness! It is mischief! Lord Jesus!

**Sen. Mohammed:** I rise on a point of order, under Standing Orders 35 and 35(4). The Minister is imputing improper motives.

**Mr. President:** Yes, Mr. Minister, I think you have gone a little too far in terms of the rationale for the result of what you are speaking about.

**Dr. The Hon. R. Mohammed:** I have no option but to accept [*Interruption*]

**Mr. President:** Just a minute, Senator, let us have some order please. No cross-talking. Address the Chair if anybody wants to make any comments, please.

**Dr. The Hon. R. Mohammed:** Mr. President, I accept your ruling on this matter, I will proceed. The question of land distribution, the Agricultural Small Holdings Tenure Act, I have given an explanation as to why this has been stymied. I have spoken about agricultural access roads. Sen. Prof. Spence in his wisdom, and I agree with him—the areas identified for the construction of agricultural access roads under the PNM government, under the Inter-American Development Bank Programme, under the watch of the former Minister of Works and Transport and the Minister of Local Government—they were ill-conceived, very much so, Mr. President.

**3.20 p.m.**

Mr. President, markets are another area of focus of this Government by way of policy—the establishment of rural retail markets. It makes absolutely no sense to have wholesale markets and you do not have satellite retail markets geographically and strategically located to absorb the produce being sold wholesale at the wholesale markets.

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Sen. Nafeesa Mohammed in her contribution—it is all recorded here; it is marked here on every page where it concerns a matter of agriculture, like all the other documents—spoke about the National Agricultural Marketing and Development Corporation (NAMDEVCO) and its role in marketing. If I am not mistaken, I read somewhere in her contribution where she staked a claim for the PNM having started the Debe Wholesale Market. It is in this document here—the PNM having started the Debe Wholesale Market.

**Sen. Mohammed:** Can you just give the date of that?

**Dr. The Hon. R. Mohammed:** No. I am not prepared to give way. I am sorry.

Mr. President, I recall distinctly that this Minister of Agriculture, Land and Marine Resources and the new board of NAMDEVCO went down to the Debe Wholesale Market on March 17, 1997 and started the market. On several occasions, she said that the PNM government started that market. I will tell you what happened, Mr. President.

**Sen. Mohammed:** Mr. President—

**Dr. The Hon. R. Mohammed:** When we came into office there was a board of NAMDEVCO and the Chairman of the Board was one Mr. Renwick Nickie. The Chief Executive Officer was one Mr. Leslie Scotland.

*[Words Expunged]*

**Mr. President:** Mr. Minister, let us not delve into that kind of contribution especially when the people you speak about are not in this Senate and are unable to make any comments contrary to your views.

**Sen. Mohammed:** That should be expunged from the record.

**Dr. The Hon. R. Mohammed:** I will be so guided, Mr. President, but the point I am making is this. It is because of serious mismanagement of NAMDEVCO, under the watch of the then PNM government that the entire marketing system in this country fell apart for agricultural commodities. There is a present situation/scenario with which the farmers and wholesale vendors who use the Beetham Estate Market are presently faced.

Last year, NAMDEVCO spent \$1 million in capital investment to construct a building for the purpose of wholesale vending of agricultural commodities on the Beetham Estate Market. The present Mayor of Port of Spain—and I want to

congratulate him on his reappointment and reinstatement as Mayor of Port of Spain—is in breach of the Municipal Corporations Act in that—

**Sen. Mohammed:** Take him to court if you want.

**Dr. The Hon. R. Mohammed:**—the Beetham Estate Market is a retail market. When the NAMDEVCO building was being constructed, we made arrangements with the City Corporation to allow the wholesale vendors to occupy a portion of the retail market at the Beetham Estate. Now that the NAMDEVCO building has been completed at a cost of \$1 million for the purpose of wholesale vending, it is my understanding that the Mayor of Port of Spain is refusing to allow the wholesale vendors to leave the retail market. As a matter of fact, he has closed the gates and he is preventing them from leaving the wholesale market—

**Sen. Mohammed:** Mr. President, can I rise on a point of order? He is imputing improper motives.

**Dr. The Hon. R. Mohammed:** What is your point of order?

**Sen. Mohammed:** Mr. President, in terms of what he is saying about the Mayor refusing people to go into the building, perhaps the Minister needs to check out the farmers themselves to find out what is the reason. The Mayor is not here to defend himself and that statement is very misleading because that is not so.

**Mr. President:** Continue, Minister.

**Dr. The Hon. R. Mohammed:** Mr. President, in future I think we have to invite into the public gallery all the people concerned whom I wish to speak about in my contribution in the Parliament, should that become necessary.

I am just making the point which is that NAMDEVCO has spent \$1 million and constructed a new building for the purpose of wholesale vending of agricultural commodities and the Mayor is refusing to allow them to leave the market. What is the reason? He is going to lose \$1 million in revenue. That is incorrect. That is against the Municipal Corporations Act. It is not as though NAMDEVCO has not written to the Mayor. The Mayor has been written to on several occasions and we have not had a response.

Getting back to markets, I am very pleased to announce and I do not think that any PNM—

**Mr. President:** Mr. Minister, before you continue. The speaking time of the hon. Minister has expired but, before allowing a motion for an increase in speaking time, I want to ask the press, the print and electronic media and the *Hansard* to expunge from

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the records the reference to the two gentlemen whom the Minister named earlier on. [Desk thumping] The speaking time has expired.

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

*Question put and agreed to.*

**Dr. The Hon. R. Mohammed:** Thank you, Mr. President, and thanks to my colleague for having my time extended. I will be guided by your ruling on these matters.

The question of the Agricultural Development Bank also arose in the contribution by the hon. Senator and I say to this honourable Senate that, perhaps, this is the first time in 21 years that the Agricultural Development Bank, under the watch and stewardship of this Government, has realized an unaudited profit of \$6 million. [Desk thumping]

Mr. President, before you rose and drew my attention to the expiration of my time, I wanted to make a statement with respect to marketing which is to say that through the efforts of this Government and through the efforts of the Minister of Agriculture, Land and Marine Resources, the United States Department of Agriculture, Animal and Plant Health Inspection Services, which is the institution which looks after animal and plant health quarantine measures, has agreed to allow the entry of certain agricultural commodities into every port of the United States. These commodities include: peppers, cilantro, lettuce, sorrel, pigeon peas shelled, beans shelled, egg plant; and the *cucumis* which include: cucumbers, pumpkins, watermelons and caraili.

What this has done is to provide a window of opportunity for all those farmers who are involved in the production of these commodities by way of the opening up of the United States market, every port in the United States. Previous to this, there were only certain northern ports through which some of these commodities were able to enter the United States markets and it is due to the efforts of this Government and this Minister of Agriculture, Land and Marine Resources. [Desk thumping] I wonder if an effort like this was ever made by the previous government. I continue to wonder.

There was an institution created by the name of Taurus, a debt collection agency, and this institution was put in place primarily for the purpose of dealing with the Workers Bank. It is amazing to find out, after looking at the records of

the Agricultural Development Bank, that under the stewardship of the PNM government, many of the debtors to Workers Bank were able to access loan funding from the Agricultural Development Bank to pay off their debts owed to Workers Bank. These people got loans from the Agricultural Development Bank to pay off for cars, houses and for luxury items with absolutely nothing to do with agriculture, under the watch and stewardship of the PNM government. It is amazing; and my poor farmers who had mortgages and debts to the Agricultural Development Bank ended up in Taurus. Who did it? The PNM government. And they talk about having done so much for the farmers of this country.

**Sen. Prof. Spence:** Mr. President, I wonder if the hon. Minister is aware of the fact that the ADB has just forgiven some debts, but in order to qualify, you must have a debt of at least half a million dollars. Lower than that, you do not qualify.

**Dr. The Hon. R. Mohammed:** I missed that, Sen. Prof. Spence. I totally missed that comment.

**Sen. Prof. Spence:** The Agricultural Development Bank has just forgiven some debts to a certain sector which is in trouble, but in order to qualify for forgiveness of the debt, you must have a debt and indebtedness of not less than half a million dollars. If you owe less, you do not qualify; you do not get forgiven.

**Dr. The Hon. R. Mohammed:** Sorry, Sir, I still do not get your point but, nonetheless, that is the kind of treatment that was meted out to the farmers of this country by the former PNM government.

**Sen. Mohammed:** Are you still blaming the PNM?

**Dr. The Hon. R. Mohammed:** Yes.

**Sen. Prof. Spence:** The Minister said he missed the point. The point is, Mr. President, that the Agricultural Development Bank is helping large debtors/farmers but not small farmers.

**Dr. The Hon. R. Mohammed:** As Minister in charge of the day-to-day operations of the Agricultural Development Bank, I beg to disagree with your statement. I know better than that because I keep a daily watch on the loan portfolios of the Agricultural Development Bank through the Board of the Agricultural Development Bank. I do not believe that the Agricultural Development Bank is helping the large farmers only; it is also helping the small farmers. I am aware of that. I know that.

**Sen. Mohammed:** What is the purpose of having a board?

**Sen. Ramnath:** Leave the man and let him talk.

**Dr. The Hon. R. Mohammed:** She does not like to hear the truth.

The thing about it is that one of the conditions that were laid down by the ADB, when it was under the purview of the PNM government, was that in order for a farmer to access a loan at the ADB, the person must purchase shares at the Agricultural Development Bank, for whatever it is worth. But, the shareholders of the bank have made numerous appeals to the former Minister of Agriculture, Land and Marine Resources in an effort to at least cash in on their shareholding value.

We have taken a decision as a government, and the matter is presently before the Ministry of Finance for consideration, that we are considering offsetting the outstanding balances of those farmers who still have outstanding balances on their loans to the Agricultural Development Bank and who are shareholders, with respect to the value of their shares and those who have already paid off their debts to the Agricultural Development Bank and who are shareholders, we are considering providing them with the worth of that respective sum of money.

Now, I cannot understand for the life of me why it became necessary, in order to access a loan at the ADB, that a person must buy shares at the bank. Perhaps at that time it was the wise thing to do, but in the final analysis, this Government came into office and was faced with total chaos with respect to the shareholdings of the bank even though it is only about 2 per cent.

**3.35 p.m.**

The fact of the matter is that on numerous occasions representation was made to the former government through the Minister of Agriculture, Land and Marine Resources, to solve this problem to assist the farmers: those who had outstanding balances use their shareholding values to offset the balances and so forth, and nothing was done. Yet they come here to this Parliament and complain about how much they have done for the farmers of this country, and boast of this and that. We seem to have forgotten the human side of this and the social implications, for whatever it is worth.

I have spoken about the National Agricultural Marketing and Development Corporation (NAMDEVCO), the Agricultural Development Bank (ADB) and the Tripartite Agreement. There is one thing I would like to reiterate with respect to the issue of Caroni (1975) Limited. Mr. President, I read in the presentation made

by the hon. Senator, reference to the transformation plan for Caroni (1975) Limited as the "Morgan Job plan", I would like to correct that.

The fact of the matter is, the transformation plan which was drawn up by the board and management in conjunction with the unions at Caroni (1975) Limited, was submitted for the consideration of Cabinet. Cabinet in its wisdom forwarded the document to the Finance and General Purposes Committee which recommended that a committee of ministers, chaired by Dr. Morgan Job, should consider the plan in detail and come up with recommendations to be forwarded to Cabinet for consideration. If the impression that came out of this process was that it was a Morgan Job plan, I would like to correct that. It is not a Morgan Job plan, but a transformation plan put together by the board and management in consultation with the unions at Caroni (1975) Limited.

[MR. VICE-PRESIDENT *in the Chair*]

Basically, the proposal that went to Cabinet was to restructure the company into the framework of a holding company and the establishment of subsidiaries under this holding company, each subsidiary to have its own cost/profit centres. Mr. Vice-President, the road map for doing this is presently being done by the Investments Division of the Ministry of Finance, and it is expected that the Minister of Finance would bring back to Cabinet the proposal for implementation of this process, at least, by the end of this month. Coming out of the proceedings and deliberations of the Investments Division of the Ministry of Finance, the board of Caroni (1975) Limited, Ernst and Young, and the people with the respective capabilities, hopefully the matter would be brought back to Cabinet, *vis-a-vis* the proposals to restructure the company, in the framework of a holding company with its attendant subsidiaries.

Mr. Vice-President, I wanted to touch a bit on the issue of the divestment of some of the state enterprises under the People's National Movement government, and to speak, in particular, about the way the divestment of National Fisheries Company Limited was done. I have a burning question in my mind after having read all the documents pertaining to this divestment. I found it passing strange that the company which cost the taxpayers of this country \$41 million was sold to a foreign company for less than half that amount.

What is even more disturbing to me—and I still do not have an answer to this question—is this: part of the assets of the National Fisheries Company Limited

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was 15 trawlers, and nowhere in the records can I find what happened to those trawlers. It was not factored into the \$41 million cost. That cost was for plant and equipment in terms of National Fisheries Company Limited itself, it did not include the cost of the 15 trawlers. Up to this point in time, I have been asking the question, looking at the document, and I cannot get an answer. What happened to the 15 trawlers which belonged, as part of its assets, to National Fisheries Company Limited when it was sold to a foreign private company?

It is very unfortunate that the Standing Orders of this Senate and the other place do not provide for questions to be asked of the Opposition, because this is one of the questions I would have asked for oral answer: what happened to the 15 trawlers which belonged to National Fisheries Company Limited? Where have they gone? Have they disappeared? *[Interruption]* Sen. Prof. Kenny do you have an answer, Sir? Would you like to tell us?

It was divested by the PNM government. What happened to the 15 trawlers? Where did they go? I doubt that they sank and then resuscitated from the bottom. *[Crosstalk]* These are the burning questions I have in my mind, and they impact directly on the fisheries subsector. What happened to the 15 trawlers? Why did we sell property belonging to the people of Trinidad and Tobago—taxpayers' money, \$41 million—at less than half the price to a foreign company? Mr. Vice-President, do you know what is happening now? Our local fishermen do not have access to that facility. Do you know that there is a processing plant there with a capacity of 15 million tonnes per year to process fish, and chilling facilities that our local fishermen whose moneys went into putting that plant where it is, do not have access to it?.

**Sen. Ramnath:** Shame!

**Dr. The Hon. R. Mohammed:** Who did that? Yet they come here and boast about helping—*[Interruption]*

**Sen. Rev. Teelucksingh:** Thank you very much. I wonder if the hon. Minister can tell us. He is asking us the question about the disappearance of the 15 trawlers and why National Fisheries Company Limited was sold for half the price. Forty one million dollars could be the estimated value. Could the Government not have made an investigation into this during the last three and half years? I think they can do it now, it is not late. *[Interruption]*

**Mr. Vice-President:** Mr. Minister, just to advise that you have just two more minutes, so take that into account in dealing with the answer.



**Dr. The Hon. R. Mohammed:** Thank you, Mr. Vice-President, I was not asking the Independent Senators to answer my questions. I was asking the Opposition Senators there.

**Sen. Mohammed:** One minute to go again!

**Dr. The Hon. R. Mohammed:** They have no answer for me! They cannot give me an answer! [*Crosstalk*]

Mr. Vice-President, I wish I had more time to continue making a contribution to this debate, but in wrapping up I would just point out to Prof. Spence that within the context of policy, the major areas of focus for this Government are water for agriculture, land distribution, agricultural access roads, markets and poverty alleviation. The Senator spoke about corn. Unfortunately, I do not have the time to give the figures coming out of the corn growing programme. When we look at our figures and compare green corn production for 1997 over 1998, we see a 400 per cent increase. That is one of the commodities, Professor, that can have a positive impact on poverty alleviation, simply by enhancing the purchasing powers of the people of the rural communities.

Mr. Vice-President, I thank you. [*Crosstalk*]

**Sen. Diana Mahabir-Wyatt:** Mr. Vice-President, unlike the last speaker I will not make a political speech. I would like to return to the Motion at hand. I would not be very long, I hope not more than about 15 minutes.

I have two documents here: one is the Government's statement on the economic policy of Trinidad and Tobago, and the other is the Motion moved by Sen. Prof. Eric St. Cyr. I think he has raised some extremely important issues in his Motion, particularly dealing with the broad economic philosophy of the Government, which I am not convinced has been answered as yet.

I have studied the economic policy document which was circulated, I believe, by the hon. Minister of Finance, and I would like to touch on two issues which I think come forward both in the Minister of Finance's statement and Sen. Dr. St. Cyr's statement when he first raised his Motion. They are both tied to a couple of other issues, one which we discussed when we were last here, having to do with integrity legislation, and the other which I have attempted also to raise in the Motion on the police service which will follow this Motion when this debate has come to an end.

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Sen. Dr. St. Cyr, in his statement, has raised a number of concerns which I think are very valid. He was concerned about the whole question of how our economic policy ties in with our political philosophy and how it either promotes or works against the interest of democracy. It is not a small concern, especially when we are living so close to Latin America, where democracy is something that is always at peril, and where people, up till very recently and still—if we listen to the news—are fighting and losing their lives just to preserve what democracy is. That is not something that we want for our own nation. That is why the Independent Senators come here every week and raise issues trying to exercise vigilance, express concerns and attempt to bring forward concerns which we think are concerns of the nation. It does not mean that we are always right, but it does mean that we have a responsibility to raise these issues—when we deem them necessary.

The concern I have which relates both to the economic philosophy and the economic policy statement which was circulated to us, has to do with the whole question of the trust of people in Trinidad and Tobago, the trust and belief which people in this country have in the institutions which have been put to run the country: the economic institutions, the legal institutions, the institutions of Parliament, and those involved in economic, fiscal and social development. A lot of it has to do with the goals and objectives which have been outlined in the economic policy statement.

As I understand it, the philosophy of this Government, which is a very laudable one, and also I believe of the two governments preceding it, has to do with promoting sustainable economic growth. I believe this is the exact statement which has been used. I believe also that this very laudable objective which is tied in, in this paper, with increasing the level of employment and strengthening the social and economic infrastructure, is a valid one. But I get the feeling, Mr. Vice-President, that the people who are developing the systems and policies that are intended to carry out these objectives are using systems and policies and, perhaps, even concepts that were developed in the 1960s and 1970s, at a time when perhaps these people were developing their own economic philosophies.

I am not convinced that these are consistent with the whole question of sustainable economic growth and the approach which I believe the Minister of Finance has been trying to propagate, and certainly that which Sen. Dr. St. Cyr has brought forward, both in his statement and in the Motion as well. It would appear that the policies and procedures by which we are pursuing sustainable

development, arise out of certain specific, structural policies having to do with savings and investments and, particularly, having to do with investment in different areas in debt management, which we have been pursuing for some time.

**3.50 p.m.**

I think that—and I hope the Minister, when he speaks, will correct me if I am wrong—I am getting the impression that we are working on the premise that social development is reached through economic growth, and in our case that growth has been tied to global trade, globalization, trade liberalization. There is an emphasis on infrastructural development which I believe has been referred to as the capacity “to expedite implementation of public sector projects”. If I quote from page 3 it says:

“...there will be increased emphasis on investment proposals and projects both upstream and downstream of the traditional oil and gas sub-sectors.”

This is talking about exploration, production, joint venture partnerships, *et cetera*, but leading to a:

“...further expansion in chemical production and high fuel consumption industries.”

This is infrastructure development, equipment development, technology development, development in the energy industry, and other major connected industries such as chemicals, methanol, urea and that kind of thing.

Just as a small aside, I think whatever advantage this globalization has brought to us, and in the previous debate, talking about Caroni and the development of Caroni and agriculture, quite obviously globalization and global loans or loans from international development agencies are very much tied to some of the conditionalities which we sometimes find very difficult to accept. We also have to notice—and this is where I am most concerned because this has to do with the social side of development, strengthening the social infrastructure particularly and dealing with the human resource side—that globalization also has a certain downside and I am sure that Sen. Dr. St. Cyr has noticed this.

It includes an increase in the drug trade, an increase in HIV/AIDS, there has been a decrease in total percentage of the GDP being spent on welfare and more being spent on infrastructural development, and a greater concentration on poverty in urban areas, although I think Trinidad and Tobago is small enough to have the

poverty spread pretty well evenly throughout. There have been other social developments which have been also global and this includes the increase in the number of single-parent families, a growth in the abandonment of children. This is a disturbing social trend which we see and it has to be tied to our economic policies and our economic development.

We, more and more, because of the question of unemployment and limited growth in employment which is in the highly skilled sectors, are experiencing the abandonment of children. Traditionally this has been by fathers but lately there has also been a growth in the abandonment of children by their mothers, who are going north to look for employment in order to support their families by sending money back and often leaving children in the care of an elderly relative or, in many cases, in care of an older sibling. I think that, if that particular trend increases, we are going to find a marked decrease in the human resource development in Trinidad and Tobago.

Like other trends—there is just one point I want to make here before I get carried away, and that is that this is a global trend and it is not unique to Trinidad and Tobago. I mention this in context of what I was saying, that I think a lot of the admirable objectives which are outlined in the Ministry's paper, when it comes to actual strategies to carry them out, these strategies are reflecting development strategies which were developed in the 1960s and 1970s. I wish to make an argument that these are no longer relevant to the pressures which have come out of the 1990s and are going towards the new millennium.

There is a well-known American writer who writes on economic issues, whose name I am sure is known to most people here, and he is Francis Fukuyama. Francis Fukuyama is the economic writer who postulated that history had come to an end. If I could have your permission, Mr. Vice-President, I would like to quote from a paper which he did recently called “The Great Disruption—Human Nature and the Reconstitution of Social Order”. He is talking about a

“...period, roughly the mid-1960s to the early 1990s”

which is consistent with what is happening here, which:

“...was also marked by seriously deteriorating social conditions in most of the industrialized world.”

He is saying that, at this time, industrialization is moving away from manufacturing into the services sector, into the Internet, into international global

communications via electronic media, and that a lot of the disintegration economically, financially, fiscally and otherwise which will be reflected in the Asian crisis and the Russian crisis was caused by this particular phenomenon. And he goes on to say that:

“Crime and social disorder began to rise,”

during this period:

“...making inner-city areas of the wealthiest societies on earth almost uninhabitable. The decline of kinship as a social institution, which has been going on for more than 200 years, accelerated sharply in the second half of the twentieth century. Marriages and births declined and divorce soared; and one out of every three children in the United States and more than half of all children in Scandinavia were born out of wedlock. Finally...”

and this is the point I wish to emphasize:

“trust and confidence in institutions went into a forty-year decline. Although a majority of people in the United States and Europe expressed confidence in their governments and fellow citizens during the late 1950s...”

as, I may add in parenthesis, they did in Trinidad and Tobago:

“only a small minority did so by the early 1990s. The nature of people's involvement with one another changed as well—although there is no evidence that people associated with one another less, their ties tended to be less permanent, looser, and with smaller groups of people.”

And although:

“...conservatives are often attacked for harping on the theme of moral decline, they are essentially correct: the perceived breakdown of social order is not a matter of nostalgia...”

We talk about how great things were in the old days, but according to Fukuyama it:

“...is not a matter of nostalgia, poor memory, or ignorance about the hypocrisies of earlier ages. The decline is readily measurable in statistics on crime, fatherless children, broken trust, reduced opportunities for and outcomes from education, and the like.”

Mr. Vice-President, we are so self-absorbed very often in Trinidad and Tobago in relation to our own problems, and particularly in relation to our economic situation, that we seem to be unfortunately unaware that there is very little that happens in Trinidad and Tobago in terms of economic development, as opposed to economic philosophy, that is not influenced by social and economic trends elsewhere in the world. Eventually, everything that is happening to us in Trinidad and Tobago at the moment is something which reflects what is happening in the rest of the world. We tend to think that we are in a little time capsule and that everything that happens here is only caused by what happens here.

In 1970 when we had our “troubles”, we seemed to have forgotten that at that time, when we had the Sir George Williams riots and the problems with the “Black Power” riots and trouble at the University of the West Indies campus, that Kent State was going on, there were riots at the Sorbonne in Paris. We just did not ever put it into context and we seemed to be prone to that kind of thinking. It is happening again, here, when we are looking at what is basically a breakdown in trust in our institutions in Trinidad and Tobago.

I am very concerned about this. This is why I raised the motion on the police, it is why I made the comments that I made, perhaps not as articulately as I might have done, when we were doing the debate on the Domestic Violence Bill, and why I keep harping on the point that we have got to build up trust: social trust, institutional trust, in our population. We have got to get back trust in the institutions which govern the country and we do not have it now. There is very little trust here in any of the institutions which run the country, or the people who run them, including this Parliament, including this Senate.

I do not think people essentially believe very much of what we say. And if you ask people by and large, “Do you believe in politicians?”, there is only one answer that you ever get, and this is something that happens no matter how old people are. I think this is a matter of grave concern and it is not something that just happens in Trinidad and Tobago. It has nothing to do with personalities or political parties, it is happening universally. I feel that we spend a lot of time, energy and needless tears trying to find answers to questions which other people have been spending years working on and are finding answers to after years of patient effort.

I have a feeling that Sen. Dr. St. Cyr was gently trying to point us to some of these answers in his Motion, and we just were too busy examining our own wounds to listen. Mr. Vice-President, I do not think that it could any longer be

questioned that human development has to be adopted as a valid end in itself, not as a means towards economic growth.

[MR. PRESIDENT *in the Chair*]

Sen. Dr. St. Cyr made reference to the United Nations Development Programme's Human Development Report 1999 in which Trinidad and Tobago came an astonishing 37th in terms of quality of life. I say astonishing because—*[Interruption]* Yes, sorry, Prof. Spence raised that point. I thought I had said Prof. Spence. It is an astonishing rating because it is so high. For a developing country it is extremely good but, Mr. President, I think that rating is going to be undermined and it is going to fall unless we start to look for a future that really is sustainable, with policies that are consistent with what the Minister's paper has been pointing us to.

I am just not convinced that the policies we are pursuing, some of which are outlined in the very paper, are going to take us in that direction. I think that what worked in the early 1990s is not going to point us to a valid development path for the first decade of the 2000s and I think that we really—I feel very strongly that we have got to change some of the strategies, although not the objectives, if we are going to get to where we want to go. If we wait until the policies fail it is going to be too late. You know, in Trinidad and Tobago parlance, we have got to “take in front before in front takes us”. I repeat, I really believe that the goals and objectives as outlined in the paper that was presented to us are right on target, but I am just not convinced that the strategies we are using are going to help us to meet those targets.

We have been talking about a “basic needs” approach in social development, for example, when it comes to strengthening the social and economic infrastructure. The conventional wisdom is that we follow a “basic needs” approach which identifies the poor as a target group and provides them with basic necessities. I think that we have to move to more than just a state of belief that our human resource is a valuable resource and start to put, if not the majority, at least close to a majority of our investment into social capital and institutional capital which is going to develop human beings.

Let me just explain, very briefly, what I mean by that. I have been noticing recently, in reading some of the new developmental economists who are leaning towards sustainable development for small societies like ours, that they no longer talk about “capital” the way I was taught when I went to university, and perhaps which most people were. They recognize “natural capital” which are things like

natural resources such as oil and gas and all the things which we recognize that come out of the ground, and “financial capital” which the Minister referred to when he talked about fiscal policy and savings and investment, and which we also focus on, for obvious reasons, and they also refer to “productive capital”. I think “resources” is a much better term. Unfortunately, I do not determine what terms international economists use.

**4.05 p.m.**

“Productive capital” is the upgrading of refineries and building pipelines and all sorts of things which the Minister has talked about in emphasizing upstream and downstream projects. “Infrastructural capital” is the other area which I think our Government is also putting a genuine emphasis on. I agree with that, and I think that everything we have done has been important in the past.

Mr. President, I would like to quote from a UNDP discussion paper entitled, “Sustainable Human Development from Concept to Operation.” It was developed by Stefan de Vylder, and talking about “social capital” he says:

“Unlike ‘physical capital’ that is wholly tangible and ‘human capital’ that is embodied in the skills and knowledge of an individual...”

which is the other area we have very rightly been emphasizing; talking about educational development; teaching the population about computers. Prof. St. Cyr made an impartial plea about tertiary education. The quote continues:

“...‘social capital’ exists in relations among persons.”

It is not something which can be legislated for;

“...it may be defined as voluntary forms of social regulation.

It places human beings at the centre, but above all, the relations among human beings. They are important because they constitute the basis on which moral communities are built.”

We are looking to move—this is in parenthesis—from a situation in which we do not have trust in our institutions, when everybody who gets up to speak in Parliament, or on a political platform, has to talk about corruption; has to try to undermine human beings credibility as we just saw happened, which was expunged from the record, so I will not refer to it.

I continue to quote.



“‘Human capital’ seeks to improve the ability of an individual to make decisions; ‘social capital’ seeks to improve the ability of a collectivity to make decisions. Naturally, however, the two are not mutually exclusive; a more skilled individual will also enrich collectivities, while more harmonious collectivities will make individual skills more meaningful and effective.”

In other words, they are saying that emphasizing human capital is not enough for human development. If you want to make human development a means of attaining the end of economic development, obviously, upgrading human skills is important, but it is not enough for human development to be sustainable.

We have got to put more emphasis on some of the other aspects which the Minister’s paper has referred to. I am talking about increasing the level of employment which I am not convinced we are doing enough about. But while people are being employed, it means that we have to invest what resources we have so that it would result in an increase in trust that people have in our institutions. In other words, so that we can trust that our police service is not going to abuse its power to enter a home without a warrant or, to arrest with a warrant. It is so that we can trust our medical personnel not to let a pregnant woman in labour lie bleeding to death on a hospital floor. We can trust our teachers in our schools to be able to discipline little children without beating them. This is the kind of trust that we need.

When honest public servants cannot live on the salaries that they make; when police officers do not make enough money at the end of the month to be able to support their families; when teachers’ and nurses’ salaries are so low that the brightest and the best, as Prof. Spence said, go elsewhere and leave our public services to the less capable—in some cases, the dishonest; in some cases, the corruptible—then we have got a situation where we are not ever going to have trust in our institutions. When we do not have trust in our institutions then we are not going to get the social or the economic development which we want to move towards.

We end up with a situation where there is no trust; poor people are humiliated when they go to access public services; they are exploited by people demanding extra payments for which they should not have to give payment by getting licences or documents. We end up with a situation where there is an increase in crime; where there is a growing school drop-out rate which we are experiencing now; where there is a greater attention to the lucrative attractions of the drug trade for young people than for

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the more difficult slow, plodding attractions, should I say, of agriculture or the public service and where there is always a tendency towards political instability and authoritarian Government. These things always follow where there is a drop in social trust. When there is a drop in social trust, people look for authoritarian answers. This has happened all over the world, over and over again. It is not something unique to Trinidad and Tobago but it is happening here.

My plea is that we take another look at the macro-economic policies that would concentrate on exchange rates and public infrastructure projects and the hope for trickle-down—I think that Prof. Spence referred to the trickle-down economics which have not worked anywhere—but they do work to an extent. They help people who are in a position to be able to run construction companies and invest outside of the country. Those are the people who are helped by trickle-down economics.

But policies that emphasize employment as it had been pointed out in the Minister's document—I know I have it here somewhere—are going to provide employment, not only help people who are on the market but they also help children and families of the people who are looking for jobs which would prevent some of the drop-outs that we see in child labour; we see children on the streets begging, which is something we should have put to an end long since. It helps domestic violence statistics; it helps the question of one-parent families, delinquency and all these things.

I am arguing that the policies which are outlined in the *Economic Policy Statement Trinidad and Tobago* which was presented for us as a background paper of this debate, are excellent policies. I am just saying that the macro-economic policies to be adopted should be looked at again, so that we can focus more on human development for the sake of human development, because the result of that is going to be an increase in social trust.

I end, if I may, with a quotation from a speech made by Professor Rex Nettleford. The speech was made last week or the week before. I think it emphasizes and supports the need for investment and social infrastructure. He says:

“We are still on a quest of the kind of society that is deemed fit for human habitation. The kind of society that is tenanted by people who consider themselves, or are universally considered fit to rule and fit to govern. The kind of society that is genuinely rooted in the sense of community and functions on the basis of mutual trust, social justice and equity.”

Mr. President, this is what I am arguing for. The quote continues:

“The quest is agonizingly urgent. The final destination is nowhere yet in sight and the achievement of what is now called civil society, based on social equity and the maturing of the freedom which slave emancipation promised 160 years ago, is still high on our agendal concerns. That freedom by intending to free hundreds of thousands of shackled bodies from legal bondage, was meant to facilitate the individual and collective growth of aggregations of men and women for social spaces, designed to nurture what John Rapley, who is a UWI social scientist, refers to as a stock of interpersonal trust in society, marked by high levels of civic participation in the self-defining efforts of charting one’s own destiny and creating and sustaining appropriate designs for social living.”

**4.15 p.m.**

This may sound like an academic exercise, but it is not. When we have just gone through an election where we had a very small percentage of the population turning out, we can see that we do not have a society which is marked by high levels of civic participation. We are not giving people in Trinidad and Tobago the kind of society which every community has said it wants. That is, one which is marked by trust in people and a return to old time values. I think it is a sad commentary on what we see all around us.

Professor Nettleford goes on to say:

“Some lay this crisis of sensibility, or trust, if you like, firmly at the door of a path which made no provision for that sense of community that is a product of shared, treasured values, or for equity in a situation where some were literally the property of others and, therefore, carried no rights of contract in law or in custom.”

The irony of all this was a backlash to such calculated obscenity of inequity. The West Indian writer, John Hearn, once described the phenomenon with awesome clarity driving us to a deeper understanding of the crisis, the midst of which we are in at this time. He said:

“What may have finished slavery is that slave society inevitably takes its values from the slaves. Lying becomes a moral obligation.”

I think we should ask ourselves whether or not what he was saying is not something we see about us. It goes on:

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“Lying becomes a moral obligation. Sabotage of productive work becomes a courageous act. Mistrust of authority becomes a political and moral imperative. Mockery of every institution becomes a badge worn by the best slave. In the end, even the master begins to accept these dreadful aberrations of a social contract as a normal pattern, and in the end, all are contaminated into incivility.”

This is the mental slavery that has become all pervasive.

Mr. President, I end with simply, again, a fervent plea that in looking at Sen. Dr. St. Cyr's Motion, and looking at the broad economic philosophy, particularly when we look at the economic policy statements we have before us, we can once again look at the macro economic policies and question whether, seriously, these are the ways in which we can best achieve the goals and objectives which are listed by the Minister of Finance.

I thank you, Mr. President.

**The Minister of Finance (Sen. The Hon. Brian Kuei Tung):** Mr. President, I thank Sen. Dr. St. Cyr for bringing this Motion. It has afforded the Government an opportunity for us not just to present our economic policies, but to allow us to speak about many of the other policies that are, you could say, dependent upon our economic policy. I say dependent because maybe I feel no better sense of timing, having to speak after Sen. Diana Mahabir-Wyatt with that very impassionate plea for our institutions, the people who are most vulnerable in our society, who are losing some sort of feel for the democratic institutions that have been around for a very long time.

Maybe part of the problem is that today we live in a very restless world and institutions seem to be a bit old. Whereas they are desirable, they seem to be less, maybe more taken for granted. That may be one of the perils we face in everyday life today.

The thing is, when Sen. Mahabir-Wyatt was speaking, I could not help but think about what would happen if we did not pursue these economic goals and objectives. I think we want to see this Motion not in the context of just developing an economy, as much as seeing how people can be developed within an economy. I am saying that the averse also holds true. If the economy does not grow, I do not see how one will be able to help people grow in an economy that is not growing.

I start by saying that we have to start with some sort of desirable goals and objectives. I have listed some of them to assist the debate on this Motion. I have

indicated some of Government's roles and objectives. I start with promoting sustainable economic growth while containing inflation. I say sustainable because there could be jerky growth. This means growth one year, negative growth the following year and positive growth the following year.

In essence, one wants to build an economy which one can trust will grow from year to year on a fairly sustainable and consistent basis. I am glad that Sen. Mahabir-Wyatt used the word "trust". Without that, one is unable to budget and plan and, therefore, the same things one is looking for, I know that many of them are qualitative instead of quantitative, but in terms of the quantitative, many of the quantitative things can then become available.

I would like, as the Minister of Finance to redress many of the problems to which they relate. I would like to pay higher salaries to teachers. I am not happy to know that we have our trained teachers and our trained nurses leaving our shores, because they can get better opportunities overseas. There are people who are near and dear to me who have had to do that. In essence, I would like to pay to ensure that everyone has a decent living wage.

The fact is, in Trinidad and Tobago we have to allow the economy to expand and grow so that ultimately, these people can benefit from that growth. I am not going to get into Prof. Spence's argument about whether it trickled down or did not trickle down. The opening comment I make with respect to the economy is that we have to understand the lessons of the past. We have gone from the heady days of the 1960s and 1970s into a literally very tough time in the 1980s. We have overcome the problems of the 1980s and used the 1990s to adjust. That is, maybe, the most critical lesson we have learned.

We have used the 1990s to adjust, and by adjusting, many people have suffered. They have suffered because we have gone through periods of boom to bust to adjustment. I think we are getting into a period where we can take command of our financial future much easier now, because we have learned the fiscal and financial lessons from the experiences we have gained over the 60s, 70s and the 80s, and in the late 90s, we can say that we have really come home.

I can assure those on that side that many of the glowing remarks given to us by people like the IMF and the multilaterals have been well earned. We have worked with these multilateral institutions over the last 10 years and they have seen us literally grow in wisdom, maturity and stature in their eyes, because they have seen

us as a model of what can happen when we move through the kinds of experiences we have had to move through.

So, sustainable economic growth is obviously a desirable goal, at the same time, containing inflation. Our policy with respect to inflation is that our inflation should be no higher than our major trading partners. Let me explain why I say that. Our major trading partners are people from whom we import stuff, whether it be food—and I heard food mentioned a lot today, particularly with respect to the question of agricultural policy. If one is importing food as a major part of one's sustenance, one should not have more inflation than from whom one imports food. If one does that, one is aggravating the economic situation by having local inflation put on top of importing inflation. The fact is that one can pursue policies to make sure that one goes towards food substitution so that one is in a position to cut one's food bill, but in terms of inflation and one's growth, one does not want to have an inflationary rate that is way higher than those of one's major trading partners from whom one imports goods and services.

We want to increase the level of employment. The one thing that worries me in the question of unemployment in Trinidad and Tobago is that even if we should get down to single digit unemployment, there would still be a lot of underemployment in the society. By that I mean that people who are able and have the capacity to earn a lot more would still be employed, but not fully productive in the sense that they are not being given an opportunity to realize their full potential in terms of their productive capacity. So, one is looking at the two dynamics: the question of reducing unemployment but, at the same time, addressing underemployment to ensure that people can play a full role, because in so doing, there will be an increase in the GDP and the economic productive forces of the country, the major one, as they say, being our human resource potential.

The other goal and objective we talked about is strengthening the social and economic infrastructure. Providing social economic infrastructure really is to ensure that we start on the very basic. The very basic is that the people who are least able to help themselves are the ones one wants to assist in the first place: The single parent without a job, the old aged pensioners.

An old aged pensioner probably can be regarded as one of the most vulnerable in the society. He has reached the end of his working years, because I am one of those who believe that even at Prof. Spence's young age of three score and ten, he is making a significant contribution so, obviously, he is not at the end of his

productive years. [*Desk thumping*] He may have been regarded socially—by socially, I mean social norms—as having reached retirement age, yet he is working here, but there are other people who are less fortunate than him, who have reached the point where their working years—and maybe even their productive years—have reached their last. Those people have to eke out a living by depending upon the social fabric of the society; the friends and families who can assist them, and Government.

That is why I said that we start by saying we want to assist the very basic and build on that. Whether it be the retirees, the handicapped, one of those who need the goodwill of their friends and families and the Government to be able to survive today. That is the social building block we have to address today. It cannot be done in a declining economy. It can be done well when there is an economy that is growing.

Again, providing education, health and social needs to the population, and finally, one that is getting increasing importance every year, protecting and preserving the environment. We are beginning to become much more environmentally conscious. My learned colleague is agreeing with me. We have a responsibility and we begin to understand how challenging this responsibility is that we leave the environment to our children, if not in as good a state as we met it, in an even better state. That is becoming more and more critical. We cannot rape the environment to get economic success. By doing so, there will be a very short-lived economic success, and that cannot be sustained if one is destroying the environment in the process.

What I have attempted to do by this document—I started off with those goals and objectives—was to give an idea of what Government is intending to do. I do not know if it is necessary for me to dwell at length on this document. I have circulated this document and many of you have made contributions on it. I gathered from the gist of what I have heard this afternoon and from previous sessions that, generally, there is agreement that this document makes some sense.

What I would do is give a little more of what Sen. Marshall did. I would try to support some of the policies that have been stated here and I hope that some of them have not appeared to be too “textbookish”. We talked about fiscal policy that would establish a macro-economic environment and we talked about an environment which necessitates fiscal consolidation. The Government is committed that it would not spend more money than the revenue it generates from year to year.

Establishment of a highly efficient tax system. One of the things that our administration did coming into Government, very early, was to try to see if we could improve on our tax system, and I think we have done a tremendous amount of work—if I may say so—on the PAYE system to start with. We have simplified it, lowered taxes, and I am happy that in lowering taxes we have collected more taxes which meant that we have improved on compliance. We have been able to get the population on our side in the sense that if it is a lower tax, if it is affordable, they comply with it more readily, and as a result of that, we have actually collected more taxes with lower rates than previously.

**4.30 p.m.**

We have strengthened the savings and investment effort. Maybe some of our strategies may not have met much political or popular appeal. I recall many a time, I had to stand up and defend the fact that in making the tax system more efficient, we cannot have it cluttered with much of the tax-saving vehicles such as the Unit Trust and credit unions. What we wanted to do was to give people the opportunity to:

1. Pay a reasonable level of tax;
2. Make the decision for themselves as to whether they will invest in credit unions or the Unit Trust; and
3. The influence that a high tax rate will have on pushing people into those kinds of savings effect.

One cannot get that same level of influence if one lowers the rates of taxes. So that in essence, it had to be a judgment call and in our judgment we much prefer to lower the rates of taxes.

I spoke about an environment with credential debt management. Our debt management strategies, incidentally, have worked very well in the last 10 years. As a matter of fact, our debt service ratio fell from 25.2 per cent in 1994 to 9.3 per cent in 1998, and I am quoting the most recent annual economic survey that was done by the Central Bank, which I received just last week and to my mind, it is a very serious indicator that you want to stay close to.

Many a country has gone on economic ruin because its debt service ratio has gone so high. I do not want to sound as if I am critical of my neighbours, but you look at Guyana for argument sake, Guyana is in a crunch. More than 50 per cent of its foreign earnings go towards servicing debt. Guyana is not in a position to



come out of the economic problems without the goodwill and assistance coming from her creditors. It is unfortunate that she has reached that position. I make comment on it merely to state the fact, and to explain to you that we need to make sure that we live well within our means. If 9.3 per cent of our foreign exchange is going to pay our foreign debt, one will understand that we are in a far superior position economically, than say our sister country Guyana.

So that in essence, and I know that I may sound as if I am just talking about macro-economic indicators, but I would hope that in the process I can quickly give an idea as to why these indicators are important to us to ensure that the economy keeps growing from strength to strength.

Let me start by saying that Government is committed to a continuation of sound economic policies as outlined in its annual three-year roll over *Medium Term Policy Framework* and I had circulated again, a copy of the *Medium Term Policy Framework* together with our Economic Policy Statement in the hope that if you read one with the other you will understand that really we are showing you two sides of the same coin; economic growth and social development. One could not go without the other. One could not have social development if the economy is not growing because we just would not have the wherewithal to develop our social infrastructure and sectors.

Our emphasis on fiscal discipline, structure reform, economic diversification and attraction of foreign direct investment has fuelled growth in the economy. I think we have been fortunate to be able to get the kind of foreign investment that we have had and it is fortunate that it is not of a magnitude, although it has been in very large numbers, that is to say, we had to compromise ourselves politically, economically or otherwise. So that whilst we had much attractive foreign direct investment, I do not think that it has created any unnecessary upheaval for anyone. Also, the implementation of transparent targeted policies has enabled Government to build Trinidad and Tobago into a strong market-based economy. The performance of the economy over the last five years, therefore, is a reflection of these sound economic fundamentals and is illustrated, as I said, in our key macro-economic indicators.

Mr. President, for argument sake, in 1998, the Trinidad and Tobago economy expanded for the fifth consecutive year at around 3.2 per cent. This was in spite of weakness in the energy sector which recorded growth of less than 2 per cent. We have changed our financial year from January 1, to September, 1. I probably could say that the first six months of our new financial year have been the toughest, since

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I have been Minister of Finance. It seems almost as if there was going to be no end to the crash in oil prices. The other commodity prices seem to have been coming down and it seems as if the first six months of this financial year was when all the commodity prices led by oil, methanol, ammonia seemed to have been at their lowest. But in spite of that, without creating any undue problems, we have been able to tighten the belt, basically, of Government more than anything else and without necessarily slowing down the economy.

Government intervention in the economy tends to be fairly influential in the sense that when Government is spending, the economy tends to be moving much faster and when government is pulling back a bit the economy slows a little. I think I have been able to achieve a good management in the sense that we have been able to balance it, so that the economy did not slow unduly, although there was some slowing up with it.

Economic growth, therefore, was driven by the non-energy sectors—and I am going back to 1998—which expanded by 3.5 per cent. The performance of these sectors is testament to the success of Government's diversification efforts and liberalization programmes. I have to say that the credit to this diversification effort did not start with us. The diversification of the economy started more than 10 years ago, and I think the nation needs to give itself a good pat on the back, in the sense that we have been able to move away, where the dependence upon oil is not so great. Whereas maybe 15 or 20 years ago, a drop in the oil price by 50 per cent would have caused a lot of trauma to the society, a drop today, as I said, as experienced in the first six months of this new financial year, was not as traumatic. It did require us to be very forthright and strong in the way we manage the country's economic forces.

Notwithstanding the depressed world commodity prices for oil, methanol and ammonia, the economy is still expected to realize growth of approximately 3½—4 per cent in the new year; this new year being the fiscal year 1998—1999. Inflation was 5.6 per cent in 1998, up slightly from 4 per cent in 1997, and which is in line with most of our major trading partners.

Increased food prices in 1998 was the main contributor to the high inflation and this was due to the impact of inclement weather conditions as both flooding and drought were experienced during the year. I heard Sen. Prof. Spence say *El Nino* worldwide also had an effect.

In 1998—1999, we are projecting inflation at around 4.2 per cent, that is over the fiscal period 1998—1999. The growth being experienced in the economy has had a positive impact on employment, although a little smaller than we had desired. The unemployment rate was down to 14.2 per cent in 1998, with 19,300 new jobs created over the previous year. Unemployment is expected to be around 13.7 per cent for 1999, and you will understand that shaving off one-half per cent or one per cent of the unemployment rate is getting harder and harder the smaller the number gets, because it is more and more difficult to keep a bite out of the rate, at the same rate at which you are going. When you start off at 20 per cent, to go down from 28 to 19 is much easier than trying to move from 15 to 14 because this is the rate you are really trying to out do yourself and it is getting tougher to do that.

Government is still concerned that economic expansion has not resulted in a single digit unemployment figure as I have said. The contribution of the informal sector to job creation is often overlooked however, in measuring unemployment levels—and I suspect that if you were to take the contribution of the informal sector, the unemployment rate could probably be adjusted downwards by as much as 2 per cent. Again, remember the numbers that I am using are CSO generated numbers and I am merely speculating that I suspect that the CSO does not take the informal sector into account, but I will want to hazard a guess that maybe as much as 2 per cent of it could be shaved.

**4.40 p.m.**

Mr. President, prior to 1998, Government was generating surpluses on the fiscal account in spite of the volatility in commodity prices, but from 1998 the fiscal surplus began decreasing. This is not only due to the fall in oil prices, but more so as a result of Government's deliberate policy to increase expenditure on infrastructural development. In 1998, therefore, the central Government accounts recorded a deficit of 1.5 per cent of the GDP.

I wish to reiterate that the impact of volatile oil prices on the fiscal accounts has been less severe than in previous years. This is because oil revenues now constitute an average of about 12 per cent of Government's revenues, down from a share of as much as 30-plus per cent in the mid-1980s. Notwithstanding this, oil revenues fell by an equivalent of 2.5 per cent of the GDP in 1998. Just imagine that? The oil revenues are still causing us to have a fall of that magnitude. Remember we are talking about a growth of 3-plus per cent, so a drop in oil revenues of 2.5 per cent really is going in the wrong direction.

This was compensated for by the improved performances of value-added tax, income taxes and taxes on international trade. The improved performances of these revenue items were mainly the result of enhanced tax-administrative efficiencies, as well as stronger compliance efforts. One of the things, as you know, that I would like to do—and I really thought it was going to be effective from last year, but it seems that it is going to be effective this year—was with regard to having people not file income tax returns for the lower end. Because that, too, would release resources in the Board of Inland Revenue which can better go to other things, than just sit and process paper. Many of the people who have earned—and I think the number jumps to my head—\$50,000 and less, their tax liability can run to no more than \$6,000 or \$7,000 per year, if so much. Really, it does not make sense paying a clerk \$2,000 per month, or \$24,000 per year—and I use that as very basic—to be searching after people who are paying just a fraction of their own salary. Therefore, we have not removed the liability for tax, what we have done is remove the administrative work that would have been necessary to process that paperwork. So, whereas the employers are still required to deduct tax, we would expect that only those people who have a refund due to them would then file. Because we are not saying that one no longer has the need to file the return, but we certainly have to keep the administration in place in the event that someone has overpaid his tax and would like to make a claim for a refund.

Mr. President, the 1998/1999 Budget was based on an international oil price of US \$14.10 per barrel and it projected a small fiscal surplus of 0.2 per cent of GDP. This price was determined on the basis of projections from the multilateral financial institutions, as well as estimates developed by key players in the local oil industry, and that includes the Ministry of Energy and Energy Industries. We developed a budgeted price for oil by consulting firstly, locally, with the key players from the Ministry of Energy and Energy Industries, and then consulting with some of the foreigners to see what they had in mind.

As I said earlier, the oil price for the first six months of our new fiscal year which ran from September to March, really wreaked havoc on us. For the first six months, I think it averaged about US \$11.86 per barrel and, against our budgeted oil price of \$14.10, one can immediately see the effect which it had on our revenues for the first six months of the year. But, I think, we expect that oil prices in the second half of the year—that is from April to September—would probably average nearer to US \$16 or \$17 per barrel. If we get that, we should be back on track with an average of US \$13 or \$14 for the whole year. Already, we see that oil prices have begun to creep upwards and we have seen that the latest figures are

now averaging around US \$20, I think that is where it is hovering now; it went up above US \$19 and it is now up to US \$20.

The problem is that we do not get the benefit of it immediately because we are on the futures and I think it takes about two months for us to start getting the real benefit of today's prices. So, for any day's prices, we would not see the effect for two months. Of course, one could argue that also holds good for when it is decreasing, that we would not feel the hit for the next two months.

Notwithstanding this fact, the Ministry of Finance is working closely with other ministries and government agencies in prudently managing all aspects of expenditure. In this regard, Government is adhering to the policy of non-accumulation of arrears. One would understand why I am saying so. Again, customs come into—and by customs, I mean the kind of practices that we have had over the years, we try to eradicate them when things get rough. There is a tendency that one would incur expenses, not pay for them, accumulate the arrears, and the arrears start to build, for example, for one year the arrears is \$1.00, and \$1.50 for the following year. We have seen this happen over the years because people were not able to manage it so tightly.

I think we have been able, in recent times, to get our message across that we really have to live within our means and, therefore, we do not want those kinds of practices which tend to cause one to make bad comparisons, for whilst one is coming up with numbers that one can rely upon, one's comparative increase in arrears is what is going to come to haunt one some day. We have done that in the years, especially when things were very bad, in the hope that when things get better we might be able to adjust those problems. In other words, what we have been doing is incurring expenses and deferring payment to a better year. I think we are making sure that this time we do not fall into that kind of trap, because when the intervening years are very bad, we have serious problems in trying to make ends meet.

Ministries and other government agencies have also been mandated to ensure that all statutory payments, including electricity, water and telephone, are made on a timely manner. That is another one of the bad practices which turn up over the years. What we have done is say, "Well, we own the utilities, so therefore, we do not need to pay the bills". Over the years, that has caught up with us. We have had situations where it not only puts pressure on the Government to manage its finances, it puts pressure on the utilities, because the utilities themselves are unable to finance their operations, so one is really creating a snowball effect at that time.

In addition, the Public Sector Investment Programme (PSIP) is in the process of being reviewed. I should be coming to Parliament very soon to do a review where we do some changes in our priorities. This will ensure that projects which contribute growth and increase employment will be given priority funding. Government is also working towards a higher level of implementation in the PSIP. Let me just explain that. When I said “projects which contribute growth”, it is not that we go into projects which do not contribute growth, what happens is we will then prioritize projects which contribute growth earlier than others, and postpone those which have longer periods of gestation. So it is not that we have projects which do not contribute growth, they all will in some way, it is just that some contribute to growth after a much longer gestation period.

As I mentioned earlier, our debt service ratio has been steadily declining in recent years, and it is really 9.3 per cent. It was under 10 per cent in 1998, but the actual number given to me, as I said, by the Central Bank, was 9.3 per cent. By any international standard, one would recognize that this is a very comfortable level. Government is also reviewing its domestic debt portfolio with a view to refinancing some of the higher interest cost debt. This strategy will have a favourable impact on the fiscal accounts as interest payments would be reduced.

Mr. President, in 1998 due to tight monetary policy with an intensification of open market operations, we were able to bring excess stability within acceptable levels. Consequently, the financial system was fairly stable for the period, even as the reserve requirement was reduced from 24 to 21 per cent.

On the external side, the balance of payments experienced a sixth year of surplus equivalent to 1.3 per cent of GDP. This is expected to reach 3.5 per cent of the GDP by the end of this year. The country's net foreign reserves position has improved to just over US \$1 billion or approximately four months of import cover.

I remember hearing Sen. Montano talk at length about the role I should or should not be playing in managing the exchange rate. To me, the exchange rate is stable, it is realistic, and it is competitive which, in our view, is key to promoting investment and encouraging savings. The one comment I want to make to Sen. Montano is: as a Government, we tend to be very careful about the way we are seen to be influencing the exchange rate. We subscribe, certainly, to the fact that the floating exchange rate is possibly the best for us at this point in our history.

The previous administration floated the exchange rate, removing many of the restrictions, and we are certainly very much in keeping with those policies. The fact is, if one has a floating rate, then generally speaking, one should allow market forces to dictate the rate, so that the rate is really determined by demand and supply. Therefore, our policy is to use as much of a hands-off approach as we can. That is not to say that we are going to allow the rate to fluctuate violently, that is why I said that we consider the exchange rate to be stable, realistic and competitive.

What we do then, is to use other instruments available to us, like the way we manage liquidity—the amount of liquidity in the system—the way we manage investments and the Stock Exchange, the way we manage the amount of credit which is available within the system. Those are the kind of indirect influences that we can, and do use to ensure that the exchange rate remains stable, realistic and competitive.

Mr. President, I am confident that Trinidad and Tobago's macro and micro economic policies are on track and our future prospects are very encouraging. As a matter of fact, the outlook given to us by the Central Bank, maybe I could just read the opening line from the *Medium Term Outlook*:

“The outlook for the economy over the next 12 to 18 months appears to be favourable, despite the current weakening in the external balance.

The external debt position has become increasingly sustainable, while the debt service ratio is expected to remain around the same level as 1998.”

But given the openness of our economy and the wide-ranging impact of world economic developments, we are by no means immune to international shocks. What is evident, though, is that Government has established a record of sound and astute macro economic management. We also continue to pursue a programme of consistent economic policies. All of this has enabled us to withstand the worst of the impact of prevailing international conditions.

Mr. President, I am about to begin budget preparations for the fiscal year 1999/2000. I see myself as being faced with several challenges which have to be addressed:

1. Price volatility;
2. Continuing low commodity prices;

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3. The continuation of the growth process which has already begun;
4. The alleviation of poverty;
5. Containment of inflation;
6. Institution of measures to create employment; and
7. The maintenance of fiscal surpluses.

These are some of the challenges. I am not saying that these are all the challenges, but certainly, these are the major challenges which will be facing me as I prepare the 1999/2000 Budget.

Government is aware of the tough challenges of policy management in today's continually changing international environment. In such an environment, there is neither room for complacency nor policy errors. In order to meet the challenges and maintain stability of the economy, Government is committed to continuing its present policy stance. In this context, the overall outlook for the Trinidad and Tobago economy is positive, with a prognosis for real economic growth and a sound macro-economic environment well into the next century.

Mr. President, in wrapping up, as I said, I am glad that we have had—  
[*Interruption*]

**Sen. Prof. Spence:** Mr. President, could I say that I entirely appreciate what the hon. Minister said. Indeed, I think, that most of us in our contributions gave him full marks for the macro-economic policy. I think both Sen. Mahabir-Wyatt and myself suggested that what we really need now is to have some different approach with respect to addressing the alleviation of poverty, if you like.

The hon. Minister said that he is preparing his budget and all the rest of it. In this discussion, it seems to me we really have not had any strong policy statements on either tourism or agriculture and these are the two areas in which, as stated in this policy, I think we have to give growth. Are we still depending on the growth in GDP, on some increase in manufacturing and the petroleum sectors? Or are we going to see some real thrust in the budget on agriculture and tourism?

**4.55 p.m.**

**Sen. The Hon. B. Kuei Tung:** From what I understand, our tourism has had growth a little better than most of the other sectors. I would not venture to say too much about agriculture, I think today we have heard enough about agriculture one



way or the other and, therefore, I am not going to volunteer too much. I know that Government is very concerned about balancing the economy in terms of increasing the inflows in tourism and agriculture, and I know we have seen some successes, as I have said, in tourism and we have increased the number of arrivals. For argument sake, I understand arrivals have really gone up and I know that much work has gone into Tobago in particular, in terms of how we position Tobago.

You know that we are not interested in the mass tourists, therefore, we do not necessarily use increase in arrivals as a first yardstick. What we really look at is seeing arrivals in the quality of our tourists and I say that without fear of apology. We really do not want the backpack-type tourism coming to put pressure on our infrastructure. We would much prefer—*[Interruption]* You are putting words in my mouth, Ma'am. I do not know if it is going to be casino, or not. We have not really, to be quite frank, formalized nor finalized casino policy and that is deliberate.

Only today I had a young man in my office telling me that I would not believe the rate at which gambling is increasing in Trinidad and Tobago. He said every single recreation club from Chaguanas to Couva, to San Fernando, to Arima. He said little snackettes are having—and he started to describe games to me that I could only say fires the imagination of Trinidad and Tobago. He said something about some cage with some six dices which lets go the dices and he described things to me I never knew of. Every imaginable form of gambling that can be created, is being created today in every nook and cranny.

I have no comment to make on it. I merely say that we are serious about trying to expand and develop our tourism product. I have always maintained that it makes good business sense for us to have more hotels successfully in Trinidad and Tobago than even—and I know I might upset my colleague, the Minister of Energy and Energy Industries—five more methanol plants and I say that without fear of being contradicted. If you look at it, the Trinidad Hilton is owned by the Government, but that is the real estate—not many people seem to know that—and it is managed by the Hilton for a fee, but the real estate I am told, and I include all the furnishings, equipment and everything, is worth about US \$100 million and the hotel employs 800 persons directly. A plant in methanol valued US \$300 million, hires 50 persons. It makes a contribution in terms that it contributes, but it does not make the quality contribution that a hotel like the Hilton can make in Trinidad.

**Sen. Mohammed:** Perhaps the hon. Minister can tell us how far the idea of a 1,000-room hotel for the sugarcane fields equipped with the golf course and casinos in Central Trinidad has reached. That was a pronouncement that had been made about a Malaysian businessman.

**Sen. The Hon. B. Kuei Tung:** I have been visited by several businessmen. As a matter of fact, just last month, I have had a visit from a group out of Boston, Massachusetts who say they have already made the decision to invest in Trinidad and Tobago in real estate. They talk about the hotels and malls. I do not know if we have any need for any more malls. There is a school of thought that we have been “malled” enough. They are saying they have commitments from what they call “anchor stores”, they did not give me the name of their “anchor stores”, but from what I gather, Anchor stores are like K-Marts and WalMarts and those biggies who go out throughout the year. They are interested in coming to Trinidad. They see Trinidad—and it is strange how people see things—and Tobago as being the next Puerto Rico. I never thought of myself as being in the next Puerto Rico because there are some memories of Puerto Rico that are not very tasteful in my mind. They see Trinidad and Tobago as developing rapidly and they feel it is going to get the benefit of a lot of American investment. That is why I think they see Trinidad and Tobago as the next Puerto Rico.

Incidentally, they were already in Puerto Rico. They have had a number of big malls, stores, and hotels there and they are interested in coming into Trinidad and Tobago and want to make their next investment in the Caribbean, after Puerto Rico, in Trinidad and Tobago. These are things we normally hear of but until we see the actual investment—*[Interruption]* To be honest, casinos never came up in our discussion, so it was not an integral part of our discussion.

Mr. President, as I wind up I thank my colleagues who all made a contribution in this Motion. There were as many as eight Government Ministers who made contributions to the debate on this Motion. The Minister of Energy and Energy Industries; the Minister of Trade and Industry and Consumer Affairs & Minister of Tourism; the Minister of Planning and Development; the Minister of Education; the Minister of Social Development and Sports; the Minister of Public Administration; the Minister of Tobago Affairs and today, the Minister of Agriculture, Land and Marine Resources. It is obvious that this Motion was welcomed by Government because we saw it as an opportunity to discuss many of our plans. I am tempted to say to discuss some of our successes but I am sure that would be for you to say. I hope I have been able to share with you what our

economic policies are like. I hope I have been able to give you some idea as to the challenges which face me with respect to, I think, any budget. This year seems to be one of the most difficult.

I end by giving you an invitation, that if you think there is something I should include in the budget, I would most welcome it. I know that in the next budget debate I am going to hear much about the role the Senate plays or does not play and I know I am going to get another lesson as to how a national budget should be developed. Of course, I do not have the time to put the kind of machinery that has been espoused in this Senate many times. I can assure you that I really want to do a number of changes to the budget, one, for argument sake, is to go on a longer cycle. I think Sen. Marshall talked about a three-year budget. I have trouble doing one, far more three years, but it is something that always occupies much time at the Ministry of Finance. We would need a lot more resources to do many of the things that we would like and one of the first things we have to do would be to quantify those resources.

I thank you all very much.

**Mr. President:** Even though it is way past tea time, I think we can wrap up this debate. I am asking Sen. Dr. St. Cyr to respond.

**Sen. Dr. Eric St. Cyr:** Mr. President, I will oblige by being relatively brief. I thank all the contributors. We have been at this debate for the last eight months having started on November 24, 1998 and during the course of this debate we have had contributions from some 25 persons and it has been a very full day indeed.

It was neither my intention to raise a very politically sensitive issue suggesting perhaps that the Government was not on the ball, neither was it my intention to provide an opportunity for political points to be scored. I genuinely believe that to take the long view is very important and that is what I was after.

Let me start by saying that the discipline of economics, I think in some respects, could be misleading in that it is really a branch of the social sciences which somewhere in the last 100 years was taken out from the study of man in society, the general social science, for the purpose of examining a particular aspect of man's life in the society, how he provisions himself and the discipline has never succeeded in putting this subject back into the whole, and so a debate on economics by itself could be both misleading and not very fruitful.

I want to say how happy I was to have my colleague Sen. Prof. Kenny tell us about the environment and towards the end, Sen. Diana Mahabir-Wyatt reminded us that what we are really after is the welfare of man in society and that the economic dimension is but a part of what is necessary in addressing that human problem.

The context that I chose was a very broad one and if I may just remind this honourable Senate what we are looking at is basically the Western society in which we live, and looking at the change from a basically mercantilist perspective on society and economic life which characterizes the Western world between the 15th and 18th Centuries, to the change to a liberal philosophy during the 19th Century during which world markets developed, free trade developed and a world economy took shape. It was also during this time that the Caribbean economy came into the fore. We passed on in the early 20th Century to imperialism when world capital was exported from the First World, largely for exploiting resources in the Third World. And we saw from about the 1950s, a resurgence of mercantilism, a new mercantilist approach when, with the coming of nationalist governments, people started to assert that they are people too. In other words, that the world economy was not only to be used to promote the welfare of populations in the first world, but that the welfare of peoples in the entire world was of equal concern.

**5.10 p.m.**

I think that it is in this area that strategies began to be articulated to cause countries outside the centre—the so-called peripheral countries—to share in the increasing economic production the world over. That is when persons like Arthur Lewis, with his industrialization strategy, as one of the central thrust to participating in the growing world economy came on the fore; the Lewis strategy following on the infant industry ideas of Frederick List in Germany.

The simple point I want to make about Arthur Lewis is that he put it this way: that the industrialized countries threw out a challenge to the non-industrialized countries to do one of two things: either emulate them, that is industrialize as they had done, or trade. It seems to me that the countries of south-east Asia broadly latched on to the strategy of emulation, so they joined the club: Japan and the other NICs. Those countries which chose to trade got caught in the trap of, what economists called, unequal exchange.

So far, as this debate has gone here, it is in this context that I think the issue of agriculture is relevant. The issue here is that your agricultural productivity—the productivity of all factors used in agricultural production—sets the floor to your income level no matter whether you produce or trade. If you produce, then the level of your agricultural productivity will set the average level of your income and so your standard of living. If you choose instead to trade, the level of your agricultural productivity will set the opportunity cost of your wage labour used in producing for export. In my mind one of the most serious and important issues, that as a nation looking into the future that we have to do, is to take all necessary steps—politics put aside, partisanship put aside—to make sure that our agriculture is kept alive and made to grow.

There is no country in the world which is wealthy which does not have a very high productivity agriculture. I thought that the debate was at risk in going off the main line when we got into the discussion of who did what, when and so on, when what we are dealing with is a national issue of transforming our agriculture. Let us not take this very lightly, because it is a serious issue since the basic structure of our agriculture has a very long historical background. By and large, it ended up with a bankrupt plantation agricultural system which we have to find the—I almost said nerve, let us instead say—wisdom how together to set it right.

If I may—with your kind permission Sir—just advert to the recent results of the elections. What I thought I saw in it was that the country has said: “Hear me, we are all here in this thing together. We have worked here together and seen it through.” I think that the political stability of the country: the major tribes that provide the major voting blocks notwithstanding, really is to be seen in positive light, rather than in any other light. Let me get back.

The fundamentals of our level of living will depend on how our agricultural sector is organized and how it is performing. I was tempted to join Sen. Prof. John Spence in saying that, when in 1995 we saw a change in government, I thought that the agricultural sector and the rural sector would have been blessed in greater measure sooner than I have seen. I, really, am not speaking in terms of political gains and losses. I am speaking in the national interest. I tend not to think in terms of 10 or 15 years, I tend to look 50—100 years down the road.

We are, since the 1980s, back in the liberalist phase of the world cycle yet again. We are now calling it globalization, but it really is neo-liberalism. That usually follows on a strong assertive period of a nationalist perspective. In this

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globalization phase, I think we were very clearly told by the very distinguished Minister of Energy and Energy Resources when he spoke. He spoke very clearly and went straight to the issues put and gave us the answers and said: “Well, the policy of the Government is openness.” Let me say that there is no country that could take a stand other than to take a full participatory position in the world economy. I am agreeing—when Sen. Dr. Moonilal spoke he referred to some work I had done in a paper called *Some Fundamental Propositions in the Theory of Caribbean Economy*—the basic issue there is to what Arthur Lewis left out. Certainly in the Caribbean we have seen it over the centuries that when the export sector is booming, the Caribbean economy is booming. So, we have to take part in the international economic system. There is no question, no doubt about that. We have to learn to participate there and to do it well.

The second other central contribution in terms of long-term economic policy came when the hon. Minister of Tobago Affairs said we have to rely on the market. It is really the best use of information that any economic system could depend on: the sorting out of these many cross-currents and issues in the marketplace. I fully support the long-term thrust of the Government to rely heavily on market signals rather than on state enterprises bureaucratically operated which tend towards inefficiency. So, we have no difficulty there.

### **5.20 p.m.**

Let me, however, say that once we move into the globalization/liberalization paradigm, the key issue then becomes the human resource, and I rather like Sen. Mahabir-Wyatt’s perspective that the human person is really what it is all about. The human person is not just an input into the economic production. The human person is what the whole thing is about. That the human person happens to be both producer and consumer, jolly good, but I do not think that we should give so much emphasis, certainly in our public expression, of training as an input into production, as in just developing the human person as a well-rounded person.

This means that we need to address education in its broadest sense and I think Sen. Prof. Kenneth Ramchand dealt with that at length and the hon. Minister of Education gave us a very lucid and brilliant account of the thinking of the changes which need to be made in that regard. I think the Minister’s contribution gave us much of the nitty-gritty of what was going to be done, rather complementing Sen. Prof. Ramchand’s philosophical perspective. But, we have to deal with the human

resource and, you see, the human person is essentially a spirit being and also a moral being, and our education has to grapple with the whole person.

The Minister of Finance in his summary and, as I said to him earlier, having read his written presentation three or four times before, I spent another two hours this morning going through it, what I see in this presentation is that the fundamentals of what we are discussing here are moral issues and fiscal discipline. We do not attempt to spend more than the society is allowing us to spend.

Appropriate savings and investments—I think Charles Dickens' Mr. Micawber addressed that in a very celebrated statement. That, again, is a moral issue. The creditworthiness in debt management; that is a moral issue. If you incur debts, you do not even think of walking away from them. These are moral issues. The diversification policy where you talk about revitalizing and putting life back into the manufacturing sector, putting life back into agriculture and tourism; these are moral issues which spring from the inner strength of man and so forth.

A stable exchange rate is basic. If the exchange rate is not slipping, if it is stable, it is safe; then I could think that what I earn, when I deploy it, when I choose—will maintain its values. These are moral issues and the greatest moral issue here is the social safety net. In fact, there should really be no need for a social safety net except in the short term.

But, why am I saying all of this? I am saying this to remind us that most of the early professors of economics were usually professors of moral philosophy. The two things always went hand-in-hand. A correct sense of right and wrong, and a strong will to do what is right and to avoid doing what is wrong, really is the basis on which, and on which alone, society would prosper. Sen. Rev. Teelucksingh would remind me that it is righteousness that exalts or builds up a nation and anything else is going to pull it down.

Mr. President, let me make two final points. The first of these two is the tremendous importance of the integrity of our financial system, because we live in a world where income flows at a certain rate depending on your productive capacity but, capital can move very fast and one wants to so manage the economy while not allowing this place simply to be a place where international capital sees the opportunity to make a killing. I mean, at the same time, it is always a place where capital, both domestic and international—because once you have removed the foreign exchange controls, there is essentially no difference—is safe and

perceived to be safe. So that I would add capital markets and expectations there as one of my key elements.

The final thing I want to say is that a Caribbean perspective is necessary and what our history has taught us in the Caribbean is that when the export sector is booming, the economy is doing well. But, we have had experiences such as the dance of the millions in Cuba—plenty money comes in and it all goes out again. We have had experiences in Jamaica—large inflows of capital to exploit the bauxite and the Jamaican dollar was trading at a premium against the US dollar in 1973. It used to be 91 Jamaican cents to the US dollar; it is now in the vicinity of \$40. I was just looking at these exchange rates and seeing where, about 15 years ago, the Guyanese dollar was trailing at \$2.55; it is now \$140.

What I am saying is that although the export sector is critical to the economic welfare of the Caribbean, it is not by itself sufficient to sustain it, and I want to give just two examples. During the war, here in Trinidad and Tobago, we had the fortunate circumstance that as the largest producer of oil in the British Commonwealth, this country was a gem to the British Commonwealth and to the war effort and we had the influx of many American servicemen to guard the Suez Canal, the oil, Chaguaramas, U-boats and so forth. We had much of what I would call military tourism; that is, a lot of Yankee dollars coming in. At the same time, those foreign dollars could not be rapidly translated into imports because the people who would provide us with manufactured imported goods and so forth, were into the war effort, and so it could not happen during the war years, what was done in the 70s. Mr. Michael Manley had a phrase for what happened there.

In other words, an export boom brings in large quantities of foreign exchange, but if it is easy to translate those into imports, then at the end of the boom the country could be virtually worse off. In our neighbouring country Grenada, there was a similar experience. When the Japanese bombed out the Indonesia nutmeg industry, Grenada supplied 40 per cent of the world supply and nutmegs went from just a few cents to quite a high price.

Now, after the war here in Trinidad and Tobago in 1946, unemployment was at its lowest rate recorded, just about 6 per cent. Even at the height of our boom here in 1980, unemployment was 10 per cent. What happened here during the war was, we had a large influx of foreign exchange but there was no opportunity to just spend it on imports and what that did was, it forced us into producing food, albeit reinforced by the British Grow-More-Food Campaign which was in place. There



were many repair and manufacturing industries growing up here. In other words, what we call the residentiary sector was stimulated by the income which came in from the export trade.

In the oil boom here in the 80s, that did not happen. The interesting agricultural figures of Sen. Prof. John Spence in this current upturn is really that, whereas during the period 1986—1991, agricultural output started rising and once things had gotten favourable again, we started importing most of the foods now; now we are tied with free trade. So, what I am saying is, there is a part of the economic system which I would call the residentiary sector which comprises of native local entrepreneurs producing foods and artifacts, services and cultural goods and so forth, using native intelligence, wit, enterprise, *et cetera*—foods, festivals and so forth; and we have to find a way that when the export sector is booming, we do not allow the residentiary sector to be killed by the imports.

### **5.35 p.m.**

We must find a way to stimulate the growth, modernization and development of that residentiary sector, because a great part of the society in the Caribbean—even though we have lived in the western world for the last 400 years or so—is really not *au courant* with New York, London, Holland, Paris and so forth; they live right here. So we have to find a way of dealing with them.

The unfortunate thing is that it seems to me that the set of policies which stimulate the export corporate sector, if applied across the board, tend to choke and kill the residentiary sector. In conversation with Sen. Prof. Spence yesterday, he was asking me about interest rates: why do we have such high interest rates. We need high interest rates to protect the exchange rate. If we do not, given the risk of the exchange rate slippage, capital would find it safer to be held abroad, so in order to hold it here we need high interest rates. But at the same time that we have high interest rates to meet that quite understandable need for the open economy, it is inimical to the development of the agricultural sector, and maybe other industries here. [*Interruption*]

**Sen. Prof. Ramchand:** Thank you, Mr. President. I just wanted to ask at this point, before the hon. Senator winds up, about agriculture, which I am trying to relate with what he is saying about the residentiary sector and exports. I got the impression from many other contributions, including Sen. Prof. Spence's, that agriculture and productivity in agriculture are special. They have a great and a different function in the economy from other kinds of productivity, in the sense

that productivity in agriculture is immediately related to the food supply on the one hand, and to trade, industry and export on the other. So productivity in agriculture has two prongs and two needs that are being served: the first is the immediate food supply and the possibility of export.

Also, the hon. Senator talked about the importance of people and the development of society. The other importance of agriculture that has come out of this is that it brings people closer to natural cycles—[*Interruption*]

**Mr. President:** Sen. Ramchand, I do not want to stop you in the middle of your question, I do not know if you are coming to the question, but please.

**Sen. Prof. Ramchand:** —inevitably impacting on lifestyles, attitudes and the formation of natural sensibilities. Therefore, can the hon. Senator make a kind of policy suggestion about what balance there might be in our agricultural policy for the local food supply, and agriculture for export? Should the Government have a policy on that, trying to establish a balance?

**Sen. Dr. E. St. Cyr:** My first comment would be that we have to give a special place for the agricultural sector. It happens, certainly in Trinidad, that the major staple export has been sugar and the minors cocoa, coffee and so forth, but I believe that market forces could take care of how much we devote to food supply and to producing for export.

Mr. President, I would like, perhaps in just one or two minutes, to attempt to wind up this debate. I think this country, starting in about 1986 with the William Demas report, *The Imperatives of Adjustment*, developed a set of policies which were explicitly put into effect by the National Alliance For Reconstruction government and continued by the People's National Movement government. I keep coming back to the very excellent work done by the then Minister of Industry and Commerce in that administration, which has been continued by the present administration. So we have a record of policy continuity and we are going to be wise and keep that going.

In my view, we have to put really centre stage the human person, and make our investments substantially in that direction. I want to divert very slightly to say, and I think this really illustrates the point: some years ago I had a book out for the library which was due back in on Friday, and when I took it back on Monday morning they told me I was overdue. I asked, "Well, I took it at 9.00 on Monday morning; 5 o'clock Friday to 9 o'clock Monday," I did not see any time between there, but they fined me three days at 25 cents for being overdue. I was able to say

to the librarian, "Without me you would not know that this book was on your shelf." [*Laughter*] So no matter how much physical capital equipment you have, no matter how much knowledge you have, no matter how much technology you have, all of that is embodied and inherent in the human person. I am really, as a long-term strategy, reinforcing the point which Sen. Marshall made so beautifully in his contribution, that our investment must be focussed on the human person.

I have made a very strong plea for a viable, long-term agricultural policy, and that must include the reorganization of the agricultural sector. I am frankly not inclined to think that simply a holding company with separate subsidiaries would do it. We need a reorganization of the ownership, thinking of land as a productive input into the agricultural production process rather than assets, and focussing critically on the capacity of the farmer/manager/producer to manage enterprises of a certain size. I have made a strong case for the reorganization of the agricultural sector, and finally I have made a strong case for a balance between the policies which promote the export sector and full participation in the international economy, with policies which promote the development, growth and expansion of residentiary activities.

With these remarks, Mr. President, I wish to commend the Government on the work it has been doing so far during this term in the short-term management of the economy, but I just want to remind us that the long term is a series of short periods added together.

Thank you.

**Sen. Cuffy Dowlat:** A 5-year span.

*Question put and agreed to.*

#### ADJOURNMENT

**The Minister of Public Administration (Sen. the Hon. Wade Mark):** Mr. President, in moving to adjourn this honourable Senate, I did indicate last Tuesday that we were going to meet on Thursday, July 23, 1999. We have had some discussion behind the Chair and have agreed to resume next Tuesday. However, on Tuesday we start at 10.30 a.m. and would commence with the Private Members' Motion in the name of Sen. Mahabir-Wyatt, and we will focus on that for two hours, 10.30 a.m. to 12.30 p.m.. After lunch at 1.30 p.m., we will continue our debate on the Integrity Bills we started last Tuesday. We will continue debate on

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those three Bills next Tuesday until we complete them, that being later on in the evening.

I beg to move that this Senate do now adjourn to Tuesday, July 27, 1999, at 10.30 a.m.

*Question put and agreed to.*

*Senate adjourned accordingly.*

*Adjourned at 5.49 p.m.*