

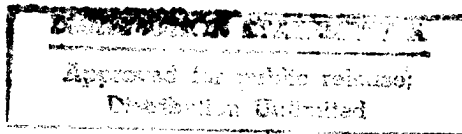
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6 June 1984

# Latin America Report

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6 June 1984

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## PROPOSALS MADE FOR CUTTING OIL-DRILLING WORKOVER COSTS

Port-of-Spain TRINIDAD GUARDIAN in English 27 Apr 84 p 7

[Text] SAN FERNANDO--The South Trinidad Chamber of Industry and Commerce has spoken out on the question of workover cost in the oil drilling sector and the organisation believed that prompt resolution of the workover cost problem would greatly assist oil companies. It may result in increased employment as well as increased oil production.

The Chamber, in a memorandum presented to Prime Minister George Chambers at a luncheon when he visited San Fernando recently outlined the problems currently facing the petroleum industry and suggested possible solutions developed by the chamber's energy and natural resources committee.

The memorandum touched on workover cost, idle drilling and workover equipment, ill-health of supply and service companies, well information, unitisation and marine Supplemental Petroleum Tax.

On the question of workover cost based on the recent survey on oil companies carried out by the South chamber, the chamber said: "We have been able to ascertain that they have been expensing their workover cost for tax purposes, in the year incurred. However, we understand that in recent times the Board of Inland Revenue has objected to this method of treatment and has indicated that such cost should be capitalised and hence written off over an extended period of time. The principle, however, of expensing for tax purposes workover cost has been supported by the Ministry of Energy and Natural Resources. The South Chamber also supports this principle".

The chamber said that while those problems were being addressed and because of the uncertainty of the expensing of workover cost, the oil companies have reduced significantly the level of their workover activity.

The organisation believes that prompt resolution of this workover cost problem "would assist greatly in encouraging the oil companies to increase their level of workover activity and thus assist the contracting, service and supply companies. This would also go a long way to arrest redundancies in the south and may even increase employment as well as increase oil production".

The chamber went on to state in the memorandum that as a result of the general downturn in the petroleum industry, there has been a significant increase in idle drilling and workover equipment.

The comparative figures for the contrast drilling industry shows eight drilling rigs were in operation in March 1984 as compared with 15 in May 1982.

CSO: 3298/788

## SUBMARINE POWER CABLE CONTRACT GOES TO JAPANESE COMPANY

Port-of-Spain TRINIDAD GUARDIAN in English 26 Apr 84 p 16

[Text] THE TRINIDAD and Tobago Electricity Commission (TTEC) has signed a \$6.7M contract with Mitsui and Company Limited of Japan, for the supply and installation of a 45km (28.1 miles) submarine cable.

The 33 kilovolt--15 megawatt cable will transmit electric power from the Toco sub-station in Trinidad to the Milford Bay Substation, Tobago. It will be manufactured in Japan and shipped to Trinidad towards the end of this year.

This second cable will be capable of transmitting 5 megawatts more than the existing one. It is being installed to improve the reliability of the supply to Tobago and to cater for the growing demand for electricity in the island.

The installation of this new submarine cable forms part of an extensive electricity development programme which is already in progress in Tobago.

Nearing completion is the construction of a 33 kv overhead subtransmission line from Milford Bay to Scarborough to transmit the increased load. A feature of this new line is the construction of a pilot wire system which will provide improvement in the reliability of supply. It will also make provisions for the line to be monitored by the remote control facilities at the Head Office in Port-of-Spain.

In order to facilitate the increased capacity of the new submarine cable, development work, which includes upgrading of transformer, will be undertaken at the Milford Bay and Scarborough substations.

Plans are also underway for the establishment of a new 33/12 kv sub-station at Courland Bay. This will enhance the reliability of the supply to the entire western region of Tobago which includes Courland Bay, Plymouth, the WASA treatment plant and pumping stations as well as the hotels in that area.

#### New Power Station

Due to the limitation of space for expansion at the existing power station in Scarborough, the Commission has had to look for a new power station site. Negotiations are underway for a possible site in an adjacent area.

As a short term measure plans are in hand to purchase an additional generating unit for the Scarborough power station.

Development works are also in progress on the TTEC compound in Tobago. These include the construction of additional fuel storage facilities; extension of the existing stores building to accommodate more material and staff.

CSO: 3298/788

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## ADAMS SUBMITS 1984 BUDGET; DLP VOICES OBJECTIONS

## Budget Highlights

Bridgetown BARBADOS ADVOCATE in English 18 Apr 84 p A

[Text]

— Announcement of Public Sector wages settlement from 1st April as follows:-

- (a) 15 per cent increase on 1982-83 salaries
- (b) 5 per cent increase on 1984-85 salaries
- (c) 10 per cent increase in pensions

The salaries increase for 1984-85 will cost \$37.9m while that for 1985-86 will cost \$14.5m. The increase in pensions will cost \$3.2m in each year.

— A cash prize of Bds\$10 000 will be awarded to any student who wins a Barbados Scholarship with 'A's in English and either History or a language.

— Bursaries to private secondary schools will be increased from \$100 to \$125 per term.

— In future the Government will pay the salary of one teacher for every 40 pupils at an approved private secondary school up to 240 pupils and one in 80 pupils beyond 240. As a result, 10 additional teachers will be brought under the Government's subsidy and the cost of the proposals affecting private schools will be \$409 500.

— The time limit within which a claim for Unemployment Benefit should be made will be extended from two weeks to six weeks effective 30th April, 1984. Also, weekly benefits will be increased from 40 per cent to 50 per cent of average insurable weekly earnings.

— Effective 17th April, 1984, the funeral benefit from the National Insurance Office will be increased from \$350 to \$450.

— Effective June 4, 1984, the maximum earnings insurable under the National Insurance Scheme will be increased from \$2200 per month to \$2600.

— The compulsory age of retirement will be increased from 60 to 65 for Public Officers under 50 years on 1st June, 1984 except in the cases of Permanent Secretaries and most Heads of Departments.

— The income tax allowance for new shares in public companies has been increased from \$2000 to \$10 000 annually.

— The exemption of income earned from investment in approved National Development Housing or Savings Bonds has been increased to \$50 000.

— The level of interest exempt from taxation on BNB savings deposits has been increased from \$500 to \$1000 annually.

— Legislation will be introduced to exempt from taxation cash obtained by an individual from funds repatriated from overseas pension schemes where such cash is invested in an approved bond for at least five years.

— Income Tax Allowance for savings with Credit Unions has been increased from \$600 to \$1200 annually.

— The basic Income Tax Allowances have been increased as follows:  
 (a) Single person up from \$2400 to \$3000  
 (b) Married person up from \$4500 to \$5000  
 (c) Persons over 65 years, whether married or single will be allowed \$5500



but this will be reduced back to \$5000 by one dollar for every dollar earned in excess of \$12 000 annually.

XXXX

— Dependent Allowances have been changed as follows:

(a) Allowance for a child over 16 years and under 25 years, being educated in Barbados will be increased from \$700 to \$800.

(b) Allowance for children over 18 years, being educated abroad has been increased from \$1200 to \$1400

(c) The allowance for a dependent relative will be reduced by 1 dollar for every dollar earned in excess of \$2100 instead of the present level of \$250.

(d) Other Dependent Allowance to be abolished effective income year 1985.

XXXX

— Effective income year, 1985, annual payments under covenant will be limited to 15 per cent assessable income.

XXXX

— Effective income year 1985, the income tax allowance for subscriptions by Parliamentarians will be \$5000 instead of \$4500 or 10 per cent of salary, whichever is the lesser.

XXXX

— With effect from income year 1984, the allowance for Life Assurance premiums will be increased from \$1500 to \$1800.

XXXX

— The level and category of tax credits have been changed as follows:

(i) Credit for the lower category increased from \$360 to \$400 and the limit will be raised to \$7500.

(ii) The higher category will go up to \$8500 per annum and the credit for this group will go up to \$250.

(iii) The above changes will mean that no one earning less than \$145 per week will pay income tax. Approximately 8000 persons will benefit.

XXXX

— Effective income year 1984, the mortgage interest allowance will be increased from \$7200 to \$9000 annually.

XXXX

— Income tax allowance for repairs to historic dwelling houses has been raised from 10 per cent to 25 per cent from this income year.

XXXX

— A fund of \$1.0m in the first instance is being established to make loans at concessional rates of interest up to a maximum of \$10 000 for repairs to listed properties.

XXXX

— In cases where premises are converted into residential rental units, an initial allowance on the expenditure will be granted for income tax purposes and the remainder will be written off

over a period of years. These Income Tax Concessions will result in revenue loss of \$10.6m.

XXXX

— The 3 per cent surcharge on corporate profits has been removed. Revenue loss will be \$4.0m.

XXXX

— Foreign companies will qualify for exemption from the higher rate of Land Tax only if the Barbados assets are less than 10 per cent of their world-wide assets. A public company incorporated or registered abroad shall not be eligible for such exemption if the majority of its interest is beneficially owned by Barbadians.

XXXX

— Property Transfer Tax payable by a local vendor has been increased from yesterday from 3 per cent to 5 per cent. The rate of tax payable by the foreign purchaser has been reduced from 17 per cent to 10 per cent. Additional revenue of \$1.8M is expected.

XXXX

— The annual tax payable by all vehicles, including Public Services Vehicles has been increased from yesterday. Also fees for driving licenses and related services have been increased. Additional revenue of \$3.6M is expected.

XXXX

— Effective today all life insurance policies issued shall be subject to Stamp Duty at a fixed rate of \$20 for each life insured.

XXXX

— Effective income year 1984 life insurance companies will be subject to tax under a new formula as follows:

#### Premium Tax

(i) Companies controlled by residents of Barbados and approved Caricom companies will be taxed at 3 per cent

(ii) Foreign Companies will be taxed at 5 per cent

(iii) Tax on Gross Investment Income will be 5 per cent

XXXX

— Where the local investments of any company which is not controlled by residents of Barbados are less than the statutory reserves required under the Insurance Act, that company is subject to an additional tax of 5 per cent.

XXXX

— Effective from today, Stamp Duty on imported goods will be increased from 3 per cent to 5 per cent. Additional revenue of \$19M is expected.

XXXX

— A scheme for rebating Stamp Duty on imports which go into the manufacture of goods for exports will be introduced after the necessary consultation has been held with all interested parties.

xxxx  
— Effective income year 1984 losses on life insurance business incurred in previous years will not be allowed against tax payable in subsequent years.

xxxx  
From yesterday an annual licence fee of \$10 000 is payable to the Accountant General in order to operate a sand quarry. Such quarries must be registered with the Ministry of Finance and Planning.

xxxx  
From today for every cubic metre of sand which is sold from a quarry, the operator will collect on behalf of the Government a tax of \$2.50 not later than 15th of the following month.

xxxx  
The annual licence fee to operate a stone quarry has been fixed at \$5 000.

xxxx  
With effect from July 1, 1984, a tax of \$1.00 per tonne is payable on clay which is delivered to trucks which travel on the road. These charges are expected to yield revenue of \$150 000.

The taxes on Betting and Gaming have been changed as follows:

(i) Effective August 1, 1984, the tax on all Bingo tickets will be five cents in every 50 cents or part thereof.

(ii) Effective May 7, 1984, the tax on BCA Instant Money Game Tickets will be reduced from 20 per cent to 10 per cent on each ticket. The revenue loss in a full year will be \$166 000 as a result of these two changes.

(iii) With effect from May 7, 1984 the

tax on BTC — Let's go to the Races tickets will be increased from 2½ per cent to 10 per cent. Additional revenue in a full year will be \$2.34M.

(iv) Effective May 7, 1984 "Wheels of Fortune" being conducted by the Barbados Bridge League will be taxed at 10 per cent on each ticket. Net additional revenue of \$1.8M is expected from the above sources in 1984-85.

xxxx  
From today Entertainment Tax on amusement parks will be 20 per cent of the admission fee or \$5 000 per day, whichever is greater.

xxxx  
With effect from May 1, 1984, operators of video clubs and rental businesses shall collect 20 per cent on their membership and rental fees. Additional revenue of \$300 000 is expected from the changes in Entertainment Tax coverage.

xxxx  
— Effective from today the Consumption Tax on jewellery will be reduced from 15 per cent to 10 per cent.

xxxx  
— Effective from today Consumption Tax on cigarettes, matches, gin, whisky, brandy, vodka and few other items will be increased. Additional revenue of \$3.0M is anticipated.

xxxx  
— With effect from 1st June, 1984 the Departure Tax will be increased from \$12.00 to \$16.00. Additional revenue of \$1.0M is expected this financial year.

xxxx  
— Water rates for 1984-85 will remain at the same level as last year.

#### Text of Budget Address

Bridgetown BARBADOS ADVOCATE in English 18 Apr 84 pp A-D

[Text of 17 April financial statement and budget proposal to Barbados House of Assembly by Prime Minister Adams]

[Text]

**A National Health Service Fund is to be set up later this year as well as a National Health Service Board.**

**Prime Minister Mr. Tom Adams made this announcement last night during his financial statements and budgetary proposals.**

**Following is the full text of the Prime Minister's statements and proposals.**

"Mr. Deputy Speaker,

"The year 1983 will surely be recorded as one of the most eventful and traumatic in the history of the English-speaking Caribbean. It was a year in which we faced the most profound challenge yet to our social and political system and cherished democratic traditions, a challenge we met with fortitude and unity. There could be no better illustration of our maturity as a people and our readiness to accept the responsibilities of nationhood.

"In global terms, 1983 was also significant as it marked the beginning of the end of the worst recession in the international economy since the second World War. Not all countries shared equally in the recovery, which was most marked in the U.S., but the OECD countries as a group recorded positive growth of 2.5 per cent of GDP, with Japan and West Germany having the highest rates of growth of output after the U.S.

"Although there is an inevitable lag in the expansionary impact of growth in the industrialised world on the demand for goods and services in the developing countries, the nature of the recovery presently underway suggests that the effects of OECD growth may not be as positive for the third world as with previous recoveries. For those developing countries, which export manufactures, access to the U.S. market and indeed to the markets of the EEC is being impeded by increasingly more stringent barriers to trade. For those who rely on the export of basic commodities the combination of surplus production, improvement in technology and high interest rates has resulted in some cases in depressed price levels.

"While therefore there are signs of light at the end of the tunnel, for many developing countries, especially in Latin America and in Africa, inability to increase export earnings coupled with the crushing burden of debt service led to the imposition of draconian austerity programmes and requests for rescheduling of debt.

"In Barbados, 1983 saw output stabilized after two years of consecutive decline and were it not for external developments outside our control such as the virtual abandonment of the principles of free trade

by some of our CARICOM partners, the result would have been better. As it was, the economy recorded a mixed, but on balance not unfavourable performance, given the constraints it faced. While unemployment rose, the rate of inflation slowed dramatically and both the balance of payments and fiscal situation improved.

"The stabilization programme implemented with the assistance of the IMF was successfully completed on 31st March, 1984, and despite the lamentations of the Jeremiahs, the economy in 1984 is better poised to take advantage of the upturn in the international economy that if perchance we had followed the misguided and misleading policies which were recommended as an alternative to the stabilization programme supported by the IMF.

#### INTERNATIONAL ECONOMIC DEVELOPMENTS IN 1983

"While the world economy continued to experience the effects of the international recession in 1983, there was increasing evidence that a broad-based recovery was under way. Overall, world economic output rose about 2.0 per cent in 1983, up from 0.9 per cent in 1982. The turn around was most evident in the year in the USA, where growth was running well ahead of forecast expectations; and that country's huge trade deficit of about \$65 billion in 1983 acted as a major stimulus to growth in the other industrial countries.

"The situation in the developing countries was more mixed. Growth was fairly strong in the newly industrialised Pacific Basin countries and in India, but there remained grave difficulties elsewhere. Latin America continued to struggle with its severe debt problems and while some progress was made, it was at tremendous human cost. Many African economies were caught in the worst economic crisis since they gained independence, while the effects of war and weak oil prices wracked the Middle East. Overall, real GDP in developing countries was estimated to have fallen 0.6 per cent in 1983.

"For major industrial countries, however, 1983 was a good year. Together they achieved a 2.5 per cent increase in real GDP, up from 0.5 per cent decline in 1982. The recovery was led by the USA with a 4.5 per cent rise in real GDP and a strong 16 per cent

increase in industrial production. Increases in consumer spending, and growth in exports to the USA enabled Canada to recover from its worst post war recession. The improvement in Canadian real output was placed at 3.0 per cent following the 4.3 per cent slide in 1982. Despite growing world protectionism,

Japan's current account surplus expanded to US\$21.0 billion in 1983. The rise in exports offset weak capital investment and the economy grew by 3.0 per cent equalling the real growth rate for 1982. In West Germany, stronger investment in housing and capital equipment and a turn around in consumer spending raised real GDP from the --1.2 per cent recorded in 1982 to 2.5 percent in 1983, while in the U.K. a resurgence of business confidence raised real output by 2.5 per cent, a significant improvement over the 0.9 per cent showing in 1982.

"Unemployment levels in the OECD countries started to decline in the last half of 1983 after rising continuously fall the previous two years, and averaged 9.0 per cent for the year. The most significant drop occurred in the USA, falling from 10.5 per cent in 1982 to 8.2 per cent in 1983. However, world unemployment levels remained high, increasing by an estimated 9.5 per cent in 1983 following the 8.9 per cent in 1982.

"The downward turn in world inflation rates which started in 1981, continued into 1983 but at a slower rate. Having fallen an estimated 8.0 per cent in 1982, the fall slowed to 6.0 per cent a year later. Most industrial countries experienced inflation rates below 5 per cent in 1983.

"Encouraged by the robust US recovery, commodity prices showed some improvement in 1983, in contrast to 1982 when the global recession and abundant harvests severely depressed prices for industrial materials and foodstuffs. On average, prices rose 20 per cent above 1982 levels, however, the pattern was uneven. The US upturn in automobiles and housing galvanised metal markets, but droughts in the northern hemisphere battered world grain, and oil seed markets, which were characterised by heavy stocks and depressed prices.

#### Regional Economic Developments in 1983

"There was little or no economic growth in the Caribbean region in 1983. The region continued to be adversely affected by numerous internal and external problems which inhibited the growth potential of its mainstay export sectors. Despite some improvement, commodity prices remained generally low. Economic growth and foreign exchange differentials between industrial countries tended to depress export earnings. High international interest rates sharply raised debt servicing burdens and trade protectionism heightened.

"Export agriculture in the Caribbean in 1983 in spite of increases in output and prices for some commodities. The regions' 1982-83 sugar output fell by 5 per cent to 764 000 tonnes. Belize was the only major producer recording an increase in output, which amounted to 7.7 per cent, but, as occurred in other sugar producing countries, lower prices and adverse exchange movements served to reduce earnings. Banana exports from the region increased by 13.6 per cent as St Lucia, Jamaica and the Windward Islands stepped up export volumes.

"Oil production in Trinidad and Tobago fell by an estimated 9.0 per cent chiefly because of lower international prices. Barbados' domestic oil production rose 48 per cent and associated natural gas by 81 per cent. Output of bauxite in Jamaica and Guyana fell 7.0 per cent during the year in the face of weak international demand. This represented the third successive year of decline in the industry which has been forced to resort to special arrangements (including barter) to market the commodity.

"Economic recovery in the industrial countries resulted in a general rise in tourist arrivals in the Caribbean area. The sharpest increases were 22 per cent for Jamaica, 16.4 per cent, for Antigua and 15 per cent for the Bahamas. Most other destinations registered between 6 per cent and 9 per cent increases in tourist arrivals.

### THE BARBADOS ECONOMY

"The performance of the Barbados economy during 1983 must be viewed from the perspective of an open economy heavily dependent on trade with its major trading partners during a period of adverse economic conditions, a period during which most economies struggled to maintain at least their basic infrastructure in order. Despite the efforts of Government to motivate and sustain activity in the productive sectors of the economy, these were countered by more powerful international forces which joined to reduce and partly obscure the Government's thrust. These forces included high international interest rates, the existence of obstacles to regional trade and the slow recovery in the industrialised world with its retarding effect on recovery in the developing countries.

"Provisional data show that during 1983 the Gross Domestic Product of Barbados was \$1.9 billion at factor cost, increasing by 6.2 per cent over the 1982 figure. This nominal increase in GDP was borne primarily by the manufacturing sector which accounted for 13.3 per cent of total GDP, up from its 12 per cent share in 1982.

"Real GDP remained essentially unchanged at \$749.2 million as compared with \$749.1 million in 1982. Two of the major foreign exchange earners — tourism and sugar — recorded negative real growth in 1983, while output in the manufacturing sector increased only marginally. As in 1982, the non-sugar agriculture sector was the only sector to achieve any significant real growth.

"Despite a sharp increase in tourist

arrivals, there was no matching increase in tourist expenditure as the increased numbers on average spent less time in the island. The U.S.A. tourist market was almost wholly responsible for the increase in visitor arrivals improving by 51 per cent, reflecting the earlier and stronger recovery of the U.S. as compared with the Canadian and European economies. The market for long-stay European visitors was depressed as European currencies declined against the strong U.S. dollar, thereby making European tourist travel to those Caribbean destinations which are linked to the dollar increasingly expensive. The result was that real output in the tourism sector declined by 2.0 per cent.

"Another poor performance was turned in by the sugar industry with production falling by 3.2 per cent below the 1982 level and the guaranteed prices under the LOME II Agreement with the EEC down by 3.3 per cent. Actual production of sugar and molasses was 3.5 per cent lower at 86 000 tonnes despite reasonably good harvesting conditions and the reduced incidence of cane fires during the year. These results reflect the accumulated effect of a series of problems created in previous years such as damage to the soil from excessive cane burning and compaction of the soil.

"The efforts to reduce cane burning must be greatly commended as only 4 per cent of crop was destroyed by fire in 1983 as compared with 14 per cent in each of the previous two years. Real output in this sector was \$36.0 million, contributing 4.8 per cent of total GDP. There was a sharp drop of 32.2 per cent in gross output from the small cane growers, indicating the reduction in activity among the small holders.

"For the third successive year non-sugar agriculture recorded favourable real growth, contributing \$33.1 million or 4.4 per cent to total real GDP. However, this sector is more domestically oriented and does not react to international movements in the same manner as the outward-looking sugar sector. The real growth of 15 per cent in this sector resulted from the steady increase in the production of vegetables realised since 1980; an increase in livestock production and from an exceptionally strong growth of output in the fishing industry. With the modernisation of Barbados fishing industry, including the completion of the new fishing terminal at Oistins in Christ Church and the introduction of more fishing vessels with refrigeration facilities and which can venture further

out to sea for longer periods, fish landings have so significantly increased that the existing marketing facilities were stretched to the limit of their handling capabilities. Output in the fishing sector increased by 88.2 per cent.

"Simultaneous with the exceptional performance of the non-sugar agriculture sector and, in particular vegetables and other food items, average food prices in Barbados by March, 1983 dropped to their lowest level for 12 months.

"Real output in the manufacturing sector increased marginally by 1.9 per cent due largely to the good performance of the electronics subsector where output rose by 54 per cent. The other subsectors failed to improve on their 1982 performance. Sales of manufactured goods to the region were reduced following the imposition of restrictions in Trinidad and Tobago and Jamaica to the smooth flow of trade with these countries, while payment problems arose in the light of the breakdown of the CARICOM Multilateral Clearing Facility (CMCF).

"Real activity in the construction sector slowed by about 1 per cent following the slow-down in public building activity and the shortage of mortgage finance for private building.

"Gross Domestic Product at market prices reached \$2.124 billion, increasing by 6 per cent over 1982, without any significant increase in net indirect taxes. Reflecting the tight economic situation, investment expenditure dropped by 6.5 per cent from \$450.5 million in 1982 to \$421.2 million in 1983 while total consumption expenditure increased by 8.1 per cent. However, the increase in consumption expenditure was largely in the personal sector as Government was able to contain its consumption growth to only 3.6 per cent during the year. Well below the inflation rate.

#### Prices

"With the exceptionally strong performance of the non-sugar agricultural sector providing abundant domestic food at reasonable prices; and with the very slow movement in the prices of imported goods, the rate of inflation was kept at a very low level in Barbados during 1983. By March, 1983 average prices were on a downward trend and at the end of the year the average rate of inflation was 5.3 per cent as compared with 10.3 per cent a year earlier. On a point to point basis at December, 1983 the rate was 5.5 per cent, the lowest level for many years. Average food prices rose by no more than 2.7 per cent for the year and as this group actually has the greatest weight

in the price index, its movement has a very strong influence on the overall price. This indicator's figure was the lowest on record since the system of calculation was modernised in 1965. It is worth noting that food prices have fallen 3.3 per cent in the first three months so far of 1984.

#### Unemployment

"The employment situation in 1983 was largely conditioned by the slow pace of international economic activity which severely restrained output in the major sectors of the domestic economy thereby limiting the employment generating capacity of the country. During the last quarter of the year the rate of unemployment was 15.8 per cent, increasing from 13.3 per cent for the same period in 1982. The labour force declined slightly from 111 800 persons in 1982 to 110 500 persons but the number of persons employed fell from 96 900 at the end of the 1982 to 93 000 persons in 1983. The participation rate of adults in the labour force remained high despite a small 1 per cent drop to 63.3 per cent, and the number of persons actually in jobs was therefore very high for a Third World Country.

"Female unemployment which increased from 16.5 per cent in 1982 to 21.7 per cent in 1983 was the factor responsible for the increase in the overall rate. There were declines in the number of persons employed in the wholesale and retail sectors and in several of the manufacturing subsectors which suffered because of the regional trade impasse; but employment in the utilities; in transport and communication; construction and quarrying; as well as in the services sectors generally actually increased.

#### Balance of Payments

"The balance of payments, though under strain, recorded a surplus for the second successive year but of a considerably reduced magnitude. The balance on the current account improved significantly, moving from a deficit of \$83 million in 1982 to a deficit of \$25 million in 1983. Domestic exports were some 30 per cent higher than in the previous year. Nominal receipts from exports to the U.S.A. increased from \$153.1 million to \$241.7 million or by 57.9 per cent, while exports to the second major market, CARICOM, were down by 1.6 per cent following the regional trade impasse in CARICOM. Imports increased by 12.9 per cent during the year. They had actually declined in 1982. This higher level was mainly in the form of capital goods required for major capital projects such as the Heywoods Holiday Village and the Arawak Cement Plant. Imports of consumer goods also expanded as

more motor vehicles were brought into the Island.

"Capital inflows were 43 per cent lower at \$97 million of which long-term capital accounted for \$70 million. Short-term inflows were reduced by 33 per cent and Barbados 1983 actually became a net lender of short-term funds to the rest of the world.

"Foreign reserves increased by \$32 million to reach a total of \$220.4 million at the end of the year, an amount which can accommodate 10.3 weeks of retained imports. However, this offers no great comfort since some \$120 million of these foreign reserves are tied up in the form of illiquid or unusable CARICOM Multilateral Clearing Facility (CMCF) credit balances which our colleagues are unable to pay or unwilling to make arrangements to settle.

#### Monetary Review

"Government's monetary strategy in 1983 sought to create conditions adequate for capturing the benefits of the anticipated upswing in the international economy through providing financing for the productive sectors at reasonably low costs; and by maintaining its control on the balance of payments via a process of selective credit controls mainly on the personal and distributive sectors. However, some latitude was given to credit to the retail sector later in the year and the restriction on bridging finance for home construction was removed. To complement its monetary strategy, Government borrowing from the banking system was lower by some \$20.1 million at the end of the year, thus releasing funds for the needs of private borrowers.

"Total deposits in the Commercial banks grew by 7.0 per cent, a rate which was about the same as in 1982. With a much faster growing demand for credit, however, commercial banks were faced with a shortage of funds for on-lending purposes.

"A balance had to be struck on interest rate policy in 1983, in order to guard against the outflow of funds by foreign investors in the light of too large a differential between domestic interest rates and those elsewhere, but taking account of the decline of those foreign rates. The average lending rate was reduced in two stages from 13 per cent to 12 per cent at the end of April and to 11½ per cent by June 30, 1983. Also the minimum interest payable on savings deposits was lowered to 5 per cent.

#### Financial Review

"I turn now, Mr. Speaker, to the general review of the domestic financial year ending March 31st, 1984.

"The current revenue for the year was originally estimated at \$508.6m. During the 1983 budgetary proposals, a number of measures were introduced with the intention of making a net contribution to the revenue of approximately \$17.6m. Also, Gross Domestic Product increased in nominal terms from \$2.01 billion to \$2.12 billion and as would be expected, Government's revenue benefitted.

"Provisional data show actual collections at March 31, at \$539.7m. This represents an increase of \$42.8 or 8.6 per cent more than the revenue collected during 1982-83.

#### Expenditure

"Current expenditure for the financial year 1983-84 was estimated at \$515.4m. During the year, supplementary provisions were approved for \$23.9m, making the total current expenditure authorised by Parliament \$539.3m.

"Throughout the year, various steps were taken to restrain the growth of current expenditure in order to generate a reasonable surplus on the current account which could be used to finance a portion of capital expenditure.

"Those measures have been successful and current expenditure at 31st March, is provisionally estimated at \$519.0m compared with \$528.4 for the year 1982-83. The out-turn shows the first decrease in current expenditure for many years, of \$9.4m or 1.8 per cent and even though a few adjustments are still to be made, it is not expected that the current account surplus will be much less than \$20.7m.

"When the Capital Estimates were presented to Parliament last year, expenditure was estimated at \$122.8m. During the year, supplementary provisions of \$33.9m were approved, making the total authorised capital expenditure \$156.7m.

"Provisional figures indicate that the year's actual expenditure including net lending was \$125.2m. As a result, the overall deficit for 1983-84 was \$104.5m or 4.9 per cent of GDP instead of \$129.6 or 5.9 per cent as originally anticipated.

"Mr. Deputy Speaker, the figures which I have so far given reflect the traditional approach to calculating the country's financial condition, namely transaction in and around the Consolidated Fund. However, in international reckoning the financing of the Government's social security programme — which means in our case — National Insurance — is usually included in the figures for revenue and expenditure, and central Government's commercial undertakings — the Air-port as well as the Port and Post Office

— are expressed in net terms. On this basis current overall revenue would be \$541.8m, expenditure \$476.1m, capital expenditure and net lending \$137.6m and capital receipts of \$2.7m. The overall deficit on this basis which is the international basis of reckoning would be \$69.2m or only 3.3 per cent of GDP.

#### Public Debt

"Every year, Mr. Speaker, there is a great deal of discussion on the size of the Public Debt. I have repeatedly explained in this Chamber that there is nothing wrong with a Government borrowing, either locally or on the foreign market to finance projects intended to improve the productive capacity of the economy. This not only helps to provide employment opportunities but, by expanding the economic base of the country, increases our ability to repay the debts themselves in due course.

"Projects such as the Deep Water Harbour have already generated enough funds to pay for themselves and have paid for themselves. The Spring Garden Highway, the Oistins Development, Heywoods or the Cement Plant could not have been built without incurring foreign debt. All of them will help to generate or save funds, especially foreign funds, to pay for themselves in due course. Even the National Insurance Building which was constructed by borrowing funds from the National Insurance Corporation itself, is collecting rent from some tenants and saving the Government rent in others. Borrowing is, therefore, a major economic tool in development. Having said this it is also necessary to say that borrowing comes in a number of forms.

"First, borrowing from the National Insurance Corporation is of the nature of a revolving fund. Effectively, Government foregoes taxes, which are instead collected by the National Insurance Board in the way of contributions on levies to finance its statutory duties of paying pensions and other benefits, now being extended to the Drug plan and the Health Scheme. Some of these moneys, which might have been collected in the form of higher direct and indirect taxation, are instead borrowed by Government from the National Insurance Board and the interest paid goes as income to the National Insurance to discharge responsibilities which the Government would otherwise have had to meet. This is hardly the incurring of debt in a real sense at all, and it accounts for approximately 20 per cent of the present public debt which stood at \$842.1m at March 31 this year.

"The next form is money lent to the

Government, mainly by Banks and other financial institutions usually for very short terms, three months in the case of standard Treasury Bills. This is actually compulsory lending, designed for two purposes; first, as a means of compelling the Banks to hold reserves on which their structure of credit can rest and secondly to provide cash flow for Government. Other local borrowing includes loans for particular projects, or through Government debentures for longer term lending for general capital works.

"The other great area of lending is of course foreign lending, which arguably is all that matters in terms of the country's economic health. It is clear that the management of the foreign debt is much more critical than that of local debt, since we must have adequate earnings from our exports to service and amortize the foreign debt — that is to pay interest and repay principal.

"But even at present when the volume of the foreign debt is at its highest historical level, it is still relatively modest. Of the Public Debt on March 31st, exclusive of the fluctuating Government overdraft at the Central Bank which is limited to 10 per cent of projected revenue, local borrowings amounted to \$446.4m, or 54.2 per cent of the total while the remaining \$377.7m or 45.8 per cent was borrowed from foreign sources. This proportion is by no means unusual.

"As long ago as 1970, some 42.5 per cent of the debt was owed abroad. The profile of the foreign debt has also changed, and for the better. In 1975 over 53 per cent of the foreign debt was held by banks at fully commercial rates, and 46 per cent by foreign governments. Now it is the international financial institutions, such as the World Bank, the Inter-American Development Bank, and the Caribbean Development Bank lending for useful projects at concessional rates of interest and longer terms of repayment, who hold 45.9 per cent of our debt, compared to 1 per cent in 1975. Foreign commercial banks and foreign governments are down to 27 per cent each.

"Further, at \$23m the cost of servicing the Government's foreign debt is but 2 per cent and the cost of servicing all our foreign debts, whether Government guaranteed or purely private and including capital repayment is \$99m or only 7.8 per cent of the value of our exports of goods and Services.

Whatever our balance of payments problems, the problem of excessive foreign debt is not at this time a major contributor to them. Nor is it intended to be, under this Government.



### Stabilization Programme

"It remains only to say that, as you are aware, Mr. Speaker, during October 1982, Barbados concluded a standby arrangement with the International Monetary Fund. That agreement for all practical purposes came to an end on March 31st, 1984, when the Fund was notified that Barbados had satisfied all the performance criteria and was therefore eligible for the final drawing of SDR's 3.9m or BDS\$8.5m. Throughout the life of the agreement, we were able scrupulously to meet the Fund's performance criteria by controlling Government's borrowing from the banking system while the Central Bank kept its net domestic assets within the agreed limits. Therefore, Barbados avoided the trauma which is associated with re-negotiating Fund Programmes that go off track, and kept well out of the Debt Trap whose title, rather than its reality, has proved so attractive to uninformed critics.

"As a result of the IMF programme and of the measures taken by the Government to monitor and control its expenditure, the stage is now set for the economy to benefit from the recovery in the OECD countries, in particular the USA.

### PROSPECTS AND POLICY

"I turn now, Mr. Speaker to the prospects for 1984-85 and to Government policy in the forthcoming financial year. In the recently approved Estimates, current revenue was estimated at \$596.3m or 24.3 per cent of Gross Domestic Product. This is not a high percentage. In the recent past Barbados has made considerably greater tax efforts. Even taking National Insurance contributions into account the percentage of GDP being absorbed by taxation will be only in the region of 27.7 per cent. This is not high for a country where the level of savings proportionate to consumption is relatively low and where there is a strong need to generate budget surpluses to meet the cost of improved social services, as well as new investment.

"The best means of dealing with unemployment, in my view, is still to reduce it by new investment. Severance and unemployment pay are vital to the social well-being of the country, but they should not be seen as substitutes for new jobs. I therefore consider that the Government's priorities, now that the line has been held on the balance of payments for almost three years, must be to increase savings, government as well as private, and to generate revenue for this purpose.

"Government current expenditure remained virtually stationary in 1983-84 and is estimated at \$567.4m for 1984-85. To this must be added the cost of a wage and salary settlement which has been reached with the National Union of Public Workers for the public workers whom they represent. This is in the amount of 15 per cent on 1982-83 salaries for the year 1984-85, and a further increase of 5 per cent on 1984-85 salaries for 1985-86. If extended throughout the public services, including the teaching and uniformed services and the statutory corporations, this will cost \$38m in the first year and a further \$14.5m in the second year. I also propose an increase of 10 per cent in all Government pensions, and this will add \$3.2m to each year's bill.

"Allowing for a 20 per cent tax recovery from the increased wages and pensions, these developments mean that a further \$32.9m must be added to current expenditure in 1984-85. Funds must therefore be generated to assist the Government in its stated task of paying for the Social Services as well as producing a surplus for capital expenditure, which is projected at \$180.2m for the financial year excluding the notional sum of \$9.4 provided for capitalising loans made to certain statutory corporations in past years.

**Social Services**  
"First the Social Services. Budgets are usually only about economics, but in dealing with the Government's proposals for financing the social services I want to outline some of our new policies and some of the spirit which has informed these policies over the last seven and a half years. My comments and proposals will cover the areas of Health policy, Education and Social Security including pensions. For when the achievements of this Government come to be assessed, I am confident that the Olympian strides which we have taken to bring our country to the highest levels of social welfare will be recognised as our greatest success.

**Health**  
"In recent weeks the proposed National Health Service has become what advertising agents fondly term "a highly visible product". Accusations and criticisms have been hurled and defended by all sides.

"I wish, therefore, to reiterate from the outset that in formulating the National Health Service the Government has been guided only by the fundamental premise that every Barbadian has the same right to the same standard of health care as every other and that no one through poverty

or any other economic constraint should be denied the right to see a private doctor of his or her choice.

"Ideals apart, the Government has to face the reality of implementing such a service. We would indeed have been naive had we thought that the introduction of the National Health Service would have been easy. If for no other reason, we are a conservative people when it comes to changing what is established and familiar. This Government however, has never been afraid nor incapable of implementing its policies and now that everyone's grievances have been fully aired, I am sure that the Barbadian propensity for compromise will assert itself and the second phase of the National Health Service will successfully be ushered in.

"A national Health Service Board will shortly be established to administer the National Health Scheme and eventually the Barbados Drug Service. The Board will comprise representatives of the Barbados Association of Medical practitioners, the Barbados Nurses' Association, the Barbados Pharmaceutical Society, officials of the Ministries of Health and Finance and other members representing the general interest of the community. It will publish a list of medical practitioners participating in the National Health Service as well as a register of patients assigned to National Health Service doctors, and will have general authority to manage the Service. The Board will also be equipped to handle complaints and will set out procedures for taking necessary action to ensure the proper and professional delivery of primary health care in Barbados.

"It has already been well canvassed that the National Health Service will be implemented in stages. The first phase was implemented with the establishment of the Barbados Drug Service in 1980 and the second phase will provide the services of general practitioners free for persons 65 years and over. When fully implemented the National Health Service will provide general practice services free at the point of delivery to all persons permanently resident in Barbados.

"In the final stage all such residents will be required to register with a General Practitioner of their choice, who will then be required to give them free treatment as needed. This will eliminate the long waits experienced by a large sector of the community presently using the walk-in clinics, District Medical Officers and the overburdened Casualty Department of the Queen Elizabeth Hospital. Consequently, the post of District Medical

Officer and the walk-in clinics will be abolished and the spaces made available to doctors participating in the National Health Service. It is expected that doctors will be contracted to provide the traditional general practice services including 'after-hours' coverage, a service which sadly has become increasingly difficult to obtain in Barbados in recent years.

"Under the National Health Service, general practice services will be delivered from the private premises of doctors, or from space made available to them in polyclinics, by a team comprising one or more medical practitioners, a clinic nurse and a medical records clerk-receptionist. All doctors contracted by the Board will be paid on a per capita basis for every registered patient, with a greater payment for those registered patients who are 65 years and over. In addition doctors will be encouraged to set up Group Practices, for which an incentive allowance will be given.

"Apart from allowances for continuing education, start-up fees, after-hours service and a scaled seniority allowance, the National Health Service Board will also reimburse doctors for the cost of space in the polyclinics as well as in their own private premises; there will be given operating expenses and the salaries of a clinic nurse and records clerk-receptionist. Thus under Government's present offer a Grade 1 doctor with a full panel of 3,000 patients will have an average net yearly income of \$104,330 with another \$81,500 for expenses — a total for each doctor of \$185,830. This will be in addition to fees from private patients and for providing services not covered under the Scheme such as medical examinations for visa or insurance purposes; the treatment of fractures and any surgical procedures. National Health doctors will still be entitled to charge patients for these services.

"Estimated expenditure per annum for the National Health Service in the forthcoming year will involve for the 27,000 over 65 alone, a sum of \$3.9m, of which \$3m is set aside for the 60 doctors expected to be involved.

"In the final Phase the projections reveal a total cost of \$21.4m annually. Fees and allowances for 100 doctors will total \$19.5m.

"Mr. Speaker, there will be savings from the abolition of some of the services now provided by the Queen Elizabeth Hospital and the Ministry of Health, but it cannot be expected that these savings will by themselves cover the cost of giving everyone the same standard of private, personal service as only those who can now afford to pay in

full. I do not now propose to increase the Health Service portion of National Insurance charges but as the Service comes further on stream some increase can be expected. In the course of this year a National Health Service Fund will be established and in future all monies collected from the Health Service Levy will be paid into the Fund.

#### EDUCATION

"This is traditionally the largest consumer of Government expenditure, and a succession of Governments not just for 7, 10 or 30 years but for 100 years has ensured that we have a comprehensive educational system. If in the last seven years we in this Government have determined that every child is educated up to the age of 16 years; that continued secondary education is fully accessible to all that the school meal service is extended to every primary school; and that all schools are subject to constant physical renewal and expansion, we were doing no more than maximising the priorities of all previous governments. We must now, however, be concerned with quality and direction. And I want to start my proposals on Education at the top.

"It is fairly well-known, at least by people of our generation Mr. Speaker, that 30 years ago in Barbados many students whose ambition it was to win a Barbados Scholarship were forced to pursue the study of the Classics in order to achieve this much prized goal. And so, even would-be doctors and engineers had to wade through Greek and Latin before coming to grips with the sciences at University level. In response to this, the higher levels of secondary education in Barbados became far more scientific, both in content and method as efforts were made both to persuade students to study the sciences; and to see that they were rewarded by increased access to University Scholarships.

"I think that the wheel has now turned too far. The arguments for scientific education have always been powerful and they are not new. There is a fond belief that the push for scientific education over the classics is a 20th century phenomenon. Not so. A recently published study which I have read of the Byzantine Empire records that in the second half of the Fourth Century, that is in the late 300's A.D., a professor at Antioch named Libanius, who taught the Classics of the time objected bitterly, indeed violently, when he saw his students turning to the study of the sciences of the time — namely, Stenography, Accounting and Law. "When he saw the throng of students making their way to the Law

School of Beirut he reacted in the same way as a modern professor of Classics whose students deserted him for business administration."

"When I see that students who now win the Barbados Scholarship are almost as exclusively drawn from scientific disciplines as they once were from Classics, I must confess some sympathy for Libanius.

"Not that I wish to dissuade any student from pursuing a scientific education, but I think that the wheel has now gone full circle to the detriment of the written and spoken word. A greater balance is now necessary and with this in mind I wish to propose that, starting in 1985, the Government will offer special prizes to be awarded on the basis of the Barbados Scholarship results in English, History and Languages — ancient or modern. A cash prize of \$10,000 will be awarded to any student who wins a Barbados Scholarship with A's in English and either History or a Language.

"My remaining proposals on education relate to the private secondary schools. The role of these schools is now much diminished in the general educational system, as the Government has greatly expanded the number of places available in Government institutions. Nonetheless they still have an important part to play. I particularly look forward to their being able to attract non-Barbadian students and restore our island to the place it enjoyed as recently as 40 years ago as an educational mecca in the Caribbean.

"The Government's position on off-shore business schools and pre-clinical medical colleges is well-known and exemplified by its encouragement of widening the base of educational services which we can offer locally. But for the local private secondary schools and their students some improvement in Government assistance is necessary. I therefore propose that the rate of Government bursaries will be increased from \$100 to \$125 per term and that the Government will in future pay the salary of one teacher for every 40 pupils at a school up to 240 pupils and for one in 80 pupils beyond 240. This will replace the present scheme of paying for one teacher for 50 pupils up to 300 and one for 100 beyond that. Ten additional teachers will be brought under Government's subsidy and the cost of these two proposals will be \$409,500.

#### Unemployment Benefits and Social Security

"The unemployment benefit scheme which I introduced in 1981 was conceived as an insurance scheme where available funds would go for the benefit of those who lose jobs, rather than for

those who by reason of youth or other means of support have never had one. It was never intended to provide payment for persons merely for not working. Barbados cannot afford that nor do the social views of our population demand it. We, are still a country where we are strongly motivated towards work.

"But the coverage of the scheme has still proved too narrow. The figures reveal that for the latter half of 1982 and the whole of 1983 only 5,733 claims were received with some two and one half million dollars in claims being paid out. When you consider that the official number of unemployed persons varies between 14,000 — 17,000 and the number of persons filing claims has never exceeded 500 in any given month, then the Scheme is not fulfilling the purpose for which it was intended.

"Statistics indicate two main reasons for a total or partial loss of benefit. Failure to renew registration weekly with the National Employment Bureau, and late claims, that is those made more than two weeks after unemployment commenced, accounted for 42 per cent and 56 per cent respectively in a recent study of 722 cases where there was some loss of benefit. I therefore propose to extend the time limit within which a claim should be made from two weeks to six weeks and permit claimants on benefit to report to the National Employment Bureau every two weeks rather than weekly. In addition, I wish to propose an increase in the rate of weekly benefits from 40 per cent to 50 per cent of average insurable weekly earnings. These measures will have effect as of April 30, 1984.

#### Funeral Benefit

"The next aspect of social security benefits with which I will deal, Mr. Speaker, are funeral grants. These were last fixed in 1981 at \$350. I propose that in respect of deaths occurring from today onwards, the amount of the grant will be increased to \$450.

#### Pensions

"In 1970, Mr. Deputy Speaker, there were 14,500 persons over the age of 65 in Barbados. By 1980 there were 17,400 persons not just over the age of 65, but of over 70. Today's total for the over 65's is approximately 28,000, and arising out of these inescapable demographic facts are a whole host of new considerations in respect of social security and the pension system. As recently as 1970 there were approximately 120,000 persons of potential working age to support by their help and their taxes a pensionable population of no more than 10,000 — 12,000 people which was means tested and for whom the then minimal old age pension started at 68 for a woman and 70 for a man.

"Now, 27,000 pensioners in three categories are being much more substantially supported by the taxes of at most 150,000 adults. And in the last seven years, a number of programmes have been put in place to provide direct assistance to persons over 65. Free Bus Transportation; free drug service, and assistance with the payment of water and electric rates, among others. And as from the 1st of this month, the non-contributory pension was raised from \$33 to \$40 weekly; and the minimum contributory pension payable under National Insurance from \$40 to \$50.

"The non-contributory pension is now equal to 80 per cent of the minimum Contributory pension, and it is intended that future increases in the amount of these pensions will maintain that relationship as it is intended that this will be the last year in which an increase of non-contributory pensions will include an element of regrading.

"The cost to the National Insurance Fund of the increases in non-contributory pensions is estimated at \$7m. Increases in contributory pensions are expected to cost \$1.4m. I am happy to say that I do not propose that there should be any increase this year in the percentage level of contributions to the National Insurance Scheme to finance these particular costs.

"I do, however, propose a substantial change with respect to National Insurance coverage generally. Maximum earnings insurable under the National Insurance Scheme now stand at \$2,200 a month. I propose that figure should be raised to \$2,600 a month as from June 4th, 1984. This amount will cover the earnings of 96 per cent of the working population, and will mean that unemployment and sickness benefits and pensions should now be adequate to cover the incomes of almost the whole insured population. It will only now be in respect of the remaining 4 per cent of the working population that additional pension arrangements need be made.

"In the Private sector recognition is widely being given to this circumstances in the formulation of Private Sector Pension plans. By and large such pension schemes already take full account of any amount provided for under the National Insurance Scheme. I regard such a policy as highly desirable and undoubtedly it is an example which the Public Sector will in the fullness of time have to follow.

"I therefore, intend to invite representatives of all Unions representing public workers to join a Task Force which I propose to set up to look into this matter and make appropriate recommendations that can meet the dual purpose of justice to public officers and to the public Trea-

sure. Bearing in mind that countries have virtually collapsed under the weight of their own social security payments, I am sure that as loyal and sensible Barbadians the Unions will cooperate in formulating adequate safeguards.

Finally, I must return to the demographic point which I made earlier. By the end of this century, and even more so in the early years of the 2,000's the combination of the fall in the number of births from the 1960's onwards and the ageing of those born in the years of high birth rate up to 1960 will mean even more that the demands of an older population will have to be met by a smaller work force. The conditions of 30 years ago where it was thought necessary to reduce retirement age in order to release jobs for younger persons are already reversed, and will be totally reversed by the year 2000.

"For this reason I have never acceded to the extremely unwise suggestion that the age for receiving a National Insurance pension be reduced to 60. Such a step could break the Fund by the 1990's and would have catastrophic effects on other aspects of economic management of our country. Instead, the opposite has now clearly become necessary for those who enjoy a potential retirement age of 60 years.

"The Government has, therefore, decided that as from June 1, 1984 the compulsory retirement age for new entrants into the public service will be raised from 60 to 65 years, and the general age of voluntary retirement from 55 to 60. For serving established officers there will be no change in the existing voluntary retiring age of 55, but for officers under the age of 50 on June 1, 1984 other than Permanent Secretaries or most heads of Department, the compulsory age of retirement will be raised from 60 to 65. Amendments to the appropriate Pensions legislation will shortly be introduced into Parliament, and as far as the exigencies of the service and of the general employment situation in society permits, casual and other workers not included in the Civil Establishments will gradually be permitted to retire at 65.

"Far-reaching though this measure is, it is essentially long-term. As a matter of straight arithmetic it will be June 1, 1984 before any established officer will be working after his 60th birthday. The most common reason given for objecting to later retirement is its effect on employment. The outgoing President of the National Union of Public Workers made this point to me almost two years ago when the Union was consulted about the matter. I think that is not a good point.

"People do not necessarily stop working when they leave the public service at 60. They often try to find another job. Since neither public service nor national insurance pensions in Barbados are means tested there is no disincentive to a pensioner working. And all of us know that pensioners do work.

"The argument that retiring creates a job is therefore not necessarily true. Retiring from the public service frees a job in the public service. It may also cause one to be taken away in the private sector. I do not therefore accept that unemployment in Barbados can be dealt with by early retirement. And I may say that I am fully supported in this view by a recent study carried out by the International Labour Organisation which comes firmly to the conclusion that it is counter-productive to seek to create new jobs by permitting early retirement. At the ages between 60 and 65 most people can still contribute powerfully to working life and I wish to give public servants in the 1990's the same opportunities to do so as other people.

"The other point which is sometimes made on extending retirement ages is that promotion is thereby blocked. This has some substance, especially in a service where employment cannot be expected to expand at the same rate as in the 1950's when Barbados was beginning to move into an era of modern government. It is for this reason that persons already at the top of their departments will be excluded from extended service to age 65.

"In conclusion on this aspect of Government's social security policy I would say that the Government holds itself ready to discuss all or any of the matters which I have mentioned with all interested bodies. We are satisfied that dialogue can lead at least to information, and often to conclusions. To those who have in recent weeks helped us to come to conclusions, I give my thanks.

#### Savings

"Before I turn to proposals for changes in direct and indirect taxation, Mr. Speaker, I wish to say a word or two about savings. I refer to financial savings by individuals and companies which in economic terms provide the resources for investment. Although the amount of money which Barbadians have deposited in savings accounts looks formidable — \$432m by private depositors alone at the end of January, with another \$93m in time deposits — our savings rate is not as high as can be found in some countries whose citizens are very highly motivated towards savings for development.

"Our equity investment rate is also very low. Government savings on the face of it have not recovered to the position of 15-20 years ago, where perhaps 30 — 40 per cent of capital expenditure sometimes more could be financed out of the current account surplus. Now, it sometimes seems that all we can hope to finance out of a current account surplus is a wage increase for civil servants! But of course the majority of Government's savings is really done by the National Insurance Fund which, as I have said earlier, lends its surplus to Government and the private sector alike for investment projects, including housing as well as Government capital projects.

"This year the surplus of the National Insurance Fund will undoubtedly be depleted. Additional costs for pensions of \$8.4m, funeral benefits of \$360,000 and estimated unemployment benefits of \$500,000 will be offset by only \$1.8m deriving from contributions to meet the increase in coverage in addition to the ordinary growth arising out of higher incomes in Barbados. It is therefore necessary for the Government to look again at its incentives for savings as against consumption.

"Since 1976 and particularly since 1979 Government has introduced a wide variety of measures to encourage the growth of financial savings. These include increased allowance for Life Insurance premiums and for contributions to registered Retirement Plans as well as exemption for share purchase of new issues up to \$2,000 per year and the institution of a Bonus Share Scheme. Government has also issued National Savings Certificates and exempted income earned from investments in Barbados Development Bank Bonds and National Housing Bonds up to \$25,000.

"It is widely recognised that personal taxation should as far as possible fall on the portion of income which is spent rather than on what is saved. Because, however, of the difficulty of administering expenditure taxes and the need for equity in the tax system, no Government as far as I am aware has found it possible to move completely away from taxing income to taxing consumption. However, Government recognises the vital importance of encouraging savings both from the point of view of the individual and in the national interest, and is very anxious to introduce additional incentives to make savings more attractive to the public.

"To this end it is prepared to implement a scheme which would provide for tax relief to implement a scheme which would provide for tax relief on genuine additions to personal savings of up to at least \$5,000 per year. For such a

scheme to achieve the objective of mobilising additional savings and not merely provide tax relief without stimulating real savings, it would have to be carefully thought out. Accordingly, the Ministry of Finance and Planning will shortly be setting up a Committee comprised of representatives of relevant professional organisations to make recommendations on the ways and means of implementing this proposal and of seeking views on what additional measures can be devised to raise the level of private savings.

"In the meantime, however, I propose to increase the amount of exemption of new share purchases in public companies from \$2000 to \$10,000 per annum; to increase the exemption of income earned from investment in approved National Development Housing or Savings Bonds from \$25 000 up to \$50,000 and to raise the interest exempted from taxation on Barbados National Bank saving deposits from \$500 to \$1000 annually. Additionally, I propose legislation to exempt from taxation cash obtained by an individual from funds repatriated from overseas pension schemes where such cash is invested in an approved bond for a period of at least five years. Normally, such refunds are treated as deferred income and therefore subject to tax.

#### Savings with Credit Unions

"Mr. Speaker, Credit Unions play a very important role in the mobilisation of savings for on-lending to its members to assist them with mortgages and other areas of expenditures in which the commercial banks are not particularly interested. That is why, in 1982, I decided to allow savings with a credit union, after an initial period of two years, for income tax purposes.

"It is my understanding that since that concession both the membership of the credit union movement and the quantity of savings have increased significantly. Therefore, following representations from the Barbados National Association of Co-operative Societies, effective from income year 1984, I have decided to increase the allowance from \$600 annually to \$1200.

However, I have also decided against removing the existing requirements which must be fulfilled in order to qualify for allowances since the allowance is intended for persons who are genuinely interested in the development of the credit union movement and not for those persons who are merely interested in avoiding income tax payments. Basically, the concession to Credit Unions is an income tax concession on a capital payment in the form of an asset which remains in the taxpayers' hands. I

cannot permit taxpayers generally to put money into a Credit Union, save the tax, and draw it out again in too short a period. It will do neither the Revenue nor the Credit Union any good.

#### BUDGETARY PROPOSALS

"Mr. Speaker, we have so far gone through the preliminary bouts and I come now to what Honourable Members will no doubt regard as the main attraction: the taxation proposals proper. I have already explained that this is not a year in which I can offer net revenue concessions. But as at an amusement park, there will be ups and there will be downs.

#### Direct Taxation

"Income tax is in the news, Mr. Speaker, and I want at once to say that my view of public financing is that income tax is a necessary evil, not what they called in the jargon a useful tool. You may recall that, in 1976, persons earning around \$1300, a year could be called on to pay income tax. You will further recall, Sir, that the tax credit system was introduced as soon as possible in order to bring some relief to those persons.

"At that time, Personal Income Tax accounted for 28.4 per cent of total revenue, or 8.4 per cent of G.D.P. Today, Mr. Speaker, Personal Income Tax contributes 22.2 per cent of total revenue and its share of the G.D.P. has been reduced to 5.6 per cent.

"This reduction did not come about by accident, but because of the fact that every year between 1977 and 1983, downward adjustments were made to the income tax structure.

"For example, in 1980, a total of 30 000 low income earners were eliminated from the tax roll.

"The process was carried a stage further in 1981 when a further 18 000 persons were removed from the scope of personal income tax. The result of the various measures introduced between 1977-83 is that today no one earning less than \$115.00 per week pays income tax. I have thought it necessary to look back at those developments because some persons among us seem to have been unaware of them. However, Mr. Speaker, the task of restructuring the income tax system which this administration started in 1976 is not yet completed because of the magnitude of the problem which we inherited following the serious inflation of the early 1970's. Therefore, it is necessary for me to move one stage rather than two, three or four stages further this year. First, I will start with the basic allowances which were last fixed in 1981.

"There is general acceptance that under a progressive tax system, unless allowances and taxable income bands

are adjusted or other off-setting action is taken, the interaction of even relatively mild inflation, such as we have experienced within recent years and the tax structure will result in a distorted redistribution of the tax burden. This is what happened in a more acute form in the early 1970's.

"Therefore, Mr. Speaker, this year's income tax reductions will take the form of an increase in the allowances. I propose, with effect from income year, 1984, the following changes.

"(1) The basic allowance for a single person will be increased by 25 per cent from \$2 400 to \$3 000; and

"(2) The allowance for a married person will go from \$4 500 to \$5 000.

"In the case of persons over 65 years; whether married or single, the allowance will be increased to \$5 500 but will be reduced by one dollar back to \$5 000 for every one dollar that their incomes exceed \$12 000 annually.

#### Dependent Allowances

I also propose changes in dependent allowances. Effective from this year, the child allowances will be adjusted as follows:-

(i) The allowance for a child over 16 and under 25 being educated in Barbados will be increased from \$700 to \$800.

(ii) The allowance for children over 18 being educated abroad will be increased from \$1 200 to \$1 400.

The allowance for a dependent relative at present is reduced by one dollar for every dollar of income earned in excess of \$250 annually. As a result, a number of persons who have dependent relatives whose only source of income is the non-contributory old age pension are disqualified from claiming for any contributions they make to such relatives because the weekly pensions have been increased over the years and by far exceed \$250.

"However, it is recognised that in spite of the significant increases in pensions within recent years, it is necessary in many cases for pensioners' incomes to be supplemented by relatives. Therefore, Mr. Speaker, I have decided to raise the threshold from \$250 to \$2 100, which is the present annual income of a pensioner receiving a non-contributory pension. At the same time, I propose to abolish what is known as the "Other Dependent" allowance, which the Commissioner of Inland Revenue informs me is hardly used. I consider that this can be better provided for by an annual payment. This will take effect from Income Year 1985 to allow tax payers time to prepare.

"I turn next to annual payments themselves. At present there is no limitation on annual payments made to

relatives by way of settlements but recent developments have suggested that there is need for some form of restriction. Very large claims have been made to the Commissioner of Inland Revenue by individuals seeking tax deductions on amounts paid by way of covenant. For charitable objects limitations exist, and I propose therefore to introduce limitations for non-charitable objects also.

"From Income Year 1985 there will accordingly be a limit of 15 per cent of assessable income for an annual payment under covenant. Also under this head, Mr. Speaker, I propose to recognise inflation for Parliamentarians' subscriptions and propose that the allowance will be \$5 000 instead of \$4 500 or 10 per cent of salary, whichever is the lesser.

"Further, I propose that the allowance for Life Assurance premiums paid will be increased under the same conditions as exist at present from \$1 500 to \$1 800 as from the current income year.

"I propose to change both the levels and the category of tax credits. For this income year the tax credit will be increased from \$360 to \$400 in the lower category, whose limit will be raised to \$7 500. The higher category will go to \$8 500 per annum, and the credit for this group will go to \$250. The effect of these changes will be that no one earning less than \$145 per week will pay income tax. Approximately 8 000 people will benefit.

#### Housing

"I propose to deal next with Housing, Mr. Speaker, and since I shall be proposing income tax concessions in this area I will include my comments under this head of direct taxation. The Government has made housing one of its principal priorities and has continued to place major emphasis on the improvement of the country's housing stock. Despite efforts to keep mortgage rates low, the market has once again proved the futility of attempting to get a gallon of water out of a pint pot in a small economy such as ours or indeed any economy; and the Central Bank, with my approval, has permitted an increase in the mortgage interest rate for new residential mortgages to 11 per cent in an effort to encourage trust companies and other financial institutions to divert more money into residential mortgages. These institutions should however bear in mind that the Government expects to see new funds flow, and still holds in reserve the possibility of specific direction of funds to mortgages and away for example from consumer credit.

"In addition to that, Mr. Speaker, I have recently directed the National

Insurance Board to make the sum of \$3.0m available to the Barbados Mortgage Finance Company and in a few days' time, the Ministry of Finance and Planning will pay \$1.0m to B.M.F.C. as a further Government contribution towards share capital. This will both improve its cash flow, and its equity base to permit it to raise further funds for on-lending for mortgages.

"This evening, Mr. Speaker, I intend to introduce four measures which will have an immediate benefit to house owners. Firstly, in view of the increasing cost of constructing or buying a reasonably sized dwelling house, I have decided to increase the Mortgage Interest Allowance against income tax from \$600 a month i.e. \$7 200 annually to \$750 a month i.e. \$9 000 annually. Secondly and thirdly, I propose further concessions for the owners of residences of architectural or historic significance.

"This subject has also been highly visible in recent weeks and I have now had some representations from the owners of listed properties. About half of these seem to assume that listing will reduce the value of their houses. I can only assume that the alarmism of some uninformed press comment is responsible, I certainly cannot blame the Opposition, for while I am considering a number of cases where owners of business premises are genuinely worried about the effect of listing on their existing plans, there can be few, if any, listed residences affected by listing as such since the Town Planning Office does not easily give permission for changes to be made to historic structures whether listed or not.

"This has been the policy for many years, but I wish to emphasise that listing is not a barrier to using a historic building for business purposes. In fact, the Town Planner often welcomes it, since it usually means that more money will be available to maintain and preserve the building's traditional qualities.

"From the persons who own and are happy to own historic dwelling-houses, and from the Barbados National Trust I have received a number of representations. From persons who own houses which they considered historic or of architectural merit but which are not listed, I have received pleas as Minister of Planning for listing, and the Town Planner will shortly be publishing supplementary lists.

"As Minister of Finance I now propose that the income tax allowance for repairs to a historic dwelling house will be raised from 10 per cent of its assessed value to 25 per cent. The cost of repairs is very considerable on these



old houses, and the work itself will have the economic value of giving employment in the construction trade. This is my second proposal, and my third relates to the position of owners of listed properties, including wooden buildings, who cannot afford to preserve them adequately.

"I propose the setting up of a fund of \$1m in the first instance to make loans at concessional rates of interest up to a maximum of \$10 000 for repair purposes to those owners of listed properties who are unable to raise funds from their own resources. A Committee will be established to assess requests for, to grant the loans and to fix repayment schedules in accordance with the means of borrowers.

"Finally on housing concessions, Mr. Speaker the Government has recognised that there is a greater demand for rental accommodation for residential purposes than is presently available. There are apparently a number of house owners who are interested in converting at least a part of their residences into units for rental but who are unwilling or unable to make the appropriate changes because of the capital cost involved.

"As an incentive to these persons, I now propose that a scheme be instituted similar to that which was announced in 1982 to encourage the construction of industrial buildings. An initial allowance on the expenditure incurred in converting any building into rental units will be granted for income tax purposes, with the remainder to be written off over an extended period.

"My general proposals which touch on income tax Mr. Speaker, will cost the revenue a net sum of \$10.6m.

#### Corporation Tax

"I turn next Mr. Speaker, to another aspect of direct taxation. In 1982, a temporary surcharge of 3 per cent was imposed on corporate profits. Since then there has been some improvement in the Government's financial position and a worsening of the position of local corporations. In view of the important role which corporations play as generators of economic activity and providers of employment, I have decided to remove the 3 per cent surcharge effective from this income year in compensation for this, I had considered the reimposition of the Employment Levy, but decided to let the forces of economic recovery themselves have an opportunity to demonstrate a favourable employment showing in the private corporation. This change, Mr. Speaker, will mean a loss of \$4.0m to the Government but should help to ease any financial difficulties which the corporations may be experiencing.

#### Stamp Duty

"In my budgetary proposals for the fiscal year 1982-1983 I introduced a package of increased stamp duties which were subsequently enacted under the Stamp Duty (Amendment) Act 1982. This amendment increased the rate of stamp duty on an insurance policy from fifty cents to two dollars for every \$500 or part thereof of the sum assured. The life insurance companies have informed me that this increase in the rate of stamp duty, which must be met in full by the company at the time a policy is issued exposes the company to the risk of incurring a substantial loss if the policy is discontinued by the insured before acquisition costs including stamp duty have been recovered. The companies have also submitted that since stamp duty is calculated on the sum assured and not on premiums payable the burden becomes particularly onerous in respect of those policies where the annual premium is low in relation to the sum assured.

"The matter has been carefully studied by the Supervisor of Insurance and I am satisfied that if corrective measures are not taken these companies may either increase their premium rates or ask policy holders to pay the stamp duty. Both of these solutions are undesirable.

"Mr. Speaker, I therefore propose that as of tomorrow, April 18, 1984 all life insurance policies issued shall be subject to stamp duty at a fixed rate of \$20 for each life insured. This will replace the present rate.

"It has been estimated that at current rates stamp duty on life insurance policies would have yielded one and a quarter million dollars which together with Premium Tax and Corporation Tax would have totalled \$2.15m in revenue from the industry in 1984. It is not proposed to make any substantial change in the total revenue to be collected from life insurance companies. However, in order to recover the shortfall which will result from the reduction in the Stamp Duty and to eliminate tax avoidance by some of these companies, I propose a new tax formula from income year 1984 to which life insurance companies will be subjected.

#### Premium Tax

Companies controlled by Residents of Barbados and approved Caricom Companies 3 per cent.

Foreign Companies 5 per cent.

Tax on Gross Investment Income 5 per cent.

"It is estimated that this new formula together with the new rate of Stamp Duty will yield revenue of \$2.2m.

"My next proposal relates to insurance companies not controlled by

residents of Barbados which fail to hold the reserves required they are required to hold locally under the Insurance Act. I propose that in addition to the 5 per cent tax on actual investment income they will now pay 5 per cent on the imputed income on the shortfall up to the statutory reserve level. This income will be calculated as 7 per cent of the shortfall, or at the actual average percentage yield of their investments in Barbados.

"I further propose that, with effect from income year 1984 losses on life insurance business incurred in previous years may not be brought forward and offset against tax payable in subsequent years; and where a company carries on both long term and general insurance business the amount which will be allowed as deductible in respect of commissions and management expenses combined for tax purposes under the general insurance portfolio shall not exceed 60 per cent of the gross premium income for the year being reported. This will cover many areas which I consider not only tax avoidance but tax abuse.

"Since there has been no meaningful increase in the total taxes being levied against the industry and since all companies will now be paying their fair share I do not expect to see any increase in insurance rates.

"Further under Stamp duty, I consider that economic as well as budgetary circumstances point to a small increase again this year in the general rate. The continued strength of the US dollar has carried the Barbados dollar with it and made imports cheaper. The policy of shifting the burden of taxes on income to taxes on spending requires some counterweight to the income tax concessions just announced. I accordingly propose that the rate of Stamp Duty on customs warrants on imported goods will be increased from 3 per cent to 5 per cent on the C.I.F. value of the goods. This increase will take effect from April 18, 1984 and will result in an increase in revenue of approximately \$19m in a full year.

"Following representations from the Ministry of Trade, I propose to introduce a scheme in respect of the payment of Stamp Duty as a stimulus to exporters. The details of the scheme will be announced later, but it is intended to refund the full amount of the Stamp Duty paid on any inputs which go into the manufacture of any products for export this will also apply from tomorrow April 18. The rebate will be based on the proportion of a firm's output which goes to the export market. It is hoped to enlist the support of the Export Promotion Corporation, the

Industrial Development Corporation and the Barbados Manufacturers Association in the formulation and implementation of a workable and efficient scheme.

#### Taxes on Property

"From Direct Taxation I turn now to Property taxation. The Commissioner of Land Tax is currently working on the triennial review of Land Valuations in the country and these new valuations will come into effect from March 20, 1984 for a period of three years. I do not propose any change in the rates.

"In my last Budget, I proposed that foreign companies, as defined in the Land Tax Act, be required to pay higher rates of Land Tax than locally registered Barbadian Companies. As a result of numerous representations made to me, relating not only to the equity of the situation but to Double Taxation Treaties to which Barbados is a party, I propose to make a concession to Banks and certain public companies which are actively engaged in business in Barbados and to exempt them from the higher rates of tax.

"These entities will qualify for such exemption only if their Barbados assets are less than 10 per cent of their World-wide assets. A public company incorporated or registered abroad shall not be eligible for such exemption if the majority of its interests is beneficially owned by Barbadians.

#### Property Transfer Tax

"For a long time now, Mr. Speaker, there have been complaints from the real estate agents in this country that business was being crippled by the punitive rates of transfer tax on properties being bought by foreigners. These rates were necessary at a time when the real estate business was under severe inflationary pressure at home, but are perhaps less relevant now. I therefore propose the following changes in respect of the rates of property transfer tax as they apply to local vendors and foreign purchasers.

"The current rate of tax will be increased from 3 per cent to 5 per cent in the case of the local vendor, and the current rate of tax on the foreign purchaser will be reduced from 17 per cent to 10 per cent. These changes take effect immediately, although I will entertain applications for relief in the case of local vendors selling to local purchasers where contracts have already been signed and stamped. The changes will result in additional revenue of \$1.8m.

#### Highway Revenue

"Fees for registration of motor cars and motor cycles were last changed in 1982. There have been many changes since then, and the Government is now in the process of a major road

rebuilding programme which will benefit all highway users.

"Therefore, Mr. Speaker, I propose a series of general increases in the annual registration fees for motor vehicles. Fees for motor cars will be increased as follows:-

	Present
Cars not exceeding 1150 kg	\$150
Cars not exceeding 1350 kg	\$200
Cars not exceeding 1550 kg	\$400

	Present
Cars exceeding 1550 kg	\$750
Motor cycles without side cars	\$50
Motor cycles with side cars	\$75

"In a full year additional revenue of \$1.6m is expected from these measures.

"Next, I turn to vans, Lorries, tractors and trailers. Within recent times, we have witnessed the introduction of heavy duty vehicles with only two axles, which have been causing serious damage to our roads. There are some such lorries which I am assured, if they drove on even the made-up roads in some of our tenancies, they would break the water mains beneath the surface.

"Consequently, I find it necessary to introduce a special regime for such vehicles and to ask that they make a greater contribution to the upkeep of the roads on which they have had such a devastating effect. Following technical advice from the Ministry of Transport and Works I have altered the whole system of classification and with immediate effect fees for vans, lorries, tractors and trailers will be charged as follows:

Vehicles with 2 axles:	Vehicles with 3 or more axles;
Not exceeding 3 tonnes \$250	—
Not exceeding 5, tonnes \$350	—
Not exceeding 7 tonnes \$500	—
Not exceeding 12 tonnes \$800	—
Not exceeding 20 tonnes \$2500	—
Not exceeding 24 tonnes \$5000	1600
Not exceeding 36 tonnes \$—	2500

Exceeding 36 tonnes, all vehicles will be charged \$85 per tonne.

Trailers including tank and container trailers:

(1) Up to seven metres	\$200
(2) Exceeding seven metres	\$400

Changes will shortly be introduced to the Road Traffic Act to make vehicles of more than 12 tonnes, which have only one rear axle subject to special licensing before they can be used.

#### Public Service Vehicles

"There is no doubt that the minibuses and other public service vehicles have been making a significant contribution to our public transport system. However, since last I adverted to this area in a Budget two

#### Proposed

	\$200
	\$250
	\$450

#### Proposed

	\$800
	\$100
	\$150

factors of significance have emerged. The first is that the permission given to allow vehicles which can carry from 5-10 passengers to be licensed as taxis has been abused, insofar as many such vehicles, known as the Z-vans, ply as unlicensed minibuses but pay only taxi registration fees.

"The second factor, of great importance to the Minister of Finance is that the fares have gone up 25 per cent but the license fees have not! At the same time, I have taken the opportunity to revise the present licensing system in the light of the fact that there is now only one authority for issuing all licenses for using the highway, instead of the former shared responsibility of the Rates and Taxes Department and the Ministry of Transport and Works.

"I have, therefore, decided to consolidate the initial charges at their present level and to abolish the annual renewal fee for a permit to operate a

Vehicles used or adapted for use for drawing trailers on the highway as an articulated unit.

	—	—
	—	—
	—	—
	—	—
	—	—
	1600	—
	2500	3000

#### Public Service Vehicle.

"Therefore, with immediate effect, the fees in respect of permits to operate such vehicles and the annual taxes will be as follows:

Vehicle	Permit Fee	Annual Tax
(1) Driven by Owner	\$15 000	\$5 000
(ii) Driven by person	15 000	6 000
(iii) Operated by a Church as a registered charity	2 500	800
(iv) Operated by a School approved by the Ministry of Education	2 500	800
(v) Operated by an Organisation registered as a charity	2 500	800
(vi) Operated by a hotel or company to transport staff	15 000	6 000
<b>2. Tour Coaches</b>		
(i) Operated by a Co-op Taxi Association or individual	15 000	6 000
<b>3. Taxis</b>		
(i) Up to 5 passengers driven by owner	2 500	500
(ii) Up to 5 passengers driven by persons other than the owner	2 500	800
(iii) More than 5 passengers (Maxi-taxis)	15 000	6 000
(iv) Self driven cars	2 500	1 200

"Fees for transfer of a permit, which are now one-half of the MTW permit fee, will be reduced to one-third of the combined fee. I have already indicated the problems with the maxi-taxis (those which carry more than 5 passengers) and the new rates are intended to deal with the unfair competition for the minibuses which have to pay higher fees.

"However, it has been recognized that those maxi-taxis which operate from fixed points such as the Airport, Port, hotels or particular stands and which do not pick up passengers along the route play a different role and therefore deserve different treatment.

"Consequently, Mr. Speaker, in such cases the permit fee for maxi-taxis operating from fixed points will be \$2 500 instead of \$5 000. Regulations for obtaining the concessional rates will be published in due course by the Ministry of Transport and Works.

#### Driving Licenses and Related Fees

"These fees were last changed in 1982, Mr. Speaker, and since then a new licensing Authority has been established. I propose the following increases in the fees payable to the new Authority.

- (i) Driving licence for 3 years \$75.
- (ii) Driving licence for 1 year \$30.
- (iii) Issue of duplicate licence \$10.
- (iv) Learner's permit \$20.

- (v) Renewal of learner's permit \$15.
- (vi) Visitor's driving permit \$30.
- (vii) Conductor's badge \$10.
- (viii) Driver's badge \$10.
- (ix) Conductor's licence \$20.
- (x) International driving licence \$50.

"The net total additional revenue from the foregoing changes under the Road Traffic Act including motor cars, is estimated at \$3.6m.

#### MINING

"A number of mining operations are being carried on around the island, Mr. Speaker, and in order to ensure that our natural resources are not depleted with undue haste, appropriate legislation is being prepared to regulate these operations.

"However, in the meantime, it is my view that some charges should be imposed not only as contribution to the general revenue but mainly as a reminder that the few minerals which Barbados has should not be wasted.

"Therefore I propose the following charges —

(i) to operate a sand quarry an annual licence fee of \$10 000 will be payable; all such quarries must register immediately with the Ministry of Finance and Planning and pay the fee to the Accountant General.

(ii) As from April 18th, for every cubic metre of sand which is sold from a quarry, the operator will collect on behalf of the Government a tax of \$2.50

from the customer; the amounts collected shall be paid to the Accountant General not later than the 15th of the following month.

(iii) to operate a stone quarry an annual licence fee of \$5 000 must be paid; the same conditions as for regulations must be followed as with a sand pit or quarry.

(iv) As from July 1st, for every tonne of clay which is delivered to trucks which travel on the road, tax of \$1.00 must be collected by the operators on behalf of the Government, and paid to the Accountant General not later than the 15th of the month following collection.

"Revenue arising from these proposals is estimated at \$150,000 annually.

#### TAXES ON BETTING AND GAMING

"I propose to make changes in respect of taxes on Betting and Gaming. Approved national organisations are allowed to carry on a variety of gambling activities to assist the purposes for which they are established, and gambling whose proceeds go towards charities or the development of community projects has long been a feature of our national life. Taxation on these activities has been raised in recent years, and the promoters of these games have indicated that the new rates have resulted in a fall off in the funds they are able to raise. I have therefore decided to reduce some of the rates and to introduce greater uniformity.

"At present there are varying rates of around 20 per cent each charged on Bingo tickets. I propose to change these to a uniform rate of 5 per cent in every 50 cents or part thereof.

"The tax on tickets for the Barbados Cricket Association Instant Money Game will be reduced from 20 per cent to 10 per cent on each ticket.

"The reductions in these taxes which will take effect from the 7th May, will cost the revenue \$250 000 in a full year. For the year 1984-85 the revenue loss will be \$166 000.

"At the same time I propose to raise the taxes on Barbados Turf Club Tickets — Let's go to the Races — from 2½ per cent to 10 per cent. Considerable sums of money are now being earned by the promoters of this game \$600 000 in tickets are sold every week and the tax should contribute to Government's revenue in a significant way. The new rate of tax on these tickets will take effect from 7th May, 1984 and in a full year revenue will be \$2.34 m.

"Tickets for the game "Wheels of Fortune" being conducted by the

Barbados Bridge League will be subject to a tax of 10 per cent on each ticket with effect from 7th May, 1984.

"Net revenue in 1984-5 from all these sources is estimated at \$1.8m.

#### ENTERTAINMENT TAX

"Mr. Speaker, a new Entertainment Tax Act is being prepared and a number of the charges will be increased since most of them have been in existence for several years, those relating to licensed places of public entertainment since before the First World War!

"However, there is one change which I must make immediately. It has come to my notice that it is possible for amusement parks, to avoid paying the entertainment tax, by not charging a formal entrance fee. Therefore, from tomorrow April 18th, amusement parks will be subject to a tax of 20 per cent of the fee for admission, or \$5,000 per day, whichever is greater.

"I further propose to extend the entertainment tax to the rental of video tapes films on cassettes for reproduction through television sets. From May 1st, 1984 the operators of video clubs and rental businesses shall collect 20 per cent on their membership fees and on rental fees for films and pay the proceeds to the Commissioner of Inland Revenue no later than the 15th of the following month. Cinema proprietors have to do it and I see no reason why video club proprietors should not have to do it.

Revenue from these sources is estimated to be \$300,000.

#### Airport Charges

"As I said in my Financial Statement and Budgetary Proposals last year, Airport charges should be constantly reviewed so as to ensure that the operating costs of maintenance and the provision of various services at the Airport, which are estimated at being in excess of \$12m are recovered and that the airport pays for itself over a number of years. In this regard, I propose to increase the Departure Tax from \$12 per person to \$16 per person with effect from June 1, 1984.

"It is expected that the additional revenue under this head will be \$1.2m in a full year. One million will be received in this financial year.

#### OTHER INDIRECT TAXES

##### Consumption Taxes

"I do not propose major changes in the general rates of consumption tax, Mr. Speaker. For the great majority of all items the rate will remain at 5 per cent. But in a number of cases there are special factors which point to changes. In keeping with Government policy in respect of smoking, I propose to raise the consumption tax on cigarettes from

30 cents for five cigarettes to 35 cents for five cigarettes. At the same time I propose that matches which are charged by a cash amount that has not been raised for many years, shall pay increased taxes. Matches in containers of 60 or less will go from one cent per box to two cents. In containers of more than 60 matches they will go from \$1 per 6,000 matches to \$2 per 6,000.

"I propose modest changes in the taxation on alcoholic liquors. The consumption taxes on gin, whisky, brandy, vodka and other spirits, excluding rum will be increased from \$8 per litre to \$10 per litre.

"With the brick factory and the cement plant coming on a stream, I propose to increase consumption taxes on a range of non-indigenous building materials and products made therefrom. The tax on building and tiling materials of stone, other than coral limestone such as slate, will be increased from 5 per cent to 10 per cent. Prepared articles of wood will go from 5 per cent to 10 per cent that of course does not include local furniture.

"I look forward to seeing a shift to local tiling, roofing and especially wall and paling materials and to seeing more wooden ornaments made locally. The structure of consumption taxes on wood used for building purposes will also be examined so as to give an advantage to treated woods and to higher quality hardwoods available from CARICOM sources.

"I also propose to increase the tax on plastic flower pots from 10 per cent to 20 per cent. Chalky Mount needs protection, and Greenland needs encouragement.

"There are many items in an open society such as ours where 10 per cent of the population travel abroad every year, that are simply not bought in Barbados if tax rates are too high. Luxury rates of consumption tax on these items are therefore self-defeating and probably save the Island little or no foreign exchange. I therefore propose to lower the rates of tax on items of jewellery from 15 per cent to 10 per cent.

"Details of all the changes which come into force at once can be found in Appendix A to the Budget and in a full year the net effect will be \$2.7m in additional revenue.

#### Water Rates

"The financial position of the Water Authority is much better than previously, and I am satisfied that with continued good management of its resources, it can meet all of its obligations in the near future without any increases in the water rates. Therefore, Mr. Speaker, I have decided

to cancel my announcement of two years ago, and to propose that the water rates will not be increased from 1st April this year.

"Recently, there has been much discussion in the Press and other news media about the burden of water rates on the hotel industry. Mr. Speaker, all of the facts are not available and following representations to the Government by the Hotel Association, it has been decided to initiate a study with a view to relieving the industry of some of the burden if the results of the study show that there is a case for such relief.

"At present, Mr. Speaker, the Government pays water rates of approximately \$300,000 annually for a number of Old Age Pensioners. In some instances, the Government pays the entire bill while in others it pays part of the bill depending on whether the individual has other income besides the non-contributory old age pension.

"Despite this assistance we receive many complaints about the burden of the water rates on the aged. In its determination to assist the Old Age Pensioners in every possible way, the Government has decided to review the present system to determine what improvement, if any, can be instituted.

"However, Mr. Speaker, I must point out that any improvements which are introduced will be for genuine cases of hardship and not to enable able-bodied persons who are working and who share residences with the elderly to avoid paying for the utilities which they use. With this qualification the Government will pursue further relief in the matter of water rates.

"This brings me to the end of the Budgetary Proposals, Mr. Speaker. My proposals for increased revenue amount to \$30.5m and I have given concessions which exclusive of the cost of the stamp duty rebate which cannot yet be calculated, will result in a loss of revenue of \$15.5m, made up as follows:

Concessions	
Personal Income Tax	\$10.6m
Corporation Tax	\$4.0m
Education Grants	\$0.55m

New Taxation	
Stamp Duty	\$19.0m
Road Taxes	\$3.0m
Consumption Taxes	\$3.0m

New Taxation	
Betting and Entertainment	\$2.2m
Property Transfer Tax	\$2.0m
Airport Charges	\$1.0m
Mining and Quarrying	\$0.15m
Insurance	\$0.065m

"Mr. Speaker, this is the eighth Budget I have had the honour to present to the House. It is not usual in Budgetary presentations to touch a personal note but on this occasion I feel constrained to depart from the norm, and say that never before have I felt so great a sense of pressure leading up to my Financial proposals as this year.

"For the last three years certain defensive skills have been required of Barbados' Minister of Finance. We have had to face quite appalling international financial disaster, compounded by local conditions which have devastated our sugar industry, and severe regional difficulties caused by Jamaican currency adjustments and the imposition of an import licensing regime for CARICOM products in Trinidad.

"We have, therefore, had to hold under severe strain for three years, and we have had what I daresay is the benefit of unrelenting criticism, just or unjust, from an Opposition bent on convincing the public that the Government of Barbados has caused the depressive conditions in our Island that every other critic recognises as being part of a world-wide phenomenon. With the support of all sectors of our community we have held that strain and kept our heads above water. With the continued strength of international economic recovery we are now poised to start swimming again. But Mr. Speaker we still have to take the greatest care not to get out of our depth and this is where the pressure comes.

"I have been much heartened by all the pleas and advice I have received in recent weeks. Not by any means always because of their realism or wisdom, but because I sense that the general public, even including the many persons of opposition persuasion whose comments have received the exclusive attention of our daily press, instinctively recognises this Government's capacity for economic management and its ability once again to lift Barbados up to new heights of achievement.

"I take the pressures to mean "We know you can do it. Now is the time to start." Well, I have started. I have given relief in the area of personal taxation, and I have given encouragement to the corporate sector by removing the tax surcharge, extending incentives for investment in equity and instituting a stamp duty rebate scheme for exports.

I would mention, Mr. Speaker, that I was somewhat disappointed at the irresponsible suggestion of the Chamber of Commerce that the 3 per cent Stamp Duty be removed altogether. Nobody believes that merchants in Barbados would in general pass on such a saving to the public. Such a measure would go largely to increase the profits of business, which are being encouraged by other measures.

"The Stamp Duty brings in enough to pay the salaries of 3000 Government workers. Would the Chamber of Commerce wish me to reopen the chapter of layoffs, and send home 3000 people? And this call is not the Chamber's only unrealistic or selfish proposal.

"Calls by Opposition spokesmen and other figures for impossible levels of tax relief are part of a political game, and can be ignored. They are made, not because they are feasible, but to give the Opposition an opportunity of criticising the Government which in their hearts they know for not doing what cannot in wisdom or prudence be done. But a higher standard of comment should reasonably be expected from the business and private sector associations represented in our community.

"I state to the House and to the general public that in our judgement a redistribution of the burden of taxation is the proper approach to the economic situation as we find it at the start of our new financial year. With the cost of living under control unemployment is our problem. It is a problem that can be solved only by investment, led by Government capital investment. Government investment requires taxation. I have maintained taxation and with it the Government will reduce unemployment.

"We will improve our road system, build our harbours, reconstruct our schools, introduce our health service. When in due course the economic historians look at this Budget I want them only to say that it combined vision with humanity.

"The Government's vision that held Barbados to its course without chasing after popular but unwise measures in the short term. And humanity that put the cause of social security for our people at the centre of considerations, and recognised that the care of the old, the sick and the unemployed are the things that in the last analysis really matter; and that politics and economics are a means to an end not an end in themselves."

## Paper's Assessment

Bridgetown BARBADOS ADVOCATE in English 18 Apr 84 p 4

[Editorial]

[Text] THE Budgetary Proposals presented by Prime Minister and Minister of Finance Mr. Tom Adams in the House of Assembly yesterday are designed to spark in Barbadians an incentive to take advantage of the world's economic resurgence.

The Budget provided relief in personal taxation, reduction in tax on corporate profits and lowering of stamp duties on Insurance. But the weight of taxation was increased on the operations and machinery which put an excessive strain on the island's infrastructural systems.

Housing, a main concern of most Barbadians, received encouragement and concessions and the national health service will be brought nearer to providing an equal level of health care for all residents.

The rate of recovery is expected to be slow, but recovery is possible if Barbados continues on its path of prudent management--a promise which was made by the Prime Minister.

These government strategies to raise revenue for the financing of Barbados national machinery for the ensuing year come against a background of varied economic indicators.

When he presented the Estimates of Expenditure to the House of Assembly last month, Mr. Adams pointed out that except for the areas of tourism and sugar, there appeared to be a marked degree of economic recovery in Barbados. This was particularly true of government revenues, for the year 1983-84 had recorded the first current account surplus since 1980-81.

But this current account surplus had to be considered against the background of the salaries negotiations with the National Union of Public Workers.

Barbados has had a long history of prudent government and the present situation in the country is a reflection that in times of difficulty unpopular decisions have to be taken to ensure as much as possible the continued viability of the country and the welfare of its people.

A decision had to be taken to slow the country's economic expansion. As a result of the modification of the expansion programme, average unemployment rose to a level of 15 per cent. Accepting that the Government carried some blame for unemployment, Mr. Adams pointed out on the other hand that these same policies were responsible for the average rate of inflation being just over five per cent for the year 1983.

Barbados has been diversifying its economic base over the years, and especially in the past two decades. The wisdom in this move has been demonstrated by the



by the cushioning effect of non-sugar agriculture and non-traditional manufactures, in offsetting the effects in the decline in tourism and sugar.

Output in nominal terms in the manufacturing sector rose by 15 per cent, accompanied by a 50 per cent increase in manufactured exports. Non-sugar agriculture grew by almost 20 per cent during 1983, and there was a 48 per cent increase in oil production. During the year exports rose by 22 per cent and imports rose by 19.8 per cent.

Barbados has been experiencing economic difficulties because of the depressed state of the world economy, a situation over which we have had no control. Given the precarious position of the economies of several countries larger in area and much more richly endowed with natural resources than Barbados, our position is rosy by comparison. But Barbados cannot lull itself into complacency with the comfort of comparison with countries which have a poorer record.

For while we may appear to be holding our own, the infrastructural systems of this country are running down. Systems such as roads, drainage, sewerage, water, are subject to heavy daily usage and wear and tear, no matter what the state of the economy. Some are inadequate for today's growing needs and must be modified or improved. In this respect we would in effect be slipping backwards even as we appear to be standing still.

Yesterday's Budget is directed towards keeping Barbados on a path of stability pointed to a vigorous resurgence of the economy. We do need to hold some more strain until the easing of the pressure in the developed world is felt more significantly here.

#### Haynes Opposition

Bridgetown BARBADOS ADVOCATE in English 19 Apr 84 p 3

[Text]

The 1984 Budgetary Proposals and Financial Statement of Prime Minister and Minister of Finance Mr. Tom Adams were yesterday described as "iniquitous."

In what he termed a "people's reply", Shadow Minister of Finance Dr. Richie Haynes said that the proposals contained no tax relief.

"Indeed, there has been substantial increases in taxation over and above the Bds \$15m which was presented here yesterday (Tuesday) as to represent the difference between concessions and the amount to be raised."

He said that the Budget will be inflationary, in that it would increase prices in Barbados through indirect taxation.

Dr. Haynes said this year there was going to be a new valuation of property, around 25 per cent.

He said that those same people who might have believed that there had got tax reductions to the extent of Bds \$10.6m might hear that they have to

participate in payment of Bds \$4 to Bds \$6m in additional property taxes this year to Government.

"You can be sure that the people of Barbados will be facing an increasing burden of taxation this year and that there has been no tax relief whatsoever," he added.

On the matter of stamp duties, Dr. Haynes said that many people thought that stamp duties "relate to postage stamps," but what they did not realise was that those stamp duties were taxes on goods imported into Barbados.

He said that when Bds \$19m in stamp duties were slapped on, then with the next shipment of goods that came in, the prices in the supermarkets will go up and the prices of every single item that people bought would go up, as a result of the increased stamp duty.

Stating that many people were disappointed over the Budget, Dr. Haynes said that the economy was on "auto pilot status," and he was not surprised.

He said that the main concerns of the people of Barbados were:

— a political directorate in which they had lost confidence;

— they were worried that the sugar industry was now in a DE FACTO state of bankruptcy;

— that the tourist industry was in serious problems with the threat of bankruptcies;

— that massive job losses were occurring in the tourism sector.

— They were concerned about the manufacturing sector;

— About the fate of those people who made investments in that area and in particular, the massive job losses there.

Dr. Haynes said further that people were deeply worried about the future of CARICOM and the state of relations of the Barbados Government with some of the CARICOM territories, particular with Trinidad and Tobago.

Rising prices, he added, was another

concern of the people, whether it be in the area of food, medicines, housing, transport or in other areas.

Dr. Haynes maintained that rising prices constituted one of the destabilising factors in Barbados.

He said too that people were worried about the fall in the purchasing power of their small wages; "and about the starvation that faces the thousands of unemployed and in particular, the children of the unemployed.

"They are worried that this community is now experiencing levels of unemployment which are higher than in 1976, despite the massive borrowings that have taken place. They are worried about the depletion of their personal savings and their pensions which cannot meet their day to day needs", he added.

According to Dr. Haynes, people were also worried about taxation on pensions and about the cost of public utilities particularly electricity, gas and water.

### Haynes on Tax Burdens

Bridgetown BARBADOS ADVOCATE in English 19 Apr 84 p 3

[Text]

Barbados' Shadow Minister of Finance, Dr. Richie Haynes, has labelled last Tuesday's budgetary proposals and financial statement, delivered by Prime Minister Mr. Tom Adams as "inflationary" which tried "to avoid the issues facing the country."

Dr. Haynes said that as a result he decided that his reply to Mr. Adams would deal with the serious issues which faced the country especially those in Tourism, Manufacturing and Education to which, the Shadow Minister of Finance observed, had not been addressed by Prime Minister Adams.

In his opening statement, Dr. Haynes spent some 10 minutes dealing with what he called the concerns and worries of Barbadians whether they were ordinary citizens or business people.

According to the Shadow Minister, people had lost confidence in the political directorate of the country; they were deeply hurt with the propaganda which was being disseminated; there was a lack of moral direction in Barbados; people were deeply alarmed by widespread corruption; especially in the Transport Board, housing and other statutory corporations of Government; they were worried that tourism was in serious trouble with threats of bankruptcies; concerned with the problems in the manufacturing sector with massive job losses and over the future state of Caricom with particular reference to Barbados' relationship with neighbouring Trinidad and Tobago.

As Dr. Haynes dealt specifically with the Prime Minister's presentation on Tuesday, he said the \$19

million that would be collected in stamp duty would not even meet the cost of public utilities or the cost in the increase of food.

He saw nothing wrong with the \$10 000 offered for scholarships in the classics but he did not think this was anything to rave about and while he said it seemed magnanimous that there will be 10 additional teachers employed, on the other side of the coin, he did not feel these additions would solve the problems in education.

Dealing with housing, Dr. Haynes said that given the constraints in this area his party felt that the total interest payments should be tax deductible since only the banks and Government would benefit under the present arrangement.

He felt that people who spend money repairing houses should also get total tax deduction for the repairs since at least 50 per cent would go to government anyhow in wages, consumption tax on materials, etc.

Dr. Haynes charged that Government had now reversed its position where it had said it would reduce property transfer tax but had instead increased property transfer tax which in fact meant a capital gains tax with serious implications undermining the programme to make housing a priority.

The new measures, he said, would force any developer to increase the cost of building and would increase rents.

As far as the \$10.6 million in personal income tax concessions were concerned, Dr. Haynes felt that with the increase in taxes which Barbadians would

have to pay, those concessions would be easily eroded.

He charged, too, that later this year there will be new valuations on properties and that residents may have to pay about four to six million dollars more in property tax to the Government, giving rise to a 25 per cent increase... "we will see no tax relief for this year," he observed.

Dr. Haynes noted there was very serious mismanagement of the economy which was made worse after tax extractions and that every single productive sector was in chaos with one sector going into bankruptcy.

There had been a progressive drain from private individuals to Government, Dr. Haynes said, adding that there has also been an improper mix of capital projects which caused challenges to current revenue in order to maintain the visibility of the projects.

He argues, too, that a number of Government levies were not controlled by Parliament giving rise to serious corruption as had been the case in a sister territory.

Stating that income tax has increased from \$44.3 million in 1977, to \$127 million in 1984, Dr. Haynes stated that his government, if given power, would make tax free all incomes up to \$12 000 thus giving relief to some 35 000 people in Barbados.

#### Threat of Debt

Bridgetown BARBADOS ADVOCATE in English 19 Apr 84 p 3

[Text]

Shadow Minister of Finance, Dr. Richie Haynes, has charged that the Barbados Government has borrowed so much money since it came to power in 1976 that it has paid some \$560 million in debt repayment charges.

Dr. Haynes was yesterday replying to the Budgetary Proposals and the Financial Statement delivered by Prime Minister and Minister of Finance, Mr. Tom Adams last Tuesday in which he granted \$10.6 million in personal income tax concessions; \$4 million in corporation tax and \$500,000 in education grants.

In his reply, Dr. Haynes said that Barbados' public debt was very high and called on the Government to give the true picture while charging that in 1983 alone the Government had spent some \$106 million on debt charges.

The Shadow Minister said his party could control government expenditure

by zero budgeting and effective government control of all public projects.

"We would not throw away \$20 million or \$30 million a year on projects," the West Terrace disaster would not happen under us (Democratic Labour Party), the Post Office disaster could not happen under us, we would not have had the overruns on all the projects," Dr. Haynes said.

The Shadow Minister also attacked the Government on its building of the Heywoods Holiday Village, which he charged had cost \$30 million originally but ended up with a cost of some \$70 million.

He also claimed that some \$75 million was thrown down the drain through the Transport Board and that the wages of public servants were suppressed.

## Business Concerns

Bridgetown BARBADOS ADVOCATE in English 19 Apr 84 p 3

[Text]

Shadow Minister of Finance, Dr. Richie Haynes, yesterday said that for the first time in Barbados, one could detect deep concern among the business community, and listed what he saw as a number of other concerns.

Replying to the Budget Speech in the House of Assembly, the Opposition MP said that the business community had been deeply upset by the rising costs of their operations, the very heavy levels of taxation, their falling profits, the erosion of capital; the absence of credit and falling sales as a result of the reduction of the purchasing power in the community.

Dr. Haynes said that he included the shopkeepers, vendors by the side of the street and all those people who through care and their own private initiative, had sought to make a living for themselves, provide a living for others and today found themselves in a serious situation of frustration.

According to Dr. Haynes people were concerned about the cost of public transport largely due to taxes, and high insurance premiums among other areas.

He said that even journalists were deeply upset that they were called upon to publish statements to give the public the impression that things were better than they are, when they themselves were feeling the pinch and knew perfectly well what was going on in Barbados.

Political victimisation at all levels, was another concern of the people, he added.

Dr. Haynes said that those persons employed by statutory boards and others were fearful that when they went for their cheques on a Friday or at the end of the month, "that it might be the last cheque that they might be receiving."

"They are worried about the attempts to undermine the trade union movement and the low levels of wages and salaries, the levies, the high income tax, the high level of consumption taxes and other indirect taxes", Dr. Haynes said.

He said that for the first time people were worried about the security of ownership of their properties in the face of the spate of acquisitions and delinquency on the part of the Government in paying them for their properties or offering them totally

inadequate compensation.

"People are also worried about the unavailability of mortgage money and the cost of mortgage money; high rents, and a situation where they have been effectively denied access to the banking system in Barbados," he added.

He listed other concerns and worries in the country on the part of citizens as follows:

"—They are worried by a situation where they have been effectively denied access to the banking system in Barbados, even if they have an asset which would give adequate security for the loans they might be seeking from the banks.

"—They are worried about the high interest rates regime that has been prevailing in this country for some time;

"—They are worried about the health services in Barbados; about the quality of the generic drugs;

"—They are worried about the state of affairs at the Queen Elizabeth Hospital and at the Mental Hospital;

"—They are worried about the cost of drugs outside of the public system;

"—They are worried about the education of their children and the attitudes of Government to the teaching profession;

"—They are deeply concerned over the extent of legalised gambling in Barbados; pornography involving schoolchildren; sale of illicit drugs and the social and economic costs to this country of that kind of activity.

"—They are worried about the pattern of crime which has been evolving in Barbados, which threatens their security in their homes and on the streets;

"—They are deeply concerned about the paralysis of the Public Service in Barbados as a consequence of victimisation and very poor representation being made on their behalf by their employers when they are under attack;

"—They are worried by the erosion of public confidence in every single public institution in Barbados with the exception of the Judiciary;

"—They are worried about the alarming public indebtedness of the country."

## Haynes on Unemployment

Bridgetown THE WEEKEND NATION in English 19-21 Apr 84 p 32

[Text] OPPOSITION Shadow Minister of Finance, Dr. Richie Haynes, yesterday claimed that more than 10 000 people have been thrown out of jobs in Barbados over the past two years.

In his reply to the Budget in the House of Assembly he said unemployment had affected the banking sector, led by layoffs in the Barbados National Bank, the commercial sector, the tourist industry, the public sector, particularly the statutory board, domestic service, agriculture, the construction industry.

He pointed out that the unions and the employers kept records and argued that it was a myth that the unemployed were being absorbed into the work force.

Dr. Haynes also said that less than 20 percent of those who had left school during the past three years had found jobs.

According to him there had been lay-offs of over 1 000 workers in the hotel section alone over the past two years; 700 at the National Housing Corporation; and over 1 000 in the garment industry.

## St John's Response

Bridgetown THE WEEKEND NATION in English 19-21 Apr 84 p 32

[Text] DEUPTY Prime Minister, Mr. Bernard St. John, last night told the House of Assembly that it was unfair for Shadow Minister of Finance, Dr. Richie Haynes, to give the impression that while there were layoffs in industry, there were no jobs created.

Mr. St. John, the first Member of Parliament to speak during yesterday's budget debate after Dr. Haynes replied to Prime Minister Tom Adams, gave some examples to prove that jobs were in fact created.

According to him, the case of Cooper Barbados Limited, cited by Dr. Haynes, was a perfect example, in that while 250 persons lost their jobs when that company was closed, over 350 others found employment when a new company moved into the same building.

He scoffed at Dr. Haynes' charge that he had names of some 10 000 persons who have lost their jobs. He said that the Government has been trying to fashion ways and means to deal with changes which result from technological advancement and protectionist measures of other countries.

Mr. St. John conceded that there had been layoffs in the garment industry and a reputable United States firm of consultants had been commissioned to carry out a study on the future of this industry.

According to Mr. St. John, who is also minister of trade and industry, the firm concluded that the country could remain in the garment business if it shifted its emphasis to high fashion garments such as summer dress, swim wear and under-clothing.

He said that the implementation of some aspects of this advice has been so successful that only last week the United States Government called for consultation with local authorities with the view to increasing imports of brassieres from Barbados.

Mr. St. John told the House that a programme had been devised to bring the local garment industry up to date with modern technology in order to make it more viable and efficient.

In the area of electronics, he said that the local industry was advancing rapidly and jobs were being created.

"We are not believers in gloom and doom. We have self confidence," he said.

The deputy prime minister also took the time to point out that the attitude of protectionism which has been adopted by some Caribbean and other countries, was some dangerous, and Barbados' response to this would not be on "a tit-for-tat basis".

Our response, he said, will be to change marketing methods and product lines in order to capitalise on new opportunities in other markets.

#### Evaluation of Haynes Charges

Bridgetown THE WEEKEND NATION in English 19-21 Apr 84 p 6

[Editorial]

[Text] IT WAS a more confident Dr. Richie Haynes who delivered the main reply yesterday, on behalf of the Opposition, to Tuesday's budgetary proposals presented by the Minister of Finance.

Dr. Haynes seemed to be in greater control of his presentation than in previous years. And there is now no doubt that he is a maturing politician.

The slant and approach of the Shadow Minister of Finance was an altogether different matter. We are some distance away from a general election and one would have wished to hear a little more about how the Opposition would propose to deal with some of the problems it identified.

Deputy Prime Minister, Bernard St. John, in his contribution, took issue with Dr. Haynes on a number of facts. And no doubt other speakers today, on both sides, will be seeking to set the record straight".

Dr. Haynes devoted an important segment of his Budget reply to contrary claims by Government concerning the number of people out of work.

Whatever its shortcomings, Prime Minister Tom Adams' latest Budget contained enough substance to merit more than a shadowy Opposition response. Government maintains that unemployment stands at approximately 15 percent of the labour force. The Opposition maintains that the figure is nearer to 20 per cent. Dr. Haynes yesterday sought to relate the picture in total figures rather than in controversial percentages.

But his own figures are themselves bound to be highly controversial, particularly when he suggests that as many as 10 000 people have lost their jobs within the past two years. It is a staggering figure, if true. If only half true, it is still very disturbing. It is not the sort of allegation which Government can now leave unchallenged.

Dr. Haynes referred to sources such as the Labour Department, trade unions and the employers themselves. Either he is extremely confident of the accuracy of his information or he is taking a calculated risk in claiming that he has the names and other data relating to the alleged 10 000 jobless (or roughly ten percent of the labour force) during the past two years alone.

If, in addition to what the St. Michael South Parliamentarian claimed, management at department stores, supermarkets, restaurants and other business establishments are also truthful, then the responsibility for a clear statement on employment and unemployment rests still more heavily on Government.

Naturally there will be differences in interpreting whatever statistics are available. There can however be no doubt that a disparity of as much as five percent between what the Opposition is alleging and what the Government is claiming, is much too high and cannot be realistically attributed to any difference in methodology.

The Government must speak clearly and accurately.

#### Adams Reply to Haynes

Bridgetown BARBADOS ADVOCATE in English 20 Apr 84 p 1

[Text] Prime Minister and Minister of Finance Mr. Tom Adams said last night that "exceptional care was taken in preparing the figures used by the Government" about the country's debts.

He was replying to comments made earlier about his Budgetary Proposals and Financial Statement and claims made by the Opposition Shadow Minister of Finance, Dr. Richie Haynes, that debt figures given in the Budget presentation had been misleading.

Dr. Haynes had said that the foreign debt of Barbados was \$1.2 billion, when all the Government's guaranteed debt was taken into account.

He said that a Central Bank document had shown the truth to be that the Government debt, the Government guaranteed debt, the Central Bank debt, including its building loan, and the outstanding debt to the International Monetary Fund at December, 1983; and including private debt, such as the utilities, business firms and bank debt, not guaranteed by Government, amounted to \$687.1 million.

He said this was a little more than half what Dr. Haynes said it was.

Mr. Adams said interest payments on these debts amounted to \$48.9 million and repayments of capital to \$74.3 million annually.

Mr. Adams said that the Government's guaranteed debt includes its 51 per cent share of the cement plant debt; the debts of statutory corporations; debts related to the Transport Board buses; and debts incurred to expand the electricity system.

#### Barrow Accusation

Bridgetown BARBADOS ADVOCATE in English 20 Apr 84 p 1

[Text] Opposition leader of the Democratic Labour Party, Mr. Errol Barrow, has accused the Barbados Government of flagrantly violating and disobeying the island's constitution.

Mr. Barrow was last evening winding up his side's contribution to the Budgetary Proposals and Financial Statement, presented on Tuesday by Prime Minister and Minister of Finance, Mr. Tom Adams.

The Opposition Leader warned the Government of setting up too many funds without the monies being put into the Consolidated Fund and quoted section 107 and 108 of the Barbados Constitution to point out that all money collected by Government should be paid into the Consolidated Fund.

Mr. Barrow charged that the country was entering into a new era where the House of Assembly had no control over these funds which were collected from levies as dictated by a number of American business graduates.

The Opposition Leader also stated that the situation was made worse recently by the disclosure that a Ministry of Government had gone to a commercial bank to borrow money for one of its programmes.

Noting that the matter was never brought to the House of Assembly, Mr. Barrow pointed out that the country was getting into a dangerous stage where all kinds of miscarriages of administrations could be possible.

He also referred to the building of the new Central Bank in Church Village and suggested that alternative arrangements could have been made by the authorities to take over an exciting Bridgetown building instead of spending some \$60 million on a showpiece, which he termed as the "most expensive building in Barbados today."



Earlier in his address, Mr. Barrow took issue with Prime Minister Adams statement that people working for \$145 a week would be given tax relief under new concessions announced in Tuesday's Budgetary Proposals.

Quoting figures to support his case, the Opposition Leader contended that when the figures were finally computer it was shown that the worker earning Bds\$145 a week was in fact under no tax obligation at all and was not in any tax bracket.

### Taxes vs Services Issue

Bridgetown SUNDAY ADVOCATE in English 22 Apr 84 p 2

[Text]

In 1984, people are paying over Bds\$300million more in tax than they paid in 1976 according to Opposition MP for St. Michael North, Mr. Philip Greaves.

He said: "The important question is, have the people of this country had a commensurate improvement in services over those years?"

Mr. Greaves noted that the country had various facilities such as the Cement plant, the Heywoods Hotel, the Spring Garden Highway and the Samuel Jackman Prescod Polytechnic, among others — all the legacies of the Democratic Labour Party.

He asked if they were sufficient and if they were making an impact on the lives and livelihood of the people.

Mr. Greaves said that it was very easy for the spokesman for Government to say that it had so adjusted the tax band, that it had eliminated a considerable number of persons from the tax roll.

He said that at the same time, over the past three years, consumption tax was pushed up on almost every possible commodity, bus fares were raised 200 per cent, stamp duty was imposed on almost every conceivable transaction.

In addition, Mr. Greaves said that land taxes were sent "sky high", levies on agricultural land in some cases doubled and quadrupled as well as contributions to National Insurance.

All these, he said, are some form of imposition and eat into the purchasing power of the people.

"What the people have gained on the

swings, they have more than lost doubly on the roundabout," the Opposition MP said.

Mr. Greaves said that he had made a careful and thorough examination of the 1984 Budget, and he was unable to find any measures that would make a significant impact on employment in Barbados.

He said that he would have thought any Government would accord the highest priority to the employment of its people.

"Government continues to pay lip service employment, but its words are not marked by action," Mr. Greaves said.

He noted that the Minister of Finance said that the best means of dealing with unemployment is to reduce it by investment. He queries what investment was the minister talking about.

The Opposition MP said that the Budget contained no incentive that would encourage private industry to expand and open up employment prospects.

Unless the people of this country have meaningful enterprises in the private and public sector that will have an impact on the employment situation the problems will not be solved.

He said that it was not enough for a Government to have a few projects here and there and Government has to create the economic climate that would ensure the economic health of those willing and able to provide employment for people, that would lead to expansion and growth.

## CHARGES TRADED OVER MEDICAL SCHOOL; CABINET GIVES OK

## Haynes on Threat to Security

Bridgetown BARBADOS ADVOCATE in English 19 Apr 84 p 1

[Text] The controversial St. George's Medical School surfaced again in the Barbados House of Assembly with Shadow Minister of Finance, Dr. Richie Haynes, warning that the presence of the school here posed a very serious security problem to this country.

Dr. Haynes was responding to the Budgetary Proposals and Financial Statement presented to Parliament last Tuesday by Prime Minister and Minister of Finance, Mr. Tom Adams.

Dr. Haynes charged that the St. George's Medical School was financed by Mafia money from New Jersey in the United States and that a senior official of the school was head of a Primate Centre in Georgia, United States. He said the centre worked hand in hand with a centre in the U.S.S.R. on a project related to "altering the psychological behaviour of human beings for the production of psychological shock-proof terrorists.

Dr. Haynes charged, too, that already "people at that medical school (St. George's Medical School) are writing prescriptions in Barbados" and that these prescriptions have been forwarded to the appropriate bodies.

He said he had advised the bodies to send the prescriptions to the Police because they were in breach of the laws of Barbados.

Another disclosure made by Dr. Haynes was that certain persons associated with the medical school were involved with Vietnam programmes, in the extended community conscious programme "to train Vietnam terrorists, using psychologically traumatised veterans, into Manchurian candidate-type assassins."

He declared: "I am telling you, you are spending all this money on defence and security...that medical school is a greater challenge.

"I am saying that while we were planning with the United States to invade Grenada, the people who administer that school, were drafting a constitution for the Austin Government.

"I have seen the constitution that was submitted to Washington and one of the principal recommendations was that Austin should not seek to reduce the Cuban presence in Grenada."

Dr. Haynes added: "So you can determine, now, whether or not you wish to keep the security of this country at stake. It goes far beyond medicine. It goes far beyond education. It is very germane to whether Barbados would be the next target."

"I would go further and say this that the same United States legislator who did the negotiations to put the medical school in Grenada, was the same person who was negotiating to put Jim Jones' People's Temple, in Grenada, and then decided to move it to Guyana, after negotiations with President Forbes Burnham," Dr. Haynes added.

#### Adams Reassurances

Bridgetown BARBADOS ADVOCATE in English 20 Apr 84 p 1

[Text] Barbados Prime Minister and Minister of Finance, Mr. Tom Adams, last night denied that the St. George's Medical School posed any security risk to Barbados.

In his reply wrapping up the debate on his Budgetary Proposals and Financial Statement for 1984, Mr. Adams said that when Dr. Richie Haynes, the Opposition's Shadow Minister of Finance, gave this impression "it was the most dangerous and downright wicked part" of his contribution to the debate.

Backgrounding his reply to what he said was "the truth, the whole truth, and nothing but the truth," Mr. Adams said that his Government had no knowledge of any Mafia connections with Mr. Modica, one of the school's officials whose name had been mentioned by Dr. Haynes.

Nor was there any such association on the part of anyone else associated with the school, he said.

"On the contrary," Mr. Adams said, "both Administrations (Democrat and Republican) have given persons associated with the St. George's Medical School a clean bill of health."

He said that Mr. Modica had said that since he was an Italian anyone who wanted to abuse him would say that he had connections with the Mafia.

Turning to the charge made by Dr. Haynes that prescriptions for medicine were being written by persons at the medical school, Mr. Adams charged that Dr. Haynes in so doing had given the impression that it was students at the school who were writing prescriptions.

Giving a background to the prescription incident, Mr. Adams, said, "the truth is that on March 29, 1984, a student at the St. George's Medical School had a toothache."

"One of his teachers, a qualified doctor by the name of Dr. Adity Bhattacharrya, sent a note to the member of the staff of the St. Joseph Hospital, where the school is located."

The note, Mr. Adams said requested that the Sister give the patient some aspirin and an antibiotic, enough for five days medication, for the tooth infection.

He said that this matter came to the notice of the Ministry of Health and is being investigated.

Mr. Adams said that the Barbados Association of Medical Practitioners (BAMP) knew about it.

He said that Dr. Bhattacharrya was Out-Patients Registrar at the Grenada General Hospital, and is as qualified as many doctors in Barbados to practise here.

He said, "She (Dr. Bhattacharrya) has passed the Foreign Doctors Examination in the United States and she has a Work Permit to be in Barbados."

Mr. Adams said that the Ministry of Health has drawn to the attention of the St. George's Medical School that even their professors will have to register as practitioners in Barbados if they wish to act as doctors and not merely as teachers.

He said that legal advice over the matter is being sought.

Mr. Adams said that he did not think that such an incident, where a doctor was prescribing some aspirin for the pain and antibiotic for the infection, did not justify saying in the House of Assembly in a Budgetary debate that "they are issuing prescriptions down there now."

Mr. Adams produced a document in the House from which he claimed Dr. Haynes had collected the information which he gave the House to support his arguments about the school being a threat to Barbados.

Describing the document entitled "Worse than Jimmy Carter--the Facts about Mondale," Mr. Adams said it was a piece of "misinformation."

Mr. Adams in winding up his reply charged that Dr. Haynes had produced "a piece of...American garbage to justify a serious debate in the House," that excited great fear in the population.

#### Cabinet Approval

Bridgetown SUNDAY SUN in English 29 Apr 84 p 40

[Text] CABINET on Thursday agreed to the setting up of the St. George's Medical School in Barbados.

This nod has been given, provided that the school meets certain conditions to be laid down by Parliament.

Cabinet, it is understood, has proposed a number of conditions, and representatives of the Government and officials of the school will meet shortly to discuss these conditions.

At the beginning of March, the Government indicated that it favoured permitting the school to operate permanently in Barbados, and Cabinet was to decide on the proposal.

In a statement to the Senate, then Minister of Health, Senator O'Brien Trotman, reporting on negotiations and considerations, said that the arrangement would be beneficial to Barbados.

He said his ministry had given deep thought to the question and their conclusion had been made only after a proper examination of all the relevant and available facts.

The Minister of Health added that his ministry had taken note of the concern expressed by the Barbados Association of Medical Practitioners (BAMP), and the University of the West Indies.

Among the benefits Senator Trotman listed were:

--Operating expenses of the school; about \$10 million, would be injected into the economy of the country through the acquisition of goods and services;

--Students would each spend about \$4 000 a year here, and with an initial class of about 200 in the first semester, at least \$800 000 would enter the economy and the figure would increase as the school expands.

--The tourist industry would benefit significantly as the parents of students spend vacations with them, and professors visit the island from the United States, Canada, Britain, and Ireland twice a year. About 2 000 people would visit the island annually.

--The university would offer direct employment to more than 100 Barbadians.

--The school would offer scholarships to a number of Barbadian students recommended by the Government and approved by the university to study medicine.

CSO: 3298/813

## BANK WARNS AGAINST COUNTERFEIT (BDS) \$100 NOTES

Bridgetown THE NATION in English 25 Apr 84 p 1

[Article by Peter Boyce]

[Text] COUNTERFEIT BDS \$100 bills are in circulation and at least two of them have already been tendered for payment at local business places.

Governor of the Central Bank of Barbados, Dr. Courtney Blackman, yesterday advised business places that they should check all BDS\$100 bills.

Dr. Blackman said he was first told about the counterfeit bills last Thursday and was convinced they were photo copies of the legal notes.

"They are easily passed at night under lights," he said.

However, Dr. Blackman disclosed: "They do not have the security metal strip. The map of Barbados, with water around it, is also missing.

The Central Bank head reported that he had "no indication of the source of the bills" and had warned local businesses to be on the look out for them.

To check whether a \$100 bill is legal or not, Dr. Blackman has advised that the note be held to light and if the silver strip, carried on the legal notes, is missing, and/or the map of Barbados and water is missing, "then the note is not legal tender."

Dr. Blackman noted that this was not the first time illegal notes had been circulated in Barbados. He recalled that "many years ago, there were bad copies of some bills going around, but because the copies were so bad, they had not posed a threat to the security of the national currency, because they were easily identified."

He said that if his suspicion of the bills being photo copies was correct, "there is no threat to the security of the national currency."

The governor added: "It would be extremely difficult for anybody to produce counterfeit bills in Barbados, or in the Caribbean for that matter, using printing plates. Someone would have to come from outside to do it and that would easily be detected."

However, regarding the photocopying of bills, Dr. Blackman stressed: "Photocopying can only pass a few bills, which are easily detected when checked, and a person who persisted in doing this, would easily be found out once the public is aware of the illegal act."

The circulation of counterfeit bills was discovered last Thursday, when one was tendered to a St. Michael supermarket.

The managing director, who asked that his name and that of his supermarket not be used said: "The counterfeit notes are very good specimens."

He said the bills could easily be passed if they were tendered with other legal ones.

However, he felt that if they were tendered by themselves, "they would be found out because the face of Sir Grantley Adams is slightly different, the silver strip is missing and so is the map of Barbados with water around it."

CSO: 3298/813

## BRIEFS

LAYOFFS IN TOURISM--REDUCING tourist arrivals have caused the loss of more jobs in Barbados' hotel industry. Workers at the luxury Hilton Hotel and the newly-opened Heywoods in St. Peter are among those most recently affected in a mounting series of redundancies that has threatened employment in the tourism industry. Twenty-one people at the Barbados Hilton received letters of redundancy but it could not be ascertained how many people at Heywoods were affected. [Excerpt] [By Avona Scott] [Bridgetown SUNDAY ADVOCATE in English 29 Apr 84 p 1]

CANE FIRES--The total acreage of sugar canes burnt so far this year has surpassed the figure recorded over the corresponding period last year. According to official figures, between January 1 this year and up to 8.30 a.m. on Tuesday some 1 176 acres were burnt. For the corresponding period last year the acreage burnt was put at 1 054. Total number of calls to the Fire Service over the same period amounted to 274 while for a similar period last year the department responded to 339 calls. The crop which is about two-thirds completed is entering a crucial short week. With harvesting and grinding having to be stopped temporarily in time for workers to be able to enjoy the long weekend. [Text] [Bridgetown BARBADOS ADVOCATE in English 19 Apr 84 p 1]

CEMENT PRODUCTION--THE Arawak Cement Plant at Checker Hall, St. Lucy, now operating on a 24-hour-a-day basis, has produced in excess of 6 500 tonnes of cement since production started nearly three weeks ago. This was disclosed to the SUNDAY SUN by project manager, Mr. Fred Broome-Webster, after the first two truck loads of cement from the plant were delivered at the \$60 million Central Bank complex which is now under construction in Bridgetown. The historic event was witnessed by Governor of the Central Bank of Barbados, Dr. Courtney Blackman, and Chairman of the Arawak Cement Company, Mr. Steve Emtage, as well as the project manager. Concerning the bagging of cement at Arawak, the project manager pointed out that the equipment to undertake this process had been tested already and they are satisfied that it will stand up when large scale bagging starts. He disclosed that as soon as they receive a large order--perhaps within the next two weeks--they will give the equipment a test run at maximum capacity--200 bags per hour for two hours. [Excerpts] [Bridgetown SUNDAY SUN in English 29 Apr 84 p 3]



## UK-GUATEMALA TALKS ON BELIZE SLATED IN 'NEXT 2 MONTHS'

## Foreign Minister's Remarks

Punta Gorda TOLEDO STAR in English 15 Apr 84 p 1

[Text] GUATEMALA CITY--Mar 19th.--It is quite probable that within two months conversations with Great Britain will be resumed to arrive at a final agreement over the BELIZE problem, the Guatemalan Minister of Foreign Affairs, Lic Fernando Andrade Diaz-Duran declared.

He indicated that contacts between Guatemala and Great Britain are maintained in order to resume the negotiations.

Se Aproxima Nueva Ronda De Conversaciones Con Londres

Tema Belice "Es probable que en los proximos dos meses se reinicien las conversaciones con el Reino Unido para llegar a un entendimiento final respecto al problema de BELICE, declaro ayer el Ministro de Relaciones Exteriores, Lic. Fernando Andrade Duran"

The Century-Old Claim Goes Back Into Guat's Constitution

BOTH the Chief of State, General Mejia Victores and Minister Fernando Andrade informed the Guatemala Press that the newly elected Constituent Assembly (to be elected July 1st/84) will have to establish in the new Guatemalan Constitution, that 'Belize is a part of Guatemala'. This has to be so, they indicated, until there is a satisfactory solution to the territorial Claim.

## AMANDALA Report

Belize City AMANDALA in English 19 Apr 84 p 1

[Text] The April 15, 1984 issue of Alejandro Vernon's TOLEDO STAR headlines that the next two months should see a resumption of talks between Britain and Guatemala, according to the Guatemalan Minister of Foreign Affairs, Licenciado Fernando Andrade Diaz-Duran.

Mr. Vernon, who is considered to be on Guatemala's payroll, also pointed out that both the Guat Chief of State, General Mejia Victores and Minister

Fernando Andrade informed the Guatemalan press that the newly elected Constituent Assembly (to be elected July 1, 1984) will have to establish in the new Guatemalan constitution that Belize is a part of Guatemala. This has to be so, they indicated, until there is a satisfactory solution to the territorial claim.

#### Officials' Guatemalan Links

Belize City AMANDALA in English 13 Ap4 84 p 3

[Excerpt] BELIZE CITY, Tues. April 10--Toledo Progressive Party Secretary General Alejandro Vernon is quoted by the Thursday, April 5 issue of Guatemala's PRENSA LIBRE newspaper as declaring, "Belize Prime Minister George Price is much more the traitor than I am, because he financed his campaign to achieve political power with moneys given him by different Guatemalan governments."

According to the Guatemalan newspaper, Vernon may offer himself as a candidate for the Guatemalan general elections representing the so-called 23rd District, which is how the Guatemalan constitution refers to Belize.

CSO: 3298/782

PUP SCORED FOR PRICE 'PERSONALITY CULT,' RIGHTS SUPPRESSION

Threat to Democracy

Belize City AMANDALA in English 13 Apr 84 p 9

[Unsigned column "From The Publisher"]

[Text] Having correctly diagnosed their own political disease as a case of young people being fed up, the PUP is embarked on a propaganda campaign whose target is high school and sixth form students. The students are forced to listen to the ancient drivel and traditional clap trap of Messianic and others of his personality cult.

Young people, generally speaking, are attracted by genuine people and they are attracted by rebels. In pursuance of the PUP Leader's manifest policy - let the PUP be all things to all people - the party in power has been using its ample resources to create a mythical genuine rebel for the young people to be attracted by, and that supposedly genuine rebel is Assad Shoman.

Well, this sort of contrived image creation will fool only those who want to be fooled, and no doubt that group includes the local professional communist witch hunters.

From the time Assad Shoman returned to Belize in 1968, and maybe before, he has worked hand in glove with George Price. Assad has followed instructions from Mr. Price explicitly and implicitly because he knows there is a will, and Assad does not wish to be excluded from the will.

Whenever Shoman appears to be rebelling against the Maximum Leader, the "rebellion" is carefully orchestrated from beginning to end, "full of sound and fury, signifying nothing."

George uses Shoman to play leftist games, the pressure the Americans, to give his corrupt administration Third World credibility, and as a "genuine rebel" for youth consumption.

Assad Shoman, to be specific, brief, and blunt, is a card carrying member of the George Cadle Price Escalante personality cult.

A "genuine rebel" would have closed down the blood bank. No "genuine rebel" would have signed the Heads of Agreement. No "genuine" rebel" could have spent 12 years inside the bowels of the PUP and not resigned and denounced it.

The PUP "genuine rebel", you see, does not want to be left out of the legacy promised to him by Isaac: he wants to be Jacob, and not Esau.

In quest of his ambitions, he has shown himself, to the keen eye, to be not that genuine and certainly no real rebel.

Price and Shoman are your basic politicians acting out their power fantasies on a collapsing stage. In their positions, you and I would do the same thing.

These guys are just doing what comes naturally, and what they're doing has been working until lately.

The message for young people is that you judge a genuine rebel not by his rhetoric but by his actions.

Shoman talks good revolution. But it is the young people who are fighting against the PUP who are making revolution. They are the genuine rebels. And if you think trying to overturn a corrupt personality cult entrenched for thirty some years is not revolution, then we need a debate on etymology and semantics.

It is not communists who now threaten Belize's institutions. It is the Price personality cult which is undermining the democratic framework of our society. In practice, it has meant that citizens who are PUP are better, have more rights than citizens who are not PUP. Such a heresy has become almost axiomatic in Belize today. And that is the measure of how far we, as a people, have descended. In Belize, in practice, all men are not created equal. Let the "genuine rebel" dispute that.

#### Strong-Arm Tactics

Belize City THE BEACON in English 14 Apr 84 p 2

[Editorial]

[Text] LAST year, the Supreme Court of Belize and the full Court of Appeal of Belize ruled that it was illegal for the B.D.F. to set up road blocks and to stop and search pedestrians. The court sentenced two B.D.F soldiers to imprisonment. One for 3 years, and the other for one year. The soldiers had been put on road block duty with the approval of the then Minister of Defence Lindbergh Rogers.

Today, the government is still using soldiers to man road blocks and to stop and search civilians in total disregard of the law of the land.

In addition, our law makes it illegal even for the Police to stop and search unless they are acting on reasonable suspicion that the person stopped is

committing or has committed a crime. The routine stopping of people's vehicles on the road by the Police and B.D.F is illegal, yet the government allows it to continue in defiance of the law of the land. The government should not allow the Police and the Army to break the law and harass citizens.

Last year, continuing their strong armed policy of might and not right, the PUP government attempted to pass a law that would have given the B.D.F. the same powers that the Police has. That would have meant that a group of soldiers could have legally come to your house in the middle of the night, search and ransack it and detain or arrest you. In addition, the P.U.P. government was giving the B.D.F., under the same law, power to order a person to stay in or not to leave an area specified by the B.D.F. So a soldier would have had power under the P.U.P. law to put you under house arrest for long periods of time, or order you not to leave the area in which you live. These laws are terrible laws, suitable for slaves and oppressed peoples. Yet the Prime Minister was supporting the passing of such a law, so was Mr. Courtenay and Mr. Said Musa. Only the outcry of the legal profession and the Opposition prevented the passing of such an evil law. The P.U.P. did however, pass one evil piece of law last year. Law No. 1 took away the citizenship of all Belizeans who also has American citizenship. This means that many Belizeans who are born here and whose mothers and fathers and brothers and sisters and children live here, are no longer Belizeans in the eyes of our law and have to right to come here. If they want to visit, they must first get a Belizean visa to visit Belize.

The P.U.P. plan is eventually to suppress us and to make us into a suppressed and frightened people. The Prime Minister has a kind smile but a stoney heart. When he smiles and helps you, it is not because he loves you, it is because he wants you to trust him and to put your confidence in him, to give him power. His aim is to trap you but he has to bait the trap with kind words and a humble approach. In the same way that a fisherman puts a bait on a hook, the fish does not see the hook, only the bait. Similarly, a lot of people only look at Price's smile and kind appearance and his kindly deeds. They do not ask why is it that he lives in a house that is completely shut up all year round. Why is it that he will readily attend a funeral but not a party. They do not look at the laws he has passed and the laws he is trying to pass. They only look at the outside. It is time to take a better look at the Prime Ministers and there is no better place to start looking than at the Heads of Agreement that he signed in March 1981. If that had gone through, we would have all been doomed today.

CSO: 3298/782

## OPPOSITION HIT FOR NOT OFFERING ALTERNATIVE PROGRAMS

Belize City DISWEEK in English 13 Apr 84 p 2

[Editorial]

[Text] The people of Belize are entitled to ask for the position on issues from any political party which seeks their vote and support.

In any weekend, in any of the three opposition newspapers, you will find a series of propaganda attacks on the Government and the Ministers. But you will search in vain for a position statement coming from the opposition on the vital national issues affecting Belize.

We hear of an alternative government that offers itself to the people. Well what is this alternative all about? What for instance is the opposition stand on the Refugee situation. When a statement does emerge it says nothing, it adopts a narrow negative approach bordering on hysteria and xenophobia.

What is the opposition's view about settling the Guatemalan dispute? Again they have no real position except a fatalistic, unrealistic head in the sand, "No negotiations, No Guatemala!"

What is the opposition's prescription for curing the economic ills of the nation to cope with the problems of the recession and unemployment? They offer none. To talk of creating more jobs and spurring economic activity is to beg the question. We all know this is what we want. The question is how to achieve it.

The Leader of the Opposition in the budget debate criticized Government borrowings from the banks through the device of the Treasury Bills. But he offered no alternative to dealing with the economic situation. In fact the budget debate brought out the seamy, ugly side of the opposition, that they are bereft of any principled position, that they as a party have no conviction. They leave us aimlessly groping in the dark. There is one commandment in the theology of the opposition. Give the other side hell and tell the people what they want to hear.

Public Officers of course would love an increase in salary (who wouldn't), so the opposition criticizes government for not giving one in the budget. If the

government had budgetted an increase in wages the attack would have been that it was electioneering.

Nobody likes taxation so the strategy is to attack all forms of taxation and revenue measures.

In the end the recipe of the Opposition comes down to this:

1. The government is not doing enough. We need more houses, more schools, better roads, better communications, better electricity, ... more and better...
2. The government should not borrow.
3. The government should not raise any taxes.
4. The government should give an increase in salary to all public officers.

It does not take too much common sense to appreciate that this is a recipe for economic disaster. More expenditure - less revenue - no loans - more wages - sovereign bankruptcy.

The question is asked: Is this the alternative?

Again we may ask what is the opposition's view about the Central American conflict and the role of the U.S. government in the region?

Again there is no position. The only conclusion we may come to is that in their eyes the US can do no wrong.

For them it is all a game anyway. And the name of the game is to win. Principles, conviction, a cause .. a belief - these have no part to play in the game plan. Playing politics is the name of the alternative.

CSO: 3298/783

## PRICE ASSAILED FOR BUDGET DETRIMENTAL TO ECONOMY

Belize City THE BEACON in English 14 Apr 84 pp 2, 11

[Unsigned column "Viewpoint": "The Emerging Nation & the Submerging Budget"]

[Text] The country is going to develop but the money to develop it is going to be cut by millions of dollars. The Prime Minister and Minister of Finance says that he is cutting the budget by \$3 million but the real cut will be in the region of \$12 million. The big question is: does it make sense to say in one breath that we are developing our country and in the other to say we are cutting back millions of dollars from the money needed for development? Each year we have more people (more are born and more come in through our borders). Each year the price of gasoline, diesel, electricity, food, clothing and services gets higher. This means that just to maintain our present standard of living we need to spend more money each year. If we want to improve our standards of living, we would have to do two things: 1) Put into the economy more money than we had put in last year just to take care of the increases in the costs of fuel, food and other goods. 2) Put another additional amount of money into the economy this year to provide for the improvement of our standard of living, which we hope to get in 1984/-1985. Instead of putting these additional and badly needed money into our economy, Mr. Price has budgeted to take money out of the economy, \$3,000,000 in all. The experts say he has caused the country to become so broke that he will have to cut about \$12,000,000 from the funds needed for development. Therefore we will not be able to improve our living standard this year. We will not be able to maintain the living standard of last year. That we are going to have to accept a lower standard this year. This means for many, many people, no jobs, no housing, less food and clothing, more sickness, more hardship, all around in 1984/85. Instead of having a developing country and a developing economy, we will be having a less developed country and a declining economy by the end of this year. That is, we will be going backwards this year. Blame Mr Price. He was the Minister of Finance and Minister of Economic Development for the past 20 years. If he were not so incompetent, Belize would not now be in a state of bankruptcy; the government of Belize would never have found itself in the highly financially embarrassing position it is in now.

Mr. Price pretended he could run the country's economy and that he knew to develop the country. He claimed to be the only man alive in Belize who could develop Belize and run the country as well. He has been put to the test. He



was given the chance to do what he said he could do. The result now shows that he has failed that test. It is like a man who tells his boss he can drive and operate a million dollar machine which his boss has just bought. The boss, believing him, and relying on his boastful words, and without asking what experience or training he has, gives him a chance to prove himself, only to discover by hard experience that the boastful employee has wrecked the expensive machine because of lack of knowledge, experience, and competence. The economy of Belize is more difficult to run than any bank or any factory or business in this country, only people with the right kinds of experience and the right kinds of knowledge will be able to run this country's economy successfully and develop this country. Price, Rogers, Hunter, Sylvestre, McKoy, Marin etc., etc., just do not have the kinds of experience and knowledge required to run a dependent economy.

They never took the time to prepare themselves by training and by work experience to do the job that they are now doing. The result is that they are destroying the economy--every day they remain in power, they do more damage to the country and its economy.

The time has come for them to resign or to call new elections so that properly trained, properly experienced and properly motivated people, who have the work experience and the necessary technical background and knowledge can take over the running of the economy and the country.

To save this country from further ruin and bankruptcy, and to save the people from greater suffering and hardships, we are asking Mr. Price to resign or call new elections now. If he has any love or compassion for the people of this country, he will do so immediately. The longer he waits, the more our people will suffer.

CSO: 3298/783

## BRIEFS

UDP FRACAS--A heated argument last week between two officials of the United Democratic Party turned into a fight and ended in a stabbing incident. The matter, however, will not go to court since the victim "wants no court action" against his aggressor. Involved in the incident were, a member of the City Council, and a campaign official of Lindo. The Councillor reportedly stabbed the Lindo henchman over a question of loyalty to the Opposition party. The reports say the Councillor was mad because the Lindo man had been seen in the company of a prominent PUP minister. "Some people in the UDP camp, it appears, are getting desperate in this election year. Violence, however, will not solve the Party's internal problems, it will only add to the conflict and precipitate the collapse of the already shaky organization," commented a political observer in telling us about the incident. [Text] [Belize City BELIZE SUNDAY TIMES in English 15 Apr 84 p 1]

AIRPORT VHS SYSTEM--The Belize International Airport will soon be having a Very High Frequency radio direction system to direct aircraft traffic, thanks to a generous grant by the United Kingdom Government. RACIL Avionics of England is the company awarded the contract to instal the advanced radio system which will bring the airport radio facilities in step with international standards. [Text] [Belize City THE REPORTER in English 22 Apr 84 p 1]

GOVERNMENT BORROWING--The Government of Belize has announced that it wants to borrow up to \$10.7 million dollars Bze in the form of Treasury Bills. Tenders for these Treasury Bills have been invited, and successful tenderers will be notified on April 26. The discount bills will be redeemed at full value on July 27, three months hence. [Text] [Belize City THE REPORTER in English 22 Apr 84 p 1]

UDP CANDIDATE--Teddy Castillo has been elected as the United Democratic Party (UDP) candidate for the Stann Creek (Rural) Division, to contest this year's general elections. The well attended Convention was held in the Village of Silk Grass, in the Stann Creek Rural District. The proceedings were chaired by Director of Organization Mr. Santiago Perdomo, and the main address was delivered by Party Leader Sen. Manuel Esquivel. [Text] [Belize City THE BEACON in English 21 Apr 84 p 1]

## REFUGEE CAMPS FOR INDIANS DESCRIBED

## Ideological, Economic Reintegration

Guatemala City EL GRAFICO in Spanish 29 Apr 84 pp 5, 8

[Article by Nery Garcia and Julio Roberto Rodas: "Refugees Seek a New Life"]

[Text] San Cristobal, Alta Verapaz--"We are happy now, not like when we were in the mountains starving. The army has helped us now, giving us food and protection. We have what we wanted. We have a school and are learning. Everything the teacher says we have to learn very well." These were the words of a little girl at the Acamal refugee camp on the outskirts of San Cristobal, Alta Verapaz. She spoke in Kekchi.

The child addressed all the people in the central camp yard. Her voice came over the loudspeaker loud and clear. It was 1800 hours on Friday, 27 April, the hour when the refugees gather together. Most are former soldiers and sympathizers of the guerrillas. They say the pledge to the flag, sing the national anthem and listen to messages such as that spoken by the little girl.

The camp has people from 24 communities in the department and two dialects are spoken: Kekchi and Pocomchi. There are 1,169 members of the two tribes, 72 percent Pocomchi and the rest Kekchi.

We stayed at the camp about two hours. San Cristobal is about 20 minutes away. About a block from the camp, a civil self-defense patrol post stood watch day and night.

The camp was set up at the beginning of 1983. It was explained that they were groups of persons who came down out of the mountains to see if they would be granted amnesty. Groups began to surrender with their few belongings and many with their military equipment: different caliber weapons, ammunition, Claymore bombs, fragmentation bombs.

Finally, when the banner was brought down, four children took it and carefully folded it, marching to the central camp offices, where they put it away.

The chairman of the local development committee, former soldier Alejandro Lopez Jom, with a list of daily activities, announced to the camp director: "The flag was lowered without incident."

A member of the Pocomchi tribe, still a young man, spoke to the audience in his native tongue. He did not repeat the little girl's message, but used nearly the same words: "We are not from another country. Those who come from other countries with their offers never keep their promises. We are now living in peace, thanks to God and the government," he said in one part of his speech.

A chorus sang "Good Night Guatemala" and the people gradually broke ranks. A few men, women and many children coughed as they walked to their homes.

During the past month, it had frequently rained and there was heavy wind in the area, downing some trees. The heat and cold combined in a curious fashion and although they received medical care from a professional health visitor who goes to the camp every day, seven refugees died from an outbreak of chicken pox.

The activities described are part of a new type of ideological work, it was explained, aimed at changing the previous values of the population.

Work is also being done to reintegrate all these persons into the economic life of the country. In the current first phase, beans, corn and rice are grown to meet the people's basic needs.

Other crops with commercial possibilities, such as cardamon, are planned. The women and children work agave, making articles: such as knapsacks, hammocks, lassos, and so on.

A marketing test has been initiated for such products in other countries. All these activities go along with other services such as education and improved technical training.

Some refugees have fallen seriously ill and been hospitalized. The doctor daily takes care of some 30 patients. There are still many definite symptoms of malnutrition.

But their total recovery will be a matter of time, it was explained. They are now working and attending school, learning to read and write, improving their Spanish.

An irrigation study is underway. The technique will be basic to the total success of the camp because it will mean the introduction of new crops that can be grown commercially.

It will also determine the construction of housing planned, with 450 units, parking, a park, basketball court and communal center office.

Every day, the number of sick persons, patients in the hospital, orphans and deaths is checked. There are 550 men and 619 women. They have been organized in every way. There is no problem with dialects because before, we were told, the two were located close together and for many years have maintained close communication.

## Former Commanders on Guerrilla Life

Guatemala City EL GRAFICO in Spanish 29 Apr 84 pp 5, 8

[Text] Among the Acamal refugees are six former guerrilla commanders from different deserted villages such as Chiacal, Najtilabaj, Chituj and Catalji. These officers commanded up to 1,000 men, while others had from 400 to 600.

Naturally, these figures do not correspond to soldiers, but rather, to collaborators or sympathizers of the guerrilla movement.

"If I did not cooperate with the guerrillas, I ran the risk of being killed so I gradually joined," says former commanding officer Alejandro Lopez Jom.

He adds that he has now become an enemy to the guerrillas, noting that during the war, he lost all his relatives. He rose to the district directorship with the task of keeping watch on all people living in the region.

He was also responsible for supplying provisions and weapons to the guerrillas in the southern part of the Department of Coban, bordering on El Quiche. He commanded 600 men.

When it became necessary to go into the mountains and abandon his home, he did so out of fear of dying, but when he learned that amnesty had been declared, he thought of surrendering. However, he thought it over a great deal, fearing being killed by his former guerrilla comrades.

Taking advantage of a careless moment, he surrendered to the security forces in the Coban military zone about the beginning of last year. Most of the Acamal refugees did so in mid 1983.

### Promises

With deceit and promises, the guerrillas gradually persuaded other members of the Kekchi tribe, such as Santiago Moyat, from the village of Saraz Och in Coban, where propagandists arrived, first with the Bible, later with arms, he says.

Next came the threats. He became a member of the Local Underground Committee (CCL) and went into the mountains for a time, until he learned of the amnesty.

Santiago Moyat and Lopez Jom can read and write and are now motivated by a "change in attitude." One of them is chairman of the Acamal Local Development Committee.

The committee meets at night to hear the problems of the population. There are 201 children from 0 to 5 years of age, 269 between the ages of 6 and 14 and 651 15 or over. The population has not grown much in recent months.

The last group of refugees to arrived did so in February of this year, numbering about 70, according to statistics shown to us.

The Acamal refugees are different from those at Chisec, fulfilling a tactical role of great importance to rebel groups.

Their location was perfect, bordering on El Quiche, the rest of Coban and northern Salama, places well-connected by roads that are fairly good and accessible. They are surrounded by mountain ranges of up to 2.77 meters [sic] above sea level.

On every trail and path that wind through the mountains, many of them would leave behind bags of corn, beans or weapons for the guerrillas. When they surrendered, the guerrillas grew notably weaker.

11,464

CSO: 3248/595

## PNP ISSUES STATEMENT ON MINING OF NICARAGUAN PORTS

Kingston THE DAILY GLEANER in English 23 Apr 84 p 13

[Text]

The following statement has been issued by the PNP through Mr. P.J. Patterson, the Chairman:

"The Executive of the People's National Party joins the Congress of the United States and all members of the international community who have already expressed strong condemnation at the mining of Nicaraguan ports by the CIA. It regards this act of naked aggression as a clear violation of national sovereignty and a flagrant breach of international law.

"The party notes that both the United States Senate and House of Representatives have expressed themselves strongly against further US participation in 'planning, directing, executing or supporting the mining in Nicaragua.' It hopes that Congress will go further and vote no further funds for supporting violent or covert action in order to destabilize the Government of Nicaragua or encourage acts of terrorism.

"The action of the CIA is unjustified in any circumstances. It is the more to be depreciated in view of the expressed determination of the Sandinista regime to hold free elections this year, within the concept of a plural democracy.

"The Party cannot accept that elements in the Government of a single country can arrogate to themselves the right to violate the hallowed principle of free passage of international vessels on the sea during peace time.

"The Party repudiates the attempt to oust the jurisdiction of the World Court in an area where international law should rule supreme. In so doing, it faces the condemnation of world opinion.

"The party deplores the embarrassing silence from the Ministry of Foreign Affairs in failing to add Jamaica's views to the welter of opinion within the region of Central America, the Hemisphere and the United Nations which is rightly concerned at the dangerous implications to world peace and destroys proper respect for international law.

"If Jamaica is sincere in its avowed support for the initiatives of the Contadora Groups to resolve the conflicts of Central America by diplomatic and democratic solutions rather than military might, there is an obligation for the Government to state in clear and unequivocal terms its repudiation of the mining of Nicaraguan ports."

CSO: 3298/785

## ELECTORAL ACT AMENDED TO ALLOW APPOINTMENT OF OPPOSITION

## House Action

Kingston THE DAILY GLEANER in English 18 Apr 84 pp 1, 3

[Text] The House of Representatives yesterday passed a Bill amending the Representation of the People (Interim Electoral Reform) Act to allow the appointment of Members to the Electoral Advisory Commission to be done by the Governor General in the absence of a Leader of the Opposition, a position currently vacant.

While this was not stated specifically in the debate the implication of the legislation is that it will pave the way for representatives of the Peoples National Party to continue to serve on the Commission.

The Memorandum of Objects and Reasons of the Bill stated that the Bill "seeks to amend the Representation of the People (Interim Electoral Reform) Act to make contingency provisions for the exercise of functions by the Governor-General in circumstances where, by that Act, he is required to consult the Leader of the Opposition, or to act on his advice, and that office is vacant or the holder thereof is unable or unwilling to act. This provision is particularly necessary at this time having regard to the fact that there is currently no Leader of the Opposition."

Speaking on the motion were: The Hon. Bruce Golding, Minister with responsibility for electoral matters; the Hon. Pearnel Charles, Minister of Public Utilities and Transport; the Hon. J.A.G. Smith, Minister of Labour and Leader of the House; the Hon. Dr. Mavis Gilmour, Minister of Education; the Hon. Karl Samuda, Minister of State for Industry and Commerce; Mr. Jeremy Palmer; South-East St. Elizabeth; Mr. Neville Murray, West-Central St. Mary; and Mr. Lloyd Bent, South Manchester.

The Members started to rebel against the Bill starting with Mr. Palmer's objections. Mr. Palmer said that the Bill enlarged the Governor-General's powers, and that the PNP should accept the consequences of their boycott of the December General Election. Mr. Murray said that the Bill was "tampering" with the Constitution and he could not support such action.



However, Mr. Charles turned things around with a lengthy contribution in which he reminded the House of the treatment handed out to JLP members by the PNP Government of 1976 during the State of Emergency. He said that the JLP should not seek to reciprocate the PNP's actions and that the JLP was the only party that the people would trust with a one-party House, because of its commitment to freedom and democracy.

The House also passed a resolution moved by Mr. Smith increasing the Contingencies Fund from \$20 million to \$34 million.

The Clerk of the House, Mr. Edley Deans, announced the tabling of three Ministry Papers--Numbers 16, 17 and 18.

Ministry Paper 16 is the 1978/79 annual report of the Jamaica International Telecommunications Limited (JAMINTEL). Ministry Paper 17 is the 1981 annual report of the Jamaica Merchant Marine Limited. Ministry Paper 18 is the 1979/80 annual report of JAMINTEL.

The House commenced sitting at 2.11 p.m. with 30 Members present at the Roll Call.

At the adjournment, Mr Smith wished the Members, the Hansard staff and other staff of Gordon House and the Press "a pleasant, happy and Holy Easter." He said that this would definitely be the last sitting of the House for this session. Parliament is expected to be prorogued tomorrow after the Senate sits.

Prorogation was originally scheduled for April 6, but due to the number of matters which were still before the Senate, as well as the amendment which was passed by the House yesterday, this was postponed.

#### Senate Approval

Kingston THE DAILY GLEANER in English 18 Apr 84 p 1

[Text] A Bill amending the Representation of the People (Interim Electoral Reform) Act to allow the Governor-General to appoint Opposition members to the Electoral Advisory Commission was passed by the Senate on Friday.

Senator, Dr. Ronald Irvine, who piloted the Bill said that it showed the Government's commitment to an impartial electoral system and ensured that a political crisis could not be created by the refusal of the Leader of the Opposition to perform his role.

He said that it was a necessary piece of legislation because the hub of the democratic process was the operation of an impartial Electoral Advisory Committee.

Senator C.S. Reid (Opposition) said that

his side welcomed the legislation and saw it as being important in the national interest. He said that it was one of the good things that had emerged from the current political crisis.

Senator Reid said that the Government was not legally bound to introduce this amendment, but had acted on the basis of what was practical and moral:

"We believe that the way in which they have done this they have sought to do justice to the spirit of amity that was the original intention of the Act. We on this side therefore welcome and support the measure and commend the Government for bringing it," Senator Reid said.

He said that the only criticism he had was that the Senators had only been given one day's notice.

Senator Charles Sinclair (Opposition) said that he thought that the passage of the Bill was an act of commendation on the part of the Government and reflected the sensitivity which any government ought to display. He said it demonstrated good sense.

Senator Sinclair pointed out that the Bill had become necessary because of what transpired in December last year.

He said that political parties had a tremendous responsibility to persons whom they represented and ought to be in a state of readiness at all times in event of an election being called. However, he said that there was a need for the PNP to continue to be represented on the committee, given the strength of the party and in view of the fact that the country had grown to place much confidence in the two-party system.

He suggested the inclusion of some Senators on the committee as he said that the Senate had been called upon to play a

peculiar role in the current situation and its members could make a constructive contribution.

He also urged that the committee from time to time give an update on its work in view of the growing interest being shown by the public.

Senator Errol Miller (Opposition) said that it will be to the credit of the Government that it had demonstrated in tangible and practical terms that it was committed to the two-party system.

He said that it was a credit to the political system that it had produced Governors-General rising up from political partisanship to the occasion and enjoying the confidence of the people.

Senator Irvine apologised for the late advice to the Senators on the Bill. He said that notices had been issued by bearers, but there was a problem contacting the Members outside the Corporate Area.

He said that the Members of the Electoral Advisory Committee could also be chosen from the Senate as former Senator Abe Dabdoub was.

CSO: 3298/785

## SEAGA SEES AGRICULTURE AS MAINSPRING OF EXPORT DRIVE

Kingston THE DAILY GLEANER in English 18 Apr 84 p 1

[Text] JAMAICA'S dependence on agriculture as the main element in its new export development drive was underscored by the Prime Minister, the Rt. Hon. Edward Seaga, in an address at the official opening of the United States International Food Show at the New York Coliseum on Monday.

Mr. Seaga said his presence and that of over 20 Jamaican exhibitors "symbolise Jamaica's resolve, for a particularly critical reason, to re-enter the international market-place as a source of unique and quality agricultural products and to recapture something of the position we once held."

Jamaica once had a thriving sugarcane and banana industry, he said, but the island's re-entry into the international marketplace was "characterised by investment in a wider range of indigenous exotic products which are part of our natural wealth."

"In these days when developing countries are searching for the market-place to expand their production and trade to earn the foreign exchange with which to relieve debt burden and provide ample employment opportunities for their people, the search must be for the products that can be geared to high-scale production in large-scale market places to earn the foreign exchange we need," he went on.

"We must ask ourselves: what are those products? Is it the assembly of component parts or light fabricating industry? It is the mining of ores which we ship as raw materials? Or is it the various attractions which bring visitors to our shores?"

Mr. Seaga said analysis will show that there was no sector of the economies of developing countries that can better yield foreign exchange and employment at a lower investment cost than export agriculture. The answer therefore must be to boost agricultural production to the maximum and to gear it as a major export earner.

"This means that we must not rely on the production of one or two staples, but that we must develop a range of products using as much as possible of the exotic fruits, vegetables and spices of our own country as a source of creating something unique that the rest of the world does not have, as well as a source of market attraction."

Mr. Seaga says the problem has been that to do so "we must cease to be producers of samples. We must be producers of quality and quantity goods at competitive prices."

"We of the tropical world must join hands with you of the industrial world, using your technology of high-yield, low-cost production by which you create green revolutions, to apply to our low-yield, high-cost, exotic treasures," he said.

Jamaica had established a major programme which would structurally transform its agricultural sector to achieve the strategy of making this sector a major foreign-exchange earner and employer of labour in a relatively short time.

His reference was to Agro 21 which he said would provide a major vehicle to facilitate the process by which Jamaica could develop Projects on its own or with overseas partners. The scope of this development included horticulture, agriculture, vegetables, beef, and orchards of exotic crops alongside of expansion of the food-processing facilities for an integrated agro-industrial sector.

"I am sure that we in Jamaica must be no more than an example of what must be happening in other countries of the developing world where the realization is fast growing that it is the agricultural sector which will best enable us to earn our way out of our problems for all the reasons which I have advanced."

CSO: 3298/785

## NEW BANANA COMPANY READY TO BEGIN EXPORTING 3,500 TONS

Kingston THE SUNDAY GLEANER in English 22 Apr 84 p 1

[Text] Eastern Banana Company is to begin exporting fruit from its plantation in St. Thomas in June this year.

The Chairman of the company, Dr. Marshall Hall, has said that shipments would be made on a weekly basis. It is projected that some 3,500 tons will be exported by the company between June and December this year.

He said the company was looking forward to exporting some 20,000 tons next year. He said the fruit to be exported this year will be reaped from 55 acres and by year-end, the company would be reaping from 400 acres.

Dr. Hall made the disclosures on April 18 during a tour of the banana plantations by farmers, as part of celebrations to mark Farmers' Month. The tour was organised by the Jamaica Agricultural Society.

Eastern Banana Company is owned jointly by the Government of Jamaica, the Banana Company of Jamaica and United Brands, which manages the 2,000-acre project. It has introduced a new variety of banana, the Grande Nain, which is being propagated by tissue culture.

The company has already planted 425 acres of banana and it is estimated that 1,100 acres will be put in by the end of this year. At present schedule, 2,000 acres will be established by March, 1985.

Dr. Hall said that the company was expecting an average of eight to ten tons of export fruit per acre from the plot on which reaping will begin in June. He pointed out that the first crop was usually small and stated that next year the company was looking to average 15 tons of export fruit to the acre.

The Hon. Brascoe Lee and the Hon. Anthony Johnson, Ministers of State in the Ministry of Agriculture also took part in the tour.

Mr. Lee reminded the farmers of the importance of technology in agriculture and the need to earn foreign exchange from the activities of the sector. He said that the markets existed for banana and what Jamaica need to do was to provide the quantity and quality.

Mr. Lee invited the farmers to remember that various efforts at efficient production of banana have been tried before and Jamaica had not been able to achieve the tonnage and quality.

Mr. Johnson called on the farmers to take advantage of the technology that was being introduced. Agro-21 was showing the country some of the things that could be done in agriculture, he added.

He expressed the hope that the farmers and their leaders who took part in the tour would be informed by the agricultural practices that were being carried out on the farm.

CSO: 3298/786

## EXPORTERS CALL ON GOVERNMENT TO REPEAL STAMP DUTY

Kingston THE DAILY GLEANER in English 25 Apr 84 p 3

[Text] Mr. R. Anthony Williams, President of the Jamaica Manufacturers Association, has repeated his call to Government to withdraw the 6 per cent Stamp Duty on raw materials which he described as "like requiring a cow to provide prime steak and to give milk at the same time".

Speaking at the monthly meeting of the JMA's Board of Directors, Mr. Williams said that the new Stamp Duty was "much more than manufacturers can and should be asked to pay".

The Association was "totally against" the new duty as it will add between 2.8 per cent to 3.6 per cent to the final price. Stating that profits from exports were no more than 8 per cent to 10 per cent, Mr. Williams said manufacturers were now compelled to take up to 3.6 per cent "out of that measly profit" to pay for Stamp Duty.

"Clearly, under the circumstances it is grossly unprofitable to export. Government cannot seriously expect us to export under such conditions," he said.

Declaring that Government was getting more than enough taxes from the manufacturing sector, Mr. Williams repeated his call for the withdrawal of the new Stamp Duty.

Turning to the foreign exchange auction system, Mr. Williams said there was slight improvement in the way the auction and bidding were being determined. However, the method of dealing with arrears of debts owing prior to February 1, 1984 had not yet been addressed and he expressed the hope that this would be done soon.

Commenting on the discount facilities being set up at the Bank of Jamaica to ease the liquidity problems at commercial banks, Mr. Williams said the JMA was again requesting that these facilities be set up quickly and in the following areas: a) J\$15 million for local raw materials and locally produced goods; b) J\$25 million for exporters post shipment.

Concluding, Mr. Williams said that the manufacturing sector was anxious to get on with the business of production and increasing exports, but they could not do it alone.

"As we encourage all manufacturers to maintain this very positive approach, we appeal to the powers that be to continue to assist and cooperate with us and not to add unsurmountable burdens to our already weary backs," Mr. Williams said.

CSO: 3298/786



## ILLEGAL FOOTWEAR IMPORTS COST LOSS OF JOBS, FOREIGN EXCHANGE

Kingston THE DAILY GLEANER in English 17 Ap4 84 p 2

[Text]

Illegal footwear imports have put 5,000 persons out of work in 1982 and 1983, and result in US \$20-million loss in foreign exchange a year, according to President of the Private Sector Organisation of Jamaica (PSOJ), Mr. Sam Mahfood.

He said other illegal and undervalued imports, including garments, jewellery, cosmetics, motor vehicles, audio equipment and appliances, add millions to the loss of foreign exchange.

Mr. Mahfood was addressing a luncheon of the Institute of Chartered Accountants at Pegasus Hotel, New Kingston last week Wednesday on the effects of excessive public spending on the rest of the economy.

He said "when Government spending becomes a large part of overall economic activity, taxes and/or borrowing become very large. The larger these become, the greater the likelihood that they will create serious economic problems."

Mr. Mahfood said at low levels, taxes are insignificant disincentives, but at high levels they dominate people's decisions.

"The second effect of high taxes is to move economic activity out of the regular legal economy into the underground, illegal economy. We find a mushrooming of small, irregular business operations which keep no records and do not pay taxes, at the expense of legitimate businesses which keep proper records and pay taxes. The result is that the underground economy expands, and the taxpaying economy contracts while at the same time it is called on to bear a greater and greater share of the tax burden. Resources that should be used for investment and growth are taxed away from the legal, productive portion of the economy and used to sustain

consumption in the public sector."

Mr. Mahfood said the private, productive sector is then blamed for non-performance.

He said high taxes had the effect of reducing legal exports and imports and increasing illegal activities, and "over the last decade, legal exports have faced heavy taxes in the form of an overvalued currency, foreign exchange controls, and low prices to producers, in addition to the conventional forms of tax on incomes, and profits."

"On the import side, recent calculations indicate that illegal imports have boomed in the last three years."

Mr. Mahfood said continuation of the existing tax system would push more economic activity underground.

The tax problem was critical and getting worse, and it could not be solved without cutting Government spending, because public sector borrowing, the other source of Government's funds, was already too high.

Mr. Mahfood said the problems they are now facing - high interest rates, tight credit markets, inflation and a scarcity of legal foreign exchange - were caused by higher levels of Government spending than the legal, taxpaying economy could support.

He said: "Everyone is being asked to tighten their belts and cut back, and I can assure you that a retrenchment is occurring in the private sector. This period of austerity is essential if Jamaica is ever to get back on its feet and experience sustained economic growth. But austerity must be weighted so as not to create the imbalance that now exists. Exports of manufacturers and producers cannot expand if the Government is absorbing more than 40 per cent of the resources of the nation, and the public sector deficit is more than fifteen per cent."

## SOYA BEAN CULTIVATION AIMS AT REPLACING COSTLY IMPORTS

Kingston THE DAILY GLEANER in English 28 Apr 84 pp 1, 3

[Excerpt] GOVERNMENT'S PLAN TO PUT IN 50,000 acres of soya bean under AGRO-21 as a move towards replacing the 70,000 tons of this grain now being imported at a cost of US\$24 million, took a step further yesterday, with the announcement that a variety of the cereal which performed well during April-July under local conditions had been identified.

Prime Minister Edward Seaga made a tour yesterday of the 20-acre demonstration plot on which the soya bean was tested at Lawrence Field, Caymanas Estate, and was informed about the performance of the soya variety and other varieties which are being tested at the plot.

The variety, UFV1, yielded up to one ton of seed per acre during the summer months.

During discussions at the plot the Prime Minister gave details of plans to grow soya beans in rotation with winter vegetables, rice and sugar cane. He said that it would be possible to put in 20,000 to 30,000 acres of soya on sugar-lands, in rotation with the main crop.

Sugar-cane cultivation presently occupies 120,000 acres of land. Under present agronomic practices, replanting is done every six years. With the introduction of soya-bean as a rotation crop with sugar, re-planting could be done every four years, instead, with the added advantage of making additional earnings from the soya bean crop.

Quite apart from the additional money to be made and the import-substitution that would be achieved, the Prime Minister spoke of another advantage: enrichment of the soil by the soya-bean plant.

During its growing period, soya transfixes approximately 200 lbs. of nitrogen per acre of cultivation; and it uses only 100 lbs. of this amount, leaving back an average of 100 lbs. of nitrogen per acre for the following-on crop.

Mr. Seaga said, with regard to Government's plans to rotate soya beans with rice, that this soil-enrichment propensity would prove of great advantage, for rice needed a good deal of nitrogen during its growing period. He predicted

that not only would two crops of grain be produced from the same plot, but a saving in fertilizer use would also be achieved.

During the tour, the Prime Minister was informed by the specialist in soya cultivation attached to Jamaica Soya Products Industries, Ltd., Mr. Dick Strohl, that not only were tests being carried out to determine soya bean performance during the summer months, but also to identify varieties which would do well at other times of the year such as the autumn and winter months.

Already, a variety which performed well during the January-March period, had been observed in Puerto Rico, and there were plans to secure seed for planting. Another variety, which did well in the later period of the year had also been identified in Taiwan.

Mr. Seaga said that steps would be taken, almost immediately, to begin to lay out large plots in soya bean cultivation, with the aim of putting in 20,000 to 30,000 acres as quickly as possible.

CSO: 3298/785

## BROAD PROTESTS GREET NEWS OF INCREASE IN COST OF CEMENT

## Company Announcement

Kingston THE SUNDAY GLEANER in English 22 Apr 84 p 1

[Excerpts] AN INCREASE in the price of cement, long expected in the building industry and the hardware trade, will come into force from Tuesday of this week.

A 100-lb. bag of cement will now cost \$20.43 to the purchaser at the retail outlets. Up to recently it has been going at a price of \$14, when available.

At the base of the new price is an increase of \$6.35 per bag in the ex-factory price, which now goes to \$17.57.

A news release by the Caribbean Cement Company yesterday announced the increase, which the company said was due to two reasons:

--The need to generate funds for the "vital expansion and coal conversion project" now underway at the company's plant at Rockfort, in Kingston.

--Higher production costs arising from the devaluation of the Jamaican dollar in November, 1983.

Elaborating on the reasons for the new price, the company statement said the first stage of the expansion and conversion project was the construction of new storage silos for which a contract should be awarded in mid-May, and construction scheduled to start in mid-June.

"Contractors are now being requalified for the extension of the power station, the construction of a 400,000-ton per annum Allis Chalmers dry-process kiln, and installation of a coal mill and related facilities," the statement said.

"The total package will cost U.S.\$97.9 million of which the IDB will fund U.S. \$57.2 million over a four-year period ending in July, 1986. The Cement Company and the Government will fund U.S. \$40.7 million over the 1983-1986 period. During 1984 the contribution by the company is to be U.S.\$5.1 million of J\$20 million. The price increase will generate J\$15 million.

## Interest, Fuel

"Once completed in mid-1986, the production cost of cement will be contained, as the cost of fuel will fall by 53 per cent so far as the new kiln is concerned. The benefits of the expansion will be reflected in the price of the product as well as in foreign exchange earnings as Jamaican cement will then be competitive in the export market.

"The other elements of cost which contribute significantly to the increase are interest and fuel. The Company's overseas interest charges will increase by some 121 per cent during 1984 rising from J\$5.057 million to J\$11.199 million. Fuel costs have increased by over 45 per cent.

"Notwithstanding the price increases, the company's profitability for 1984 will suffer as a result of the industrial action which took place at the factory in February and March of this year. The losses incurred cannot be recovered by the price increases. In addition, the price makes no provision for any further increase in the company's offer in regard to existing wage negotiations with hourly paid production workers."

## Impact on Housing Cost

Kingston THE DAILY GLEANER in English 27 Apr 84 p 1

[Text] An increase of 4% will be added to the cost of a low-cost housing unit by the latest increase in the price of cement, added to the increase in the Stamp Duty and Transfer Tax.

This was stated yesterday by the Masterbuilders Association of Jamaica in a statement on the cement price rise.

According to the Association, it was anticipated that there would be an increase in view of the devaluation of the Jamaican dollar. By its calculation, the new price should have been some \$3.50 less than the new price (\$16. per bag, from the factory).

Commenting on the statement by the Managing Director of the Caribbean Cement Company, Mr. Compton Rodney, to the effect that a sum of \$3.50 per bag was included in the new price to meet debt servicing and capital expansion, the MBA said:

"We seem to remember (that) at some time in the past the price of cement was increased to allow the company to raise funds for capital development. This development reached as far as parts for the expansion being delivered but not put in place."

Comment was also made by the Masterbuilders on a statement by Mr. Rodney that there is an outstanding debt in U.S. dollars owing for the purchase of these parts and that this balance had doubled with the devaluation of the of the Jamaican dollar.

"We are being asked, and by that we mean everybody who buys a bag of cement, to contribute to this debt repayment and (for) the proposed capital works. This we feel is unjust."

A better way to raise the funds required, in the view of the Association, is for the company to put shares on the market a course which would be in keeping with the Government's divestment policy.

On the effect of the latest price increase on the cost of housing, the statement, which was signed by the president, Mr. Sydney Delvaile, said:

"Bearing in mind that the increase in the construction cost to the average low-cost housing unit is going to be some \$2,000 because of the increased price of cement, to this the additional Stamp Duty and Transfer Tax is going to add some 4 per cent to the already high price of the unit.

"This, we feel, will put housing forever out of the reach of many more people, especially to the already hard-pressed low-income sector."

#### Condemnation in Westmoreland

Kingston THE DAILY GLEANER in English 28 Apr 84 p 1

[Text] SAVANNA-LA-MAR, Wd., April 27--The Westmoreland Chamber of Commerce has condemned the latest increase in the price of cement on the ground that it is in aid of the company's expansion programme, and has called on the Government to put shares in the company on the market to gain funds needed for expansion and thereby remove the increase from consumers.

The Chamber said that at the present price of cement, "the people of Jamaica will never afford to build a house again."

Citizens in Westmoreland termed the increase in the price of cement as "a hard blow" and called on the Government to remove the increase as the price of cement was already high and making it difficult for anyone to build.

#### Building Societies' Concern

Kingston THE SUNDAY GLEANER in English 29 Apr 84 p 1

[Text] Concern has been expressed by the Building Societies over the increase in the price of cement and at the adverse effect the increase is going to have on the building and construction industry.

A statement issued by the Building Societies Association of Jamaica said the BSAJ was of the view that equity participation or a divestment of the company by the Government would provide the capital which the Company needs for its expansion and conversion programme.

This increase, coupled with others which have taken place by way of additional taxation, will "wreak havoc" on the income of workers, the statement said.

Following is the text of the statement:

"The Building Societies Association of Jamaica has noted the very substantial increase of \$6.35 per bag in the ex-factory price of cement as announced by the management of the Cement Company, and wishes to record its concern over the decision and the inevitable adverse effects which the price increase is bound to have on the building and construction industry.

"Moreover, the increase adds to other price increases which will result from additional tax measures, including the increase in Stamp Duty on conveyances and settlements and the new construction operations levy, recently announced in Ministry Paper No. 15.

"The Association recognises certain costs arising from the persistent devaluation of the Jamaican dollar but wishes to question, very strongly, the policy of imposing price increases, on a commodity which is already well over-priced, to raise funds for any expansion or conversion project at the plant. The Association is of the view that equity participation or a divestment of the company would provide the enterprise with the capital inflows it needs for its development programme.

"The promise that cement prices 'will be rebated in 1986', whatever that may mean, offers no comfort whatsoever to prospective home-owners and builders in 1984. Previous experiences in relation to similar promises in the past have proven otherwise.

"The Association fears that the cumulation of price increases will wreak havoc on the incomes of workers and will have the effect of destroying all possible incentive to work, thus inhibiting the increase in real out-put of which the country is so desperately in need. The Association has been modifying its mortgage financing schemes to assist borrowers but even these efforts will be nullified by the rapid price increases."

CSO: 3298/787

## 'EMERGENCY' REPAIR WORK SCHEDULED FOR SANGSTER AIRPORT

Kingston THE DAILY GLEANER in English 27 Ap4 84 p 1

[Text] In an effort to ensure greater safety at the Sangster International Airport at Montego Bay emergency work to the tune of \$400,000 is shortly to be carried out on the runway.

This was announced yesterday by the Minister of Public Utilities and Transport, the Hon. Pearnel Charles, following a tour of the airport.

Mr. Charles said that the decision to carry out emergency work was one of urgency as sections of the runway were unsafe for the use of aircraft. "It is therefore necessary that we take the steps to avert any possible disaster which might occur from the present unsafe conditions of the runway," he said.

The work, which is expected to commence on May 7, will be done over a two-week period and will effect repairs to some 110 square feet of runway.

During the repair programme, the airport will be closed to large commercial aircraft between the hours of 5 a.m. and mid-day.

Mr. Charles said that in light of the urgency which was attached to the project the Government had to ignore the normal bidding of contractors and had appointed Leonard I. Chang (Engineers) Ltd., a Kingston-based company, to carry out the repairs.

The Minister said he was not satisfied with work done on the runway last year and had taken steps to have the repairs done by new management and under new supervision.

The Government, he added, had employed the services of qualified and experienced personnel to ensure that the highest standard of work was done.

"The project, to be financed by the Budget, will be supervised by me personally as I do not wish to see anything near to what was done in recent years," he declared.

Mr. Charles urged the engineers who will be working on the project to ensure that they carried out their duties without fair or favour, as they sought to



make the airport much safer for the thousand of passengers who enter the island through that gate-way.

Large commercial airlines had been advised of the repair work to be done, in order to allow them to re-schedule their flights to facilitate a smooth operation, Mr. Charles said.

CSO: 3298/787

## BRIEFS

VILLAGE, TOWNSHIP PLAN--The Government is pushing ahead with its Rural Village and Townships Development Plan. Vocational schools, teachers' housing, community and health centres are among the projects to be implemented under the Plan. Vocational schools, with a capacity of 23,603 square-feet plus 1,878 square feet of teachers' housing for each school, are to be established at Mavis Bank, New Market and Cascade. Community centres for Port Antonio, Kel-lits, Hayes, New Market and Cascade have been planned, along with Type-Two Health Centres with a capacity of 3,659 square-feet to be built at Hayes New Town and a Type-Three of 6,104 square-feet in the May Pen region. The executing agency is the Urban Development Corporation, which is now inviting tenders from qualified contractors by June 12, this year. All the projects are to be financed by the Government of Jamaica and the Inter-American Development Bank through loans. [Text] [Kingston THE DAILY GLEANER in English 27 Apr 84 p 30]

DUAL MINIMUM WAGE--THE GOVERNMENT has accepted the proposal that there should be two separate National Minimum Wage rates--one for employees in households and a higher for all other employees which would cover factories, agriculture, and services. This was stated by the Deputy Prime Minister, Rt. Hon. Hugh Shearer, at the function at Frome, in Westmoreland, yesterday honouring National Hero, Sir Alexander Bustamante, and the Frome workers who took part in the labour unrest of 1938. Mr. Shearer said that householders could not pay the same rate to their employees as did factories or agricultural establishments which enjoyed a wide range of tax reliefs and incentives, or such groups as insurance companies, legal offices and the like and there was therefore justification to have different rates in the circumstances. He said the Government would also direct that an examination be made into the Holidays With Pay Law with a view to determining what longer leave should be provided for long-service workers. He said that such a provision was already included in wage agreements, in arbitration awards, and in the public service. [Excerpt] [Kingston THE DAILY GLEANER in English 24 Apr 84 p 1]

TRADE TALKS--KINGSTON, Thurs., (Cana)--BRITAIN and Jamaica have concluded their first round of talks on the possibility of establishing a counter-trade regime between them, it has been officially announced here. The Jamaica Government Information Service said Mining and Energy Minister, Hugh Hart met yesterday the British High Commissioner to Jamaica, Martin Reid, and the talks are to continue between the Bauxite Alumina Trading Company of Jamaica--the

Government organisation which handles counter-trade, and officials of the British Government. Senator Hart mentioned bauxite/alumina and tobacco as two products Jamaica could offer to Britain in a counter-trade deal, but no details of the proposed arrangements were given. Hart said Jamaica had the capacity to increase the present level of bauxite/alumina production, which was important to the economy. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 27 Apr 84 p 5]

CSO: 3298/787

## SECOND CTM ASSEMBLY OF POPULARLY ELECTED OFFICIALS HELD

## Preview of Key Document

Mexico City UNOMASUNO in Spanish 13 Apr 84 p 3

[Text] The Confederation of Mexican Workers (CTM) has turned down the idea that PRI's [Institutional Revolutionary Party] basic documents should have any kind of amendment, calling for greater democratization in all organs of federal, state and municipal public administration and demanding that PRI become radicalized and strive on behalf of the establishment of social democracy so as thereby to strengthen revolutionary, anti-imperialist nationalism.

In the "Fundamental Orientation Document" which CTM will present tomorrow at its Second National Assembly of Popularly Elected Officials, it also cites the need for "renewing and reinforcing the alliance, with mutual backing and respect on the part of PRI and the state, as autonomous, independent entities."

In addition, the document notes that PRI should overtly criticize any public office dissociated from the party's principles and programs, and require the correction thereof.

The 18-page document suggests that PRI should establish permanent channels of communication with the state, and institutionalize entities to appear before the party and assess the work accomplished by public servants.

Moreover, the CTM assembly's basic document claims that the economic, social and cultural reforms will not be able to progress substantially without a thorough change in the political structures, institutions and mechanisms which lend essence and a more authentically national, revolutionary projection to political authority.

The document explains that PRI's declaration of principles should be kept unchangeable, because it has not been surpassed by reality nor by the declarations of other parties calling for both retrogression and utopia. PRI should be the most democratic and the most radical party based on the principles and goals of the Mexican revolution. It stresses that PRI should be a party of workers of all kinds.

CTM also repudiates, "for once and for all," the narrowly electoral notions that have typified certain political circles. It similarly rejects the idea of a dispute over political offices or positions which some attempt to ascribe to the electoral battle. And it explains that the electoral contest is a means and not an end for the working class, and a tool for revolutionary social advancement.

The basic document states that renewing or modernizing PRI is not based upon alleged pressure stemming from the opposition parties, the incidental electoral victories that some have won or the economic difficulties and social repercussions, but rather upon the need to specify, in depth, the methods and tactics for political action used by the party in order to be able to keep its commitment to the people.

The basic document emphasizes that the party's thorough reform must not be confined to drawing up fundamental documents, and must not be confined to paper, but rather become a reality.

Elsewhere, the Fundamental Orientation Document notes that PRI's revolutionary nature imposes upon it the obligation to articulate and champion the people's demands, to be a constant spokesman between the people and the government and to intensify its ideological activity.

PRI must establish permanent channels of communication with the people, institutionalize consultation of the people and entrench the national system of democratic, participatory planning among the broadest popular rank and file.

#### CT President's Gloomy View

Mexico City EXCELSIOR in Spanish 15 Apr 84 pp 1-A, 17-A

[Text] Dialog as a means of reaching understanding with the country's workers is not exhausted, but its increasingly precarious situation is reaching its limit. On the other hand, the commercial sector and the industrialists seem to have lost an awareness of national solidarity and responsibility for countering the crisis, according to a statement made yesterday by the president of the Labor Congress [CT], Homero Flores, who then announced that the Labor Secretariat had been requested to establish immediately the National Commission on Minimal Wages.

Interviewed at the end of the first session of CTM's National Assembly of Popularly Elected Officials, Homero Flores added that the method is dubious, expressing the view that there should have been political circumspection when the recent price hikes were authorized for basic consumer products and carbohydrates. He added: "We know that they will have an immediate impact on others."

He announced that, early next week, the leadership group of the labor movement's top-ranking agency will meet to consider action that will counteract the "worrisome situation into which the country's workers have been forced."

Homero Flores claimed that, in the Labor Congress, it has been realized that one of the most significant elements at present is the pressure from abroad on Mexico, specifically, that from the centers of financial and political power. He remarked: "These are not easy times, but a single sector should not withstand them alone, either."

He precluded the Labor Congress' immediately establishing a percentage as a demand for the grading of the minimum wages that are to be revised within a few weeks. He also said, in response to a specific question, that this is not the proper occasion to resort to mobilization in order to gain attention for the workers' demands; commenting: "But no one has rejected such a thing."

In explaining his position regarding the increases in prices for consumer products and gasoline, he claimed that they would inevitably cause a sharp rise in production costs, beyond the country's economic capacity; noting: "And the authorities in the sectors bear a great deal of responsibility for this."

He explained: "I am still considering whether those increases were wise or not," subsequently remarking that not all sectors have kept their commitments to the country for extricating it from the crisis.

He went on to say: "The commercial sector bodes higher inflation, relabeling and an unfortunate hike in prices; the news media are not guiding and instructing as had been anticipated; and the industrialists seem to have lost national awareness and are maintaining themselves only out of interest in the economic game."

He said: "The workers and the labor movement cannot be pointed to negatively. They are the sector with the most moral authority for assigning responsibility and fostering solutions in the national interest, as we are doing."

#### Demand by Velazquez

Mexico City EXCELSIOR in Spanish 15 Apr 84 pp 11-A, 26-A

[Text] Yesterday, CTM's National Executive Committee [CEN], chaired by Fidel Velazquez, demanded that PRI not amend, but rather demonstrate by deeds its position as a party of the workers, become a valid spokesman between the people and government, and find new ways of engaging in politics and adopting higher goals for political reform.

At the opening of the Second National Assembly of Popularly Elected Officials, of PRI's labor sector, a seven-point program was proposed for its restructuring and there were established what, in the view of the CTM leaders, are the goals for the next phase of political reform, namely:

Greater democratization of all the organs of public administration; expansion of the National Revolutionary Coalition; and "the crystallization, within the shortest possible period of time, of a revolutionary national state, with

the balanced participation, on all echelons of authority, of direct, authentic representatives of all classes of people in Mexico, without unjustified discrimination."

The CTM function opened in the auditorium of its main building. It was attended by the majority of senators, federal and local deputies, mayors, council members, auditors and leaders of the federations from all over the country.

Senator Jose Ramirez Gamero presented to them the main document for the meeting, signed by Fidel Velazquez, who had given assurance a few moments earlier that the conclusions would be submitted to PRI's 12th National Assembly, as CTM's position; because, he remarked, it is time "to fight against the enemies of progress."

In the fundamental orientation given by Ramirez Gamero, he stated that the successes and the mistakes made after the Mexican revolution are partly associated with PRI.

#### The Unfinished Revolution

He declared that the Mexican revolution is an unfinished one, which has not completely destroyed the vestiges of the old system against which it arose; there are still harrowing inequalities and injustices which are delaying the building of the new society. Then he listed its social advances.

The orientation proposed by the CTM leadership for its delegates included the assertion that, "The party is facing an historic challenge, to renew and modernize its structure and its methods for engaging in politics, to affirm its entrenchment among the masses of people, to maintain political stability, to intensify liberties and democracy, and to surmount the global crisis of a new type confronting the nation."

Ramirez Gamero said that this is CTM's greatest demand of its party, but not the only one; and he later added: "Neither the declaration of principles nor its position as a party of working classes should undergo any amendment. On the contrary, they must be put into practice. The party's thorough reform must not be confined to the letter of its fundamental documents. It must not remain on paper."

Another goal of CTM, according to the planks presented at the function, is that the change in PRI cannot be a fleeting, instantaneous task incumbent on foresighted individuals. It must be a collective activity for a constant, organized purpose. The CTM leadership declared that the confederation would contribute to it.

In the seven points proposed by the labor CEN for the restructuring of the majority party, they cite: the reorganization of the National Executive Committee with five members; the formation of national assemblies and councils solely with the three sectors of the party; and full respect, without manipulation, for the democratic assemblies on all party levels.

The also call for the reorganization of all the committees in the party structure, with direct, universal, secret election of the candidates for popularly elected posts, at all times at the proposal of the sectors.

The labor leaders upheld the current declaration of principles on their list of propositions, but stated that PRI should, in fact, be a more democratic, fully democratic and more radical party within the context of the principles and goals of the Mexican revolution.

In the second phase of the session, after the PRI's CEN had departed, 12 senators, and federal and local deputies, as well as state leaders, spoke, backing or reinforcing the propositions put forth by Ramirez Gamero. The deliberations will end today.

#### Technocrats, Critics Attacked

Mexico City EXCELSIOR in Spanish 15 Apr 84 pp 17-A, 21-A

[Text] "We have come here to talk forcefully. Didn't you hear, comrade?"

"Well, yes; I think that they should pay attention to us," replies the speaker.

And both, as if seeking support for their dialog on the platform, look over the stage to show the presence of the top-ranking leader of the country's largest labor confederation at the function.

In attendance were the majority of the 14 senators and the 51 federal deputies, as well as 1,500 local legislators, mayors, council members, auditors and leaders of the state federations.

Meanwhile, Joaquin Gamboa Pescoe was making the sound reproducers boom, because he began the criticism and branding of his party in the loudest tone.

"We don't want a temporizing party...we do not approve of there being a preponderance of "cientificos" and technocrats, because they lead to a hard line and to dictatorship...nor do we accept the disapproving comments from PRI members themselves, when CTM combats the progress of the right wing opposition...."

There was applause, and uneasy tittering, with suspicious glances at the CEN members who did not leave with Adolfo Lugo Verduzco. Then, there was a thunder of hands and voices, approving the condemnation by the former Senate leader when he again scored "the mistaken priests who meddle in other people's affairs," the "business owners who renege on their national obligations" and even the opportunists who make a career of PRI.

Speaking forcefully and loudly at the 51st [as published; should be Second] National Assembly of Popularly Elected Officials held by CTM in that enormous,



acoustical, carpeted assembly hall, they seemed like something different. The other speakers recited a string of finger-pointing statements.

Like Guillermo Ayala, secretary general of the Jalisco Federation, who criticized the Institutional Party's lack of memory, making it possible to "make a deputy out of a young man who, 2 years earlier, was uttering insults against the party," or doing nothing to oppose the orders from the parish and its curate to the people of Jilotlan, given by the priests."

One, two, four and all in the same tone. PRI's spectral "upstarts, cheats and careerists" were the ones cited most, but without naming names; because the important thing was to point out that the mechanisms for internal decision-making allow for such "deviations." And the forcefulness continued.

Arturo Romo, a senator and promoter of the main resolutions of an economic nature of the confederation, also contributed his: "The crisis cannot be confronted with economic measures alone; political measures are required also, and we are not sectarian. It has been CTM which has imposed the moderation that can guarantee faithfulness to the principles of the Mexican revolution. Therefore, the party would be unable, now, to adopt a position other than that of the workers."

Heliodoro Hernandez Loza, Blas Chumacero and the union leaders took the floor to back the same demand: PRI must be changed in a democratic direction, but based on the ideology of the Mexican revolution. In the seats, the comments were repeated, heads were nodding and notes were sent to Fidel Velazquez, requesting individuals' inclusion on the lists of speakers. Everyone wanted to be heard.

Also speaking loudly, although at the request of the reporters, was Guillermo Cosio Vidaurri, the new president of the capital's PRI, who noted (so as not to be out of place) that if "we make mistakes in the capital and do not lead the people's demands, we might lose elections"; and Hector Hugo Olivares Ventura, in charge of the government party's national organization, who supports "CTMS's new ideas," expressing his agreement with redirecting the party's activity, and saying that it is about time to lead the workers' demands using all means.

The dialog in the upper part of the auditorium included all this, as well as an expression of pride that "Enrique Fernandez Martinez and Mario Hernandez Posadas, leaders of CNOP [National Confederation of Popular Organizations] and CNC [National Peasant Confederation], have not attended the CTM assembly."

"It's all right to talk loudly; it's all right now. But will they pay any attention to us?" was the understandable final comment, while Fidel, in the chair, issued a call for 0900 hours in the morning, "CTM time."

## Further Political Organization Justified

Mexico City EXCELSIOR in Spanish 16 Apr 84 pp 1-A, 12-A

[Text] Yesterday, the CTM leader Fidel Velazquez stated that the labor unions and workers should intervene in political matters to guarantee their labor and social conquests and to preserve the proper leadership of the country, subsequently announcing that the Second National Assembly of Popularly Elected Officials had resolved to initiate a new phase in CTM's existence and, among other things, to create a political structure on the national scale for the workers.

Fidel Velazquez submitted the resume of 2 days of discussion among senators, federal and local deputies, municipal officials and heads of state federations of the labor organization, and emphasized that PRI is not performing the function for which it was created, that it must become thoroughly renewed and must find new ways of engaging in politics if it wants to represent the people's interests broadly.

In the presence of nearly 2,000 of the confederation's leaders and elected officials, and Francisco Luna Kan, secretary general of the PRI's CEN, the CTM secretary general backed the criticism made during the 2 days in the confederation's assembly hall, because "we are not political robots who are programmed to speak."

He noted that in the atmosphere marked by freedom of speech and democracy that exists in CTM, there was very harsh reproval of public officials of PRI origin who renege and put other PRI members at a disadvantage with respect to their enemies. He gave a reminder that other condemnations were aimed at party delegates who enter into collusion with the governors to trample on the rights of members of the sectors.

### CTM Will Not Take Orders

Velazquez also remarked: "We have decided to come out in favor of the renovation of PRI; but an in-depth renovation, not merely of the structures and statutes, but also of positions and procedures, and of the methods being pursued currently, so as thereby to prevent influence from being brought to bear on the PRI majorities.

"We want a party that will perform the function for which it was created, that will really represent the people's aspirations, that will establish democracy as an invariable rule of conduct, that will grant its members freedom to exercise self-criticism, because it is always necessary and healthy for every institution."

He gave notice that CTM will not accept decisions from individuals dissociated from the three sectors comprising PRI, the president and secretary general, and the ex officio head of the party, who is the president of the republic.

In view of this, Velazquez Sanchez emphasized the CTM demand for a restructuring of the party's National Executive Committee and a reduction in the number of members to five slots, one for each sector, plus the president and secretary general that the chief executive of the nation will suggest.

#### CTM's Political Sector

He also announced that another decision of those attending the assembly was "to organize ourselves politically as we are from a labor union standpoint, to attack these fronts which are mutually compatible and complementary.

"Because as important as the battle waged by the unions to maintain their unity and discipline, and to maintain social and economic conquests and rights, is, it is equally important for them to intervene in politics, so as to make it possible for the revolution to retain the power in its hands."

He explained that the resolution is to establish political workers' committees on all levels of CTM, who are elected by assemblies so that they will have sufficient authority. They will act according to the guidelines from this assembly, and in dealing with activities specifically of a political type, there will have to be coordination with CEN. He did not mention whether a special commission dealing with CTM's new political sector would be set up.

#### No Reforms to the Principles

Fidel Velazquez claimed: "Today, we are reaffirmed by the principles upheld by the Mexican revolution, which are stated in the Constitution. We are overtly opposed to their undergoing reforms, because those principles are the ones that have guided us; and that will lead us to the new society to which we aspire."

Velazquez continued: "With that orientation, we have also resolved to reaffirm our bonds with PRI, to be activists of this political institution and to work jointly with the sectors comprising it; and we are also determined to continue closing ranks, so that the party may progress until it attains the lofty goals that it is pursuing."

#### 12,000 Political Action Committees

Mexico City EXCELSIOR in Spanish 17 Apr 84 pp 1,A, 11-A

[Text] Yesterday, in accordance with resolutions from the national assembly of public officials, the establishment of the political sector of the Confederation of Mexican Workers was started, Fidel Velazquez announced yesterday.

The CTM leader, without giving names, added that, within the shortest possible period of time, and in parallel relationship to the labor union structure, 12,000 political action committees will be created all over the country; and, in less than 10 days, a provisional national committee will be appointed, with four senators and three federal deputies.

In a conversation to explain to a group of reporters the way in which the resolutions from that confederation's recent meeting will be implemented, Velazquez Sanchez explained the main reasons for the creation of a political structure within the confederation:

He said, the more intense the political endeavor of the organized workers is, the greater the opportunities will be to halt the reactionaries and the right wing that are attempting to seize control of the country.

He also noted that this involves coordinating the workers' political action and improving their organization, taking advantage of the increasing politicization among them.

He said that yesterday, the CTM's National Executive Committee had started sending circular letters to announce this resolution to all the state federations.

CTM's political action will be expanded considerably and hence the contribution and activity for PRI will be greater. He stressed that these committees would be the liaison with the labor union organizations and the party itself.

According to the labor leader, the approximate number of them will be 12,000 throughout the entire country, and they will have varying levels of importance.

With regard to the appointment of the CTM political sector's national committee, he explained that the CEN will use its authority to name its members, provisionally, at the meeting on Thursday, 25 April. In this connection, he would only disclose that Senator Jose Ramirez Gamero will be assigned as chairman of that group of directors.

He added that this national committee would be linked with CTM's CEN, and would act at the latter's instruction. The members who are appointed provisionally may or may not be confirmed at the national assembly to be held.

#### Decision on Popular Consultation

Mexico City EXCELSIOR in Spanish 17 Apr 84 pp 5-A, 18-A

[Text] CTM has deemed it necessary, owing to the living, working and employment conditions for Mexican workers, to promote a popular consultation for the purpose of revising the economic policies. The conditions now are different from those which gave rise to the National Development Plan [PND]. There must also be a change in the terms of the public sector's alliances.

Fidel Velazquez Sanchez, secretary general; Porfirio Camarena, economic adviser; and Arturo Romo, secretary for educational action of that group, explained the purposes of one of the main resolutions adopted at the confederation's Second National Assembly of Publicly Elected Officials, which ended last Sunday.

In response to a specific question, Velazquez Sanchez explained that the labor sector's position on the sale of companies which the Alfa Group has announced is to prevent the purchasers from being associated with foreign capital. At the same time, he stated that CTM has been denied certain firms which it had attempted to procure from the inadmissible assets of the nationalized banks.

He claimed: "We have the offer for the purchase of nationalized companies, but to date we have not reached agreement, because they have not given us a choice; rather, they want to give us what the owners discard. They want the most profitable ones, within running risks."

With regard to the refusal to grant them certain firms, particularly those associated with basic consumer products, he announced that the talks are continuing. "They have not been exhausted; it has been agreed to submit a complete picture to us, which we shall analyze."

#### Revision of the Economic Policy

CTM's economic adviser, Porfirio Camarena Castro, responded at length to the question on the reasons for the approval of promoting the popular consultation and examining therein the economic orientation and the goals of the National Development Plan. He explained:

"The fact is that, between the date on which the National Development Plan came into existence and the present, a series of changes have taken place in economic activity per se, both national and international.

"Obviously, this necessitates engaging in a process of revising the economic policies in a new light. Although CTM believes that it should be permanent, we now feel that it is far more necessary and imperative."

Camarena Castro went on to say that, what the revision of the economic orientation essentially demands is movements in prices geared to the changes in the market's features and, in particular, to the workers' income and its repercussions, not only on their living conditions, but also on the employment itself.

He explained, also in answer to a specific question as to whether the essence sought in the revision of the PND is dependence on the plans of the International Monetary Fund, that has been attributed to it:

"They are different figures, devised and arrived at at two different times, and with two different pressure factors. But there is by no means any subjection to the IMF."

#### Changing the Alliance With the Private Sector

Arturo Romo, member of CTM's CEN and one of those who will lead the political sector, claimed that another demand that the confederation will promote is

that of "changing the terms of the alliance between the state and the private sector which, as has been proven, was a failure, and must now be made with the social sector."

Romo Gutierrez commented on the possible sale by the Alfa Group of shares of stock of some of its companies; and claimed that, essentially, what should be fostered is the restructuring of the economy, because there are many distortions and flaws.

The federal government, relying on its legal authority, could prevent those companies from being de-Mexicanized or from being simply turned over to foreign capital. It should also avoid embarking upon the detrimental practice of subsidizing inefficiency in business. There is already a serious distortion in the country's productive and socioeconomic structure.

"The solution is to restructure the economy after those flaws have been eliminated, and, in particular, the scheme for development proposed by the General Constitution of the Republic, in Articles 25, 26, 27 and 28; a scheme based on the balanced growth and fruitful cooperation among the three economic areas."

The CTM leaders announced that they would continue to adopt concrete measures for implementing the resolutions from their recent assembly.

2909

CSO: 3248/615

## PRI DECISIONMAKING PROCESS FAULTED BY CTM DEPUTY

Mexico City EXCELSIOR in Spanish 17 Apr 84 pp 4-A, 16-A

[From "Political Fronts" column, by Guillermo C. Zetina]

[Text] Who Gives the Orders in PRI?: CTM

Yesterday, Deputy Juan Jose Osorio charged that the system for making decisions in the national PRI [Institutional Revolutionary Party] is fragmented, and declared: "The people who should make the decisions must be: the president, the secretary general and the representatives of the sectors. At the present time, that is not the case."

He reiterated the fact that there are many individuals within the National Executive Committee [CEN] who are appropriating for themselves the authority to make final decisions. Osorio remarked that CTM [Confederation of Mexican Workers] wants PRI to exercise its functions as a vanguard, "which means going beyond where the authorities go, as the basic documents stipulate; however, on some occasions, the party has not backed the labor sector's demands, such as when there have been wage demands."

He emphasized: "At the present time, the party is simply remaining silent. None of these circumstances should occur again." With regard to political positions, Osorio emphasized: "We are not claiming them out of ambition, but rather because we actually deserve them."

CTM Senator Juan Millan Lizarraga announced that the political committees which CTM intends to put into operation once "the results of the internal organizations have been achieved, will be placed by us in the service of PRI, to strengthen and reinforce it."

2909

CSO: 3248/615

## PRI OFFICIAL DENIES 'DIVORCE' OF CTM FROM PARTY

Mexico City EXCELSIOR in Spanish 19 Apr 84 pp 1-A, 10-A

[Text] Yesterday, the senior official of PRI's [Institutional Revolutionary Party] CEN [National Executive Committee], Genaro Borrego Estrada, denied that there is any divorce between CTM [Confederation of Mexican Workers] and the top leadership of the majority party, reiterating the fact that self-criticism, far from weakening that political institution, strengthens it.

At a press conference in his office, Borrego Estrada emphasized: "We are a strong party, because we have had the ability to criticize ourselves."

He cited the recent CTM assembly as a process of internal examination, with very positive results, wherein concrete proposals were made that will surely be conveyed to the district assemblies to be held during May. He said that the channel would be the militant rank and file, which would proceed to adopt those proposals. And PRI will emerge from that entire group of opinions from the three sectors more fortified and stronger.

As for how the majority party will guarantee that the proposals of the rank and file would be really conveyed, Borrego Estrada replied: "The rank and file PRI members will be the real defenders of their own opinions"; but, apart from that, the National Executive Committee has a very clearcut procedure, on the basis of which it is considered that "there is no chance of distortion" in this regard.

Borrego Estrada gave an account of the work done prior to the conclusion of the 12th National Assembly. He said that, as part of its results, it is expected that the party's organizational capacity will be intensified, so as to carry ahead its principles and its statements in the Declaration of Principles itself, as a basic party document, which must be carried forward "with greater speed and depth."

Upon being asked about the procedures for selecting candidates (always a touchy subject), Borrego Estrada commented that PRI, "as a democratic party, always attempts to find the methods that will best guarantee the desires of the militant rank and file." He admitted that two processes had recently taken place in Nayarit, "because we are realists, too."



He commented on the forthcoming elections in the State of Mexico, wherein "there are municipalities in which the traditional method for selecting candidates is part of the people's tradition (sic), and this must be respected because, in a way, it represents the will of the people."

He added: "Now then, there are also municipalities in which the party, at the proper time, will decide on the methods for selecting candidates and for defeating the opposition. We are convinced, because we have the best ideas, the best organization and the greatest capacity for defending the people's causes."

And he emphasized: "In those municipalities in which we have a major challenge in the State of Mexico, we shall have to win, because we shall be determined to do so, on the basis and grounds of all the elements combined in our party; and we shall put them into action, so that revolutionary nationalism may continue to progress."

Then he stressed that the criterion with respect to the rest of the republic has not changed, that the criterion is that the candidates "be those desired by the PRI, based on particular circumstances."

He explained, in response to a question, that all the foregoing does not, in itself, constitute an experience, "but is, rather, another step that we are taking, gathering previous experience," which the party has had for a long time, and which "has on this occasion been analyzed, evaluated and adapted to some exact circumstances, namely, those of Nayarit."

And he remarked that, in the various instances, it will be geared to the circumstances inherent in each locality, "so that the methods will be truly democratic, but in keeping with the features and circumstances of each locality."

In response to another question to the effect that "the method of selection will not necessarily be direct consultation of the rank and file," Borrego said: "The methods used in Nayarit are not the only ones that will guarantee the exercise of democracy. For example, I might mention the plebiscite," which, he claimed, is an age-old tradition in many towns. He stressed that what is important is to respect the wishes of the party's rank and file, adapting methods, but that the fundamental purpose is what is unchangeable.

With regard to the statements to the effect that criticism from outside will not be taken into consideration, Borrego Estrada replied by explaining that, "In the first place, this process is not to democratize the party. We are already democrats, we have always been such; but we want to delve more deeply into our democratizing political philosophy, which does not carry the germ of an attack in itself, when it is not crude or abusive; when it is not disrespectful, but rather indicates mistakes, when it is purposeful and, in addition, proposes solutions, that criticism is useful to us, and the party has always respected it."

2909

CSO: 3248/615

## MANUFACTURERS OF CENTRAL AMERICA-BOUND FIREARMS ARRESTED

Monterrey EL NORTE in Spanish 13 Apr 84 p 18-B

[Text] The Federal Office of Security today arrested 10 individuals who were engaged in the manufacture of high-power firearms, particularly machine guns, which they intended to send to Central American countries.

When they were arrested, Gerardo and Jose Morales Avalos, described by their associates as leaders of the arms operation, said that several hundred firearms had been sold in several Mexican states and that they intended to export them to Central American countries that had problems with guerrillas.

They added that they had not been able to manufacture these arms in large quantities, because they lacked the capital to acquire the necessary machinery.

The remaining members of the band are Juan Galvan Sanchez, Martin Lopez Perez, Arturo Najera Gongora, Ramon Ocejo Camargo, Silvano Alvarez Dominguez, Nestor Alonso Gonzalez, Rafael Rueda Huerta and Domingo Morales Lazcano.

Under questioning they confessed that a large shipment of this merchandise had been sold in the states of Puebla, Guanajuato, San Luis Potosi, Queretaro, Mexico State, and the Federal District.

The Federal Office of Security stated that the investigation would continue, since it is assumed that there are others involved in this arms trafficking, chiefly Central Americans belonging to extremist groups who had been involved in the bank robberies that had occurred in both the state of Mexico and the Federal District.

They added that they hoped to identify the chief purchasers of these arms as well.

The federal security agents noted that, at the time the accused were arrested, a secret workshop, in which the arms were made, as well as dozens of machine guns ready for delivery, were seized.

12336

CSO: 3248/588

## FRENCH OBSERVER'S FIRST-HAND IMPRESSIONS ON YEAR IN MANAGUA

Paris ESPRIT in French Apr 84 pp 39-52

[Interview with Emmanuel Murail, French technical assistant, by Gilles Bataillon and Olivier Mongin; "An Observer in Managua"; date not given]

[Text] A French technical assistant who lived in Nicaragua for over a year kindly agreed to answer a few questions on the occasion of a visit to Paris.

[Answer] A few weeks before arriving in Managua at the end of 1982, I read an article in LE MONDE (13-14 July 1982) on Nicaragua, entitled "*Cuba Moins Cinq?*" That article was filled with information describing the atmosphere in Managua and I said to myself: "This is really something. Am I going to find there a near Cuba or just a plain Cuba?"

Upon my arrival, I did not feel the weight of totalitarianism. The political structures seemed still profoundly open and in full sight of everything one could read on the totalitarian countries of Europe and Cuba itself. I could see that Nicaragua had several political parties, a good dozen, including four or five opposition parties, which held their congresses publicly. There was the newspaper LA PRENSA, censored, of course, but which nevertheless published articles that were annoying, unpleasant, even irritating to the Sandinists. There was an extremely active Catholic Church, processions, public masses attracting crowds of people. There is television which, with respect to its cultural message, broadcasts a little of everything: Soviet, American, French films, Mexican variety shows, Puerto Rican salsa, a real combination platter.

[Bataillon] Had you ever been to Cuba?

[Answer] Yes, and I saw how Cuba was even more different from Nicaragua than what they said in the Western newspapers. A single party, an extremely mediocre and absolutely propagandist press, almost no religious life, churches nearly empty and that kind of heaviness, the greyness of communism, as described with respect to Poland or Czechoslovakia. Havana looked to me like a kind of tropical Prague. In the streets of Havana, one sees many Soviets, but in Managua, one never sees any. There are infinitely more in Cuba than in Nicaragua. One could obviously say that in Nicaragua, it is the Cubans who play the Soviets, which is not altogether false! Nicaragua therefore did not look

like a totalitarian country to me. Of course, certain institutions and information media had been set up that moved in the direction of totalitarian domination, but it seemed to be happening rather slowly, in a rather improvised, very "underdeveloped" fashion. It did not look serious or technically up to date.

Then suddenly, at the beginning of 1983, we witnessed a phenomenon of radicalization and ideological clarification in a matter of weeks, a takeover of a whole series of sectors by Sandinists and their Marxist-Leninist bent. The occasion was the Pope's trip and the celebration of the anniversaries of the death of Lenin and Marx. Around March 1983, a revolutionary *comandante*, Tirado Lopez, delivered an official speech in which he said that Marxism was a central element of Sandinism, and the two newspapers that back the Sandinists, BARRICADA and EL NUEVO DIARIO, along with television, paid a vibrant homage to Marx and Lenin. Lenin had never been celebrated to this extent in Nicaragua and this continues. Historians will undoubtedly say that the Marxist-Leninist reference was tacitly adopted at the time of the 1 May 1982 speech of Thomas Borge, which dealt with the class struggle. All the elements of Marxism-Leninism were included in it, without any open affirmation of being Marxist-Leninist, without anyone naming Marx or Lenin. Observers say that everything that followed stems from that speech delivered on 1 May 1982 and that as good Leninists, the Sandinists have by stages laid down their cards, clarified their thought and made their fundamental choices public.

[Bataillon] When one looks at the choices one can actually see them very clearly long before, in the books by Jaime Wheelock<sup>1</sup> and in the interviews with the *comandantes* conducted by F. Pisani<sup>2</sup> right after the victory and taking of Managua, interviews in which they never officially declared themselves to be Marxist-Leninists, but in which the entire tactic of the power takeover of the Bolsheviks, all the plans developed by Lenin in "What To do" or his other texts are already present.

[Answer] It is obvious that the revolutionary *comandantes* have always been Marxist-Leninists. This goes back to well before the takeover, actually, to the creation of the FSLN [Sandinist National Liberation Front]. Carlos Fonseca, the founder, was himself a Marxist-Leninist. However, not all the Sandinist troops were and some are still not. Since the takeover, the revolutionary *comandantes* must still account for their action to the Sandinist Assembly, which is somewhat the supreme soviet of Nicaragua. That assembly is made up of seasoned militants who have been tested under fire. However, in the Sandinist Assembly, not everyone was Marxist-Leninist and the non-Marxist-Leninists could criticize the revolutionary *comandantes* for imposing their choice. Within the Sandinist Assembly, there has been a transformation and an evolution and the Marxization has gradually moved down through the *comandantes* at the lower levels of the mass organizations. From the national leadership of the nine *comandantes* in the Sandinist Assembly to the mass organizations, Marxism-Leninism is gradually making inroads and becoming the ideology of everyone who is a Sandinist. The ideological clarification made in March 1983 is a phase in the Marxization of all militants. Now, in the militias, the CDS (Sandinist Defense Committees), the AMNLAE [Luisa Amanda Espinoza Association of Nicaraguan Women] (women's organizations), the 19 July youth organization: Everything is becoming Marxist and Leninist from top to

bottom. This ideological standardization also touches the revolutionary Christian circles which, in a kind of facile syncretism that does not seem to pose any problems of conscience or philosophical conflicts for them, are becoming Marxist-Leninist as easily as the others, if they were not already.

[Olivier Mongin] How does the theme of American intervention, the state of war, affect this ideological penetration?

[Answer] It is a penetration, not a response to the aggression of imperialism. It is the need to make revolution. One does not make revolution without Marxism-Leninism. That is where they are: In order to make revolution, one has to go further. It is what they call the "requirements of the process."

[Mongin] You therefore reject the position that explains the radicalization of the regime by the risk of invasion and outside pressures.

[Answer] Absolutely, because one could easily respond to American aggression by a nationalism that is not very ideological, with patriotism.

[Bataillon] There is the example of Mexico which, at the time of the revolution, responded to the threats of American invasion, which were completely real, with an intransigent nationalism that did not lead to the establishment of a totalitarian party, for the PRI [Institutional Revolutionary Party] is not a totalitarian party.

[Answer] One becomes a Marxist-Leninist because one makes revolution and there are not 50 revolutions, not even two. There is but one and it is Marxist-Leninist. The third path is utopia, the dream revolution, sentimentality, affairs of the heart. In short, nothing serious!

This ideological clarification, this standardization, obviously affects the media. The information media gradually become propaganda media. The two televised news programs of the two Sandinist television networks are propaganda broadcasts. There is practically no more information. All the news given serves the purposes of the regime: expanding the revolutionary process and accusing American imperialism.

[Bataillon] How does the ban on any proselytizing by the other parties come about and when did it shape up?

[Answer] Very rarely has one ever seen on television, when they filmed the Council of State meetings, any representatives of the opposition parties express themselves. That is now extremely rare. Today, those representatives only express themselves before the people who meet on the occasion of their congress, when they can, in the newspaper LA PRENSA, but never in the newspapers that support the regime, officially like BARRICADA or semi-officially like EL NUEVO DIARIO, a revolutionary Christian-leaning newspaper. These men or these opposition parties obviously have very few members because they cannot advertise. It will be interesting to see whether they have access to television in the 1985 election campaign. If they do not, then one will understand that the elections are rigged. As for those elections, we shall have to see

whether they are constituent, legislative or presidential elections.<sup>3</sup> But one cannot seriously anticipate elections without a census, but how is one to conduct a census of the Nicaraguans in the departments of Zelaya Norte or Zelaya Sur (Atlantic Coast), which are infiltrated by the Contras? It will be impossible!

[Bataillon] What the opponents who have now left Nicaragua are saying is that even before the ban, instructions were given that such and such a representative of a party could no longer appear. They used what are called *turbas*, the shock groups of the Sandinists, who arrive at a meeting, hassle people, scream and shout, in short, physically prevent the meeting from taking place. In particular, the congress of Robelo's party was the victims of this type of thing. It apparently all began very early. The FSNL resorted to the tactic well before the last quarter of 1982.

[Answer] The *turbas divinas* intervened throughout 1983, against the traditional Catholic Church, for example.

[Bataillon] What is described by Miquel Bolanos, former member of the Sandinist Secret Services, at a congress organized by the International of the resistance in Caracas (Venezuela), is how, for example, the famous episode of the mistress of the archbishop's spokesman (LE MONDE, 15-16 August 1982) was a complete fabrication. And there are other affairs like that, particularly against the ambassador Venezuela, who had protected people from non-Sandinist parties who sought asylum in his embassy.

[Answer] Yes, that is completely plausible. State security plays a rather important political police role. Its development is beginning to frighten people, to create a climate of distrust. Countless persons who are not at all Sandinists no longer dare admit it. They even claim the contrary in order not to have problems with state security and also -- this is important -- to receive ration coupons. State security intervention in operations aimed at destroying someone morally are perfectly plausible with the reservation that they do not succeed for the quite simple reason that for the people, libertinism is so common that no one is truly shocked. In the case of the spokesman of the archbishop of Managua, people would probably find it more bizarre if he had no mistress! Not making love would be weird, abnormal! In Nicaragua, 70 percent of the population is born out of wedlock. It is practically a polygamous system and in both directions. They are very, very far from puritanism.

[Mongin] In other words, that affair was set up for the West?

[Answer] Yes. I imagine so.

[Mongin] With respect to the security forces, can one put a number on how many agents there are compared with the total population? Is it a very large number?

[Answer] That is difficult to say, but there seem to be some in all population groups.

[Bataillon] And are there persons in the CDS who play that role?

[Answer] Yes, in the CDS there are agents; I believe one can say so.

[Mongin] You spoke of ideological penetration in militant circles, you showed how that moved on down and you told us that with respect to the population as a whole, people were beginning to be distrustful. Is there implicit resistance? Is it gaining strength or not?

[Answer] First of all, many Nicaraguans are unhappy over the turn taken by the regime; the number of those disappointed is very high. They wanted liberation, they wanted to drive out Somoza, they wanted freedom and democracy and what did they get? Communism, they say, is not what they wanted and they feel cheated. One must therefore point fingers. There are first of all the *comandantes* and particularly the Cubans and Latin American internationalists. They are becoming the scapegoats in a way, since the Nicaraguans are supposed to be all nice and good, even the *comandantes*: It took foreigners to spread that communist crap here! Cubans, Chilean, Argentine, Peruvian communists, who failed in making revolution in their own countries and now come here to give orders! Any Latin is now poorly looked upon in Nicaragua because he will be suspected of internationalism; the Europeans also.

[Mongin] Did many Europeans leave for political reasons?

[Answer] Yes, Germans, French, Dutch, Belgians, Italians, Scandinavians, a few hundred, but there are some 20,000 Latins.

[Bataillon] About those 20,000, I was told rather astounding things by the Miskitos. One of them, who was taken prisoner after a skirmish in Moskitia and who later escaped, said that he had been tortured by a Chilean or an Argentine. In other words, the Latins are playing an important role in the security apparatus when need be. Is that plausible?

[Answer] CAMBIO 16 recently revealed that the chief of state security for Managua was a Spanish Basque. To answer your question, even if I have no personal witnesses, it is not absolutely excluded. The fact is that there is a phenomenon of xenophobia, of rejection of anything foreign by the Nicaraguans. That is the fault of the *comandantes*, who were fascinated by Castro. They fell into the trap.

[Bataillon] Are those disappointed by Sandinism thinking of going over to the opposition?

[Answer] Many are. While, on the one hand, Marxism-Leninism is infiltrating organizations linked to the FDLN [? = FDN, Nicaraguan Democratic Force], also there is a loss of interest and great contraction of the social base of the Sandinists. Among those disappointed, some are thinking of an alternative. Some listen every evening secretly to the radio station of Eden Pastora or the FDN and place their hopes in the Contras. Some, who were Sandinists, even base their hopes on an armed American intervention, saying "It would be bad, but what we have is worse." They say, "Between war and communism, I

prefer war." And there are some who want the intervention. For them, an end has to be put to the process. The worst misfortune would be to become communist and war can prevent that, cost what it may. Whatever the case, they are not moving. They are waiting passively because they are afraid of being caught by state security. Only a very small minority joins the Contras, either outside of Nicaragua or at home.

[Bataillon] I read in LIBERATION (27 July 1983) that the Permanent Human Rights Committee gave the number of 20,000 political prisoners, 14,000 of them Miskitos.

[Answer] On that point, it is very difficult to make a count of political prisoners, but in the reports drawn up by human rights committees, they give figures that seem to me not very precise, overall figures. They lump prisoners and missing persons together. Did they disappear on their own to go join the Contras? Or did they just move because they had problems and do not want anyone to know where they are? In that case, it would not be a political disappearance. I believe that it is very difficult to give figures. Whatever the case, when it is a matter of political arrests, I believe that Nicaragua is much better off than Honduras, Guatemala and El Salvador, where the number of missing persons and political prisoners is much greater.

[Bataillon] In Guatemala and El Salvador, that seems obvious, but not in Honduras.

[Answer] In Honduras, there are mainly missing persons. In other words human rights are rather respected more in Nicaragua than in other Central American countries, with the exception of Costa Rica.

[Mongin] In France, when they talk of Nicaragua and propose this type of analysis, which is somewhat in keeping with the one Gilles made in ESPRIT, they tell us that elections are planned. What is your opinion?

[Answer] The promise of elections, made in December 1983, is accompanied by other measures of a relaxation, moderation, concessions made to the opposition by the government. The promise of elections is part of a more general tactic, in which one finds negotiations with the Catholic hierarchy -- official negotiations -- so that everything will be fine between the Church and the state, with statements on television by the president of the Episcopal Conference and *Comandante* Daniel Ortega, the Sandinist negotiator. In this tactical operation, one can include the meeting with the LA PRENSA staff. Thomas Borge and the editor of LA PRENSA both spoke on television. It was the first time for the editor of LA PRENSA. The decisions made concerning the allegation of censorship are very important. Censorship has actually dropped a great deal and around 10 December, I think it was, there appeared on the front page of LA PRENSA, with big headlines, statements by a trade union leader from the opposition describing the Sandinist regime as sectarian, totalitarian and antidemocratic, something that was unthinkable a few months ago. Likewise, a cartoon strip has reappeared in the newspaper, "El Rioncito," the joker who makes fun of the Sandinists. That comic personality, who was created in LA PRENSA immediately after the power takeover, disappeared with



the institution of censorship. As part of this tactical operation of moderation, they also promised to supply written guarantees to the small and medium-size landowners and there is the amnesty for the Miskito.

All of this is part of a policy that belongs to one of the two factions of the national leadership. I believe that one can in fact say that the leadership is divided into hawks and doves. There are moderates -- that is, those who think that one can save the revolution by negotiating, by making concessions; and there are those who believe that the revolution can only be saved by making war, which they deem inevitable to extend the revolution to the entire region.

The hawks kept their foot heavily on the pedal throughout 1983 and especially since the Marxist-Leninist ideological clarification, which was their work. This lasted until the American intervention in Grenada. For two weeks, the hawks prepared the people for war, local, first of all, then regional. It was the revolution that advanced: arms, training, militia, trenches, in short, the mobilization of the people for war, deemed inevitable, even by foreign observers. Then suddenly, one had the impression that the leadership became frightened of the consequences of this headlong advance. The people got scared, the foreigners got scared and some prepared to leave the country. The Front's international relations officials called in European internationalists for consultation: "What are they saying, what is happening in European circles?" Telephone conversations of foreigners were systematically tapped. The hawks retreated. It was then that the moderates succeeded, thanks to the proposals we know about, in turning the situation around in a matter of days, but for how long? We do not have any idea! I believe that the hardliners became afraid that the people would not follow them, despite intensive propaganda and the stepped up control.

[Mongin] That was also the time when Reagan and the Americans softened the intervention.

[Answer] It was then that the moderates launched a big tactical operation, which they wanted to be strategic and definitive. However, the others remain convinced that it is temporary, that it will not have the anticipated effects and that war remains inevitable.

[Bataillon] Two questions: First of all, you make a distinction between hawks and moderates within the Front. What are the names of the moderates and the hawks? And the divergence, do the two lines that are apparent correspond to old splits existing in the Front before its unification? Or have the old factions mingled and are the people regrouping based on new reference points?

The other question would be to know whether the difference between moderates and hawks is only tactical. The two factions would like to have a unified and totalitarian society, but the hawks think they can achieve this by regional expansion of the revolution and, if need be, by a regional war, while the moderates would like to preserve the revolution in a single country. The other possibility would be that the moderates are a nontotalitarian faction of the Front.

[Mongin] Another question: Does the split you introduce not somewhat attenuate the initial analysis you proposed? Can the moderates break the totalitarian process?

[Answer] I believe that 80 percent of the answer is found in Washington and not Managua. I believe that what the moderates or the hardliners will do will be more or less what the United States wants. That is by way of a preamble.

The moderates are the old *terceristas*, particularly the two Ortega brothers. The *tercerista* line is the one emerging from two factions: the prolonged people's war (GPP) faction, once headed by Thomas Borge and somewhat Maoist, the revolution to be the fruit of a Chinese-type prolonged people's war; and 2) the hard-line, workers' Marxist-Leninist proletarian faction, represented by Jaime Wheelock, Luis Canion and Carlos Nunez. In the GPP, one found alongside Thomas Borge one Henry Ruiz, trained in political economics at Lumumba University, and Bayardo Arce, former newsman with LA PRENSA.

The *terceristas* thought that one would only oust Somoza by making the broadest possible alliance with all the sectors opposing the dictator: the liberal bourgeoisie, the Conservative Party or some of its elements (Somoza had the Liberal Party), the Church, the middle class in short, everyone. They are the ones who are right. Daniel Ortega became the coordinator of the junta because his line triumphed.

Today, one finds among the moderates the *terceristas*, led by the Ortega brothers and Tirado Lopez, one of the nine being Mexican, although he now has Nicaraguan nationality. He is an internationalist who came to make a revolution a la Che Guevara and who succeeded. I believe that the Ortega brothers are highly nationalistic, very Latino, quite distrustful vis-a-vis Moscow. Their family history predisposes them to being more attentive to the needs of Nicaragua than to those of the Soviet world strategy. They are the nephews of a bishop, Father Ortega, and their mother is a practicing Catholic, a very pious Sandinist, who probably has influence over them. They are not lunatics and Daniel Ortega is acquiring stature as a chief of state, for in this moderate operation, he ended up making a series of diplomatic trips which in 10 days took him to Venezuela, Mexico, Ecuador, Peru and Argentina summoning Latin American forces and creating solidarity with Nicaragua. I believe that the intention of the Ortega brothers is to count on Latin America and not the USSR in order to confront the United States. This is very Latin and is articulated around the negotiations of the Contadora group. These official trips are in a way aimed at extending the negotiations of the Contadora group to all of Latin America.

On the other hand, among those who believe that war is inevitable and who are in the final analysis much more polarized around the United States are the old GPP's, Henry Ruiz and Bayardo Arce. Thomas Borge, who is very smart, very shrewd politically, navigates. He straddles the GPP and the moderates, leaning one way or the other depending on how the situation evolves. He is in a way the key man because he has the troops. Among the nine *comandantes*, two have divisions and I think of what Stalin said: How many divisions does

the Pope have?" At the crucial moment, that is all that counts. And who has divisions in Nicaragua? Humberto Ortega, minister of defense and commander in chief of the Sandinist People's Army, and Thomas Borge, who has the Sandinist police and militias. They both have their troops. Thomas is the key man because he can lead his troops into Humberto Ortega's clan or keep them out.

At the present time, the moderates are trying to gain time by making concessions, by betting on diplomacy. With the complicity of Mexico, which plays a key role in the region and which seems very close to their faction, they have succeeded in adjourning or postponing the meetings of the Contadora group first planned for 15 December 1983, then 20 December, then, in the opinion of the technical committee, impossible before January. In February, the American election campaign begins and it is difficult to see how the Americans could intervene militarily while the Contadora negotiations are taking place. If the United States had wanted to intervene, it would have had to be in November-December or January. But the time has gone by. I no longer believe there will be any American intervention before Reagan's re-election. I therefore believe that 1984 will be calmer. Naturally, the Contras will continue their operations, but they cannot endanger the Sandinists. They are too powerful, have many men and are well established. As for the liberation of part of the national territory without the aid of CONDECA [Central American Defense Council] or American troops or the aid of CONDECA alone, I have the greatest doubts.

[Bataillon] Concerning the proximity of the PRI (and therefore of the Mexicans) and the moderates, do you believe that that could go so far as a transformation of the Sandinist Front into a PRI -- that is, a single party that would not be totalitarian?

[Answer] That would be a hegemonic party!

[Bataillon] A party that would operate with a number of things reserved for it, as in Mexico, where it is out of the question for the president not to come from the ranks of the PRI, but where, at the same time, the party is not totalitarian or the political system either?

[Answer] I would say that it is not impossible for the Front to evolve in a direction similar to that of the PRI, but while still being more to the left ideologically and while following a more radical and Marxist domestic policy.

[Bataillon] Consequently, you do not see the veritable abandonment of the totalitarian option on the part of the moderates? To take up historical parallels that will make everyone laugh, there are those who want to save the revolution at home and those who support expanding it.

[Answer] Yes, the moderates have understood that it must not be expanded. They are sick of the Salvadorans. For them what has been gained must be preserved. To save the revolution, they must not expand it because they would risk losing everything. Consequently, revolution in a single country. One must consolidate it and, they believe, the Americans will finally accept it. I also wonder if that is not also an idea of Fidel Castro.

[Mongin] You have not spoken much about Castro. What is the role, even if different, of the Cubans and the Soviets? You said right off that one does not see any Soviets. Are the Cubans substitutes for the Soviets? Are there many there?

[Answer] Nicaragua is so much more important for the Cubans than for the Soviets than the Cubans do not speak about it lightly and rather advise moderation. Cuba would have everything to lose in an operation against Nicaragua. What would the Soviets lose? You saw what happened in Grenada: Who paid the price for that? The Cubans.

[Bataillon] But there is a difference. Grenada is a tiny island, while Nicaragua is a base on firm soil whence one can conduct operations much more easily. The blockade of Grenada can be made like that of Cuba, while conducting operations out of Nicaragua toward Costa Rica or Honduras is technically quite simple, much simpler than from an island. We know that guerrilla troops have gone from Nicaragua to Honduras and for the Soviets, that is not negligible.

[Answer] That is not negligible and in the strategy of the Soviets, Nicaragua remains an important element, but not as important as for Cuba.

[Bataillon] Yes, but it is a foot on firm American soil and that is very important from their standpoint.

[Mongin] There remains one question that is very important: You know that it is difficult to do a critique of Nicaragua here. Once more we have seen that even the shrewdest observers cannot perceive a kind of highly dangerous political machinery. Can you explain why, when one arrives in Managua, one sees nothing why there is a kind of weak enthusiasm? What can one see and not see? Why is it that once more, one is deceived?

[Answer] I believe that the American invasion is an evil in itself, that we must denounce Reagan's policy. I believe that we must save the Sandinist revolution, but not just any revolution. Now then if the totalitarian connotation should appear in the news, that has changed since the softening of censorship. Therefore, I can say very clearly and firmly that totalitarianism has retreated in recent weeks because when a newspaper that kids sell in the street says of the Sandinists that they are totalitarian and sectarian, then that means that the regime is not totalitarian.

[Bataillon] Yes, that is very important. When they discuss the matter in France, when they say to the people that there is a totalitarian party in power in Nicaragua, that does not mean that the regime is totalitarian.

[Answer] I do not say that it is a totalitarian party. It is a hegemonic party that has a totalitarian ideology and program but that has not succeeded in putting them into practice in all sectors of activity. It has done so on television, for example, and only in the case of political information but not for the cultural message, because one continues to see American B movies. Nor have they imposed the program in the economy because the mixed economy continues to exist. It is a very peculiar form of totalitarianism.

[Bataillon] I believe that that is what is very difficult to make people swallow. I use the term "totalitarian party," while you use the term "hegemonic." I believe that we are in agreement on that. What is complicated and difficult to make people understand is how one can have a totalitarian or hegemonic party in power and, at the same time, that it cannot or is having difficulty setting up a totalitarian regime, even if it has the will to do so.

[Answer] No, it is not succeeding in setting up a totalitarian regime. And I think it will be very difficult for cultural and human reasons. The Nicaraguans, 80 percent of whom are mestizos of Spanish and Indian blood are very rebellious to any rigid organization. I think one has to have a historical reference. If the colonial powers: Spain, England and France, had to bring labor from Africa and create the slavery of the blacks, it is because they could not subjugate the Indians. The Indians in the Caribbean preferred extermination to being turned into slaves. I therefore believe that the ethnic makeup of Nicaragua, which is very different from that of Cuba, will not facilitate the task of the totalitarian rulers. One very often hears the Nicaraguans say: "We are Indians. We are not Cubans; we cannot be dominated." I believe that that is true. And just as I believe that it was possible to bring the Cubans into line, I think it will be difficult to control the Nicaraguans. And how could they be controlled in a geopolitical situation so unfavorable to a totalitarian government and such a powerful Catholic Church? Even if the totalitarian rulers were extremely shrewd and had enormous means, the very presence of a large, well-established Catholic Church spreading an ideological message completely opposed to the ideological message of the totalitarian leaders would make Nicaragua a bicultural society like Poland. Is Poland a totalitarian country? You may say it is politically, but there is fantastic resistance on the part of society!

[Mongin] And the current role of the Church is very important?

[Answer] It is fundamental! And the Sandinists know it! That is why they negotiated.

[Mongin] And the grass-roots communities? How do you perceive them? A little like in Brazil?

[Answer] They are more important for foreign countries than for Nicaragua because they are foils. There are European Christian exiles who need a mythology and who will find it in the grass-roots communities in Managua.

[Mongin] But those communities play the political game with their eyes closed. They are somewhat blind.

[Answer] Yes, they are completely subservient because they are very confused, ideologically syncretistic. When you have a priest saying that Marx, Lenin, Engels, Jesus and Teilhard de Chardin are all the same thing, well....

[Mongin] Yes, that does facilitate syncretisms. Why have European observers failed in their observations? In terms of sensitivity and atmosphere, what do you see and what allows you to make the analysis you do? Why do the others not see anything?

[Answer] Because they do not live in Nicaragua. They come to make three little visits and leave.

[Bataillon] Can you speak of atmosphere? What does one see in the streets in Managua?

[Answer] A lot of soldiers a lot of people in olive drab. More than ever! Crowds of young people, boys and girls, dressed in military or militia garb because one must prepare for war! That is the general atmosphere, an atmosphere of militarization, mobilization for war. The number of people in uniform has increased enormously throughout the period running from the ideological clarification to the intervention in Grenada. Everyone was in training; everyone was digging trenches or making shelters. I had the feeling that Managua had become a big cemetery where everyone was digging his own grave.

Now that is over and life is moving on. People are still drinking a lot of rum; they get drunk every Saturday night. The number of drunkards is extremely high, especially among the young. They dance in the clubs. People no longer watch television because it is sickening. They stand in line to buy basic goods, trade gas coupons for sugar coupons because they have decided that they would no longer go to the beach at Pochomil, which is 100 kilometers from Managua.

Other than that, the climate is marvelous; the sun gorgeous. They have the most beautiful clouds in the world, fabulous sunsets. The vegetation is superb. The people are beautiful. They are very free morally.

[Mongin] Consequently, the observer who does not want to know anything can be content to see that paradise and the trenches you mentioned, meaning the risk of American aggression. You do not see Lenin's portrait on every street corner.

[Answer] No, no. You find Prague in Havana, where one sees many Soviet references; not in Managua. Naturally, there are countless slogans against imperialism and Sandino everywhere along with Carlos Fonseca. But all that is Nicaraguan. Lenin is the affair of the Front militants; his portrait is only in their offices.

[Mongin] And there is no evening curfew? The people go out dancing whenever they want?

[Answer] Yes.

[Mongin] And what is the difference between the cities and the country? Nicaragua is still first of all rural.

[Answer] Yes, it is. Managua is a city of peasants; it is not truly a city.

[Bataillon] It is a city destroyed by an earthquake.

[Answer] There is no downtown Managua. It is a no man's land. Managua is a clump of villages set on the periphery of what was once the city. I have never seen anything like it. It is a city that is not a city, a city in the country! It is a city where one is awakened at six o'clock in the morning by roosters. Between one district where one ministry is located and another district with another one, you may find hectares and hectares of corn planted! Then there will be a road with a shantytown alongside, then some vague permanent constructions and a ministry inside. When you leave, you again find just undefined terrain.

[Mongin] There are still shantytowns? They have said over and over that they no longer exist.

[Answer] Half of Managua is a shantytown.

[Bataillon] One final question: When one read newspapers in France on Nicaragua, one saw uncontrolled enthusiasm. Then Charles Vanhecke went to Nicaragua and entitled his paper "The Confiscated Revolution" (LE MONDE, 4-5 January 1983), describing precise facts. After the publication of John Vinocour's paper (INTERNATIONAL HERALD TRIBUNE, 18 August 1983), did American observers notice that something had changed? Or in both places, do people have the same capacity for deliberate blindness?

[Answer] Vanhecke's article is very honest; what he says is irrefutable. It could have been more complete if its author had stayed a little longer, if he had also spoken of the positive side of the revolution. Having said that much, he did put his finger on something serious, something real, which is the confiscation of the revolution by the Marxist-Leninist group that is trying to impose its way of making revolution. The article only records what most people were thinking without articulating it or without having the courage to do so, especially among those sympathizing with the revolution. The article greatly upset the Nicaraguan leaders, who went so far as to ask French diplomats why LE MONDE, why the French Government, had permitted publication of such an article. They could not believe LE MONDE was an independent newspaper and since France has a socialist government, they wondered how it could tolerate such things. They did not understand the nature of French socialism and democracy, for there has never been any democracy in Nicaragua. The article was therefore very troubling. Certain leaders of Nicaragua and many intellectuals of the opposition or people who had doubts obtained it. It was mimeographed and circulated in many circles. It is an article that had enormous repercussions.

[Bataillon] In other words, the papers published in the French or European press do have repercussions in Nicaragua.

[Answer] Yes, naturally. The legal opposition can use them to tell the Sandinists: Look, we know what you are doing and who you are. The Contras can also use them.

[Mongin] That means that books and articles can circulate without many problems?

[Answer] Nicaragua is an underdeveloped and therefore poorly controlled country. The revolution is underdeveloped there; Marxism also.

[Mongin] What do you think of Gilles' analyses in ESPRIT<sup>4</sup>?

[Answer] I believe that with respect to the denunciation of totalitarianism, it is useful, but I believe that Gilles did not understand that all that was not truly established, that it was more a danger than a reality. It is useful, in a pluralistic and democratic debate, to denounce the danger.

Concerning the Miskito, I would observe that his sources of information are somewhat too close to Honduras and the United States. The Miskito do not call themselves Nicaraguans; they call the others Spaniards. They have their own language and history. Their Miskito king has nothing to do with the Monimbo or Subtiava Indians (the so-called native districts of Masaya or Leon). The Other Nicaraguans of Indian blood are rebels also, but unorganized.

In conclusion, I believe that one cannot speak of Nicaragua completely unless one writes many pages, describing how the people live. I think one must approach Nicaragua from an ethnological, cultural, religious and not only political standpoint. It is an extremely complex and diverse country.

January 1984

#### FOOTNOTES

1. J. Wheelock: "Raices de la Lucha Anticolonialista en Nicaragua," Mexico, Siglo XXI, 1974; "Imperialismo y Dictadura," Mexico, Siglo XXI, 1975.
2. F. Pisani: "Muchachos Nicaragua, Journal d'un Temoin de la Revolution Sandiniste," Paris, Encre, 1980.
3. According to recent statements by Daniel Ortega (See LE MONDE, 23 February 1984), elections will take place in Nicaragua on 4 November 1984. A president, vice president and 90 members of a constituent assembly to begin its work on 10 January 1985 will be elected.
4. See the issues for July-August 1982, August and October 1983.

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CSO: 3219/15



## PNM FOCUSING ON REJUVENATION OF PARTY IN TOBAGO

## Report Recommendations

Port-of-Spain TRINIDAD GUARDIAN in English 25 Apr 84 p 1

[Text] RULING People's National Movement (PNM) must take steps now to rejuvenate the party's machinery in Tobago in anticipation of the House of Assembly elections due in November this year. This recommendation is contained in a report tabled at last month's General Council meeting of the PNM held at its Balisier House headquarters.

The recommendation followed a visit to the sister island from August 29 to September 11, 1983, by General Secretary Alvan Quamina.

The report presented at the March meeting, stated that a cursory glance at the records would show that in Tobago East, the PNM should have 20 party groups, a full constituency group, a women's league and a youth league.

"To date, except for one party group in this constituency, no other unit is registered for the current term."

In Tobago West, the establishment should be 15 party groups, a full constituency group, a women's league and a youth league. But registered for the term were only four party groups.

The report emphasised: "It seems imperative, therefore, that concrete steps be taken to rejuvenate the party machinery in Tobago now the concretise specific preparations and activities in anticipation of the House of Assembly elections."

The report opted for a three-fold strategy--(a) meeting party groups and supporters in the various villages (b) meetings with the two constituencies--separate and joint and (c) meetings with the existing coordinating committee.

It was proposed that a four-man team spend ten days in Tobago next month to pursue several areas relevant to the rejuvenation exercise.

The estimated cost for the quarter was \$11,300 inclusive of air transportation (\$300), transportation in Tobago (\$1,500); hotel accommodation (\$8,000); lunches (\$1,000) and entertainment (\$500).

But at this month's General Council meeting, apparently the plan was shelved in favour of the appointment of a committee headed by Labour Minister Error Mahabir to investigate the feasibility of the PNM holding its 1984 annual convention in Tobago this year.

#### DEWD Posts for PNM Supporters

Port-of-Spain SUNDAY GUARDIAN in English 29 Apr 84 pp 1, 16

[Article by Clewon Raphael]

[Text] Mr. Alvan Quamina, the general secretary of the People's National Movement (PNM), has strongly recommended that urgent steps be taken to change the present DEWD supervisors in Tobago, and to replace them with persons known to be supporters of the PNM.

The recommendation was contained in a report of a visit Mr. Quamina made to Tobago from September 4 to September 11, 1983, to assess the position and strength of the PNM in Tobago. The report was presented at last month's General Council meeting of the PNM at Balisier House.

Mr. Quamina said that PNM supporters were being excluded from jobs by the Tobago House of Assembly, which is controlled by the Democratic Action Congress (DAC).

He suggested that since the DEWD programme was still under the direct control of the Central Government, it should be utilised to counteract the effect of the DAC attitude and recommended that "immediate changes be made in the supervisory staff in Tobago, care being taken to place there, persons known to be PNM supporters."

Mr. Quamina reported that the DEWD programme in Tobago was characterised by mismanagement, victimisation and scandal, and mentioned reports of misused material, equipment and facilities.

DEWD is the Development and Environmental Works Division of the Ministry of Works and provides jobs for large numbers of people. It has been the centre of criticism and controversy, and there have been allegations of wastage of millions of dollars being paid to people for work not done.

In his report, Mr. Quamina also recommended that Prime Minister George Chambers visit Tobago specifically to counteract the "myth" being developed that Mr. A.N.R. Robinson, Chairman of the Tobago House of Assembly was the virtual Prime Minister of Tobago.

Mr. Quamina, in his report, said that he held several meetings with PNM officials in Tobago and reported that few party groups were functioning. He said that the "PNM leadership there, with the notable exception of Mr. Stanford Callender and a few others, have accepted the role of the vanquished."

Mr. Quamina said that Ministers of Government ought to display greater concern and power where Tobago was concerned as a lack of this "was causing an aura of authority and power to pass to the DAC by default."

Government Ministers, he said, should speak out more on issues relating to Tobago and a "failure to do so lends legitimacy to the vaunted pretensions of DAC and Mr. Robinson in particular."

He said that while the PNM in Tobago was not dead, "it was just dormant, its dormancy has been of the nature of a coma brought on by shock."

The general secretary's visit to Tobago was in connection with the forthcoming elections to the Tobago House of Assembly which takes place later this year. The DAC holds eight of the 12 seats at present. Tobago's two seats in the House of Representatives are also held by DAC members.

Mr. Quamina's report suggested that a sum of \$11,000 be spent on sending a four-man team to Tobago to prepare for the THA elections, but this has been shelved by the PNM General Council which is considering holding its 1984 convention in Tobago.

Reporting yesterday from Tobago, KIT ROXBURGH quoted Mr. Robinson as expressing both anger and sorrow at the report presented by Mr. Quamina.

"This is a sad situation," Mr. Robinson said, "a hell of a story. There can be no greater perversion of Government than the ideas and recommendations expressed in the report."

Mr. Robinson said DEWD was controlled in Tobago (as it is in Trinidad) by the PNM and Mr. Quamina's recommendations were nothing more than a move to bring even more of party members into what was the most notorious division of Government, while at the same time blame DAC for the corruption that was rampant in DEWD.

Mr. Robinson blamed infighting among the higher levels of the PNM as one of the reasons for such a report and said that at the lower level, PNM members in DEWD were struggling for more honest gains.

He drew attention to a number of senior public servants listed as party organisers in the Quamina report, including a former contender for the position of Clerk of the House of Assembly, who were being paid through public funds and with the authorised approval of the Government, merely for party organising.

#### Factional Conflicts

Port-of-Spain TRINIDAD GUARDIAN in English 4 May 84 p 1

[Text] TOBAGO is being used as a battleground for warring factions within the ruling People's National Movement (PNM), according to Mr. A.N.R. Robinson, Chairman of the Tobago House of Assembly.

Mr. Robinson was asked to comment on the announcement made two weeks ago that the PNM had appointed a committee under the chairmanship of Labour Minister Errol Mahabir to study the feasibility of holding its annual conference in the sister island in September.

He said it was not really an attempt by the PNM to regain political control of Tobago because the PNM knew it could never win another election there.

Mr. Robinson added: "It is clearly an attempt by Mr. Chambers (Prime Minister George Chambers) in his capacity as Political Leader of the PNM, to pack the convention with supporters of the Chambers faction as he surely foresees a challenge to his own proteges for positions in the party.

"Having the convention in Tobago would make it extremely difficult for persons other than the financially well-to-do section of the party to attend.

#### Mustering Support

"This would clearly be to his advantage and his faction. This is also related to the disclosure concerning DEWD which is also a clear move by the Chambers faction to take control of DEWD from the Francis (Hugh Francis Minister of Works) faction and to use it as a means of mustering support through the promise and the conferring of jobs.

"Tobago has thus become a battleground for warring factions of the PNM."

The THA elections due in November, Mr. Robinson argued, were being used as a smokescreen--"A Chambers smokescreen behind which the battle is to be fought under conditions tailor-made to his advantage.

Mr. Robinson said: "This of course has serious implications for the conduct of Government for it means corrupt practices in DEWD will become the official policy of the Government, and of course, when this is allowed in one area of Government it becomes automatically so in all other areas...it is consequentially frightening situation that we face.

"Any advantage that Chambers may seek in respect of the elections is only incidental to his principal purpose. The Prime Minister already knows that the PNM cannot win an election in Tobago and this is merely an attempt to rescue something out of an extremely depressing situation.

"The defeat in the 1983 Local Government elections for the PNM, followed by the THA defeat to come in 1984 will pave the way for the total defeat of the PNM in the 1986 general elections and that is the prospect which is staring Prime Minister Chambers in the face."

CSO: 3298/789

ROBINSON CHARGES DECEPTION BY GOVERNMENT ON FUNDS FOR TOBAGO

Port-of-Spain TRINIDAD GUARDIAN in English 4 May 84 p 3

[Text] SENATOR Anthony Jacelon, Minister in the Ministry of Finance, has been accused of "misleading the population" when he made a statement in the House of Representatives last week Friday relative to the disbursement of funds to Tobago for the first quarter of 1984.

Mr A.N.R. Robinson, Chairman of the Tobago House of Assembly, in making this accusation yesterday, recalled that Minister Jacelon said the sums released were "as at April 26, 1984."

But Mr. Robinson said the first quarter ended March 31. He also give a chart showing when the sums were actually received. It also showed that the total amount received was some \$9.7 million less than what the Minister claimed was released to the T.H.A.

Based on the Minister's statement, Mr. Robinson said it gave the impression that the T.H.A. collected \$21.7 million but the actual sum received was \$11.9 million.

Mr. Robinson: "One expects someone in Mr. Jacelon's position to be candid and frank with the population....not to mislead it.

"That is exactly what he has done misled the population. Even though the figures might have been released it does not necessarily mean the funds were in fact received.

"We (the YHA) must still get the money from the Comptroller of Accounts who may refuse to make all or any portion available."

CSO: 3298/789

## MAHA SABHA RESPONDS TO ATTACKS IN PARLIAMENT BY OPPOSITION

Port-of-Spain TRINIDAD GUARDIAN in English 5 May 48 p 1

[Text] THE SANATAN Dharma Maha Sabha (SDMS) has petitioned members of the House of Representatives asking that rules be introduced to prevent the "vilification, humiliation and injuring" the character of citizens and institutions under the guise of parliamentary privilege.

Signed by General Secretary Satnarayan Maharaj and President General Dr. Omah Maharaj, the three-page document came one week after Opposition parliamentarians Nizam Mohammed and Kelvin Ramnath, attacked Mr. Maharaj in the House, alleging he was in conspiracy with Government to deprive the Hindu community of moral and spiritual nourishment.

The petition also signed by 26 other Maha Sabha officials, referred to previous occasions when the Maha Sabha and Mr. Maharaj were bitterly attacked by Opposition members in Parliament.

Pointing out there were approximately 500,000 practising Hindus in Trinidad and Tobago, the petition stated they were now morally and spiritually injured "and are suffering grave humiliation owing to the abuse of existing parliamentary privileges."

Accusations which were unjustified were levelled against Mr. Maharaj, it was stated.

The petition, which was addressed to all members of the House of Representatives and circulated yesterday added:

"That citizens and institutions unable to defend themselves in Parliament should be protected from misuse of parliamentary privileges and that such privileges and immunities should now be limited and curtailed as this Honourable House has power to do under Section 55 sub-section 3 of the Constitution.

"And the Sanatan Dharma Maha Sabha of Trinidad and Tobago humbly prays and implores this Honourable House to introduce rules or parliamentary procedure to prevent its members from vilifying, humiliating and injuring the character of citizens and institutions under the guise of parliamentary privileges and leaving such citizens and institutions without any redress.

"And your petitioners in duty bound will every pray."

UNION ACTIVITIES, WAGE INCREASE AWARD REPORTED

Solidarity Effort

Port-of-Spain TRINIDAD GUARDIAN in English 2 May 84 p 1

[Text] TRADE unions are planning to shut down the country for a day to show solidarity in their struggle against retrenchment and wage freeze.

Camaraderie ran high yesterday when workers from various unions and their leaders met at the Seamen's Union Hall, Wrightson Road, Port-of-Spain to celebrate May Day, known as International Workers Day.

The meeting expected to begin at 2 p.m., started an hour late. What was at first a trickle of people turned out to be a packed hall of hundreds shouting and chanting. A group of employees from four of five Neal and Massy companies affected by industrial unrest, carried banners through Port of Spain and demonstrated outside the various Neal and Massy buildings.

Locked-out workers of Charles McEneaney & Co., Ltd also took part in this demonstration, outside of the company's building.

There was no indication as to when the Joint Public Sector Unions, which organised the rally, would ask workers to remain home for a day. Two early speakers, Mr Clive Nunez of the Transport and Industrial Workers' Union, and Mr William Rampersad of the Brotherhood of Construction and Industrial Workers' Union, in fiery speeches, called on workers to support the one-day strike.

Mr. Nunez said that already 60,000 workers had been retrenched and wondered what this meant for the 40,000 who would be emerging from school in the next few months. He commented on the drug problem.

There were cheers when he told the crowd how workers at the Public Transport Service Corporation got their backpay.

Mr. Rampersad spoke on expatriate labour.

Mr. Subash Panday of All Trinidad Sugar and General Workers' Trade Union, was cheered when he charged corruption and ineptness at State enterprises,

particularly Caroni Limited. Some 7,000 Caroni workers had lost their jobs since retrenchment began in 1981, he said.

President of the Bank and General Workers' Union, Mr Michael Als, ran into boos and catcalls when he attempted to speak. The crowd allowed him about two minutes before forcing him to give up the microphone.

#### Disagreement on Inflation

Port-of-Spain TRINIDAD GUARDIAN in English 3 May 84 p 1

[Text] WHAT is the real rate of inflation? Is it 18 per cent as suggested by the Oilfields Workers' Trade Union, or is it 14.7 per cent as suggested by the Employers Consultative Association?

In a letter to the Second Vice President of the OWTU, Mr. Cecil Paul, the ECA's Assistant Director, Mr. Gordon Neptune queried that 18 per cent. Mr. Neptune referred to the figures published in the "Guardian" on Monday April 30, after a Press conference held by the OWTU.

Mr. Paul was quoted as saying that the rate of inflation stood at 18 per cent, and that he considered a 60 per cent pay increase per year to be reasonable.

Quoting figures, Mr. Neptune said that the retail price index at January 1, 1983 was 110.8 per cent, and at March 31, 1984 the rate of 127.1 per cent. The increase is 14.7 per cent of the 15-month period.

"It would therefore be interesting" the letter said, "to learn the source of your 18 per cent inflation rate which supposedly is an annual figure."

#### A Slowing Down

Mr. Neptune also provided figures, examining the increases in wage rates against the rise in the retail price index for the period 1973 to 1983. Mechanics, for example, had rates of \$3.16 to \$3.55 per hour in 1973/74, which rose to \$11.50 and \$15.40 by the end of 1983, amounting to increases of between 27 to 32 per cent annually.

According to Mr. Neptune, the retail price index over the period 1973 to 1983 increased by 181 per cent or an average of 18.1 per cent annually.

All the current available data, Mr. Neptune said, indicated a "considerable slowing down" in the rate of consumer price increases and therefore the rate of inflation.

The increase from January to December 1983 was reported to be 7.04 per cent, he said, rising by 5.1 per cent in January 1984. The index recorded an increase of 1.5 per cent to the end of March.

"It is consequently difficult" the ECA official said, "to understand how any responsible trade union can claim that at this point in time an annual wage



increase of 60 per cent is reasonable, large-scale retrenchment notwithstanding."

Mr. Neptune told the Union's Vice-President that he would welcome the opportunity to discuss the matter further to clarify the issue.

#### Precedent-Setting Wage Hike

Port-of-Spain TRINIDAD GUARDIAN in English 3 May 84 p 1

[Text] THE INDUSTRIAL Court, in a judgment which is expected to set a precedent in wage increases, has awarded an 18 per cent increase over the next three years for workers at Singer Sewing Machine Company.

The judgment was handed down yesterday. The workers were represented by the Bank and General Workers' Union. The Court ordered that the increase be divided into eight per cent for the first year, five for the second and five for the third. The agreement is retroactive to January 1, 1983.

The judgment is expected to set a precedent for other agreements because according to a company spokesman, it is the first to be handed down for the 1983-84 period.

The spokesman quoted the company's labour consultant as saying that the judgment was very important in terms of the whole industrial climate in the country and showed that the Industrial Court intended to use this as a measure for future judgments.

According to the spokesman, both the public and private sectors have been looking forward to this judgment. The parties began negotiations in March of last year and talks broke down in October. The matter went to the Ministry of Labour where some issues were settled and the others referred to the Court.

#### 25 P.C. Rejected

The company spokesman told the "Guardian" yesterday that the company had at one point offered between 20 and 25 per cent to the union, but this was rejected. The union's initial position was a 100 per cent increase.

Mr. Michael Als, President of the union, commenting on the judgment, said that at a union function on Tuesday night attended by the President of the Court, Mr. J.A.M. Braithwaite, the union pointed out that it was dissatisfied with the judgments of the Court.

Of the other issues settled by the Court, most remained unchanged from that of the last agreement, including vacation, sick leave, severance pay, redundancy and hours of work. There were minor increases in subsistence and delivery fees. Cost-of-living allowance was consolidated with basic wages.

### Different View of Increase

Port-of-Spain TRINIDAD GUARDIAN in English 4 May 84 p 18

[Text] THE BANK and General Workers Union which represents workes at Singer Sewing Company, has questioned the 18 per cent increase which the company says was awarded by the Industrial Court.

According to the union's vice-president, Mr. Vincent Cabrera who represented the union at the Court, the increase was an average of 21 per cent and was in fact higher than what was offered by the company.

According to Mr. Cabrera, the company never at any point offered 25 per cent and in fact never produced wage proposals during negotiations.

Mr. Cabrera provided figures to show that the company offered and what the Court ordered. HE said that there were three grades of workers at the company with the most junior being grade 1. The agreement is for three years retro-active to 1983.

The company he said, offered for Grade 1, \$205 in the first year, \$217 in the second, \$229 in the third. The Court awarded \$220, \$232 and \$244.

For Grade 2, the company offered \$220, \$232 and \$244. The Court awarded \$235, \$247 and \$259.

For Grade 3 the company offered \$310, \$322 and \$334. The Court awarded \$332, \$337 and \$349.

A release from the Employers Consultative Association said that the increases ranged from 13 to 20 per cent.

CSO: 3298/791

RECESSION CONTINUES; SMALL BUSINESSES GOING UNDER

Port-of-Spain SUNDAY GUARDIAN in English 29 Apr 84 pp 1, 16

[Text] A LARGE number of small businesses in Trinidad and Tobago are now beginning to "bite the dust" as the current recession continues its path through the country's economy.

Recession and its effects was the theme of the 4th annual convention of the Small Business Association of Trinidad and Tobago, which opened yesterday at the Holiday Inn, port-of-Spain.

Mr. Allan Lee, secretary of the association said recession was hitting them very hard and the goal of the convention is to find ways and means of dealing with it.

Mr. Lee recommended a joint-venture bank be set up by Government and small businessmen in an effort to assist them in "riding the tide."

He was not convinced that Government was doing enough to assist small businessmen in the country, adding "it can assist us by setting up a 'set policy' in respect of our sector as regards housing, supplies, contracts, etc.,"

Mr. Lee outlined the major problems affecting small businessmen in the country as:

--A continuously shrinking market, particularly in the garment industry. Foreign imports from Jamaica, Guyana and Barbados are said to be cutting into the local market.

--Scarcity of external markets--small business cannot really put out the necessary funds for promotion of produce for new markets.

--Internal problems within the organisation e.g. the recent expulsion of 12 members who later formed the Small Business Federation because "their activities were inimical to the best interest of the association."

Mr. Lee said that the association, with a 1,200-strong membership, saw little hope for betterment in the near future since a large number of members in the construction industry had equipment to pay for and had no money a large number

of loans to service, and as regards the transport industry, no material to transport because of scarcity of building materials.

He said that small businessmen strive mostly on the construction, transport, garment, manufacturing and food-processing industries.

The two-day convention, which ends today, has as its main aim to:

- iron out major problems affecting the association;

- find ways and means to tackle recession;

- implement a five-year development programme; and

- seek to improve relations with Government in an effort to gain assistance.

Mr. Lee, in commenting on the outlook for 1984, said: "Things are sure to get worse before they get better."

CSO: 3298/790

## BOMB SCARE AT CITY HALL BRINGS TIGHTENED SECURITY

Port-of-Spain TRINIDAD GUARDIAN in English 4 May 84 p 1

[Article by Clevon Raphael]

[Text] TRINIDAD and Tobago Police Service and the City Police Force have teamed up to strengthen security measures at City Hall.

Areas which previously were easily accessible to the public have been declared "off limits" and steps have been taken to offer protection to the City Hall staff.

The Mayor of Port-of-Spain, Councillor Stevenson Sarjeant, has also been given special security "coverage" as a result of the second death threat he received this week.

Strengthening security took greater urgency following a "bomb" telephone call received by the Mayor's Office yesterday morning.

The Mayor's Secretary at City Hall, Miss Ann Marie Dukhan, reported that around 9 a.m. yesterday she answered the Mayor's private telephone line. The caller said in a sharp tone: "There is a bomb in the City Hall which will go off in one hour" and immediately went off the line.

Miss Dukhan dashed over to the office of acting City Hall Clerk Christopher Samuel (Mayor Sarjeant was not in office at the time) and reported the matter.

Mr. Samuel called Police who ordered all staff to evacuate the building. After two hours of searching, the all clear was given for the employees to return to their desks.

#### Concerted Effort

Mayor Sarjeant arrived when the workers were out of the building and he too, had to wait until the search was completed.

Commenting on the matter, the Mayor, Managing Director of his firm of management consultants--Human Resources Development Limited--said: "It is quite clear to me that there is some relationship between the second [death threat] letter and this bomb [call]."

"Also it seems that there is a concerted effort to intimidate the City Corporation. At this time it is not only the Mayor who is being threatened, but the entire work force of the Corporation--daily and monthly paid.

"But I want to make it quite clear that we are not going to be daunted by these incidents. We have a job to do and we feel certain that the vast majority of the burgesses and others who carry out any kind of business in the city are behind us."

The bomb call did not prevent Mayor Sarjeant from carrying both his City Hall Secretary and his company secretary for lunch yesterday in connection with Secretaries Week.

#### Working Hard

At a special meeting of the City Council on Tuesday, PNM Alderman Augustus Williams and ONR Councillor Stanley John expressed grave concern about the threats against Mayor Sarjeant.

Alderman Williams: "We regret this sort of thing happening at this time and we give His Worship the assurance that we give him our support in the efforts he is making to restore Port-of-Spain to some semblance of sanity and beauty."

Councillor John said: "I would like to go on record and I speak for my colleagues on this side and I believe that I can take the liberty to speak for other members of Council, that we view with a certain degree of concern and regret that in 1984, when we have a Council working hard for the benefit of the community under the able guidance of His Worship who is performing his duties at a great deal of personal sacrifice both to himself and his family, that he should receive such a letter.

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DROP IN EARNINGS HEADS CENTRAL BANK'S BAD NEWS FOR 1983

Port-of-Spain TRINIDAD GUARDIAN in English 5 May 84 p 1

[Article by George Harvey]

[Text] EARNINGS of the Central Bank of Trinidad and Tobago have been affected seriously by the current downturn in the national economy.

Income earned by the Government-run bankers' bank for 1983 totalled just \$632.5 million. This represented a drop of \$384 million or 38 per cent below the \$1,017.3 million recorded in 1982.

This is revealed in the Annual Report of the Bank for 1983 which was laid in the House of Representatives yesterday.

The Report is practically all bad news related to the decline in the fortunes of the Central Bank itself and the overall economy.

Operating surplus of the bank before depreciation and other provisions amounted to \$467.8 million, a drop of \$245 million or 34 per cent.

Net surplus for 1983 was \$275 million--some \$97.9 million less than in 1982.

Slide in the fiscal operations of the bank is further reflected by:

--Decline in assets and liabilities of \$1.9 billion or 27.3 per cent from \$7.2 billion (1982) to \$5,271 billion due to a 36 per cent drop in foreign assets.

--Deposits by Government and other public institutions fell by \$1,750.1 million--while deposits of commercial banks dropped by \$237.8 million.

High Demand

The Report notes that the decline of assets totalling \$2,332.9 million was solely in foreign currency holdings.

The massive drawdown on foreign currency assets was attributed to:

--Net sales of foreign exchange to the domestic banking system and to Government "as the demand for foreign exchange remained high despite the slow-down in the economy."

--Reduction in inflows of foreign exchange as a result of adverse development in the oil industry.

Reduced level of earnings was influenced mainly by the substantial decline in foreign assets and lower interest rates on the international money and capital markets, taking the year as a whole.

Drop in the deposits from commercial banks came about "as the banks used up excess reserves to finance credit expansion in face of slow growth of their deposit liabilities."

The Report, in its annual review of the economy, states emphatically that "1983 clearly marks the end of the period of economic expansion which began in 1974.

#### The Signposts

##### Ominous signposts of 1983:

--Central Government budgetary deficit of \$2,857.3 million in its fiscal operations following on a similar \$2,652.4 million spending above income in 1982.

--Gross Domestic Product (GDP) which had maintained a 3.3 per cent growth rate during the preceding three years of international economic recession "fell by 2.7 per cent."

--Unemployment rose to 11.1 per cent (June) from 10.2 per cent in 1982 (June) as new job creation failed to keep pace with retrenchment in several sectors.

--Prices rose by 16.7 per cent after two consecutive years of decrease.

--Decline in the growth of deposits in the commercial banking system--which rose by a meagre 5.5 per cent compared with 36.8 per cent in 1982 and an average annual growth rate of 23.5 per cent over the previous five years.

--Overall balance of payment deficit in 1983 leapt to \$2,168 million compared with \$527 million for the previous year.

A few encouraging signs were recorded by the Report for 1983.

--Although crude oil production declined by 10.8 per cent "there was evidence that the rate of decline had slowed and the trend of decline was bottoming out."



--Fertiliser production and exports considerably higher than previous year, also iron and steel.

--Strong growth in cement production, motor vehicle assembly and food processing.

--Domestic agriculture continued to display signs of growth in milk and meat production.

CSO: 3298/790

COUNTRY SECTION

TRINIDAD AND TOBAGO

MONETARY SQUEEZE COMING AS BANK RESERVES WILL BE INCREASED

Port-of-Spain SUNDAY GUARDIAN in English 29 Apr 84 pp 1, 16

[Article by George Harvey]

[Text] FINANCE companies will soon be faced with having a lesser portion of investor's deposits to lend to potential borrowers.

The monetary squeeze is to come by way of impending legislation to tighten up on the operations of non-bank financial institutions.

It was learnt that measures being planned include increasing the current five per cent ratio of deposit liabilities of the companies to be held in reserve accounts with the Central Bank.

According to an official source, "the matter is being discussed and the increased amount is still to be decided. This is part of other measures--including deposit insurance--aimed at safeguarding the interest of the investing public and applying more stringent regulations of the operations of these institutions."

Increasing the reserve account ratio will effectively reduce the amount of cash-in-hand of finance houses to be made available for loans and other administrative functions.

Existing System

In simple terms, finance houses under the existing system have 95 per cent of depositors' funds at their disposal. Any increase in the five per cent reserve stipulation will lessen their operational funds.

The five per cent figure is well below similar legal requirements for commercial banks, which is upwards of 20 per cent.

According to a banking official, "basic and secondary reserve accounts of banks held with the Central Bank now average about 24 per cent of deposit liabilities."

This disparity has raised queries in banking circles, where there are complaints of unfair and discriminatory practice in favour of the non-bank institutions.

A commercial bank executive said yesterday "there are pros and cons on the issue, with finance houses arguing that they take more risks than banks in lending."

A top Central Bank official had explained previously that there was a breathing-space reason for the low-ratio applied to the non-bank institutions. He said they were comparatively new organisations in relation to commercial banks and were being given an ease to establish themselves on a strong footing.

The collapse of International Trust Ltd. (ITL) last year with some \$160 million due to depositors and cash-flow problems afflicting certain financial houses have resulted in the speeding up of legislative and other measures for more effective control of the institutions.

Reserve accounts (withdrawing of funds from the system) were instituted to control inflation, among other reasons.

Financial houses are also allowed to draw on their accounts when faced with liquidity or cash-flow problems.

Deputy Central Bank Governor, Dr. Uric Bobb, announced measures recently "which have been taken to ensure that financial institutions are sufficiently liquid. The Central Bank has permitted financial institutions to draw on their reserve accounts at the bank and it has provided advances against securities in their existing portfolios which are eligible within the terms of the Central Bank Act."

CSO: 3298/790

## MORE VIGILANT MONITORING OF SUBSIDIZED EXPORTS PLANNED

Port-of-Spain TRINIDAD GUARDIAN in English 2 May 84 p 1

[Text] THE MINISTRY of Industry, Commerce and Consumer Protection, in conjunction with Customs and Excise Division, is to exercise stricter vigilance in monitoring the export of goods from Trinidad and Tobago. This is gleaned in an official release dealing with the matter in which the public was reminded of procedures for the exportation of goods.

The release stated it was an offence under the Imports and Exports Control Regulations (1941) to export goods without the necessary licence when such was required in accordance with the provisions of the Exports Negative List.

Also, in addition to any penalty which may be imposed the offending goods may be seized/forfeited by the Comptroller of Customs and Excise.

Some of the provisions whereby exportation of goods may not be subject to the authority of specific licence include passengers' bona fide baggage and household effects, provided the quantity of foodstuffs and copra products allowed each passenger leaving the country shall not exceed 10 pounds of any item, with a total weight of 50 pounds.

Other exemptions--gifts addressed to individuals provided that they are unsolicited, the weight must not exceed 22 lbs gross, and the value must not be more than TT \$100; bona fide trade samples and patterns not exceeding TT \$48 in each consignment; postage stamps used and unused, exported to places within the Sterling area; goods produced or manufactured in Trinidad and Tobago with the exception of those enumerated in the First Schedule of the list; goods produced or manufactured outside the Territory with the exception of those enumerated in the Second Schedule of the List.

At a meeting of the Ministry with the Customs & Excise Division, it was agreed that stricter vigilance should be paid these provisions in the light of the daily exportation of large quantities of essential and subsidised goods.

CSO: 3298/790

## INCE CLARIFIES 'MISCONCEPTIONS' ABOUT FOREIGN SERVICE

Port-of-Spain TRINIDAD GUARDIAN in English 26 Apr 84 p 1

[Text] FOREIGN Affairs Minister Senator Basil Ince has rejected the "misconception" that foreign service officers were part of an elite group whose lives were based on glamorous activities such as making the cocktail circuit.

"In fact" he said yesterday "it contains more grind than glamour."

Dr. Ince was delivering an address at the first ever orientation seminar for newly-recruited foreign service officers at the Ministry of External Affairs Knowlsey.

The Minister who explained that yesterday's speech was the initial in a series he intended to give in which he would be "de-mystifying" the operations of his Ministry, told his audience that for the past 20 years these operations were somewhat vague.

He attributed this to the fact that unlike other Ministries, his did not directly dispense to the public amenities and facilities like, for example, the Ministries of Health and Education.

But, he said, the only times the public was made aware (in the news media) about the existence of the Ministry, were mainly in times of crises such as the Grenadian political troubles of 1983.

Praising the "faceless public servants" who were quietly performing their varied functions behind the scenes, Dr. Ince said most people perceived the foreign service officers with James Bond type activities, spending their lives in glamour with endless lively parties."

#### 'Thank You' Notes

Foreign service officers, he said, were recruited through the normal public service routine; they served Trinidad and Tobago at home and abroad and were not better off than any other public servant.

He added: "There is this misconception that you are an elite group caused perhaps in part by the fact that you do work abroad and get certain allowances.

"There is also the misconception that you are a privileged group because you serve in large countries; but that it not so because there are disadvantages such as disruption of your children's education, losing contact with relatives and friends at home ... you have to readjust to your new environment.

These "public servants" were also sent to countries described as "hardship posts" where the standards of living they were accustomed to at home was non-existent.

Giving an example of the work performed by these officers abroad, Minister Ince, said they assisted nationals in need of documents in order to transact important business; contacted relatives at home in cases of emergency and assisted nationals who might ran afoul of the laws in the country where they were residing or holidaying.

Grateful nationals, he said, were sending "thank you" notes to the Minister but these never made the newspaper headlines.

"When a party of Trinidad and Tobago foreign service officers goes to Venezuela to sign a fishing agreement, it is not a trip for the 'boys' or the 'girls'.

"It is to ensure that the fishermen from Trinidad and Tobago are allowed to carry out their trade so that we in this country can benefit from the signing of that agreement."

Mr. Christopher Thomas, Permanent Secretary in the Ministry, said the Ministry did not see the in-house seminar which will end on May 8, as the enlightenment of the uninformed.

The exercise was an all-embracing one to achieve among other things a proper awareness of what was expected of the officers in their over-all functioning, he explained.

CSO: 3298/790

## HIGHER INCIDENCE OF CANE FIRES PUTS STRAIN ON SUGAR CROP

Port-of-Spain TRINIDAD GUARDIAN in English 25 Apr 84 p 24

[Text] CARONI 1975 Limited has milled 768,672 tons of cane and there are about 180,000 tons left to harvest. The company has so far produced 56,811 tons of sugar and expects to produce 30,000 tons more by the end of the crop.

The company had originally planned to harvest 950,000 tons of cane and produce 76,000 tons of sugar.

Acting General Manager Russel Wotherspoon commenting on the situation said: "We had heavy rains in January and the wet conditions persisted into February. This delayed our mechanical harvesting programme and affected our juice quality. In fact last week was the first time that we were able to get below 12 tons of cane per ton of sugar but this has come too late to have a significant effect on our sugar production.

Mr. Wotherspoon also spoke about the extremely high incidence of unplanned fires. He said: "Although we have taken several steps including aerial bombing of fires and a company-wide incentive programme, we have had more fires affecting more cane than last year. These fires put an enormous strain on our harvesting resources and also increased the amount of cane we need to make a ton of sugar. This has been a major factor in our shortfall in sugar production.

"We expect to achieve our harvesting targets in spite of the poor weather conditions at the start of the crop, but the rains and the fires make it impossible for us to produce the amounts of sugar we should have produced."

#### Unplanned Fires

There were 1,851 unplanned fires affecting 345,000 tons of cane so far. Last year for the same period there were 1,400 fires affecting 294,000 tons of cane.

Mr. Wotherspoon also spoke about the harvesting situation. He said: "Although we have excellent weather for harvesting, we are not meeting our daily quotas, particularly in the south. This is because of the chronic shortage of cutter-bundlers in the industry.

"We have spoken to the two cane farmers' organisations asking whether farmers who have already reaped their crops would work for us and assist in reaping ours. There are 180,000 tons left and this should normally take less than four weeks, but with the present shortage of cutter-bundlers, it would probably take longer."

Mr. Wotherspoon also spoke of the company's continuing efforts to recruit cutter-bundlers. He said: "We are trying to get cutter-bundlers even at this late stage of the crop and hope that people interested would check with our section managers."

CSO: 3298/790



## BRIEFS

IMPRISONED IMMIGRANTS--THE Ministry of National Security said in a release yesterday that the average number of prohibited immigrants detained at any given time at the State's Prison is 80 and seldom ever exceeds 100. The Ministry advised further that on March 26 when it was alleged in a daily newspaper (not the Guardian) that there were 400 illegal Grenadian immigrants in the prisons of Trinidad and Tobago being subjected to "very inhumane conditions", there was actually a total, from all countries, of 80 persons of whom 16 males and four females were Grenadians. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 25 Apr 84 p 19]

CITRUS INDUSTRY--THE citrus rehabilitation committee of the Ministry of Agriculture has submitted reports for the initiation of its rehabilitation programme. The target of 5,000 acres of existing citrus and a further 200-500 acres by Caroni (1975) Ltd. of new citrus are set for rehabilitation over the next three years. In a release, Minister of Agriculture, Lands and Food Production, Mr. Kamaluddin Mohammed said: "The proposal for the rapid rehabilitation of the citrus industry met with full support of the Agricultural Development Bank (ADB). "Loans will be available for the rehabilitation of up to 20 acres of citrus trees per farmer and also for the purchase of small machinery, subject to the terms of lending by the ADB." [Excerpt] [Port-of-Spain TRINIDAD GUARDIAN in English 2 May 84 p 4]

DEVELOPMENT CORPORATION HEAD--THE Industrial Development Corporation has appointed a new general manager. He is Mr. Richardson Andrews, the former Director of Planning in the Ministry of Finance and Planning. Mr. Andrews succeeded Mr. Eldon Warner. Mr. Andrews, an economist, joined the Public Service in 1967 after a four-year stint as teacher at Presentation College, Chaguanas. He served on several national committees, councils and study groups and represented Trinidad and Tobago at many international conferences, seminars and negotiations. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 3 May 84 p 4]

CSO: 3298/791

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