

Notes on the Budget Debate by

Fred Mitchell MP

3rd June 2010

House of Assembly

CHECK AGAINST DELIVERY

This is the day that Billie Joe McAlister jumped off the Tallahatchie Bridge.

Want to respond briefly in rebuttal to points by government spokesmen yesterday.

MP for North Abaco said that he has removed the need for permits for chicken because he is tired of people smuggling chicken. When it came in it was bad policy but it was meant to protect local industry. What is the effect on local industry? But more importantly, he is unable to exercise the courage of his conviction in the area of legalizing gambling in this country. I support the change in the law which will legalize gambling to all Bahamians without any discrimination whatsoever and the regulation of the gaming that presently going on. I need go no further than to say that the two religious leaders who last spoke on this issue both the Romans and the Anglicans saw no intrinsic moral evil in gambling and so therefore the case against it in my view rests and the government should without delay move to allow Bahamians of adult age to exercise their specific choice of entertainment or investment if that is their desire. I do not gamble.

MP for North Abaco said that he will stop paying the claims to Colina because he did not have the money and Colina could take him to jail. There is a serious consequence and that is they could stop honouring the claims. Not funny at all.

As for his comment on pensions that are non contributory in the public service, the Social Security Commission advised the government that they ought to stop the non contributory scheme as it has been done in Barbados and everyone coming into the service from now on should fund their own pensions by a scheme to which they contribute by deductions. I would support that.

The impression was given yesterday that the public sector unions support and accept the government's position on not paying salaries and no promotions. That is not quite the case. They are manifestly unhappy about it and believe that this was a "take it or leave it" proposition and some of them will be coming back with counter proposals.

In this connection, I wish the Minister for the Public service will tell us the true story on overtime being paid to customs officers and immigration officers. We understand that fees for overtime are still being paid in the family islands by airlines but nothing is being paid to officers who in fact work overtime.

Further, the Minister for the Public Service might tell us how many pensioners he now employs in the governments service and at public corporations that are collecting both their pensions and their salaries. I make this apropos the point about saving money vs. asking MPs to take a pay cut without their consent.

V.S. Naipaul, the Nobel Laureate wrote in 1974 in his essay *The Killings In Trinidad*: “While the dream of redemption lasts, Negros will continue to exist only that someone might be their leader. Redemption requires a redeemer; and a redeemer in these circumstances cannot but end up like the Emperor Jones: contemptuous of the people he leads, and no less a victim, seeking an illusory personal emancipation.”

The Anglican Priest Fr. Been said on Sunday last the story of a man who was asked by a friend how things were going. The man replied that things are so bad you have to ask my pet dog. When he asked the pet dog how things were going, the dog replied: ruff! Ruff! Ruff!

Last week Virginia Outten and her colleagues who were former employees of Clico were out in the public square demonstrating and they made the point that Parliament had spent time the week before debating the fate of dogs but were ignoring its people.

I would not condemn all of Parliament because there are those on this side who do not control the agenda. Don't blame me. I voted PLP.

I have a friend Prince Livingstone who met me at the airport when I came in last week. He said to me I don't want to hear any PLP get up in the House of Assembly and criticize that man. You must praise him. Tell the Bahamian public he is a good man. This is what they voted for, so he could put it on them. So don't go there crying for them, they did it to themselves. You must encourage him to put some more pressure on them. They had it good but this is what they wanted so let him put it on them.

I suppose that is one point of view and I understand his point.

But at my class reunion our 40th year since graduation, two class mates argued just the opposite; they asked me ask that man what is wrong with him, has he taken leave of his senses?

The issue my dear friends is not so much this Budget as deficient and irresponsible as it is. The issue is one of governance. Nothing demonstrates the point on governance than the unilateral decision to cut the salaries of Members of Parliament, to free raises for Public servants and to stop promotions. All of these are contractual obligations which in private law has a simple principle: you cannot vary the terms and conditions of my remuneration unilaterally or without my agreement. You know in these circumstances a man is entitled to say if you come and put your hand in my pocket and take my money without my permission, I am entitled to cut your hand off.

You can come with your biggetty self and take your own money but everyone else you have to ask their permission. That is the principle. That is the civil thing to do, and I wish some has the cajones to challenge it.

I want to make it clear that I do not support it and when the opportunity arises I intend to vote against it unless I am formally asked my consent to do it.

In 1977, Sir Lynden Pindling argued in the House of Assembly the rationale for the salaries which he proposed to pay his Ministers of the government. He said then that the PLP's role was to make it possible by means of these salaries for men and woman of ordinary means to serve their country. Yet a generation later, we are still fighting the battle to allow people of ordinary means to serve. We have failed to solve that problem.

One generation after Pindling gave that message to the House of Assembly, the complaint is still that the country is too much in its public policy dominated by lawyers. The next generation of would be leaders chafes at the bit because they believe that unless you are a lawyer, you cannot get a fair chance at the right to help govern the country.

The history of why lawyers dominate the politics is easy to understand. They are the class that are

independent economically and don't have to work for anyone. Traditionally they are able to afford a campaign and can afford to be an MP, a job that does not have a proper salary and for which there is not proper support. We have to bear the failure for not solving that issue while we were in office.

Lawyers dominating politics in The Bahamas is not unusual, since they tend to dominate in most countries in the hemisphere. But that does not mean that the cry should be ignored. An attempt ought to be made to cure the mischief. Surely, it is a cry that is worth investigating and resolving and it can in my view be resolved in part by the PLP making some hard decisions if they win the next term

in government. We need to resolve the problem of someone who is a person of ordinary means wanting to become a Member of Parliament, but who cannot serve without having to become impecunious, also known as broke, in order to serve his or her country.

Each Member of Parliament must be paid a proper, full time salary; enough of part time MPs. Each should have a proper office, transportation, and a discretionary funding mechanism; each should have the necessary support staff to ensure accountability and the transparency of its funding. And I say this at a time when some leaders of the government are sending out a signal that they intend to cut parliamentary salaries in the next budget round.

The country may even have to consider the state funding of campaigns to end this unseemly and disgraceful buying of votes at every election in an endless bidding war where elections are decided on how many T-shirts you can buy.

Those who run for office have a responsibility as well. Potential office holders must prepare themselves to run for office. A proper education is a must, bringing to the job the experience of dealing with people and the workings of political parties

and organizing. MPs, Senators, and other public figures should be drawn from the widest cross section of the country and its professions and trades and be more reflective of the country as a whole.

Who would doubt the hue, cry, and what the revolt here would be if the whole country were run as a theocracy, yet the country today is run by a class that is so one dimensional that those at the bottom are chaffing to rid us of it but are without the means to do so save to complain. The country is the poorer for it.

And so I know the dangers of raising this principle, because the enemy will try to make it something that it is not but it is an important point and there is never a bad time to start getting this right.

I started on the point of governance because the manner, form, methodology and conduct of this Budget exercise is all wrong. The days when a Minister of Finance, sitting in a room with his officials and deciding what is good for us should be put behind us. Clearly, the response to these changes shows that there is something wrong.

One school principal spoke to me about the loss of \$145,000 dollars in the subsidy from The Bahamas government without notice to the school. The budget is all set; the notices have gone out to the parents that the fees are going to be set at a certain level. Aquinas College for example I am told, has increased its school fees by \$400/ term prior to the government's statement that it is cutting the subsidies. The comment made to me was simply this: the amount is an issue but the real problem is the lack of notice.

I say this in the wider context of my view that the governance model is all wrong.

That must be why the House in its wisdom contemplated at least one level of scrutiny of this process before the matter comes to the full House by the following rule 78 (2): "The annual Appropriations bills after first reading may be referred to a Select Committee responsible for Finance who shall examine the Bills and report to the House within seven days (excluding Sundays) of receipt of such bills."

This has never been done and perhaps now is the time to start.

Last week, in a swing through the region in Trinidad, Barbados, Antigua and Jamaica, there is an ongoing discussion about governance. In Trinidad for example, a general election was called without apparent consultation with usual stakeholders and the result was catastrophic for the party in power, its leaders, and its members.

So it has increased the call for fixed dates for elections so that there is no element of surprise left the hands of a Prime Minister.

The British have now agreed at something akin to this model which would only see the government fall in advance of that fixed date if there is a successful vote of no confidence.

The question of public disclosure is an important issue, specifically what the public has a right to know and the all important issue of the strength of Parliament vis a vis the executive.

The problem was described as a Prime Ministerial dictatorship by one Mia Mottley, the Barbadian Leader of the Opposition: with both the Cabinet and the Parliament rubber stamping whatever the Executive decides. That is how an arrogant executive could sit down and decide what sacrifice you are going to make for your country.

So we have to look at how we are to improve the governance in our country so that the power of Parliament increases vis a vis the executive, so that Parliament becomes an effective check on the Executive.

To do so requires certain tools which are not now being provided?

The issue has again arisen in the Republic of Trinidad and Tobago where the new Prime Minister Kamla Persad Bissessar has appointed a 31 member Cabinet. Indeed, the issue arises in Antigua where almost everyone is a minister and the same applies here in our Parliament where the Cabinet outnumbered the back bench of the government.

Some colleagues have suggested here that this so called saving that the Prime Minister wishes to realize by imposing cuts on Parliamentary salaries for one year could be realized if he simply reduced the size of the Cabinet. The salaries of two Ministers would secure the savings which he is seeking.

Governance of course means much more than the question of the power of parliament in contradistinction to the power of the executive. It has to do more generally with the performance

of the public service and the general public administration both of which, despite the efforts of some, are sorely lacking.

The question we must ask, and the next generation must ask as we sit in this House today, is whether or not the governance model which we employ today actually provides the goods and services which this country requires and which can take us into the future.

For example, I was looking in the budget for the actual legislation to raise the customs duty rates on cars. But I had forgotten that the master of sleight of hand had passed in this House an act which calls that which is customs duties excise taxes.

This is typical of the kind of tomfoolery we get around this budget time: an exercise where the Minister of Finance says that the debt to GDP ratio is 47.3 per cent. Everyone else beside our Minister of Finance tells us this percentage is patently false.

Here is the advice that I have been given:

1. The tables also show the national debt as a percentage of GDP to be 53% although throughout the Communication the government's direct debt to GDP; the lower figure of 47.3% is used notwithstanding that the national debt is the conventional statistic used by the Central Bank of The Bahamas, the IMF and other international agencies for the past several decades. In that connection, the tables also show that the Bahamian economy shrunk in real terms by -1.7% in 2008, by -4.3% in 2009 and by -0.5% in 2010. Given the negative growth over the past two and a half years, one would expect GDP at the end of fiscal year 2010 to be in the region of \$7 billion which would produce a debt to GDP ratio more in the region of 59% but yet, the government, by its own admission, is using a revised GDP table in current prices to show that the GDP level in 2009, the height of the recession, exceeded the level in 2008. That statistic may have to be clarified for both local and international interested parties and observers.
2. After running up a GFS deficit of \$425 million in the 2009/2010, the proposed expenditure containment and revenue enhancement measures in the 2010/2011 Budget are expected to produce a significantly lower deficit of \$227 million which computes to a GFS deficit of 3% of GDP versus the 5.7% achieved in the last fiscal period. It is a target that is both ambitious and aggressive and can only be achieved, in my view, if and only if, there are no other external disturbances that

could produce a double-dip recession; there are no natural disasters this year, such as major hurricanes; that the expenditure freeze and budgetary cut-backs do not produce any labor unrest; and lastly, that the projected revenue growth from increased taxation is indeed realized as opposed to being subjected to an unintended effect of higher taxes yielding less revenue (the economists refer to this as the elasticity effect).

I smile when this sort of thing happens because the Nassau Guardian told the public that we must get real. I smile because this problem is of the master of sleight of hand's own making. Biggetty, it does not matter, the people wanted me; I will stay as long as the people want me. What a long way we have come from 'Sir Lynden had to go because he had served more than two terms'. No more talk about that any more.

We should not really be surprised at where we are, given the way the government conducts itself. We should have seen this coming and we did even as we were being told three months ago that everything was rosy and we had the best performing economy in the region. We know that is not true either.

The IMF sent out a warning that the level of spending on social programmes is unsustainable. Wonderful word that. The IMF experts love it, but how about the consequences of no social spending or cutting back social spending in the face of high levels of unemployment, a no growth strategy, now that is unsustainable because it is a prescription for social disorder.

Earlier this week, I had the fourth death in my constituency in as many months where the people had no money to pay for the burial of loved ones. Four funerals. The Dept. of Social Services gives 650 dollars. National Insurance gives 1500 and the cheapest funeral if you want a burial is one by Fealy Demeritte for about \$3500. Cremation costs 1300 dollars. So what do you do as a representative if these people have no money?

I was up at the Prison on Monday. I had not been there in a long time. I was the guest of the Assistant Chaplain in what they call interactive sessions with the men on maximum security. The idea is to give hope to those in quite hopeless situations. I looked around in the unit where we were and there have been some improvements but the facility is clearly not up to scratch and is wholly inadequate. Yet we started the meeting with these men dressed in red stripes clothing, in the heat and sweating, with wires exposed and the ceiling in parts missing and yet these men stood up with lusty voices to sing our country's national anthem: Lift up your heads to the rising sun.

Their question to me was about due process and the point I make when I raise this question of governance in our country is the question of due process.

Why was the independence release of prisoners stopped by the PLP 2002 and the release is discontinued today by the FNM?

I told them because it was perceived that it would be unpopular and that the government was weak on crime.

Why do they get formal letters when they apply for clemency under the provisions of the constitution and nothing happens?

One man said that he got a letter in 2008 that his case would be reviewed and there has been nothing since.

Then the shocker, the toilets. The Minister of National Security told the country that toilets were being put in maximum security. This is something that I had been fighting for since I returned home as a lawyer in 1986 and I thought at last it's done. Three, four people, in a cell in maximum, 23 hours a day locked down and no toilets but a slop bucket up to last year. The Minister boasted that the slop buckets are gone. But the prisoner said that they want the slop bucket to return because the last state is worse than the first. They don't have water closets like we expect for toilets but what you have is a compost toilet which is a solid waste disposal where the feces drop into a compost heap, imported compost from the USA, that they say has bugs which bite and then it is emptied in solid form after a time of collection. They say the smell is awful and there are respiratory problems as a result of it.

They are also without the means to address it.

Now I told them that the problem is that most people in the country have no sympathy for them because of what they have been convicted of and the country is overwhelmed by crime. But you know they came back with the fact that we were debating the animal bill and dog bill two weeks ago.

Certainly they have a point but their point is the wider point about governance again. The lack of attention to process and simple courtesy is endemic in The Bahamas in its official work.

Letters are written by lawyers to public offices on behalf of clients and the public officials write the clients and not the lawyer or they don't respond at all.

The most egregious fault in this area is when you as an 18 year older apply for citizenship of The Bahamas. God help you. The paperwork is endless. You are marching up the aisle for years. You are being interviewed and interviewed again. You cannot get an answer.

The prisoner's complaints about lack of process applies to public servants and the question of their promotions and pay.

Ask the people today who are working at BTVI about the lack of due process. They have no idea what their fate will be. One person has been working as a so called part timer for 16 years and has been told that with the coming of autonomy, she will not have a job automatically but will have to apply and she may be taken on. She does not know.

Who can ignore the lack of due process in the courts? You can't get decisions. The facilities are inadequate. Yes, the same complaint that those prisoners have about their conditions and the lack of due process are the same complaints that the Judges themselves and the magistrates of the court will have about the conditions in which they work.

Look at the conditions under which we operate in this Parliament. The conditions are simply disgraceful for a country as wealthy as this one.

You should see the Parliament of Antigua by comparison. Or get as I did the opportunity to have lunch in the Members dining room in Barbados.

And when I met with Lester Bird in Antigua last week, the former PM and now Leader of the

Opposition of Antigua, he told me about his first trip to Nassau in 1959. He was a class mate and fellow athlete of our great Thomas A. Robinson. Mr. Robinson and he drove to Miami from Michigan State in Christmas 1959. He said when he came to The Bahamas and saw Nassau, he wrote his father the then Premier of Antigua Vere Bird. He told him 'daddy you ought to see Nassau. This is what I want Antigua to look like.' And he determined that Antigua would be developed to be like The Bahamas.

They are not quite there yet but in some areas, this one of the Parliament, they have certainly surpassed us.

On the issue of governance and the Ministry of Foreign Affairs and in matters of foreign trade I make the following observations. You can talk until you are blue in the face about the fact that we need to be a developed country by 2020 and that foreign trade ought to drive us toward that goal.

But on each occasion since I have returned my old job as Opposition spokesman on Foreign Affairs, I have made a simple point.

We want to be in WTO. WTO requires that you have a government website that is up to date and current with all of the law, regulations, and information on government ministries. The government's platform is woefully inadequate and the problem remains unaddressed. Even when ministers know that what I am saying is correct, they are apparently helpless to do anything about it.

The laws of The Bahamas on line are out of date. The capacity of the Bahamas government's website is inadequate for the demands on it and it is slow to crawling.

The Ministry of Foreign Affairs website is hopelessly out of date. The last entry on the Ministry's website is the budget address of the Ministry last year this time. Nothing new since and my repeated criticism of it both privately and a publicly has gone unaddressed.

I want to show you the nature of the problem. A friend accessed the website on 2nd June 2010 and here is what he found:

(here show the introduction of the Minister, but the Minister is still Fred Mitchell on the Ministry's website) I wish to lay on the table the downloaded copy of this today.

It is a sign of the way governance works here under this administration. The Prime Minister is fond of saying that he does not pay any attention to anything that the PLP has to say.

The old people say if you don't hear, you will feel.

And so the question is as we look at this budget today:

Where is the growth strategy?

Where are the plans to grow the economy?

Nothing! Just tax and pain. Tax and Pain. Tax and Pain. No growth. Cutbacks, tax and pain.

So we add to the list of the philosophy of this government:

Stop, review and cancel!

Blame the PLP!

Tax and Pain!

If those don't work: blame the PLP!

So I speak up today for this new model of governance, one that will increase the power of

Parliament to review and check the excesses of government. At the very least, next year there ought to be a Finance Committee of the House to review what the Minister of Finance proposes and which will allow public hearings and give the public a chance to give its input on the changes that are proposed.

Today, I speak up for a growth strategy in a low tax environment. The first year economics student knows that if you increase the costs of production then there will be a drop in demand. That is what the car dealers are saying. And that must be so because the irony of our present tax system is that when you crimp spending, you cause a drop in revenue. So as long as customs duties are your main revenue earner, you have to stimulate demand, not dampen demand.

Where is the strategy to continue to educate our people? The scholarship funding is gone and no idea when it will return.

Today as the Member of Fox Hill,

I speak up for the young people of this country.

For me the greatest challenge in this country is to explain to the young people, young Bahamians why they ought to buy into this country when it cannot even provide them with a job. Every week, there are young people under prepared for the work force in the main but who nonetheless deserve a chance to get into the workforce. It is difficult to talk about civil liberties to a man who has no means of

putting food on his table and the simple dignity of a job. The greatest civil liberty that we can offer them today is a job. That is this administration's greatest failure.

What does singing 'Lift Up your head to the rising sun' mean to a young man or woman without work and the means to save themselves and build their families.

I know what we did. We beat the bushes to find work for people and left the best economy in this country in a generation. All now stopped, reviewed and cancelled.

This budget offers no hope. It is hopeless. It is visionless.

I thought that there would be some strategy to overhaul the tax structure to prepare us for the demands on the revenue. We all know that this present system cannot sustain the demands on the government and unless it is reformed we are looking at a sea of red ink for years to come.

So no tax reform. No growth. Nothing. Yet the Nassau Guardian says we must get real.

Where is the help for the Ministry of Agriculture? I am advised that the Ministry did not even spend its allocated amounts this year. Got an allocation for 5 million, they spent \$50,000, more than four million were returned to the treasury.

But that is the kind of thing the economic professor from Abaco likes, with his charts and statistics and playing with figures.

We talk people. He talks figures. We talk growth. He preaches recession. We say live and prosper. He responds with tax and pain.

I do not support this budget.

End