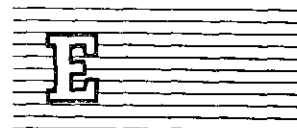


UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



Distr.  
LIMITED  
E/CEPAL/L.268/Add.11  
November 1982  
ORIGINAL: ENGLISH

CEPAL  
Economic Commission for Latin America



ECONOMIC SURVEY  
OF LATIN AMERICA

1981

BARBADOS

This preliminary version of the *Economic Survey of Latin America, 1981* is being distributed in the form of a general introduction, under the symbol E/CEPAL/L.268, and a number of addenda, each containing a study of the economic evolution of a country of the region. These studies will not be published in alphabetical order, but in order of completion.

The final version of the complete *Survey* will be published once the observations regarding this preliminary version have been received.

#### Notes and explanation of symbols

The following symbols have been used in the tables in this Survey:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amounts is nil or negligible.

A blank space in a table means that the item in question is not applicable.

A minus sign (-) indicates a deficit or decrease, unless otherwise indicated.

A full stop (.) is used to indicate decimals.

A slash (/) indicates a crop year or fiscal year, e.g., 1969/1970.

Use of a hyphen (-) between years, e.g., 1960-1970, signifies an annual average for the calendar years involved, including the beginning and the end years.

References to "tons" mean metric tons, and to "dollars" United States dollars, unless otherwise stated.

Unless otherwise stated, references to annual growth rates or rates of variation mean cumulative annual rates.

Figures and percentages in tables may not necessarily add up to the corresponding totals, because of rounding.

## BARBADOS

### 1. Recent economic trends: Introduction and summary

In 1981 the economy of Barbados experienced a decline in real terms of the order of 2.6%, ending five successive years of real growth. Per capita GDP at factor cost, in current prices, was B\$ 6 586,<sup>1</sup> an increase of 12% over the adjusted figure of B\$ 5 868 for 1980 (see table 1). The

Table 1

#### BARBADOS: MAIN ECONOMIC INDICATORS

	1978	1979	1980	1981 <sup>a</sup>
<b>A. Basic economic indicators</b>				
Gross domestic product at factor cost (millions of current Barbados dollars)	984	1 190	1 461	1 646
Per capita gross domestic product (current prices)	3 984	4 793	5 868	6 586
Population (thousands of inhabitants)	247	248	249	250
<b>Growth rates</b>				
<b>B. Short-run economic indicators</b>				
Gross domestic product	12.1	21.3	22.8	12.7
Per capita gross domestic product	11.6	20.3	22.4	12.2
Current value of exports of goods and services	25.8	33.7	29.6	-1.1
Current value of imports of goods and services	15.9	30.5	25.8	8.2
Consumer price index				
December-December	...	...	14.0	12.3
Annual averages variation	...	...	6.9	14.6
Money supply	21.7	41.8	7.9	4.6
Wages and salaries <sup>b</sup>	13.9	14.3	26.1	8.4
Rate of unemployment	12.4	12.8	12.6	10.7
Current income of government	24.6	15.0	24.8	0.2
Total expenditure of government	6.7	19.0	25.1	11.0
Fiscal deficit as a percentage of total expenditure of government	12.0	13.7	11.4	-25.5
<b>Millions of dollars</b>				
<b>C. External sector</b>				
Trade balance (goods and services)	-42	-45	-40	-95
Balance on current account	-33	-39	-27	-84
Variation in net international reserves	-23	14	22	24
External debt	45	56	82	130

Source: Ministry of Finance and Planning, Barbados, *Barbados Economic Report, 1981*, February 1982; Central Bank of Barbados, *Annual Statistical Digest, 1981*; *Economic and Financial Statistics*, February 1982; *Balance of Payments of Barbados, 1981*, and data supplied to CEPAL.

<sup>a</sup>Preliminary figures.

<sup>b</sup>Data relate to rough average annual percentage increase.

<sup>1</sup>Since July 1975 the Barbados dollar has been linked to the US dollar at the rate of US\$ 1.00 = B\$ 2.00.

decline in real production was concentrated almost entirely in the major export sectors —sugar, tourism and manufacturing— whose strong performance had been the driving force behind the expansion of the economy in recent years and all of which recorded significant drops in output during the year.

Tourist arrivals fell by 5%. The decline was sharpest in the North American markets, with arrivals from the United States and Canada falling by 13% and 18%, respectively. Only the strong performance of the United Kingdom market, which recorded an increase of over 28%, and to a lesser extent the 1.5% growth in arrivals from CARICOM countries, saved the industry from disaster.

Manufacturing output was estimated to have declined by 3%, after six years of growth averaging 7.8% per year. Sugar production fell by 30% to 94 000 tons —the lowest level of output since 1948— in contrast with the increase of over 16% recorded in 1980. Export prices rose by an average of 2%, but production costs increased by 39%. The industry's performance was characterized by a late start to the 1981 harvest due to the delay in settling an industrial dispute, bad weather, and a shortage of labour, all of which combined to prolong the harvest and reduced the quality of the cane delivered to the factories. In addition, domestic oil production also fell by almost a third as greater emphasis was placed on exploration during the year.

The domestically-oriented sectors, particularly the government services, construction and distribution (wholesale and retail trade) sectors, generally remained buoyant, although the real rates of growth recorded were lower than those of recent years. Real growth in the government services and construction sectors during 1981 was estimated at 3.9% and 4.5%, respectively. The buoyancy of the construction sector enabled it to surpass agriculture as a generator of income, while the government services continued to be the second largest contributor to GDP. Activity in the distribution sector registered a 2.1% increase. The sector maintained its position as the leading income generator in the Barbados economy, contributing 22% of GDP (see table 2).

Table 2

**BARBADOS: GROSS DOMESTIC PRODUCT, BY ECONOMIC ACTIVITY, AT FACTOR COST**

	Millions of current Barbados dollars			Percentage breakdown		Growth rates		
	1979	1980	1981 <sup>a</sup>	1975	1981 <sup>a</sup>	1979	1980	1981 <sup>a</sup>
<b>Gross domestic product</b>	1 190	1 461	1 646	100.0	100.0	21.3	22.8	12.7
<b>Goods</b>	337	420	476	30.4	28.9	19.5	24.5	13.3
Agriculture	109	144	126	13.3	7.7	19.0	31.7	-12.3
Mining and quarrying	9	12	17	0.2	1.0	31.0	31.2	25.3
Manufacturing	131	159	202	10.3	12.2	20.8	22.1	26.7
Construction	88	105	130	6.6	7.9	17.3	18.6	24.8
<b>Basic services</b>	88	109	122	8.7	7.4	10.6	23.2	-12.3
Electricity gas and water	18	22	23	1.5	1.4	16.6	20.2	5.5
Transport storage and communications	70	87	99	7.2	6.0	9.2	24.0	14.0
<b>Other services</b>	764	932	1 049	61.0	63.7	23.5	22.0	12.5
Wholesale and retail trade	259	319	369	18.2	22.4	26.7	23.0	15.6
Tourism	144	175	194	9.3	11.8	31.3	21.5	11.1
Finance, insurance, real estate and business services	135	163	191	14.0	11.6	16.8	20.4	17.6
General services	46	58	69	4.4	4.2	22.0	24.9	20.5
Government services	180	218	225	15.1	13.7	19.3	21.5	3.1

Source: Barbados Statistical Service and Ministry of Finance and Planning, *Barbados Economic Report*, 1981.

<sup>a</sup>Preliminary figures.

Total value of exports of goods and services declined by 1%, mainly because the volume of export goods was adversely affected by the world recession, while the total value of imports of goods and services increased by 8%. Although the current account balance indicated a deficit of US\$ 84 million, this was more than offset by a large surplus (approximately US\$ 105 million) in the balance on capital account. As a result, the global balance of payments showed a surplus of US\$ 21 million and it was possible to add around US\$ 24 million to the international reserves.

As regards the financial sector, during the review period liquidity fell sharply as deposit growth failed to keep up with the expansion of credit. The growth rate of savings deposits was lower in 1981 than in 1980, and the National Insurance Scheme (NIS) withdrew large sums from its time deposit to purchase treasury bonds. The slow-down in economic activity reduced the borrowing needs of the manufacturing sector, and Central Bank restrictions limited credit for personal loans and the distribution sector. In contrast, there was a sharp rise in credit to agriculture and tourism.

High capital expenditure and weak revenue led to serious deterioration in government finances. Provisional estimates placed capital expenditure at B\$ 187 million for 1981, representing an increase of B\$ 84 million or 82% over the 1980 figure. This rapid upward movement reflected considerable cost overruns in many projects and delays in the implementation of others. Current expenditure for 1981 was provisionally estimated at B\$ 369 million or a decrease of 1% from the revised 1980 figure of B\$ 372 million. Current revenue on the other hand, was estimated at B\$ 414 million. The estimated surplus on the current account amounted to B\$ 45 million, compared with a surplus of B\$ 49 million in 1980. As the year progressed, the payments imbalance and the fiscal deficit caused the Government to take certain measures, including borrowing heavily from the Central Bank. Introducing additional taxation and floating a loan on the Eurodollar market. At the end of the year the national debt stood at B\$ 683 million—an increase of B\$ 190 million or 39% over 1980.

## 2. Trends in economic activity

### (a) *Growth of the main sectors*

(i) *Agriculture.*<sup>2</sup>The agricultural contribution to GDP at current prices in 1981 was estimated at B\$ 126 million—a drop of 12% in contrast with a 32% increase in 1980. The sector's share in GDP, thus, declined during 1981 to 7.7% from its level of 9.8% in 1980. The value of the sugar product fell from B\$ 94 million in 1980 to B\$ 71 million in 1981, while non-sugar agriculture and fishing grew by B\$ 5.7 million to B\$ 55 million. Sugar's share of the GDP thus fell from 6.4% to 4.2%.

Total sugar production decreased by 30% from some 135 000 tons in 1980 to some 94 000 tons in 1981. The principal factors responsible for this poor performance include the delay of some four weeks in the start of harvesting and unseasonal heavy rains during April to June which resulted in some cane not being harvested by the end of the season. The rains also affected the sucrose content, so that the tonnage of cane required to produce a ton of sugar was increased. A number of cane fires also caused damage to 2 600 hectares or about 16% of the total crop. This compared favourably, however, with the number of hectares burnt the previous year, when 3 837 hectares, or approximately 25% of the crop were damaged. The tons of cane/tons of sugar ratio moved from 8.9:1 in 1980 to 10.3:1 in 1981, indicating a drop in yield. There was also a drop in the yield of cane per hectare from 75 tons in 1980 to 61 tons in 1981 (see table 3).

Sugar revenues were considerably lower in 1981 as reduced output coincided with a weakening of the pound sterling. Thus, total sugar exports dropped by 33% from some 119 000 tons in 1980 to some 80 000 tons in 1981 while earnings fell approximately from B\$ 106 million in 1980 to B\$ 75 million.

<sup>2</sup>Including sugar manufacturing.

Table 3

## BARBADOS: SUGAR PRODUCTION - AREAS AND AVERAGE YIELDS

Year	Hectares reaped	Cane milled (thousands of tons)	Cane hectare (tons per hectare)	Average yields sugar (tons per hectare)	Sugar output (thousands of tons)
1977	15 765	1 046	66.3	7.6	120.0
1978	15 854	895	36.4	6.3	101.0
1979	15 800	1 052	66.3	7.1	114.0
1980	16 096	1 205	74.9	8.2	135.0
1981	15 800 <sup>a</sup>	966	61.1	5.9	94.0

Source: Barbados Sugar Producers' Association and Central Bank of Barbados.

<sup>a</sup> Approximate value.

Non-sugar agriculture and fishing grew by an estimated 8%. Livestock production and fish landed increased by 12% and 18%, respectively. However, domestic food crops declined by 2% and vegetable production increased by 3.2%.

Heavy rains during the year were mainly responsible for the drops in the output of yams (-48%), sweet potatoes (-35%) and onions (-16%). Production of beans, carrots, cabbages, tomatoes and egg plants also registered decreases. On the other hand, substantial increases were recorded in the production of beetroot (42%), cucumbers (121%) and pumpkins (3%) (see table 4).

Table 4

BARBADOS: INDICATORS OF AGRICULTURAL PRODUCTION  
(Tons)

	1978	1979	1980	1981 <sup>a</sup>	Growth rates		
					1979	1980	1981 <sup>a</sup>
<b>Production of main crops</b>							
Sugar-cane (thousands)	895	1 052	1 205	966	17.5	14.5	-19.8
Cotton	15	17	7.7	7.7	13.3	54.7	-
<b>Root crops</b>							
Sweet potatoes	4 989	2 219	4 631	3 000	-55.5	108.7	-35.2
Yams	6 851	5 909	7 700	4 000	-13.7	30.3	-48.1
<b>Vegetables</b>							
Beans	...	...	521	510	...	...	-1.9
Beets	...	...	356	507	...	...	42.4
Cabbage	816	1 130	1 717	1 399	38.5	51.9	-18.5
Carrots	...	...	2 395	2 145	19.9	-61.1	-10.4
Cucumbers	1 755	2 104	818	1 808	...	...	121.0
Onions	743	545	473	396	-26.6	23.1	-16.0
Pumpkins	...	...	512	527	...	...	2.9
Tomatoes	726	702	1 636	1 055	-3.3	133.0	-35.5
Other vegetables	...	...	1 296	1 400	...	...	8.0
<b>Stock-raising production</b>							
Bovine	249	324	414	442	30.1	27.8	6.8
Pork	1 336	802	918	942	-40.0	14.5	2.6
Mutton	21	40	62	51	90.5	55.0	-17.7
Poultry	4 261	5 273	5 248	6 026	23.8	-0.5	14.8
Eggs	1 814	1 600	1 476	1 350	-11.8	-35.0	-8.5
Milk	2 933	3 192	7 500	6 146	8.8	135.0	-18.0

Source: Ministry of Agriculture, Food and Consumer Affairs, Barbados.

<sup>a</sup> Preliminary figures.

There was no cotton production during 1981 because the Government, which was the principal producer, ceased production. The main problems facing the industry appeared to be a shortage of labour and poor management.

Poultry production rose during 1981 by 15%, as the industry replaced birds destroyed during the hurricane of 1980. Egg production declined by 8.5%, while milk production went down by 18%, but increases were recorded in the production of beef and veal (6% and 16%, respectively). Mutton production fell by 18%, but pork production rose by about 3% in 1981.

As regards fish catches, the upgrading of the fishing fleet after the losses suffered in Hurricane Allen in August 1980 may have contributed to the increase of 17% in fish landed in 1981.

(ii) *Manufacturing*. As stated above, performance of the manufacturing sector in 1981 was moderate in nominal terms, but reflected a sharp negative change in real terms. When account is taken of rising prices, the value of output fell in real terms by 5.5%. The contribution of the sector to GDP, however, remained stable at 12%.<sup>3</sup>

The index of total industrial production went down by 3.6% from 175.4 in 1980 to 169.1 in 1981. As a result of the weak export demand caused by the international recession, food processing, electronic goods and other manufactured products declined by 5.1%, 6.5% and 11.3%, respectively, compared with positive growth rates of 3.5%, 15% and 2% in the previous year. The production of beverages and tobacco also declined by 5.2% in contrast with its increase of 9.4% in 1980.

Some growth was recorded in quarrying (11.4%) and non-metallic mineral products (10.3%), the 1980 rates of increase having been 64.5% and 6.8%, respectively. Although the output of chemicals did not fall, there was a marked slowing of growth from 25.2% in 1980 to 0.8% in 1981. Wearing apparel, which had recorded a 2.2% decrease in 1980, increased by only 0.7% in 1981 (see table 5 for production of some manufactured goods).

During 1981 the Industrial Development Corporation continued its efforts by expanding its overseas promotional activity to North America, Europe and Asia and stimulating the flow of local private capital by identifying viable manufacturing opportunities, undertaking some projects itself, and promoting joint ventures between the domestic and the foreign private sector.

In keeping with its policy of providing factory space as an incentive to industry, the IDC now provides eight industrial estates throughout the country. It was reported that in 1981 the Corporation provided some 20 000 square metres of factory space and awarded approved enterprise status to nine firms engaged in various lines of production, including electronic assembly, cosmetics, footwear, household and industrial detergents, typewriter ribbons and packaging. In addition, an already existing industry gained approval for production of processed meats.

Credit outstanding to the manufacturing sector from commercial banks at the end of 1981 showed an increase of B\$ 9 million to B\$ 104 million over the year absorbing 16% of the total credit outstanding to all sectors. Credit from the Barbados Development Bank to the industrial sector stood at B\$ 9 million. This was the main source of credit to the small business sector, which amounted to B\$ 6 million (an increase of 15% over the previous year in keeping with the Government's objective of employment creation and its commitment to business development through support for small enterprises).

(iii) *Energy and natural resources*. During 1981, the Government accelerated the expansion of activities in the areas of conventional and alternative forms of energy, in the development of mineral resources, and in the level of involvement and co-operation of the private sector in energy matters. In June it centralized and streamlined energy responsibilities by transferring the Energy and Natural Resources Division from the Ministry of Trade and Industry to the planning section of the Ministry of Finance and Planning and raising its status.

In October 1981 the Government, in its attempts to widen the scope of the input in energy planning, created an Energy Advisory Group comprising various organizations which are suppli-

<sup>3</sup>Between 1977 and 1981 the manufacturing sector's contribution to GDP, at factor cost, averaged 11.9%

Table 5

## BARBADOS: INDICATORS OF INDUSTRIAL PRODUCTION

	1978	1979	1980	1981 <sup>a</sup>	Growth rates		
					1979	1980	1981 <sup>a</sup>
<b>Production of some manufactures</b>							
Sugar <sup>b</sup>	101	114	132	94	12.9	15.8	-28.8
Rum <sup>c</sup>	8 896	6 208	8 646	572	-30.2	39.3	-32.5
Beer <sup>c</sup>	9 046	7 383	8 578	9 220	-18.4	16.2	7.5
Margarine <sup>d</sup>	2 361	2 074	2 238	3 039	-12.2	7.9	35.8
Lard <sup>d</sup>	1 481	1 259	1 453	2 206	-15.0	15.4	51.8
Malt beverages <sup>c</sup>	4 332	2 914	3 300	3 691	-32.7	13.2	11.8
Non-alcoholic beverages <sup>c</sup>	19 761	19 916	18 916	17 934	0.8	-5.0	-5.2
Animal feeds <sup>b</sup>	35	40	39	45	14.3	-2.5	15.4
Milk products <sup>de</sup>	9 700	9 800	10 000	9 300	1.0	2.0	-0.7
Cigarettes <sup>d</sup>	229	230	224	260	0.4	-2.6	16.1
Crude petroleum <sup>f</sup>	43.5	45.1	48.6	33.6	3.7	7.8	30.9
Natural gas <sup>f</sup>	9 599	11 667	13 252	8 000	21.5	13.6	-39.6
Gasoline <sup>f</sup>	52.9	55.4	55.1	58.4	4.7	-0.5	6.0
Diesel oil <sup>f</sup>	40.1	42.8	49.7	50.3	6.7	16.1	1.2
Fuel oil <sup>f</sup>	78.9	91.5	96.4	99.1	16.0	5.4	2.8
<b>Other indicators</b>							
Electricity generated <sup>g</sup>	269	296	310	327	10.0	4.7	5.5

Source: Statistical Services, Barbados, *Monthly Digest of Statistics*; Ministry of Finance and Planning, Barbados *Economic Report, 1980*; Central Bank of Barbados, *Economic and Financial Statistics*, February 1982.

<sup>a</sup>Preliminary figures.

<sup>b</sup>Thousands of tons.

<sup>c</sup>Thousands of litres.

<sup>d</sup>Tons.

<sup>e</sup>Converted to the fresh milk equivalent.

<sup>f</sup>Thousands of cubic metres.

<sup>g</sup>Millions of kWh.

ers, distributors or large consumers of energy, as well as financial development and scientific institutions concerned with energy matters. It is envisaged that this Group will assist the Government in defining major energy issues and the relative priorities, provide advice on a range of options, and ensure participation and co-operation in its members' respective areas of responsibility.

Another major policy development was the establishment of a National Petroleum Corporation which, as a statutory body, will be responsible for the development of the natural resources of the country, including petroleum and natural gas.

Throughout the year the Energy and Natural Resources Division carried out a comprehensive national energy assessment exercise, as part of the Caribbean Alternative Energy System Project, which was executed jointly by the Caribbean Community Secretariat and the Caribbean Development Bank (CARICOM-CDB) and funded by the United States Agency for International Development. The goal of the assessment was to gain a better understanding of the national energy system in order to permit better design of programmes to conserve scarce energy, manage its supply and use, develop indigenous resources and anticipate energy problems. Among the activities carried out to this end interviews were conducted with representatives of public and private sector energy-consuming entities, including government departments, business associations, public utilities and oil suppliers.

In the final report of the assessment, conservation was identified as the one energy option for Barbados which would achieve tangible results in terms of energy savings in the very short term. The report also contained other information, including a compilation and review of historical.



current and projected data on energy supply, prices and demand; identification and evaluation of major energy policy issues, and an outline of a follow-up programme to assist in the implementation of the recommendations.

In pursuit of its main objective of achieving self-sufficiency in petroleum supply, the Government embarked on an expanded programme of petroleum and natural gas exploration, with emphasis being shifted from conventional shallow-well drilling to deep drilling and exploration. During the course of the year Mobil Explorations Barbados Limited completed the programme of sinking six deep wells (over 10 000 feet) which it had begun in 1980. In addition a further five wells tapering off at 8 000 feet were completed, bringing the total to 50 wells being drilled. Because of the longer drilling and completion times of the deep wells and the low oil productivity in the deeper zones, daily oil production dropped from an average of 800 barrels per day in 1980 to an average of 650 barrels per day in 1981.

Production of crude oil during 1981 was 211 375 barrels —nearly 31% lower than the 305 454 barrels produced in 1980. Natural gas, for its part, registered a 45% decline to 9 879 million cubic metres as compared to the 1980 figure of 17 027 million cubic metres. The shortfall in the supply of petroleum was made good by an increase in imports, which came to B\$ 152 million as compared with B\$ 135 million the year before (see table 6).

Table 6

### BARBADOS: VALUE OF IMPORTS OF SELECTED HYDROCARBONS

(Millions of Barbados dollars)

	1977	1978	1979	1980 <sup>a</sup>	1981 <sup>a</sup>
Total	62.5	60.5	101.1	135.2	151.7
Crude petroleum	26.6	24.8	42.4	36.9	59.6
Aviation gasoline	0.4	0.6	0.3	1.3	1.7
Jet fuel	18.2	17.8	33.0	58.1	55.0
Diesel oil	7.2	6.3	9.9	13.9	10.7
Other fuel oil	6.6	6.9	10.0	15.7	16.5
Liquefied petroleum gas	3.5	4.0	5.2	8.5	8.1
Other gases	-	0.1	0.3	0.8	0.1

Source: Barbados, Statistical Service, *Statistics of Monthly Overseas Trade*, February 1982 and data supplied to CEPAL.  
<sup>a</sup>Preliminary figures.

Under a previous arrangement between the Government and the Barbados Light and Power Company, locally produced natural gas was piped to the power company in an effort to reduce imports. Total electricity consumed increased by 6.7% over 1980, largely as a result of on-going hotel and industrial expansion and increases in the number of electricity-consuming units. Revenue from electricity increased by 9%, reflecting a cost increase of about 2%, mainly in fuel prices. Electricity tariffs remained unchanged throughout the year. During 1981 the Barbados Light and Power Company entered into a series of loan agreements totalling B\$ 126 million.

The Mobil Corporation has been carrying out seismic surveys of Barbados in order to determine its hydrocarbon potential. These surveys were completed early in 1981 and the data analysed and interpreted. The report which was subsequently forwarded to the Government now forms the basis of any agreements with oil companies relating to future exploration rights and production practices.

During the year the Government received technical assistance from the United Nations Development Programme in the organization and analysis of energy data, the control of exploration and production practices, and the review and development of petroleum legislation. It also received assistance from the Inter-American Development Bank (IDB) in the development of petroleum resources.

The Government of Barbados (together with a number of Caribbean and Central American countries) reached an agreement with Venezuela and Mexico under which its total crude oil requirements for 1982 would be guaranteed on concessionary terms. Under the provision of this facility Venezuela and Mexico would provide oil to the participating countries on a 50-50 basis. A rebate of 30% of the cost of the oil could be used as a loan over five years at 4% interest. If used for energy-related capital projects, however, the loan would be converted to a soft loan of twenty years' duration at 2% interest. The latter option was adopted by Barbados.

Following extensive studies, it was discovered that it would be disadvantageous for the refinery in Barbados to process the Mexican crude oil, and in this connexion discussions were held between the Governments of Venezuela and Mexico with a view to reaching an arrangement whereby Barbados could increase its benefit from the facility. At present Venezuela provides 100% of the crude oil under the programme.

The Governments of Barbados and Trinidad and Tobago are also holding consultations on a programme similar to the Venezuela-Mexico oil facility.

The Government of Barbados, while focusing attention primarily on oil and gas activities, continued to place emphasis on the examination of various forms of new and renewable sources of energy, especially the sun, winds, waves and biomass.

The major advance made in this area has been in the production of solar-powered water heating appliances. Three local firms are engaged in this industry and market a variety of systems, which are being used by an estimated 2% of local households and 15% of hotels. The Government has also been proceeding with plans to utilize solar-powered space cooling systems. The first such unit was installed in the Government Analyst's Laboratory in September and a second unit is in the process of being installed in the Ministry of Agriculture. The performance of the unit already in operation is being monitored by the Barbados National Standards Institute. If solar-powered cooling is shown to be reliable and economical, its adoption could result in substantial fuel and operating costs savings for a wide range of public and private users.

As regards wind energy, IDB funded a programme for the installation, maintenance and operation of a wind turbine. The programme will be for a period of four years and will cost B\$ 3.7 million.

The Government has provided B\$ 112 000 to finance the second phase of a feasibility study on the potential for generating electricity from wave energy. This phase will concentrate on instrumental wave data collection and analysis.

Bagasse, a by-product of sugar cane, has traditionally been used as an energy source in sugar factories for generating steam to provide electricity, drive machinery and boil sugar. The Government of Barbados, as the major shareholder, has secured funds from the Caribbean Development Bank to build and equip a modern sugar factory that would, among other things, safeguard the participation of small farmers in the sugar industry and at the same time channel excess electricity produced by burning bagasse into the national power grid. However, the poor performance of the sugar industry resulted in this and other plans for bagasse utilization being shelved during 1981. It is hoped that in future crops, however, full use will be made of this source of energy.

(iv) *Construction.* The construction sector expanded for the fourth consecutive year in 1981, obtaining a real growth rate estimated at 4%. The continued shortage of skilled workmen, together with inflated labour costs, delayed the completion of some projects. Mortgage loans from trust companies and commercial banks increased at the same rate as in 1980, but higher construction costs slowed activity in the private sector. Starts on housing and commercial building declined from 193 and 36, respectively, in 1980 to 144 and 15 in 1981, but the sharp expansion in public works more than offset the reduction in private sector construction. Public sector capital expenditure reached B\$ 187 million, an increase of 82% over the 1980 figure. The main government projects included initiatives in the areas of health, urban development, school construction, and the construction of a cement plant.

(b) *Population and employment*

Preliminary results of the 1980 Population Census revealed that the resident population was 248 983 persons, of whom 118 565 or 47.6% were males and 130 418 or 52.4% were females. The male/female distribution was about even between ages one and 29 years, gradually increasing in favour of females as the ages increased. Some 67.7% of the total population was in the under-35 age group. By the end of December 1981 the resident population was estimated to have reached 250 500 persons, an increase of 1 100 or 0.4% over 1980. The birth rate showed an increase of 1.0 per thousand, while the death rate of 7.4 per thousand was the lowest in eleven years.

The size of the labour force remained virtually unchanged at 114 300 persons during 1981, compared to 114 800 in 1980. The level of employment in Barbados is analysed on a quarterly basis from data collected through the Continuous Household Survey carried out by the Barbados Statistical Service. In the period January to December 1981 there was a net expansion in employment of 1 600 persons from 100 300 in 1980 to 101 900 in 1981, of whom 58 200 were males and 43 700 were females.

The total number of persons unemployed decreased from 14 500 in 1980 to 12 400 in 1981, representing a decline of 14.5%. As a percentage of the total labour force for both sexes, unemployment fell from 12.6% in 1980 to 10.7% in 1981. Male unemployment fell from 9.2% in 1980 to 7.3% in 1981, the corresponding figures for females being 16.7% and 15.1%.

The number of persons not in the labour force grew in the course of the review period from 59 400 persons to 62 500 (see table 7).

Table 7

**BARBADOS: SELECTED DATA ON EMPLOYMENT AND UNEMPLOYMENT**

	1979	1980	1981
Thousands of persons			
Total number of adults	171.0	174.2	176.8
Labour force	109.0	114.8	114.3
Employed	95.0	100.3	101.9
Unemployed	14.0	14.5	12.4
Not in the labour force	62.0	59.4	62.5
Unemployed, as a percentage of the labour force	12.8	12.6	10.7
Labour force, as a percentage of total adults	63.7	65.9	64.7

Source: Ministry of Finance and Planning, Barbados, *Economic Report*, 1981.

**3. The external sector**

(a) *Merchandise trade*

(i) *Exports.* In 1981 the total value of exports of goods fell 7%, as against a 43% rise in the previous year. This reversed the trend of steadily growing exports noted since 1976. A slight increase in the unit value of exports was not sufficient to offset the loss in earnings due to decreases in export volume, which declined by around 10%, also representing a reversal of the upward trend observed since 1975. The unit value, however, increased by 3% following a sharp rise of 20% in the previous year.

Sugar, electronic components and clothing account for about 60% of export earnings in 1981 (see table 8). Sugar revenue was lower in 1981 as reduced output coincided with a weakening of the

Table 8

## BARBADOS: MAIN FOREIGN TRADE INDICATORS

	1975	1976	1977	1978	1979	1980	1981 <sup>a</sup>
<b>Annual rates of change</b>							
Exports of goods, FOB							
Value	40.3	-19.5	12.2	30.0	18.6	43.3	-7.1
Volume	-8.3	12.0	17.0	15.1	18.6	19.0	-9.6
Unit value	52.9	-28.1	-4.1	12.9	-	20.4	2.7
Imports of goods, FOB							
Value	6.2	11.2	14.2	15.1	31.4	26.6	8.5
Volume	-5.3	8.1	6.7	8.6	13.9	10.4	1.5
Unit value	12.1	2.9	7.0	6.1	15.4	14.7	6.9
Terms of trade	36.3	-30.1	-10.3	6.4	-13.3	5.0	-4.0
<b>Indexes (1970 = 100)</b>							
Terms of trade	165.2	115.5	103.6	110.2	95.5	100.3	96.3
Purchasing power of exports of goods	151.9	118.0	123.2	151.3	157.2	197.6	169.9
Purchasing power of exports of goods and services	126.4	117.0	137.3	163.5	192.0	218.0	199.7

Source: CEPAL, on the basis of official statistics.

<sup>a</sup>Preliminary figures.

Table 9

## BARBADOS: EXPORTS OF GOODS, FOB

	Millions of US dollars				Percentage breakdown		Growth rates		
	1978	1979	1980	1981 <sup>a</sup>	1977	1981 <sup>a</sup>	1979	1980	1981 <sup>a</sup>
Total exports <sup>b</sup>	94	117	169	154	100.0	100.0	25.0	43.8	-9.1
Main traditional exports	33	37	64	46	34.7	30.0	15.1	68.0	-26.7
Sugar	24	29	53	37	25.0	24.3	23.4	79.8	-28.5
Molasses	3	4	6	4	3.6	2.7	16.4	52.6	-30.3
Rum	3	2	2	2	3.2	1.4	-20.0	-27.1	22.9
Lard and margarine	3	2	3	3	2.9	1.6	-20.4	41.9	-18.0
Non-traditional exports	39	43	56	54	41.8	35.2	9.9	11.7	-2.0
Clothing	20	23	25	26	21.6	16.9	13.1	7.4	5.5
Electronic components	19	20	31	28	20.2	18.3	6.6	51.2	-8.0
Other exports	22	37	49	54	23.5	34.8	67.9	36.7	5.1

Source: Statistical Service, Barbados, External Trade Publications; Central Bank of Barbados, Economic and Financial Statistics, February 1982, and data supplied to CEPAL.

<sup>a</sup>Preliminary figures.<sup>b</sup>Total domestic exports, excluding re-exports.

pound sterling. Thus, a 2% increase in the average export price of sugar could not offset the loss in foreign exchange earnings due to the 33% decline in the sugar export volume (see table 9).

The United States and CARICOM remained the two major markets for both exports and imports. Exports to the United States came to US\$ 82 million or 37% of total export earnings in 1981, compared with US\$ 83 million in the previous year, while exports to CARICOM fell

marginally to US\$ 63 million. Trinidad and Tobago, the largest regional market for Barbados goods, introduced licence restrictions when it became evident that some exporters in the region were not satisfying the area of origin criteria for duty concessions. Sales to Jamaica increased but Barbadian exporters were forced to extend substantial credit to their clients as that country continued to experience a severe shortage of foreign exchange.

(ii) *Imports.* In the period under review the value of total imports increased by 9% as compared with the large increases of 31% in 1979 and 27% in 1980. There was a slower increase in the import volume which went up by only 1.5%, but the import unit value rose faster than before (7%).

The main items among retained imports were machinery and transport equipment (which accounted for 21%); food and beverages (17%); and petroleum and petroleum products (14%) (see table 10). Imports from the United States amounted to US\$ 190 million or 36% of total retained imports: an increase of 6% over 1980. The value of imports from CARICOM countries increased by 1% to US\$ 96 million in 1981, but these countries' relative share in the import bill dropped slightly to 18%.

Table 10

**BARBADOS: SUGAR PRODUCTION, EXPORTS AND EARNINGS**

	1977	1978	1979	1980	1981
Sugar production at current prices <sup>a</sup>	54.1	51.6	61.5	94.2	70.7
Sugar production as a percentage of GDP	6.4	5.5	7.0	6.4	4.2
Sugar exports <sup>b</sup>	106.2	86.4	98.6	119.3	80.4
Total sugar export earnings <sup>a</sup>	68.4	62.5	70.4	106.0	74.6
Average export price <sup>c</sup>	644.1	722.5	714.0	896.2	916.0
Production costs per ton <sup>c</sup>	600.0	663.4	706.8	756.0	1 050.0

Source: CEPAL, on the basis of official data.

<sup>a</sup>Thousands of Barbados dollars.

<sup>b</sup>Thousands of tons.

<sup>c</sup>Barbados dollars.

(iii) *Terms of trade and purchasing power of exports.* The terms of trade suffered a 4% drop to 97 points (1970 = 100). This was mainly because, as already noted, the import unit value increased more rapidly than the export unit value (see table 11). The movement of the terms of trade index has been quite volatile but has shown a generally declining tendency since 1976, with the exception of 1978 and 1980.

The purchasing power of exports of goods declined by 14% in 1981 after the marked (26%) rise in the previous year, which was the fourth consecutive increase in this index. The purchasing power of exports of goods and services followed a similar pattern, too, since its 8% decline in 1981 came after four years of continual increases.

**(b) Services trade**

Tourism, which is the mainstay of Barbados' foreign exchange earnings, was again adversely affected in the period under consideration by the recession in the major tourist markets. Thus, in 1981 there was a 5% decline in the number of long-stay (stopover) visitors to a little over 352 500. Tourist arrivals from Canada and the United States showed the greatest declines (13% and 18%, respectively). Despite this, the United States still supplied the greatest percentage of total arrivals (21%), but the number of arrivals from the United Kingdom increased by a record 28%, some 72 000 visitors, or 20% of the total number of arrivals. There was also a rise (6%) in the number of visitors from CARICOM countries (excluding Trinidad and Tobago), but arrivals from the latter

Table 11  
**BARBADOS: IMPORTS OF GOODS**

	Millions of US dollars				Percentage breakdown		Growth rates		
	1978	1979	1980	1981 <sup>a</sup>	1978	1981 <sup>a</sup>	1979	1980	1981 <sup>a</sup>
<b>Total imports</b>	277	390	466	527	100.0	100.0	40.7	19.4	13.2
<b>Consumer goods</b>	114	140	171	186	41.2	35.4	22.7	22.3	8.9
Food and beverages	61	69	82	90	22.1	17.0	11.8	19.2	9.6
Other non-durables	27	37	42	46	9.8	8.8	38.5	12.7	9.5
Durables	11	15	19	25	3.9	4.8	36.6	31.5	30.4
Other manufactured goods	15	19	28	25	5.4	4.8	29.0	45.4	-9.0
<b>Intermediate goods</b>	84	142	162	185	30.0	34.9	71.0	14.0	14.0
Fuels	12	46	54	72	4.2	13.6	299.6	17.7	32.4
Textiles	14	19	20	22	4.9	4.1	39.5	4.0	10.1
Others	58	77	88	91	20.9	17.2	32.8	14.6	3.0
<b>Capital goods</b>	71	103	134	155	25.6	29.4	45.6	29.4	15.8
Machinery	50	75	94	112	18.2	21.3	49.2	24.5	19.9
Construction materials	21	28	40	43	7.4	8.1	36.9	42.4	6.2
<b>Other imports</b>	8	5	-1	1	3.2	0.3	-50.0	-128.1	104.0

Source: Central Bank of Barbados, *Economic and Financial Statistics*, February 1982 and data supplied to CEPAL.  
<sup>a</sup>Preliminary figures.

Table 12  
**BARBADOS: SELECTED TOURISM INDICATORS**

	1978	1979	1980	1981 <sup>a</sup>	Growth rates		
					1979	1980	1981 <sup>a</sup>
<b>Total visitors<sup>b</sup></b>	442.9	481.0	526.5	488.4	8.6	9.5	-7.2
Stopover visitors <sup>b</sup>	316.9	370.9	370.0	352.6	17.0	-0.2	-4.7
From: United States	85.5	91.4	86.0	74.5	6.9	-5.9	-13.4
Canada	91.0	92.7	85.0	70.0	1.9	-8.3	-17.6
United Kingdom	36.3	49.4	56.2	72.1	36.1	13.8	28.3
Europe	29.2	40.8	38.4	29.6	39.7	-5.9	-22.9
CARICOM countries	55.1	76.0	85.4	86.7	37.9	12.4	1.5
Other countries	19.8	20.6	19.0	19.7	4.0	-7.8	3.7
Cruise-ship visitors <sup>b</sup>	126.0	110.1	156.5	135.8	-12.6	42.1	-13.4
Hotel and guest house beds <sup>b</sup>	11.1	11.9	13.4	14.1	7.2	12.6	5.2
Average length of stay at stopover visitors <sup>c</sup>	9.1	9.9	9.8	9.5	8.8	-1.0	-3.1
Hotel bed occupancy rate	59.3	76.4	65.3	53.0	28.8	-14.5	-18.8
Estimated visitor expenditure <sup>d</sup>	135.5	184.9	236.9	263.5	36.4	28.1	11.2
Hotel and restaurant tax <sup>d</sup>	4.8	5.5	7.3	7.2	15.8	32.7	-0.7

Source: Ministry of Finance and Planning, *Barbados Economic Report*, 1981, and data supplied to CEPAL.

<sup>a</sup>Preliminary figures.

<sup>b</sup>Thousands.

<sup>c</sup>Days.

<sup>d</sup>Millions of US dollars.

country, who account for some 50% of total CARICOM tourists to Barbados, declined by 2% following currency control measures taken in their country of origin.

Cruise ship visitors to Barbados declined by 13% while the average length of stay of visitors dropped from 9.8 days in 1980 to 9.5 in 1981, but tourist expenditure increased from US\$ 237 million in 1980 to an estimated US\$ 264 million. This increase reflected the rises in hotel rates during the summer and winter seasons of 41% and 28%, respectively (see table 12).

The Barbados Board of Tourism, in association with the Barbados Hotel Association, continued its promotional activities during the year in the country's major and other tourist markets, concentrating on promoting the industry through organized tours and local awareness programmes. Promotional tours were undertaken to the United States, Canada, the United Kingdom, Trinidad and Tobago and Puerto Rico.

The industry received 81 new loans totalling B\$ 8 million from the Barbados Development Bank —an increase of 62% over the amount of loans for 1980. Priority was given to small businesses seeking to expand. Outstanding commercial bank credit to the sector increased by 37% for the second consecutive year, reaching 15% of total outstanding credit in 1981. Accommodation increased by 1 244 hotel beds during the review period, bringing total capacity to 13 864 beds, but the rate of bed occupancy dropped from 65% to 53%.

#### (c) *The balance of payments*

The global balance of payments registered a surplus of US\$ 21 million in 1981, compared with surpluses of US\$ 19 million in 1980 and US\$ 13 million in 1979. Foreign reserves increased by US\$ 24 million in 1981, compared with an increase of US\$ 22 million in the previous year (see table 13).

The merchandise trade deficit was US\$ 345 million (twice as large as that of 1978), while the services balance showed a surplus of US\$ 250 million, similar to the preceding year. The current account registered a deficit of US\$ 84 million as against a deficit of US\$ 27 million in 1980.

The deterioration in the current account of the balance of payments was further aggravated by the recession in North America and the United Kingdom, and net earnings from tourism increased by only 3%, from US\$ 233 million in 1980 to US\$ 240 million in 1981. Gifts and funds sent back by Barbadians living abroad remained at almost the same level as in 1980. Although private foreign investment and public sector project borrowings more than doubled during 1981, they were insufficient to cover the current account deficit. The Government was therefore forced to borrow on the Eurodollar market to the amount of US\$ 30 million and the Central Bank drew heavily on its short and medium-term lines of credit. These include US\$ 1.5 million in concessional financing from the CARICOM Oil Facility of the Government of Trinidad and Tobago and US\$ 3.5 million from the Venezuela Oil Facility.

### 4. Wages and prices

#### (a) *Wages*

The number of wage negotiations in 1981 was minimal, since most of the negotiations were concluded in 1980 for a two-year period. Only certain subsectors received increases during the year and the average wage increase of this group was 33.9%. The average wage increase for all sectors of the economy was 8.4%, which compares unfavourably with the annual rate of increase in prices for 1981 of 14.6%.

#### (b) *Prices*

At the end of 1981, the retail price index stood at 125.3, an increase of 13.7 points (12.3%) over the figure for the previous December. The fastest monthly rate of increase occurred in November, when the index rose by 4.1 points to reach 125.4.

Table 13

## BARBADOS: BALANCE OF PAYMENTS

(Millions of US dollars)

	1975	1976	1977	1978	1979	1980	1981 <sup>e</sup>
Exports of goods and services	215	206	257	324	433	561	555
Goods FOB	94	76	85	111	132	188	175
Services <sup>h</sup>	121	130	172	213	301	373	380
Transport and insurance	23	19	27	33	41	60	60
Travel	77	83	111	138	207	252	260
Imports of goods and services	254	279	316	366	478	601	650
Goods FOB	197	219	250	288	379	479	520
Services <sup>h</sup>	56	60	66	78	99	122	130
Transport and insurance	32	31	33	41	51	65	70
Travel	7	8	9	10	13	19	20
Trade balance (goods)	-103	-143	-165	-177	-247	-291	-345
Trade balance (goods and services)	-38	-72	-59	-42	-45	-40	-95
Net payments of profits and interest	-10	-4	-9	-6	-11	-8	-10
Profits	-8	-4	-5	-5	-6	-5	-5
Interest	-3	-1	-5	-1	-5	-3	-5
Net private transfer payments	7	11	13	15	17	21	21
Balance on current account	-42	-66	-55	-33	-39	-27	-84
Long-term capital	24	23	36	23	3	32	...
Direct investment	22	6	5	9	15	1	...
Portfolio investment	0	0	1	1	-10	4	...
Other long-term capital	2	18	30	13	-2	27	...
Official sector <sup>i</sup>	0	3	15	15	4	23	...
Loans received	1	5	18	16	9	26	...
Amortization payments	-1	-2	-3	-1	-4	-2	...
Commercial banks <sup>c</sup>	-1	2	6	2	-6	-4	...
Loans received	0	2	6	2	0	0	...
Amortization payments	-1	0	0	0	-6	-4	...
Other sectors <sup>c</sup>	3	13	9	-4	0	8	...
Loans received	0	11	6	0	0	8	...
Amortization payments	0	0	0	-5	-1	0	...
Official transfer payments	0	2	3	2	5	0	0
Basic balance	-17	-41	-16	-8	-31	5	...
Short-term capital	-4	4	2	10	31	35	...
Official sector	0	0	-1	-1	1	-1	...
Commercial banks	-8	2	-3	-5	9	10	...
Other sectors	3	2	6	16	21	26	...
Errors and omissions (net)	29	22	19	20	13	-21	...
Balance on capital account	49	51	59	55	52	46	105
Global balance <sup>d</sup>	7	-14	5	22	13	19	21
International reserves (minus sign indicates an increase) <sup>d</sup>	1	12	-2	-23	-14	-22	-24
Monetary gold	0	0	0	0	0	-1	-
Special Drawing Rights	0	0	0	0	-2	3	1
IMF reserve position	-1	0	0	0	0	-3	1
Foreign exchange assets	1	12	-9	-23	-4	-13	-22
Other assets	2	1	-1	-1	-8	-2	-
Use made of IMF credit	0	0	8	1	0	-6	-2

Source: Ministry of Finance and Planning, Barbados Economic Report, 1981, and CEPAL, on the basis of official information.

<sup>a</sup> Preliminary figures.

<sup>h</sup> Services also include other private and official transactions, but not profits and interest payments.

<sup>i</sup> In addition to loans received and amortization payments made, this entry includes net loans granted and other assets and liabilities.

<sup>d</sup> The difference between the global balance and the changes in international reserves includes such items as gold monetization or demonetization and revaluation adjustments, etc.



In terms of annual averages, the rate of inflation as measured by the consumer price index was 14.6%, indicating a quickening of the pace of price increases. The most significant rises were observed in housing, clothing and footwear, and food. Other less significant increases were noted in the other sections of the index. The rate of increase in the price of fuel and light slackened somewhat, but there was a slight acceleration in price increases in the transportation section (see table 14).

Table 14

## BARBADOS: EVOLUTION OF DOMESTIC PRICES

	1980	1981
<b>Annual average variations</b>		
Consumer price index	6.9	14.6
Food	6.6	14.8
Alcoholic beverages and tobacco	11.0	7.9
Housing	3.4	24.3
Clothing and footwear	16.6	17.6
<b>December to December variation</b>		
Consumer price index	14.0	12.3
Food	12.4	12.6
Alcoholic beverages and tobacco	17.2	2.6
Housing	24.7	21.1
Clothing and footwear	18.5	12.7

Source: Central Bank of Barbados, *Economic and Financial Statistics*, February 1982.

## 5. Monetary and fiscal policy

### (a) *Monetary policy*

Both the Government and the Central Bank moved to neutralize the effects of a high propensity to import and the slower rate of growth of foreign exchange earnings. The Government instituted a number of revenue-raising measures which included an issue of National Savings Bonds. The policy of the Central Bank was designed to encourage savings; to influence the private sector to economize in its use of credit; to encourage the Government to take measures aimed at reducing spending and increasing government revenues; and to warn trade unions of the dangers of inordinately high increases in wages. Monetary measures adopted to achieve these objectives included: (i) an increase in minimum interest rates on savings deposits from 5% to 8%; (ii) an increase in prime lending rates first from 11% to 12.5% and then 13%; (iii) an increase in the average lending rate from 11% to 12.5% and eventually to 15%; (iv) an increase in the Central Bank's general discount rate from 10% to 18% and subsequently 22%; (v) an increase in the reserve requirement for commercial banks from 20% to 25% with effect from 4 November (of which 4% to be held in Treasury Bills and 1% in Government or other approved debentures).

In pursuit of its policy of encouraging the development of the productive sectors, tourism, manufacturing and agriculture, the Bank almost entirely exempted this group from any quantitative restrictions and, in this regard, subsidized the cost of credit to the sugar industry by raising its rediscount to the Agricultural Division of the Barbados National Bank from B\$ 18 million in 1980 to B\$ 41 million in 1981. The Bank also kept open its special rediscount windows to the export manufactures, non-sugar agriculture and small-scale retail business sectors.

The money supply at the end of December 1981, in its narrowest definition, was B\$ 262 million, an increase of B\$ 12 million or 5% over the B\$ 250 million recorded at the end of 1980

(see table 15). Commercial bank deposits stood at B\$ 862 million, an increase of B\$ 9 million or 11% over the 1980 level. Total outstanding commercial bank credit rose from B\$ 547 million at the end of 1980 to B\$ 649 million at the end of 1981 (see table 16).

Table 15

**BARBADOS: MONETARY BALANCE**

(Millions of Barbados dollars)

	Balance at end of year				Growth rates		
	1978	1979	1980	1981	1979	1980	1981
<b>Money</b>	164	232	250	262	41.8	7.9	4.6
Currency outside banks	66	80	102	111	21.7	26.7	9.5
Demand deposits	98	152	148	150	55.3	-2.0	1.3
<b>Factors of expansion</b>	573	709	838	923	23.8	18.2	10.1
Foreign assets	34	66	103	11	92.6	56.4	-89.3
Domestic credit	539	643	735	912	19.4	14.2	24.0
Government	135	163	165	218	20.5	1.5	31.9
Public institutions	6	8	12	10	21.5	53.4	-17.5
Private sector	397	473	558	684	19.0	18.0	22.5
<b>Factors of absorption</b>	409	477	588	660	16.6	23.1	12.2
Quasi-money (savings and time deposits)	383	455	542	614	18.7	19.1	13.2
Other items (net)	26	22	46	46	-14.7	106.1	1.0

Source: International Monetary Fund, *International Financial Statistics*, May 1982.

Table 16

**BARBADOS: SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT**

(Millions of Barbados dollars)

Sectors	1978	1979	1980	1981	Growth rates		
					1979	1980	1981
<b>Total</b>	392.6	470.2	546.6	649.1	19.8	16.2	18.8
Agriculture (including fisheries)	20.0	17.6	20.3	26.5	-12.0	15.3	30.5
Mining and quarrying	0.3	0.5	1.4	2.7	66.6	180.0	92.9
Manufacturing	38.8	63.2	94.6	103.6	62.9	49.7	9.5
Distribution	68.5	68.4	87.6	95.0	-0.1	28.1	8.4
Construction	36.1	44.7	39.4	45.3	23.8	-11.9	15.0
Tourism (including entertainment)	50.1	51.8	71.1	97.3	3.4	37.3	36.8
Government	18.2	6.2	4.7	7.4	-65.9	-24.2	57.4
Public utilities	18.4	32.9	30.4	33.6	78.8	-7.6	10.5
Personal	106.9	131.9	135.0	139.3	23.4	2.4	3.2
Other	35.3	53.0	62.1	98.4	50.1	17.2	58.5

Source: Central Bank of Barbados, *Economic and Financial Statistics*, and data supplied to CEPAL.

(b) *Fiscal policy*

One of the major concerns affecting fiscal policy during 1981 was that the rapid increase in disposable incomes, together with the widening government deficit, might generate excessive demands for imports and create serious balance-of-payments difficulties. Wage settlements during 1980 had given workers increases of 30% over two years, and further increases were granted

during 1981. In addition, generous income tax concessions were granted to lower-paid workers in the 1980 budget. The rate of growth of government revenue, however, was more sluggish than anticipated because of the general decline of economic activity and the tax reductions. In fact, provisional estimates indicate that both revenues and recurrent expenditures declined, the former by 2% and the latter by 1%. Taking the 82% increase in capital expenditure into account, the aggregate fiscal deficit increased remarkably from B\$ 54 million in 1980 to B\$ 142 million in 1981 (see table 17). At the end of December 1981, the total national debt was estimated at B\$ 683 million, an increase of B\$ 190 million or 39% over the previous year. The domestic component amounted to B\$ 424 million, a 29% increase over the 1980 figure (B\$ 329 million), while the external debt at the end of 1981 stood at B\$ 259 million or 58% more than the 1980 level of B\$ 164 million.

Table 17

**BARBADOS: CENTRAL GOVERNMENT INCOME AND EXPENDITURE**

	Millions of current Barbados dollars				Growth rates		
	1978	1979	1980	1981 <sup>a</sup>	1979	1980	1981 <sup>a</sup>
1. <b>Current revenue</b>	286	340	421	414	19.0	23.7	-1.7
Tax revenue	252	306	373	367	21.6	21.9	-1.7
Direct	127	132	159	164	3.3	20.7	3.6
Indirect	125	174	214	203	40.3	22.9	-5.6
On foreign trade	52	70	86	83	32.8	24.0	-3.9
Non-tax revenue	34	34	48	47	-0.3	39.8	-1.3
2. <b>Current expenditure</b>	256	303	372	369	18.4	22.8	-0.6
3. <b>Savings on current account (1 - 2)</b>	30	37	49	45	23.7	31.1	-9.9
4. <b>Capital expenditure</b>	69	91	103	187	30.8	13.0	81.9
5. <b>Total expenditure (2 + 4)</b>	325	394	475	556	21.0	20.5	17.2
6. <b>Fiscal deficit (1 - 5)</b>	-39	-54	-54	-142	36.4	0.2	166.8

Source: Central Bank of Barbados, Economic and Financial Statistics, February 1982 and data supplied to CEPAL.

<sup>a</sup>Preliminary figures.