

## **REBUILDING INVESTOR CONFIDENCE IN BRAND BARBADOS**

**Address**

**by the Hon. Mia Amor Mottley, Q.C., M.P  
Leader of the Opposition and  
Political Leader of  
The Barbados Labour Party  
To the Barbados Chamber of Commerce and Industry**

Good afternoon friends and colleagues,

It is good to be with you again. I really do enjoy our annual encounter and the opportunity it gives me to share my perspective on the critical issues facing our country's development and to receive your valued insights. Above all, I treasure the collegial ambience of these luncheon sessions where absolute frankness and dignified Barbadian civility go hand in hand. In truth, I wish we could transfer that spirit to another place where I am duty-bound to spend many a Tuesday!

Last year, you will recall, I spoke for only 4 minutes and left the rest of time for questions. Before you start bolting for the door, let me assure you that I will not attempt to claim any roll-over minutes on this occasion!

Admittedly there is a lot that can be said about the perilous state of our nation, but you in the business community are already acutely aware of our present reality. As for me, I have said it all before, often to this very audience, so many times and in so many different ways that I am losing count. I have spoken about the folly of the Government's tax and spend policies; we have presented details of an alternative development vision for a Twenty-First Century

Barbados, and I have laid down clear markers for all who care to pay attention. My message has been consistent, and my predictions alarmingly accurate, a fact that, I must stress, gives me little cause for satisfaction. From my interactions with you, and with the society at large, I know that Barbadians now fully understand the mess we are in and who led us to this sorry pass. They are also aware of the urgent need for change and mindful of their civic responsibility to bring this about.

And so, in this the 50<sup>th</sup> year of our independence I will try to focus on the promise, not the peril, on what can be - not on what is and should not have been. Astute and responsible leadership used to be the hallmark of our sovereign nation throughout our development journey. It can be so again. The present aberration has all but run its course. So let us turn our minds and energy to what can be done, and must be done, to get Barbados back on track.

For the purposes of this analysis, I will structure my remarks on the theme: ***Rebuilding Investor Confidence in Brand Barbados.***

I interpret the term investor in the broadest possible sense, to encompass primarily the local business community and those supplying capital from international sources, but also including every single resident of Barbados. In both tangible and intangible ways, we are all investors in our country's future. It is confidence in our own self-worth, our resilience and our capacity to make Barbados better that in turn creates the conditions of trust and certainty which cause others to bank on us.

And what has been the **Barbados Brand**? The Barbados brand reflects, in essence, the core values that have defined us as a reliable partner in the international community: a moderate, responsible small state guided by the norms of democratic governance, respect for the rule of law, human rights and fundamental freedoms and a functioning Court System; a country characterised by political stability; sound administrative and financial management; strong institutions; an efficient bureaucracy; an absence of corruption; well-developed physical infrastructure; progressive social and economic policies which emphasise the development of our people, and a thriving social partnership with stable relations between Government, Business and Labour. In short, a safe, friendly, high-quality environment in which to live, do business or visit. Simply put, a country that has hitherto been highly regarded for its stability and its fairness!

Whether the Business Community wishes to admit it openly or not, you all know as well as I do that, because of the ill-advised policies, the unfortunate political tribalism and corrupt practices of an incompetent Government, confidence has been undermined, both internally and externally. Trust has been eroded. The integrity of the Barbados brand has been severely tarnished. As long as apprehension and uncertainty persist in our midst, the erosion will continue.

Without confidence, investment will always falter.

What then are the remedies to dig ourselves out of this seemingly bottomless pit, and restore confidence in our future? How will we return growth to our economy?

Let me say at the outset that I do believe that it is possible for us to rise as a country again. Will it be difficult? Yes, it will be. Will it be overnight? No it will not be. We have allowed our circumstances to deteriorate for simply too long. It is one thing to restore growth to our country when it only involves the fixing of poorly performing productive sectors. When, however, as we feared as long ago as 2013, our economic decline is ALSO triggered by institutional implosion and social decay, we have a far more challenging task and one that will require absolute discipline, commitment to mission, creativity, compassion and a willingness to listen and involve ALL who are prepared to help put their shoulders to the wheel.

And what is it that we must do and prioritize to restore investor confidence in a faltering Brand Barbados?

We must begin by acknowledging that much of our present dilemma results from the absence of two vital attributes: bold, focussed and decisive leadership and sound, transparent, accountable and disciplined governance. These attributes have been at the core of all of our Governments since the introduction of universal adult suffrage 65 years ago, with the exception of this current administration. I give you the undertaking that a Barbados Labour Party Government will bring them to the fore again

Let me now set out in clear terms how a Barbados Labour Party Government will be different from this Government that now robs Barbadians of their dreams and denies them of a better life. Time does not permit me to be exhaustive today. However, over whatever period remains between now and

the dissolution of Parliament – be it 16 months or less – we will continue to show you why you must keep hope alive and how we will **chart a bold new course to transform Barbados, to allow us to be the best that we can be** – to make Barbados work for all Barbadians.

We must without delay:

1. Address our fiscal governance by stemming its haemorrhaging.
2. Stimulate and facilitate growth in our economy.
3. Make it easier for Bajans to do their business, whether as citizens or businessmen.
4. Root out corruption, an alarming new feature of this Government's operations and our country's landscape
5. Strengthening our key institutions and deepening involvement of our People in Decision Making.

**However, I will address the fundamental questions of how we, as a Party, will treat to the role of Government and the need for a new Governance. For the fundamental difference between the Barbados Labour Party and the DLP is how we will address these two issues.**

## **1. FISCAL GOVERNANCE**

The last seven years have shown, if we do not get this fiscal crisis corrected, Government does not have the freedom to deliver social services to our people, to provide infrastructure, to protect our people and to spur growth in our economy.

This has been and continues to be our biggest challenge to our stability and our way of life. What was a rare occurrence in our fiscal governance between 1955 and 2007, namely spending for recurring expenditure more than we earn, has now been the norm for the last 8 years.

Our economy is smaller today in 2016 than it was in 2007. This is an amazing statistic of failure. When we consider that Barbadians have been at the frontline of this Government's adjustment - bearing the heavy taxation, losing their jobs, enduring without salary increases and suffering reductions in their wealth, this is clear evidence that the sacrifice has largely been in vain.

In contrast, our Government's deficit remains unacceptably high, our debt has doubled since 2008 and our foreign reserves are at their lowest levels for almost 20 years. And scandalously, the services delivered to Barbadians are at their worst ever – from water to garbage collection to public transport to health, to our schools.

Who has benefitted from the sacrifice? It surely is not the people of Barbados. It is not the business community as a whole. It is those who govern and a privileged few who are favoured by the Government.

The loss of investment grade – we have had 17 Downgrades putting us at junk. This makes it more difficult and more expensive for both Governments and our domestic companies to borrow what we really need to meet our genuine needs to stimulate our productive sectors, enhance our infrastructure and protect our people. SAGICOR has recently indicated success in their cost of capital after relocating to Bermuda. Ironically, Moody's upgraded Jamaica's

ratings to B3 from Caa2. These agencies tell us on each occasion what will trigger upgrades and downgrade. It is not a blind course!

So it is now absolutely urgent that we stop the bleeding; that we do all to return confidence and credible growth to our economy so that we can see a meaningful improvement in our standard of living.

The same way that a journey of a million miles starts with the first step; the ability to manage billions of dollars starts with the first dollar.

A BLP Government will be focused on:

- I. Stopping the Central Bank from printing of money The majority of the almost \$2 billion held between the Government overdraft and the Government securities held by the Central Bank has been as a result of its printing money. This unprecedented level of recklessness in our monetary governance represents a clear and present danger to the stability of the Barbados dollar.
- II. Reducing the amount of money we spend in paying interest. This has grown by over \$300 million in the last 8 years, an almost doubling. We will have to re-profile our domestic debt by extending maturities to give us some fiscal space to reduce our deficits. Our domestic debt represents X% of our overall debt. When we spend this money on interest there is less money to spend on the things are necessary for our stability and growth.
- III. Returning Barbados' Credit Rating to investment grade in the shortest possible timeframe. This is an important and strategic necessity given the need of both Government and our domestic companies to access capital from the international markets at

affordable rates to build out our economy. SAGICOR, in its re-domiciling to Bermuda, has already started to benefit from their move to a jurisdiction with investment grade.

- IV. We will concentrate on growth to resuscitate Government's sluggish revenues. What is startling but true is that the Barbados economy is smaller today than it was in 2007. That is why we appear to have a revenue problem. The paradox is that it is this Government's policy of excessive taxation that has largely contributed to a smaller economy. We are confident that with the right policies, a BLP Government will achieve growth and Government's revenue will grow. In fact for every \$100 million in growth, the Government receives \$26 million in revenue. And I make you a solemn pledge we will not introduce taxes in Budget Speeches and then try to figure out how to implement them! This cavalier approach affects confidence at all levels. Businesses and individuals must be able to plan their affairs. They should not be hijacked into having to restructure their operations simply to comply with an ill-conceived tax, as is happening with the National Social Responsibility Levy! In addition, we will manage the system of tax refunds and set-offs more efficiently as this is a critical issue in restoring confidence in doing business.**
- V. The one thing that a Government controls is what it spends. We will be disciplined in this regard. The BLP will make choices that prioritize the country's needs. We will determine what is essential, then what is highly desirable and then what is optional. If we cannot cover what we believe must be fully delivered to the Barbadian public then we will press into service**



**the other powers of Government, to which I will shortly prefer. Within our priorities, there will be a laser like approach to protecting expenditure that is necessary to guarantee the CORE services which are vital to the well-being of our citizens and to the spurring of growth within the key productive sectors. We will also clinically remove all forms of wastage. This will not be an easy exercise but we will not shirk from our responsibility.**

## **2. FACILITATING AND SPURRING GROWTH**

I have already indicated that we will use our fiscal policies in a laser like manner to trigger growth in the economy. Separate from Government's power to tax and spend, on which we have placed excessive reliance in the first 50 years as a Nation, we must now creatively and deliberately use the other powers of Government to foster the growth of our households and our businesses. The real benefit of the use of these powers is that they will not add significantly to Government's deficit or debt, but they will go a long way to spurring growth. The powers to which I refer are those of legislation facilitation, regulation, empowerment and investment:

### **a. Legislation**

- We will pass laws very early on in a new BLP Government to:**

- a. Create safe, new financial instruments to incentivize Barbadians to use their savings to help finance both public and private sector development. This will give them a**

higher rate of return than the current paltry 0.25% interest that they get from most of the commercial banks, as one actually pays 0.20% interest. There is too much liquidity in the banks which Barbadian businesses could put to productive use. By fostering a vibrant entrepreneurship culture there will be a win/win for all concerned.

- b. A framework for the introduction of reverse mortgages. This will also provide a boom for economic activity given the increase in disposable income that will result.
- c. We will facilitate through legislation the reclamation of 2000 acres of land for peninsulas and islands, subject to the appropriate social and environmental impact studies, to create new opportunities for tourism investment without adding a single cent in public debt.

**b. Empowerment**

Government can use its powers to create opportunities for its citizens and the business class in a variety of strategic ways. We need the private sector to drive growth in our economy. We need you to work with us to turn this country around.

Accordingly:

- **We must also work to deepen our Public Private Partnerships in a transparent manner. Given the limited fiscal space and the high debt burden which we now carry, it will be critical to work with you in the private sector to add additional capacity as we modernize our economy and the services within.**
- **Last Friday in addressing BAMP I made it clear that the expansion of health and wellness services is critical to our national development. This is in addition of course to educational services for we have vowed to make Barbados into a Health and Education hub for the Americas. We will do this in partnership with you.**
- **Another example is the commitment which the BLP has to both renewable energy and clean fuels, like natural gas. The generation of electricity must be predominantly from these two sources. This will reduce the price of electricity, create jobs and save us valuable foreign exchange while protecting our environment. This policy starts with 2 large customers – the Government of Barbados and the Barbados Light and Power. From this platform, it becomes realistic for us to set the target of universal access to these two sources of energy. Renewable energy is limitless and natural gas will be imported beyond our local capacity to supply. There will be**

**the additional benefit of substantial economic activity from providing universal access to natural gas and the various forms of renewable energy. This type of project is a bankable financial one in which the private sector may easily partner with the NPC and the Transport Board for the conversion of all buses to clean energy. We will carry out extensive consultation with all of the relevant stakeholders who have already done a lot of work in this area. This is not a plan for 2030. This is an immediate plan from our first year in office, should it be the will of the people that we should be their Government.**

- A BLP Government will also ensure that we will use Government procurement and Government assets to assist in reintegrating persons who have lost their jobs or key contracts on which they are wholly reliant for their income in any adjustment the Government must make to restore macro-economic stability.**
- There has to be a mature discussion on divestment in Barbados. It cannot be done by stealth. There must be consultation and this Government must be told that divestment must not be used to consolidate wealth and power nor monopolies. My Party was founded on the principle of economic**

**enfranchisement and empowerment. Barbadians must not only own a piece of the rock but must also have a piece of the action!**

**c. Regulation**

**Regulation has an impact on all businesses. It can aid profits or reduce them. Regulation is necessary to protect and to ensure fairness. A BLP Government will commit to the review of all regulations in Barbados to ensure that they are proportionate to risk, they are fair and they do not create undue obstacles for people and businesses to come. To be clear, we will identify the public interest to be protected, the public mischief to be avoided and we will determine the best manner of so doing with the technology available today. The enforcement of any regulations must be done in a transparent and efficient manner. It must be one of the hallmarks of our economy.**

**d. Investment**

**The State still has an entrepreneurial role in the private economy in developing countries. There are times when it will have to lead the way in sectors where there is little appetite in the private sector to invest on their own or at all. We reserve that right but recognize the need to use it sparingly. We believe that we can be far more creative in**

pooling risks with the private sector rather than simply committing Government to the whole investment, as has been done as recently in the Sam Lords investment.

**e. Facilitation**

Facilitation ranges from a Government being proactive to create avenues for enterprise to the Ease of Doing Business generally in this country. In this regard, we will commit to a clear charter for the turn around of decisions where businesses are dependent on Government for an answer or decision. It simply takes too long for Ministries to respond to legitimate requests by businesses in Barbados.

Let me address this second component of facilitation under the next heading of “Making it Easier for Barbadians to do their business, whether as citizens or businessmen”.

**3. Making it Easier for Barbadians to do their business**

This is the greatest perennial complaint of the last decade. **We must stop talking about our intention to improve the ease of doing business in Barbados and just do it! It will require a systematic deconstruction of existing structures and processes and regulations – to remove what makes no sense or has no substantive purpose. From Immigration to Town Planning to Corporate Affairs to our licensing regime. Technology is on our side and we**

**should use it, not only to make it easier to conduct business but to harness and use the technological skills of our young people.**

Barbadians must have the option to pay Government taxes and fees and fill out forms online, at any time convenient to them. We will also undertake consultations with the relevant Departments to ensure that there is a complete buy in on the part of the persons who are on the frontline of these systems. We will address the anxiety that workers will naturally have whenever change is imminent but we will let them know that they are a critical cog in growing our economy. We will hold persons accountable but we will always share the bounty generated from the improvements in our efficiency and competitiveness with them. It has to be seen as a shared mission for us to succeed in changing our culture.

**Finally, we will be guided by the Ease of Business Doing Report. We are at No. 119. This is totally unacceptable. We must strive to be among the best in the world. Without the protection of preferences and the ability to provide incentives to attract Foreign Direct Investment, being among the best in the world will be our competitive advantage. This will assist greatly in streamlining our processes across the board while acting as a promotional tool for our country. Given the fact that many of these issues cut across many Ministries, responsibility for coordinating these improvements and making it easier for all Barbadians to do their business will rest in the Prime Minister's Office. We will have a 21<sup>st</sup> century Government for a 21<sup>st</sup> century Barbados if we are to reclaim our world class brand.**

#### **4. ROOTING OUT CORRUPTION**

A BLP Government will tackle corruption head on. We will close the loopholes in our tendering and contracting system. We will provide mechanisms to ensure full transparency and accountability in the decisions of Government and its statutory agencies or companies. We are also going to work to remind the private sector that it takes two hands to clap. We will ensure that modern effective anti-corruption and integrity legislation becomes the law of the land as a priority. We will also establish an independent Standing Commission on Corruption to ensure that there is a continuous focus of ridding the country of this cancer. This, together with the reform of campaign financing, will go a long way to remove the fuel for corruption on our landscape. There must be no further reference to people's pens needing ink or to the amount of flying fish or dolphins that a person is looking for!

Very often the capacity of the public service is limited in areas of specialized expertise. This has the potential to deprive us of significant revenue or in a worst case scenario, collapse a project. We will establish a College of Negotiators to negotiate on behalf of Government to ensure to protect the public interest while ensuring a fair return to investors. They will be drawn from a competent pool of highly skilled professionals, whether in the Government or in the private sector.

We will pass legislation to incentivize any Barbadian who identifies viable projects that are in the interest of the country and that come to fruition. In so doing all relationships and payments will be made transparent. I believe that this will reduce the scope for influence peddling since every Barbadian is now potentially an Investment



Ambassador. This will be managed by a structure independent of the political class.

A BLP Cabinet will set the tone for accountability, and on this matter I shall always lead from in front.

## 5. STRENGTHENING OUR INSTITUTIONS

We recognize the need to reinvigorate the Social Partnership by including key representatives of civil society and by identifying the national priorities on an annual basis for transforming Barbados. There are too many social, economic and governance issues that have remained on the national agenda without resolution, some for decades. Many of these cut across numerous Ministries. I can immediately think of the settlement of appropriate productivity measurements across both the public and the private sector. Every year we will settle the list of these key developmental issues, which will occupy the attention of Cabinet in a reformed Cabinet agenda to ensure that they are not lost in the mire of Ministerial Republics! What gets measured, gets done. The same applies to the oversight of major public and private sector capital projects. In all respects, we will regularly report to the public as to the progress being made.

The Social Partnership is also key to restoring the industrial relations climate now spiraling out of control and threatening to undermine the confidence that is necessary to do business here. The Social Partnership must not stand back and allow a climate of intimidation of our labour leaders or members of the private sector who voice their disagreement with Government on certain

issues. A BLP Government will protect the Constitutional rights of all Barbadians to freedom of expression and freedom of association.

Finally, we recognize the important role that key institutions have played in our development, be it the Police Force, the Central Bank or the Law Courts. They must all be allowed to play their independent role as a check and balance on the Executive.

It is also critical for me to assure you that the reform of our Court system will be a major priority for a BLP Government. We need as we have said repeatedly an effective, affordable and timely system for the resolution of disputes, especially commercial disputes if persons are to have confidence in Barbados when they invest their money. We will establish a separate Commercial Court to facilitate speedy resolution of disputes for both local and foreign investors.

## **CONCLUSION**

My friends, I fear that I may have entered into the territory so let me wrap up without further delay by summarising the kind of government you can expect under a BLP Administration.

We believe in an enabling government; not an intrusive Government.

- A government that uses technology to better enable its citizens to carry out their daily lives without spending hours and cumulatively days waiting in Government offices;
- A Government that enables those who wish to invest and grow our economy to do so without unnecessary delays, hindrances and uncertainties;

- A Government that enables those that wish to save hard earned incomes to do so by supporting safe ways to invest in the economy rather than earning nothing in the bank.

Few of these things require new money. What they do require is a different approach, focus and sense of responsibility. The excessive reliance on tax and spend politics will not be an approach by our Government.

This mission of restoring confidence in our country cannot be achieved through the efforts of any one class, sector or political party. The return of confidence cannot be guaranteed by economic and fiscal measures alone. Rather, it requires a political solution, the timing of which is entirely out of my hands.

The answers to our problems are not easy, my friends; but they are also not impossible – not if we are willing to work hard enough and in the right ways. There will be shared sacrifice on the part of us all; but just as we have shared in any sacrifice, there will be a sharing of prosperity whenever it returns. This is what is meant by accepting the reality of a common destiny.

We must rid ourselves of what others have described as “ideological handcuffs” – we must be pragmatic, while remaining loyal to our shared values; and we must reach out to all in settling on the way forward and in the implementation of that plan. This takes far more backbone and patience than most people realise. We will also exercise restraint, when required. There will be risks and hard decisions but I shall not shirk from any of them.

Above all else, we must have the vision and the courage to appreciate that this national crisis affords us a rare opportunity – a once-in-a-generation chance to

turn adversity into advantage and to re-write the rules. In essence, we must alter our perception of ourselves and believe that nothing is beyond our capacity if we work together as one people.

Happy 50<sup>th</sup> Independence! God bless each and every one of us! God bless Barbados.

**Wednesday November 23<sup>rd</sup>, 2016**