

**ADDRESS**

**AT**

**THE SEVENTY FOURTH ANNUAL DELEGATES  
CONFERENCE**

**OF THE BARBADOS LABOUR PARTY**

**AT THE**

**QUEEN'S PARK STEEL SHED**

**Bridgetown**

**BY**

**The Rt. Hon. Owen S. Arthur**

**Political Leader**

**OCTOBER 28, 2012**

The year that has just past will have to go down as one of the most remarkable, and, in its own special way, one of the most successful in our Party's long history.

One of the most important and impressive characteristics and perhaps the greatest glory of our Barbados Labour Party is not that we never fall, but that every time we fall, we rise again; stronger, wiser and more resolute.

These past few years have been years that have tested our Party's soul. Those tests sometimes came with an agony that was hard to bear.

But there is a special Barbados Labour Party way and spirit that was available to us on which to draw.

For us, it must always be service before self.

We must never fail our nation.

And we must always remember that our Party was created to make doing extraordinary things our ordinary business, even when and especially when that business is our own Party's affairs.

Our challenges were severe; but we have faced them and fixed them.

And today we stand ready, united, and strong.

We stand ready to once again secure a great electoral victory. We also stand ready in our people's name, and on our people's behalf to bring our nation out of this valley of desolation that the DLP has lodged it in.

I begin my address to you today by thanking all for the remarkable display of camaraderie that enables us now to be able to march forward in unison.

On my return to this office, I publicly told Mia that her party and her country needs her.

I especially now salute her contribution to the party and country over the past year.

And I wish warmly to salute and congratulate those who have received special awards this morning – Clyde and the 12 ladies on the forefront – for wonderfully exemplifying those special attributes of commitment, loyalty and devotion to the service of this party which has helped to make the last year so special.

What was at times so hard to bear is now becoming sweet to remember.

I am proud to be a Labourite.

I also love my country. But like you and like so many of our citizens I feel a great sense of despair about what is being done to it by the absolutely worse Administration in the history of Barbados.

And as we reflect on the horror story which has unfolded in Barbados, we should draw from it certain object lessons to take with us into the future as we look once again to constitute the Government of this nation.

The first is that the Dems in office have behaved as if they own Barbados. However, as we look to retain office, we must pledge that we will never act as if Barbados belongs to the Barbados Labour Party for us to do with it, its resources and its institutions that which is pleasing only to ourselves and our supporters. We must seek to build a truly inclusive society, resting on the strongest foundations of social justice – a society for all.

If and when we get an opportunity to serve, we must give of our very best; to pursue only the nation's and the people's business.

For what has happened in Barbados over the past four years has been a disaster brought about the politics of the fatted calf. It has been a failure of the practice of

party paramountcy that has taken the form of the use of the financial resources of the state to pay for the party's political programmes like Constituency Councils.

It has taken the form of the disgraceful use of state owned institutions, like the CBC, as agencies of the party.

Such things must have no place in the public affairs of modern Barbados.

The second is that serious and inspiring goals have to be set for the nation to achieve, and the achievement of those goals must be the chief occupation of a Party in Government. Chief among such goals must be the creation of the conditions for the attainment of full and civilized development; for the eradication of poverty; for the generation of full employment; for the establishment of exemplary standards of governance; and the building of a just and cohesive society.

Trifling and playing around with the politics of politics cannot be enough. As the recent experience of the Dems has shown, you can win power, but will not govern effectively if your mandate does not rest on a strong programme to develop the nation, or if it rests on whimsical promises to provide duty free cars, interest free mortgages, free homes and the like that were intended only as promises to win the support of certain groups.

The third lesson we must draw from the recent experience is that Governments exist to make things happen for the greater and the common good. They must make the best possible decisions, hold themselves accountable for the people for those decisions, and let the results work for them.

Inertia, however, is not and cannot be an option for Barbados.

In this vein, you must allow me to reflect for a moment on the most profound disaster that has entrenched itself in Barbados of late – the crisis of leadership.

We have been informed by an authority that is beyond challenge – The Eager Eleven of the DLP – that inertia exists, like a black hole, at the centre of this DLP administration.

I do believe that the situation may be a bit worse than that. The Eager Eleven got it wrong.

Inertia refers to a situation when somebody is awake, but is inactive.

Freundel has however confirmed that he has been sound and fast asleep.

I know he delights in giving us the benefit of his vast knowledge of biblical quotations. I recommend that he adds to his repertoire.

He can, for instance, turn for guidance to Proverbs 6 verse 10.

“How long wilt thou sleep, O Sluggard?”

And he should be moved by Proverbs 6 verse 6:

“Go to the ant, thou sluggard, consider her ways and be wise”

Or better still, as a leader of people, he may want to refer to and be instructed by the example that is described in Psalm 121 verse 3 and 4:

“He that keepeth thee will not slumber. Behold, he that keepeth Israel will neither slumber nor sleep.”

For good measure, Freundel the sleeper may feel that all is not lost.

He may still qualify to earn some foreign exchange for Barbados by winning contracts to do advertisements for either Slumberest or Posturepedic – the maker of fine mattresses.

## THE DEBACLE

It is a view now commonly shared by most Barbadians that the challenges with which the next Administration will have to contend will be the most formidable to face any Government since Independence.

The new and brutal reality is that there is no area of life in Barbados which is free of crisis, blundering, fumbling and disorder.

Indeed, the ineptitude of this Government finds its perfect metaphor in the fact that what was intended to be the greatest accomplishment of this administration – the showpiece housing complex at Coverley – has virtually ground to a halt.

The inability to fix things or make them happen for the better is richly illustrated across a wide range of fiascos. These include the Alexandra School fiasco, the inability to make things right with CLICO policy holders, the hoax is that the project at Pickering, the unfolding disaster at the BWA, the many different ways in which a new hospital is to be built without a site being chosen for it; the drift at Paradise, the unfolding mess at Bagatelle, the \$175 million crisis at the UWI.

However, in a very real sense, two words capture that which should forever stand as the legacy of the DLP Administration.

As regards the Economy, that word is 'junk'.

In respect of the Governance of the nation; lawlessness.

The two great challenges that therefore must be successfully met by your next Government is to, on the first part, rebuild an economy which has been reduced to junk. The second is to restore Barbados' long tradition for sound, efficient, effective and stable government which has hitherto created the stability on which our national development has been founded.

### **THE ECONOMY**

Nothing separates the two political parties of Barbados more than our differences and contrasting positions on the management and development of our economy.

We fully understand that man cannot live by bread alone. We also fully understand that the task of building a nation must begin with the establishment of a secure national identity. It also requires the bringing together in a harmonious and coherent way, forces in the economic, social, cultural, political and psychological realms, to forge a society that can progressively meet the needs and expectations of the broad mass of the people.

We of the BLP however also firmly believe that central to nation building is the sustained growth and development of a sound and strong economy which provides the wherewithal to meet the material needs of the people, to create good jobs, and to enable the society to remove the vestiges of poverty from its midst.

Managing an economy properly matters. The Barbados Labour Party therefore takes pride in our efforts to manage and develop the Barbados economy over the decades.

We also treat as a badge of honour the accusation by our opponents that we pay too much attention to economic affairs.

By contrast, the people of Barbados have come to feel in the most painful way the disastrous consequences when a Government such as that of the DLP feels that it does not have to put the management of the economy at the front and centre of its attention.

The consequence has been that Barbados has been transformed from being among the best managed and performing economy in the Caribbean to being among the worst not just in the Caribbean, but globally. Indeed all of the major indicators of performance have shown serious decline.

As such, the concept of junk not only applies to the country's credit rating, but can be applied to every aspect of the Government's policies and the economic performance.

First; for the first time over the term of a Government, our economy has become smaller, with the value of what Barbados produces declining by 6% since 2007.

Secondly, our people have become poorer. The incidence of poverty in 2010 was 19.7% of the population as compared to 12% in 1998. Per capita income has dropped from \$28,018 in 2007 to \$26,222 in 2011.

This is a performance than amounts to junk.

The bite has been largely felt in the pocket books of Barbadians of every class. Prices have risen by over 30% since 2007 while incomes of Barbadians especially in the public sector have been largely frozen.

The pinch of a new form of poverty is being felt everywhere.

For the fastest growing items in the retail price indices have not been luxuries but the basics. The price of fuel and light have increased by 62% since 2007; food by 35%.

As performance goes, this is junk.

The dismal performance also hurts where it matters most – access to jobs.

Unemployment in Barbados has risen from 6.7% at December 2007 to 12.5% at June 2012. In the interval, the number of persons employed have declined by almost 10,000 persons over the past 4 years.

There is also a significant amount of short work weeks and much underemployment in Barbados.

This is junk.

People and enterprises in Barbados are now saving less and investing less. Households and companies have had to drawdown over \$1 billion between 2007 and 2011 just to make ends meet. Investment fell by over \$600 million over the period – a 31% decline.

This performance amounts to junk.

The sectors where the greatest progress should be made have also become the areas where the greatest difficulties are being experienced.

It has to be junk for a Government to allow 2700 jobs and \$1 billion in new income and investment to go begging in the international business sector purely by reason of its failure to act.

As regards the tourism industry, the most recent statistics show that arrivals were down by 13.6% for August, 6.4% for September, and 11.1% for the first nineteen days of October this year. Arrivals for this year could fall overall by 9%.

The Caribbean Tourism Organisation has shown that in regard to percentage change in arrivals, of the 24 countries in the organisation, Barbados was 22<sup>nd</sup> – the third from the bottom, and one of only 6 countries which registered a decline this year.

Over the past 4 years, the industry has lost some 30 hotels, apartments and guest houses amounting to a loss of 1300 rooms.

While all of this has been happening, the Barbados Tourism Authority has been starved of funds.

Indeed, at this moment of crisis the BTA finds itself unable to pay its creditors or to mount new programmes to bring our industry back from the brink while the Government pumps thousands of dollars into a political football tournament.

This is junk.

It is also junk for a Government of Barbados to so mismanage the country's public finances that it has to borrow almost half a billion dollars each year, not to create new capital assets, but to pay its current bills.

It is junk for the Government to pretend and to keep telling the people that its fiscal strategy is on track and is working, when it owes the UWI over \$170 million, when companies and people cannot get back their tax refunds, and public employees, living from pay check to pay check, cannot get payments of monies due to them on a timely basis.

It is junk for the Government to allow the BNOC to rake in over \$200 million in profits from the sale of fuel oil to BL and P as part of an effort to recover accumulated losses that never exceeded \$100 million, giving rise to the 62% increase in the cost of electricity.

It was junk for the Government to have imposed a \$100 million increase in taxes in 2008 or an economy about to go into recession.

It has been even more junk for it to keep increasing the rate of taxes as the economy has gotten smaller and smaller.

Above all, it is junk for the Government to believe that you can get prosperity from the imposition of policies to create austerity.

A change has got to come.

On its present course, the Barbados economy will continue in a downward spiral that can lead to a loss of all the gains we have realized since independence.

We are proud of the record of achievements we recorded as a Government between 1994 and 2008 in developing our economy.

But as the next Government of Barbados we do not propose to simply return to the old policies, or even the old familiar way of doing things.

Indeed, in a world rocking with change, new questions must be asked and new answers sought to old questions.

For example we can no longer look to protectionist instruments such as licences or quotas to assist agriculture and manufacturing as we could before 1994.

In addition, the unique tax benefits with Canada that helped to make Barbados the third largest location for Canadian investors in the world is no longer available to

us only, but is now available to our neighbours in the region who are anxious to snatch business from us.

One-way duty free access for our exports to the markets of our traditional partners is coming to an end with the new EPA with Europe, and with the proposed new Trade Agreement with Canada.

In addition, the regime of fiscal incentives that has been used to develop our manufacturing and some of our international business industry is being challenged before the WTO and we have a waiver on their continued use until 2015.

New instruments, policies and programmes to make Barbados more competitive, to create growth by relying more on innovation and increased productivity, a new culture to spur entrepreneurship as a tool of development, and the radical removal of all of the constraints on doing business must be pressed into service as a matter of urgency.

For these to be successful there must be an immediate and comprehensive reversal of the main policies which the DLP Government has imposed recently.

It is very clear that most of those policies were recommended by the IMF – the increase in the VAT, the removal of the tax free allowances; the new taxation on

energy products, the increase in fees charged by Government agencies; the pursuit of macro-economic policies to depress local demand, ostensibly to protect the foreign exchange reserves when they were at levels far in excess of the amounts needed for reasons of safety.

The reason why those policies must be reversed is not only because they have failed, but because of their authors are now confessing that they have and cannot work.

We were constantly being assured by the Central Bank that these policies were working.

Indeed, the Governor even recently assured the public that there was no alternative to the policies that the Government was pursuing.

It is therefore necessary that the public be informed of what the Governor of the Central Bank said at a breakfast meeting in Japan on October 14, 2012, to the Managing Director of the IMF, and the President of the World Bank:

**“We persistently and consistently get bad advice from the IMF. I have worked in Central Banks for almost forty years, so I know I have known the IMF through much different iteration. And I worked for the Fund for ten years. And we have consistently got bad advice on our policy options**

**because the model is wrong. And we need to change that if you are to be helpful to us.”**

The IMF model which Dr Worrell told the IMF is wrong, but which he has been telling the Barbados public is right, is one that seeks to cure economic problems by reducing spending through means that take money out of people’s pockets through increase taxes, fees, and wage freezes and the like.

We have been pleading with the Government ever since 2008 to let people keep more money in their pocket so that their spending can help to keep the economy afloat. And with the foreign reserves at record levels, we have called for measures to stimulate demand at home for Barbadian goods and services to help create the conditions for the economy to grow.

We have also called for the reversal of the punitive taxes and fees that have driven the economy into further recession. We have pointed out the folly of the policies which have driven energy prices sky high and the economy into the ground.

We have pleaded for tax relief for the middle class and for the return of the allowances. All to no avail.

So for the Governor of the Central Bank to give the IMF lectures on how

wrong their policies have been in Barbados when he has been so enthusiastic a supporter of them in public in Barbados is to rub salt in the wound.

We however agree entirely with the Governor that there has to be a fundamental change in the macro-economic policies being pursued by the Government of Barbados, and that an IMF type model is unlikely to get the job done for us.

Happily, we have had to go the non-IMF way before, and successfully so too.

In 1994, we assumed office and found a secret deal in place with the IMF for the Government to implement an enhanced surveillance programme in Barbados, featuring demand reduction and the increase in fees and taxes all across the board.

We chose not to pursue it. We chose rather to trust the people. We chose to give them incentives to help build Barbados by saving and investing. We gave new incentives to industries earning foreign exchange. Since energy is such a critical input, we systematically reduced taxes on all energy products.

We reformed the indirect tax system by introducing a VAT at 15%, where it needs to return. We radically reduced the tax on companies from 40% to 25% and on small businesses from 40% to 12.5%. We radically reformed the income tax and land tax. We liberalized the telecommunication sector. We introduced special legislation to

promote development in areas such as Speightstown, St. Lawrence Gap and Bridgetown.

We introduced special Technical Assistance programmes to restructure our enterprises in Agriculture and Manufacturing. We created Fund Access and Enterprise Growth Fund to provide concessional financing to micro and small businesses.

And when Barbados' vital economic interests were threatened, as they were by the OECD, we vigorously defended our interests, and succeeded in giving Barbados a competitive advantage as an International Business and Financial Centre in the developing world.

We did not sit back and wait for the rest of the world to create a favourable environment within which to operate. We created one at home. And it was based on the notion that the Government must trust the people, and do all in its power to empower our citizens and our enterprises to maximize their contribution to the growth and development of their nation while maximizing their corporate and personal welfare.

We seek office again to bring back a similar proactive, can-do spirit to the management of our economic affairs.

We fundamentally believe that the government must go as far as possible, as fast as possible to stimulate domestic economic activity in Barbados as part of the effort to put Barbados back on a path of growth and development.

To get this economy going again, we have to put more money in people's pockets.

For this reason, we support the introduction of a new middle income tax rate to allow those earning \$100,000 or less, and liable to tax, to pay at no higher rate than 25%.

In addition, the payment of land tax based on the new higher valuations of properties is proving to be a drain on the pockets of too many households.

We therefore propose that persons owning homes valued at more than \$150,000 should have to pay the land tax not on the full value above that level, but only on 50% of that improved value.

It is also urgent that the energy pricing and taxation policies pursued by this DLP Government which have raped the private sector and every household in Barbados be reversed as a matter of urgency.

In the course of the coming campaign we will constructively engage the public on the major new initiatives we will introduce to rescue and stimulate our productive sectors, address the issue of food security, transform the financial industry of Barbados, rehabilitate the Scotland District, revitalise the North and our major urban areas, and revitalize our housing and construction industries. We will address the need for the urgent implementation of the policies for the green economy and for the development of alternative energy as set out in my budget in 2007 and for which Liz Thompson won an International Award.

Today, I focus on two special issues which must be pursued because of their strategic importance to the future growth and development of the society.

### **BUILDING AN ECONOMY FOR THE YOUNG**

A fundamental aspect of any future transformation of the Barbados economy must entail the deliberate design of an economic system that can specifically accommodate the aspirations of our youth.

By this I mean that we cannot just design an economy and hope that young people will fit into it. Rather we must deliberately design our economic policies and structures with our young people in mind, and allow more of our growth and the earning of foreign exchange to come from occupations that young people want to pursue and from which they can get lucrative careers.

The potential benefits from such a developmental approach is massive because Barbados has barely scratched the surface in tapping into the vast market areas in which the services of young people are greatly in demand, and fetch extraordinary high prices.

I think immediately of the international professional sports market, the field of entertainment and cultural activities and the vast range of service activities that draw upon the creative imagination of young people.

The time is especially ripe for more young Barbadians to be equipped to tap into international sports market as professionals, especially football.

Thanks to the previous BLP administration, sporting organizations now draw over \$13 million per year from the lotteries. Arrangements shall be made to enable them to be able to have access to at least \$25 million per year to begin with, so that they can give more professional contracts to national sportsmen, and can support development programmes to develop our young people to the stage where they can win contracts to perform as professionals in the global sports market arena.

The David Thompson Football Competition honours the dead. We want to advance the interest of the living.

We also introduced the Innovation Fund. We need now to capitalize that to the extent of at least \$20 million to begin with, and to commit to expand it as necessary to enable young people involved in economic activity such as software development, film, video, music, fashion, electronic games and applications to have access to concessional financing to be able to follow their dreams.

In 2007, we left office with a Cultural Industries and Creative Economy Bill ready to be used to transform the creative landscape of Barbados.

It has remained in draft for four years while our young people have languished.

That legislation will and must be acted on as a matter of urgency.

The Government of Barbados also needs to invest in at least three mini stadia in the North, Centre and South of Barbados to allow professional sports to take root in this country.

In addition, the Barbados Coalition of Service Industries was formed by the previous BLP administration to organize our non – traditional service providers, most of whom are young, and to help them to build capacity to supply the domestic market, and to penetrate foreign markets as services become more open through trade liberalization.

The budget of that organization has been ravaged by the DLP.

We pledge to fully support the BCSI and to make it one of our leading national economic organizations.

For our young service providers, selling their services in the new evolving global economy in ways made possible by the revolution in information technology, represents the best hope for a dramatic transformation of our economy.

It is an opportunity we do not intend to miss.

### **A NEW ICT AND BUSINESS FACILITATION PLATFORM**

For the foreseeable future, Barbados' growth and development will take place in an environment where policy instruments that were of decisive importance in the past, such as unique tax benefits, trade preferences, fiscal incentives and protectionist regimes, will diminish in significance in the future.

The next phase of Barbados' development must be predicated on a strong strategic Information Communication Technology platform that is world class.

As far back as the year 2000, Caribbean leaders recognized the shift to knowledge-based economies and committed to accelerating the use of Information and

Communications Technologies (ICT) for advancing the economic and social development of the region.

Our telecommunications infrastructure remains critical to Barbados' development, not just as an industry in its own right, but as a necessary pillar in the growth and development of the services sector.

Indeed, a recent World Bank study of middle and lower income countries concluded that broadband penetration can lead to an increase of 1.38% in GDP.

Going forward, national ICT success requires governmental leadership. This must begin with the harmonization of all ICT functions within government under one umbrella ministry. Certain fundamentals which were part of the telecommunications reform process that began in the year 2000, must again be brought to the front burner and given urgent attention.

In this regard, we must implement Number Portability policy legislation, pursue the enactment of Data Protection, as well as develop legislation that addresses cyber security, in particular.

Government must also use the provisions within the Telecommunications Act to establish policies which make broadband provision the minimum service standard

as part of the universal service obligation of telecommunications licenses granted in Barbados.

The reform agenda for the future must have at its core, broadband internet access, at high speed and at an affordable cost, across the length and breadth of Barbados. This approach is critical for stimulating productivity and innovation. It has been shown in several advanced economies that broadband internet access by the wider population has improved social and economic benefits across the board.

We recognize the opportunity that ICT holds for high valued job creation. As one of its priorities, training and partnering with established international ICT institutions will be central to its success. A new services and technology driven economy that especially caters to needs of our youth and requires a new type of industrial park that facilitates centres of excellence in ICT.

We speak therefore of a cyber park that can accommodate operations such as software development, advanced research and training facilities that give new opportunities for other foreign direct investment in areas such as animation, web casting and mobile application technologies to name a few.

We continue to offer our support to other private sector business initiatives, and the efforts of the Barbados Entrepreneurship Foundation in facilitating the provision of free Wi-Fi access across the island.

### **BUSINESS FACILITATION**

The changes that have to be made to create conditions conducive to strong private sector led growth also require that some detailed attention be paid to devising new arrangements for the country's economic governance.

It is beyond dispute that in its effort to generate growth in the economy, Government, in addition to the focusing on the macroeconomic environment, must also focus on the laws, regulations and institutions that have an impact and indeed provide form and structure to daily economic activity by private entities. The challenge which Government must successfully resolve is that of acting in the public interest while at the same time acting as a facilitator of business rather than its biggest constraint.

I need to spell out why dealing with business facilitation may well turn out to be the matter which decides the future of the Barbados economy.

The Global Competitiveness Report 2012-13 ranks Barbados 44<sup>th</sup> in overall competitiveness. This ranking, though 4<sup>th</sup> in Latin America and the Caribbean, is down two (2) points from the previous year. Of concern is the fact that inefficient Government bureaucracy and lack of access to financing were identified in the survey of the private sector as the two most problematic factors for doing business in Barbados.

The negative impact of poor business facilitation has already dealt a cruel blow to our international business sector. According to the CEO of Invest Barbados, (speaking on Down to Brass tacks Tuesday October 25, 2011), during the last 2-3 years Barbados has missed out on US\$1 billion in investments and 2,700 jobs in the international business sector. He indicated that the information was based on the records which Invest Barbados kept about discussions which they had with companies which had expressed interest in Barbados and provided details on the projected investment and jobs which would be generated. Those investments did not get off the ground for reasons which included, slow response to applications for incentives, licenses etc., and failure to amend legislation or pass new legislation to meet the needs of the market.

There can be no more half measures in promoting business facilitation. While the Government of Barbados is displaying the symptoms of chronic implementation deficit disorder other countries are taking deliberate steps to make it easier to do

business in their jurisdictions. Indeed countries from Rwanda to the UK are aggressively reforming their regulatory structures to enhance their competitiveness and make it easy to do business. On the other hand, projects such as the IDB loan funded Barbados Competiveness Project is marked by major delays. Government must make improved business facilitation a key strategy for private sector led growth.

In this and other matters there must be timely decision making by Government. Inertia is not a substitute for action, neither is equivocation an option when private sector investment, jobs, and growth are at stake.

The lack of focus on business facilitation is perhaps most sharply reflected in the fact that there is no information on Barbados in the Doing Business report which is produced annually by the World Bank.

We are therefore not in a position to compare our performance against that of our competitors for trade and investment.

While we move slowly on our reforms, the UK, though ranked at number seven in terms of the ease of doing business, is not prepared to rest on its laurels and has launched several initiatives to “simplify the regulatory system and free up the private sector’s capacity to innovate, diversify and expand”. These include a

comprehensive review of existing regulations to identify those that could be removed, simplified or approached in a different way. Additionally the Government has directed that new regulations must be assessed for their cost to business, and they must be reviewed after a maximum of seven years to “justify their continuation rather than simply leaving them on the books”.

The status quo is not an option. Nothing short of comprehensive reform will suffice if we are to engender private sector led growth. I propose the reengineering of Government operations on an e-government platform which will use information technology to flatten government’s hierarchical structure, allow for simultaneous processing by different departments and speed up decision making. I further propose ongoing review of commercial law and regulations by a public/private sector Commercial Law Commission. And our Party is committed to working with the Chamber of Commerce, Small Business Associations, the Barbados Entrepreneurship Foundation and all other private sector bodies to make Barbados the best place to do business.

### **MANAGING THE PUBLIC FINANCES**

I could not leave this Conference today without saying a very special word on the aspect of the management of the economy which is likely to be the most controversial, but where sound, new innovative approaches are urgently required.

It concerns the management of our public finance.

It is clear to all that the Government of Barbados cannot pay its current bills. It is equally clear that it is not going to be able to continue to expand expenditure, especially in areas that are of strategic importance to the well being of the Barbadian society.

Adjustments will have to be made.

Dealing with this matter is where the Government and the Minister of Finance have shown their greatest failing.

There has been no clear thinking; no new innovative approach. Rather Sinckler has given us the full benefit of his ignorance and inexpertise on financial matters, and has brought to bear to the fullest extent a crude, autocratic and duplicitous nature where such is not needed.

Sinckler has this year alone ordered two sets of cuts to expenditures by Ministries. But yet he would wish to have it appear that he is above doing such things, and that it is the BLP that wants to cut Government's spending to send home people.

He also functions like a doctor who while doing surgery on someone's head prefers to use an axe rather than a scalpel. For as happened with the cuts to the drug service, wild swings were made to cut everything, in a manner that seriously hurt pensioners, and those having special circumstances that need special care, who ought not to have been made subject to chops in the access to the drugs.

And it is especially duplicitous for Sinckler to have announced, as he has, that the DLP wants to privatise major public enterprises and to reduce Government's transfers to statutory boards but then seeks to falsely suggest that the BLP has concocted some secret plan to use such policies to send home 10,000 public servants by privatizing and reducing transfers.

Above all, the Government's approach to the crisis in its expenditures reflects its inability to govern.

When far reaching actions have to be taken that can affect people's access to benefits and entitlements, Government must not act crudely nor unilaterally. It must build a national consensus for what needs to be done.

We faced such a situation when we had to reform the NIS. Left unaddressed, it was going to go bankrupt by the early 2030's. Major new changes had to be introduced to save it and ensure its financial viability. Some of those could have been unpopular.

We put together a Task Force led by the late Stephen Alleyne, brought all of the stakeholders together, and came up with a set of new policies and arrangements that were acceptable to all, and that account for the very favourable position in which the NIS now finds itself.

We have proposed to Government over and over again that a similar approach is needed to deal with the crisis in the public finances.

It has fallen on deaf ears. We have gone as far as to set out proposals which we think can help, which I wish to repeat again today.

First, if adjustments have to be made to our citizens' access to services paid for by the state, across the board cuts should not be made. The poor, our senior citizens, those with disabilities and having special needs must continue to enjoy free access to critical public services.

Secondly, if adjustments have to be made, Government should provide incentives to allow citizens whose income are above the threshold where it is liable to tax, and the private sector to seek to fill the void in the provisions of social services which Government may leave behind.

We refer to it as the programme of Fiscal Incentives for Social Transformation. It would include providing tax credits for persons who buy health insurance to offset the cost of accessing their health care on the private market. It would also include full tax credits for savings in Registered Education Savings Plans to allow parents to save for their children's education.

In this way, people can be empowered to take more responsibility for their personal welfare, and a potential problem can be converted into an opportunity.

Third, we propose that special incentives be provided to the private sector to make investments in new health care and educational facilities, treating them as areas for private sector growth in the future.

Fourth, we are prepared to go as far as possible in respect of the privatization of State enterprises, provided that the proceeds are used to pare down the public debt, or to support public sector capital expenditure.

And fifth, we strongly support the use of private-public sector partnerships on matters such as the revitalization of Bridgetown and Speightstown, as ways by which the private sector's role in the economy can expand as Government's expenditure is brought under control.

## TOWARDS A NEW GOVERNANCE

I choose to speak at this Annual Conference more fully than I ever have to any previous Conference on matters relating to the rule of law and the need for a new governance in Barbados.

Barbados progress has been based on a few things.

High on that list has been our long tradition of stability and good governance, the hallmarks of which have been adherence to the rule of law, accountability and transparency by both the public sector and the civil society in the conduct of their various affairs.

That tradition of good governance is systematically being undermined. It is being undermined by the worst of tyrannies – a lawless Government.

At the best of times, this DLP Government has done wrong in spite of the law; and at the worst of times it has changed the law for the sake of wrong.

By its actions, it has undermined public confidence in our state institutions. And it has set about to destroy these institutions for the sake of its own survival.

The Democratic Labour Party came to power in part, on the strength of a pretended commitment to good governance, but from the very outset, it was apparent that this was a commitment that they neither intended to keep, or at the very least, were willing to discard when it suited them.

It bears repeating, over and over again, that on the eve of the last general election, the DLP erected Billboards throughout this country in flagrant contravention of the Town and Country Planning Act. When this breach was pointed out to them, the callous and contemptuous response of the then Leader of the Opposition, one David Thompson, was that by the time the Chief Town Planner could do anything about, the election would be over! Surely, this contempt for our laws at this time must have forewarned us of what was to come! Can it be reasonable to expect a private citizen to comply with the Town Planning Act or any other Act for that matter, in the face of the DLP's scofflaw attitude?

It also bears repeating that the Transport Board Act clearly prohibits the Transport Board from selling petroleum products. Yet, this administration, in flagrant breach of the clear intent of the statute, has established a regime where the Transport Board is now selling diesel.

It bears repeating, that this administration in breach of the Barbados Water Authority Act, installed one Arnie Walters into an unlawful position of Executive

Director and placed the management of the Water Authority in his hands, when the Act stated clearly that the management of the Authority was the duty of the General Manager alone.

This administration persists in giving NHC properties to tenant, in circumstances where it is unlawful for the NHC to make gifts of any of its properties under the Act. We have pointed out to the DLP in Parliament that they are acting in contravention of the NHC Act, and that if they intended to pursue this policy, the Act must be amended. But this advice has been ignored and continues to be ignored.

Is it any wonder therefore that in the halls of government, we are now reduced to the state of the Wild Wild West?

Is it not the Wild Wild West when a Minister of the Crown spits in the face of the longstanding doctrine of collective responsibility, by directing the staff and management of the Barbados Water Authority NOT to meet with the Minister of Finance; and is it not equally scandalous that such an assault on the principles of good governance should have been accepted and allowed to go unanswered by the Prime Minister and Chairman of Cabinet?

How do we accept the bizarre situation of an arm of government, the Barbados Water Authority, which contracted in good faith, and with the knowledge of the

Minister of Finance for the construction and financing of a new headquarters facility, but that the Minister of Finance now appears to be refusing to sign the required letter of comfort?

In its unwritten manifesto prior to 2008, the DLP embraced the principle of the fatted calf by which they promised to enrich those who voted for the party at the expense of those who could not be identified as its active supporters.

It has to be a matter of deep national disgrace that the practice of the principle of the “fatted calf” has afflicted almost every major State and national institution in this country.

Due to its high visibility the CBC has become the most obvious manifestation of Government’s unjust manipulation of the state’s agencies and institutions.

The Government has transformed the nightly newscast into an hour of a undiluted, partisan propaganda with the dual purpose of promoting the narrow interests of the DLP while silencing the legitimate voice of any contrary opinion in Barbados.

The DLP has also been rampant in seeking to place its perceived supporters in strategic positions at the expense of others who were in legitimate occupation of those offices. The Barbados High Court recently vindicated the victimised former

Director of the UDC in circumstances that the Court described as “reprehensible in the extreme.”

But we would not have anticipated that the DLP Government would also have interfered in the internal affairs of the Royal Barbados Police Force in a manner that is also reprehensible in the extreme?

For the first time in the history of Barbados, a significant numbers of senior police officers have accused the Police Service Commission of unlawfully interfering into the matter of promotions within the institution.

Police officers must be allowed to engage their careers beyond the reach of unconstitutional acts of discrimination against them. By its action, this Government has been dishonouring the letter and the spirit of the Constitution in its treatment of the Royal Barbados Force.

The threat to our society is clear. For to destroy the institution of the Royal Barbados Police Force is to tear asunder the fabric of security upon which the country has always rested.

The situation gets worse. Under the Constitution of Barbados, the Judiciary is that arm of the state to which the citizen must resort if he or she feels aggrieved by acts by the State.

In the discharge of its duty, the Judiciary must maintain absolute independence from external control, and especially insulate itself against the power of other arms of the state.

This DLP Government has dangerously displayed contempt for the Constitution, for its conventions and for the rule of law in the form and content of its relationship with the Judiciary.

The first sign of lawlessness emerged within the clouds that engulfed the demission from office of the former Chief Justice.

After the retirement of the former Chief Justice, the institution was further undermined when a senior distinguished Judge was required to act in the office for a period exceeding a year.

The high office of Chief Justice of Barbados was further diminished by the manner in which the appointment of the present Chief Justice was mangled.

Late one Friday night, after a week long debate on the Estimates the DLP exploited its Parliamentary majority and hastily amended the Supreme Court of Judicature Act to allow enfranchisement of a sole individual into the high office to Chief Justice.

We also cannot ignore that reports of discontent within a Bar Association that is now reportedly threatening unprecedented strike action in protest against further deterioration within this administration.

The administration of justice has further been tarnished in the aftermath of a Prosecutor suing the state for its failure to advertise the job that he has been performing for the last 6 years. Meanwhile, the position has been handed to a former nursing assistant who had absolutely no experience in the courts.

We can also point to the break down in good governance by the use of this Government of Constituency Councils to do no more than to secure the ruling party's self-serving incursions into the local communities of Barbados.

We have seen the absolute break down in Governance in the manner in which this Government has mangled the CLICO matter and has allowed the protection of its pal to trump the interests of 35,000 policyholders and investors.

As regards, the situation at Bagatelle, ordinary citizens are being forced to seek relief from the court from actions by Cabinet undertaken in defiance of the Town Planning Act.

In 2016, this Nation will celebrate the 50<sup>th</sup> Anniversary of its Independence.

The best possible birthday gift than can be conceived to salute this major milestone should be the devising of new structures of governance that can serve to reposition Government in the 21<sup>st</sup> century from a body of 20<sup>th</sup> century laws and systems to enable our system of governance to better meet the needs of our people in every aspect of their lives.

We need to make greater provision for popular participation by the entire civil society in decision making and in the country's economic prosperity.

There is need for greater protection of our citizens from a lawless Government, and for greater fairness, transparency and social justice in all of our public and private affairs.

Some of the matters which should be in place to make a new Governance a 50<sup>th</sup> birthday gift include:

1. A new Constitution that focuses on the role of governance as opposed to the rule of Government;
2. A Freedom of Information Act to provide greater transparency that balances the rights of individuals as against the capacities of Government to comply;
3. The divestment of CBC and the issuance of broadcast licenses to facilitate an open environment for the flow of information;
4. The complete revamping of the structures of statutory organizations to reflect greater and more effective participation by civil society;
5. Redefined Universal Access to Telecommunications from basic telephony to free WIFI Island wide;
6. The reform of systems and procedures across those Government departments upon which there is heavy reliance by the public;
7. The reform and modernization of Parliament;

8. The reform of the Estimate and Budgetary process to facilitate greater scrutiny of Government's proposed Budgets;
9. The Reform of the Court System, and the creation of alternate dispute resolution to provide speedier and affordable access to justice;
10. The reform of Government's procurement system and the provision for publication of details pertaining to the award of contracts;
11. The establishment of democratically elected Zonal Community Councils to work in tandem with Statutory Boards and Government departments to ensure a more effective delivery of services to the people;
12. The broadening of the composition of Social Partnership to reflect the entire Civil Society;
13. A redefinition of citizenship and essentially the relationship of our society, with the Diaspora and our people abroad;
14. The Establishment of a Permanent Advisory Social Justice Commission; and

15. The creation of a New National Mechanism to capture involvement of young people across all endeavours and nation building activities.

We believe that by measures such as these, Barbados will be changed for the better forever.

### CONCLUSION

I have thought long and hard about the simple messages I would like to leave through this Conference to our party and to the people of our nation at this moment when Barbados finds itself deeply mired in crisis that threatens to overwhelm the society.

I have perhaps found the messages embedded in memoirs of my own life that I started to prepare while at the Cave Hill Campus.

Those perspectives entitled “a Country Boy” captures what it was like giving up in humble surroundings in pre-independence rural Barbados.

I grew up the son of a father who was a carpenter, and a mother who started life as an agricultural labourer.

They were constantly buffeted by circumstances; by the sheer necessity of meeting the needs of a large family on very meagre means.

But whatever the circumstances the message was clear – you may bow, you may bend, but you must never break.

I can still recall the heat of the 3 o'clock sun on my brow during the Easter vacation of 1965. Other students were preparing for their O'levels. My mother had lost her job on the plantation. She was finding work wherever it could be found, I was helping her as she tied canes all across St. Peter, humming all the while, "I must have my savior with me for I dare not walk alone."

She did not break. She went on to create her own business.

I remember my parents waiting up for me when as a student at Cave Hill, I often had to walk every step of the way from Campus to Rose Hill because the last bus had gone.

Always the same message. You may bow, you may bend. But you must never break.

I remember my parents twisted with agony in 1975 and again in 1981 as they buried their daughters, but then turned to face the world.

You may bow, you may bend, but you must never break.

It is the message that I give to you and to all Barbados, as I pledge to make sure that our nation's affairs are attended to in the future with all the care a father can muster.

We may bow, we may bend, but we will never break.

And there is another simple message contained on a plaque that my mother gave me the day before she died.

It is the said message that I leave you today, as we together look to change Barbados for the better:

**“To be all that you can be, you must dream of being more.”**

May God continue to bless the BLP, and to bless our fair land, now and forever.

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