ORAL ANSWERS TO QUESTIONS

INFLATION RATE & SALARY COMPENSATION

The Leader of the Opposition (Mr P. Bérenger) (By Private Notice) asked the Vice-
Prime Minister, Minister of Finance and Economic Empowerment whether, in regard to the
inflation rate for 2008-2009 and the salary compensation to be paid to employees of the public
and private sectors as from 01 July 2009, he will state –

(a) the estimate for the inflation rate, and

(b) if Government proposes to make provision for a full salary
   compensation to be paid in the forthcoming budget and to
   introduce appropriate legislation in that respect for the private
   sector.

The Vice-Prime Minister, Minister of Finance and Economic Empowerment (Dr. R.
Sithanen): Mr Speaker, Sir, as regards part (a) of the question, the inflation rate for 2008/09 is
estimated by the Central Statistical Office at 7 percent. In fact, Mr Speaker, Sir, last year, for
calendar year 2008, because of the soaring energy prices and surging food prices we were
expecting double digit inflation. But we finally ended the year with a lower than double digit
inflation. Similarly for the financial year 2008/09, the inflation rate will be lower than expected
due to a combination of factors including right policy approach. First, Government has in the
second half of 2008, taken measures to reduce the price of flour by 15%, that of bread 100 gram
by 5.7% and that of LPG by 5%. These reductions and their positive impact on related goods
have contributed to lower the inflation rate. Moreover, due to the success of reforms, causing a
record surge in foreign direct investment, the rupee did appreciate at a time when oil and food
prices were surging, thus abating to some extent their impact on domestic prices. Since October
of last year we have been coordinating with the Bank of Mauritius to align monetary policy with
the fiscal stance of Government to stimulate demand. This has led to a cumulative drop of 150
basis points in the key repo rate of the Central Bank. This policy has also had a major impact on reducing the mortgage interest payments which have reflected on the inflation rate.

Mr Speaker, Sir, as it is well known, inflation rate differentials between countries is a major cause of loss of competitiveness. And policies to curb inflationary pressures are very often in contradiction with policies to achieve higher growth rates and higher employment. In the past year most countries have put their policy weight on stimulating demand and growth at the risk of higher inflation. In Mauritius we have been doing the same since June 2008 to ward off the adverse impact of the worst global economic recession since the 1930s.

Mr Speaker, Sir, we have gained on many counts. In fact, along with maintaining the economy on a higher growth path, with record levels of FDI and unprecedented high levels of employment creation, we have also kept inflation under control and caused it to go down. On a financial year basis, we are anticipating inflation to go down from 8.8% in 2007/08 to in fact 6.9% in 2008/09 and we expect inflation to be at 4% at December 2009. It is clear that we are putting inflation on a definite downward trend, that is, giving greater protection to purchasing power.

Mr Speaker, Sir, as regards part (b) of the question, it is important to assess the global backdrop to policy decisions in the coming months. This is crucial because we are an exporting platform and tourism and textiles/clothing are very important pillars of our economy. The global economic outlook is the bleakest we have seen in the past 70 years. Exporting countries like Germany, Japan and Singapore stand to suffer the most from this global slide in demand and Mauritius, in spite of its remarkable resilience in 2008, will have to especially watch its competitiveness. Our policy priority, Mr Speaker, Sir, is to protect employment in one of the most uncertain and precarious global situation in many decades and this is no time for policy errors. In fact, the crisis has swept the world in four phases. First, a financial turmoil; second, recessions in developed countries, some countries even collapsing. Now it is in the third phase which is a spread of the impact of the recession to the entire globe from developing countries to emerging economies. The fourth phase is the labor market crisis which is now unfolding. Countries around the world are losing jobs in the millions. According to the ILO, the crisis would wipe out more than 40 million jobs worldwide by the end of 2009. Here are some examples, Mr Speaker, Sir. US employers have cut more than five million jobs since the start of the recession, sending the unemployment rate to an unprecedented 8.5 per cent. And there was
bad news even for people in work, since the monthly jobs data showed that employers have been cutting the number of hours available, further adding to the pressure on household budgets.

In March 2009 alone, the US lost 663,000 jobs. The unemployment rate in the US is now the highest since 1983. With companies cutting back in response to depressed demand conditions, the length of the working week fell to 33 hours in March, the lowest on record in US history.

China has already lost some 20 million jobs.

India has trimmed its workforce so far by 10 million people.

Holland is directly paying for the wages/salaries of private firms.

In Singapore, a very robust economy until recently, wages are linked to productivity, 36 percent of companies will freeze salaries this year. A few companies are planning to cut jobs, reduce temporarily pay of top management by up to 15% and by 5% for other salaried workers and even close office temporarily for one day a month and staff are being encouraged to take one additional authorized leave every month.

California – one of the richest states in the world - is resorting to drastic labour policies, including shorter work week, encouraging workers to take leave without pay and shifting to more part time employment.

In Hong Kong companies are freezing salaries.

In Japan, employees are taking cuts in their salaries.

Reuters reported last week that a global survey showed that one quarter of the world’s companies and 40% of US companies plan to freeze salaries this year.

Mr Speaker, Sir, from evidence world wide we can see that there is a collective wisdom that the emphasis must be on saving jobs and protecting people even if it means a cut in salaries, in hours of work, and in longer leave without pay.

We have said it last year and we need to remind ourselves that our economy is resilient but not immune. We must stand on our guard. And as the Prime Minister of Singapore has said recently, I quote:

“It is better to have your job with a lower wage than an increase in salary that undermines competitiveness and then lose your job and your salary.”

This very accurately describes the state of mind of policy makers world wide.
Mr Speaker, Sir, the question is whether any country can go against this trend. So far, there is no country that we know that are taking that kind of risk especially in a world where competition is getting tighter and there is greater risk of protectionism gripping the world.

Mr Speaker, Sir, in recent years we have reformed our labour market to make it more flexible and we have reviewed the wage determination and compensation system – something which has been on the menu of governments for many years.

In 1986, Professor Roberts and Robinson questioned the basis on which cost of living allowance is awarded.

In 1994, Mr Arai recommended the setting up of a National Pay and Productivity Council that should take into account performance in determining wage award.

In 1998, Zafar Shaheed studied the various issues and proposed a Pay Advisory Council which would make informed recommendations to the PRB and NRB on “performance-sensitive percentage increases” that would link pay determination to labour productivity.

In 2002, Professor Lim was invited by Government to conduct a study of the existing legal, regulatory and institutional frameworks governing wage determination in Mauritius. Professor Lim’s report highlights in a very articulate manner the various weaknesses of the current wage determination system. Some of the shortcomings are its rigidity and its lack of uniformity in basic policy fundamentals.

Mr Speaker, Sir, the established practice prior to the setting up of the National Pay Council as being to provide compensation based on the inflation of the previous year. However, all Ministers of Finance and all governments have also factored in the state of the economy and the ability of firms to pay compensation.

Mr Speaker, Sir, full compensation has never been provided in the past due to the need to protect jobs in the weaker sectors and the obvious tapering of wage increases granted on a sliding scale.

Since 2007, it is the National Pay Council, an independent tripartite body, established along ILO principles and standards that makes recommendations on salary compensation. In making its recommendations, the National Pay Council takes into account four specific criteria, which are in strict accordance with ILO principles -

1. Rise in consumer price index, which is a proxy for inflation;
2. National ability to pay, which is a proxy for capacity to pay;
3. National productivity and competitiveness, which is a proxy for global competitiveness, and

4. Employment and unemployment rates, which is a proxy of the impact of any subsequent increase in wage on employment and unemployment.

Mr Speaker, Sir, today the stark choice is between a reckless wage policy that will lead to massive lay off and a prudent and responsible one that will save jobs, protect people, preserve purchasing power and protect families. We have to make the intelligent choice.

In that context, Mr Speaker, Sir, let me conclude by referring to two statements made by hon. Bérenger, Minister of Finance in 1982 and 1983. First in 1982, I quote -

“The painful choice is between protecting fully the purchasing power of those who have a job and creating jobs for the vast number of jobless.”

Let me delete “creating” and I put “preserving” and let me delete “jobless” and replace it “by those working”.

“Unfortunately, we have to strike a balance between resources required for la relance économique which is the key factor in the creation of jobs, and the sustainable level of the deficit.”

Second in 1983, I quote again, Mr Speaker, Sir -

“Toute revendication déraisonnable de compensation salariale entrainera automatiquement des pertes d’emplois énormes.”

Mr Speaker, Sir, if these two statements were true in 1982 and 1983 when there was no seismic financial crisis, no international banking cyclone, and no global economic tsunami, one can only imagine what it would be today with the longest, deepest and the broadest world recession since 1930’s and the sharpest decline in global trade since the second world war.

Mr Bérenger: To start with part (a) of my question, the hon. Minister of Finance said that the Central Statistical Office estimate of inflation for 2008/2009 is 7% and then he quoted 6.9%. Can I know where does that figure come from and whether we have any estimate from the Bank of Mauritius?
**Dr. Sithanen:** I have rounded it to the next decimal. The actual figure which is given by the Central Statistical Office is 6.9%. Let me explain, Mr Speaker, Sir, the difference between the figure given by the CSO and the Bank of Mauritius. There are two ways of calculating inflation. One is a 12-month average that tracks what has happened over a 12-month period. This is the method that is used by the CSO and this is the method that has been used in order to award compensation until now by the NPC. However, increasingly, the Bank of Mauritius believes that they need to take, what is called year on year inflation. The difference between year on year inflation is that, for instance, you take April 2009 over April 2008 whilst the other one, you need to take April 2008 to April 2009 or April 2007 to April 2008 compared to April 2008 to April 2009. So, one, you take a 12-month average and the other one you take a one month average. Most countries in the world, Mr Speaker, Sir, including the USA, UK, Australia, they believe that inflation is a very dynamic parameter and they are using the year on year, which is, in fact, a month on month indicator of inflation to make policy decisions on monetary issues while the CSO is using the old traditional method of using an average of 10 months. In fact, that is why, I have given the CSO figure. If I were to give the figure of the Bank of Mauritius, which is year on year, in fact, the rate of inflation is about 4.2%

**Mr Bérenger:** Mr Speaker, Sir, we were given a wrong figure of 7%. Will the hon. Minister of Finance agree with me that, in fact, within that figure, food inflation is more than doubled that figure and full inflation hits, first of all and above all, the poorest members of the society? Can I ask whether Government is keeping that in mind?

**Dr. Sithanen:** Mr Speaker, Sir, since we introduced the inflation index, we have always taken into account average inflation. This and the average inflation is based not only on food prices, but also on many other prices. True it is - I think, in the first six months of this financial year - prices did go up because of the oil crisis and also because of the food prices. Since then it has eased considerably. We have taken some policy measures, Mr Speaker, Sir, in order to support purchasing power. I indicated in my reply that we brought down the price of flour, the price of bread and the price of LPG, even though, this was not warranted by international prices. We have also brought down the price of telecommunications. This has had an impact. Interest rates also have come down. We have always taken the average inflation in order to compute the CPI Index and this is what is used as a percentage to determine wage compensation, Mr Speaker, Sir.
Mr Bérenger: Mr Speaker, Sir, the Mauritius Employers’ Federation has requested un gel de salaire. The hon. Minister of Finance made reference to policy errors, but quoted at length on several occasions Singapore as a reference. Will he tell us whether the MEF request is Government policy and that, therefore, there will be not only no complete wage compensation, but no wage compensation at all as requested by the MEF?

Dr. Sithanen: Mr Speaker, Sir, let me explain very clearly that the priority of this Government is to save jobs and to protect people. We have introduced a system that is flexible and that take into account several factors. Inflation is one of them, the capacity to pay, the competitiveness of the industry and employment and unemployment. Mr Speaker, Sir, let me be very candid with the Leader of the Opposition. This particular year, if I were to choose which of the four criteria which should drive wage compensation, I would say the potential impact of any wage policy on job losses. This is what everybody is doing across the world. Having said that, Mr Speaker, Sir, I have already replied to what the MEF has said. In fact, the president made a speech, I was there, and I said: “Look, those that can afford to pay, should pay”. All of them are facing difficulties, but the degree of difficulties that they are facing varies from sector to sector. I am sure the hon. Leader of the Opposition will agree with me that some of the sectors that are operating in the most vulnerable part of the economy: textile, SMEs, small hotels. The objective of all policymakers across the world is to save jobs, Mr Speaker, Sir. I give the statement from the Prime Minister of Singapore. So, the policy of Government is to encourage those firms that can afford to pay. Even though it is a difficult situation, they should pay, but we need to think of those people who are likely to lose their job. There have been cases, Mr Speaker, Sir, where in the past, because of policy mistakes, 45,000 people have lost their job. In fact, Mr Speaker, Sir, let me give one figure for the enlightenment of the House. As regards to female employment, we have created 6300 jobs for female on a yearly basis over the last three years. This figure was only 1000 for the five years preceding 2005. I am not trying to play politics. What I am saying, Mr Speaker, Sir, reforms have yielded results for unemployment among women and for employment among women. It is the first time for ten years, Mr Speaker, Sir, that we have created 19,200 jobs. We have created 36,000 jobs. The priority of priority, Mr Speaker, Sir, is to preserve this asset that we have built over the last three years, which is jobs for people, protection for our compatriots, Mr Speaker, Sir.
Mr Bérenger: Mr Speaker, Sir, we all know that the annual salary compensation has always been a minimum and until this year Government was requesting private firms who can pay to pay more than the minimum. I take not that now the language has changed completely; the stand has changed completely. What I heard the hon. Minister say is that only the firms that can pay that will pay any salary compensation. Therefore, can I interpret that as meaning that there will be no national minimum salary compensation as in Singapore and as the Mauritius Employers’ Federation has requested and that it will be left to individual firms to pay any salary compensation, if any?

Dr. Sithanen: Mr Speaker, Sir, let me say three things. We have created jobs. We have created 36,000 jobs as a result of policy. Before that, unemployment was rising at an accelerated pace. Hon. Cuttaree said: « On perdait des emplois à une vitesse vertigineuse ». We cannot, Mr Speaker, Sir, be blamed for job losses and, at the same time, the hon. Member is trying to tell us that we should initiate policies that would actually have this impact, Mr Speaker, Sir. We are not in the business of shooting at our own foot. We are not in the business of cutting off our nose to spite our face. It is not written ‘stupid’ here, Mr Speaker, Sir. Let me tell the hon. Member..

(Interruptions)

Mr Speaker: Order, please!

Dr. Sithanen: Let me tell the hon. Member, Mr Speaker, Sir, we all want employees to receive compensation. Last year, this Government, under the leadership of the Prime Minister, gave 100% pay for the PRB, Mr Speaker, Sir. What we are saying, Mr Speaker, Sir, we have set up an independent tripartite forum. This is the National Pay Council. They are going to meet and they are going to decide in their own independence, taking into account these four criteria, what will happen, Mr Speaker, Sir, and we will continue to be a responsible Government and not to have one language in the Opposition and one language in Government.

Mr Bérenger: Mr Speaker, Sir, this country will take note that we are not given any guarantee that there will be a national salary compensation. Can I ask the hon. Minister of Finance whether Government has taken into consideration, before coming to that conclusion, that for the past two years, there has not been a full salary compensation for wage earners and on top of that, this year, 1% is being deducted from their salaries?

Dr. Sithanen: Mr Speaker, Sir, let me inform the hon. Leader of the Opposition that there were years when he was Minister of Finance. There was no recession. The sea was calm.
The sun was shining. The wind was not blowing, Mr Speaker, Sir. There was no recession and yet, this same hon. Leader of the Opposition did not give a full compensation even to those people at the lowest rung of the ladder, Mr Speaker, Sir. Mr Speaker, Sir, he is trying to put words in our mouth. Neither the Prime Minister nor the Minister of Finance, nor my good friend, the Minister for Labour has said that there were not be compensation. He is trying to put this so that in the evening he is going to harangue the mass to get more people for 01 May. We are not saying that, Mr Speaker, Sir. What we have said, Mr Speaker, Sir, that there is an independent institution. The Labour Party and the Alliance believe in the independence of institutions, Mr Speaker, Sir. We have set up the institution. The institution will meet …

(Interruptions)

Mr Speaker: Order, please!

Dr. Sithanen: The institution will meet, Mr Speaker, Sir, and they will decide in their wisdom, in their judgment and after taken into account these four factors, Mr Speaker, Sir. And let me tell the hon. Leader of the Opposition, Mr Speaker, Sir, that this Government is doing better when there is a recession battering the world than they were doing when we were in Government, when there was no recession at all, Mr Speaker, Sir.

Mr Bérenger: Mr Speaker, Sir, can I ask the hon. Minister whether he is aware that out there, there is the perception of deux poids, deux mesures. On the one hand, wage earners have 1% of their salaries deducted, and do not get adequate salary compensation. On the other hand, through the Additional Stimulus Package, firms in the private sector are to receive more than Rs1 billion, as stated by the hon. Minister, of public funds. Is Government fully aware of that perception, and how dangerous it can get?

Dr. Sithanen: Mr Speaker, Sir, when you are in Government, you have to make policy choices; you have to take decisions. We have taken decisions that have created 36,000 jobs. Let me repeat it, Mr Speaker, Sir. The best way to fight poverty, to preserve purchasing power is to maintain the jobs of people. It is this Government that has given two, three jobs per family. Mr Speaker, Sir, the hon. Leader of the Opposition…

(Interruptions)

Mr Speaker: Order, please! Order! I said order!

Dr. Sithanen: We understand this, Mr Speaker, Sir. There are many decisions that have been taken by this Government, in order to protect purchasing power. We are going to keep only
one language: the same language in Government as in Opposition! Mr Speaker, Sir, the hon. Leader of the Opposition is mentioning Rs1 billion as Stimulus Package. There are conditions attached to this. We did not, overnight, change the law, in order to give six milliards à cinq familles! 

**Mr Bérenger:** Mr Speaker, Sir, we have not been given the guarantee that there will be a national salary compensation. Can I ask whether, at least, the weakest members of society, that is, old age pensioners, widows, orphans, handicapped, those benefiting from social payments will be taken into consideration and that there will be no wage freeze as in Singapore or as requested by the Mauritius Employers’ Federation here?

**Dr. Sithanen:** Mr Speaker, Sir, we inherited an awful economic mess. Awful! We turned it around through determination, courage, which they did not have. We have done exceptionally well under extremely difficult circumstances. The hon. Leader of the Opposition reads everything that is happening around the world, and should know what is happening. *La priorité des priorités* of this Government is to save jobs. And we are, obviously, making an appeal to companies to preserve jobs. As to what is going to happen to wage compensation, let’s wait for the meeting of the NPC and its recommendation, Mr Speaker, Sir! We believe in institutions that should function. The hon. Leader of the Opposition is trying to tell us that we are not protecting the workers. He never met les syndicalistes; he never presided over tripartites when he was Minister of Finance! This is what we condemn. They need to be a responsible Opposition. I have also challenged the Opposition to produce ten pages of what they will do, Mr Speaker, Sir! They cannot produce ten pages of what they will do!

*(Interruptions)*

**Mr Speaker:** Order!

**Mr Bérenger:** Mr Speaker, Sir, since reference has been made again and, before that, the hon. Minister made lengthy references to the NPC, is he aware that the National Pay Council has no credibility at all, and that is why all the trade unions have requested changes to its composition and attributions? Is Government considering that?

**Dr. Sithanen:** Mr Speaker, Sir, when the hon. Leader of the Opposition was Deputy Prime Minister & Minister of Finance, subsequently…

*(Interruptions)*
Let me reply!

(Interruptions)

Mr Speaker: Order! Hon. Mrs Perrier, order, please!

(Interruptions)

I am calling the hon. Member to order!

(Interruptions)

Hon. Cuttaree, order!

Dr. Sithanen: Mr Speaker, Sir, various reports were commissioned by the previous Government, and also by my Government before that, on what reform must be brought to the wage determination system. They all know about that, because all of them recognised that there was a problem in awarding compensation solely on the basis of inflation, disregarding ability to pay, competitiveness, unemployment and employment. They did not do anything, Mr Speaker, Sir! We had to make this change, and we have seen the result, namely 36,000 jobs. We have followed the guidelines, the benchmark, the principles and the norms of ILO, in terms of the composition and remit of the NPC. If all of them want to tinker with the system, we have no problem! But, it is very clear that we cannot afford to pay compensation solely on the basis of inflation, disregarding what would be the impact of such wage determination policy on employment and unemployment.

Mr Jugnauth: Mr Speaker, Sir, will the hon. Minister confirm whether the weightage that was ascribed to food item in calculating inflation has now changed, so that there is lesser weightage to food item?

Dr. Sithanen: Mr Speaker, Sir, there is a simple law in economics, which is called Engel’s curve. Engel’s curve says that the share of income that is spent on consumption goes down as you become rich. Let me give an example for the enlightenment of the hon. Member. In America, people…

(Interruptions)

Mr Speaker: Order! The hon. Minister has been put a question. Let him explain! Does the hon. Member want me to stop him?

(Interruptions)

That’s his right! Unfortunately…

(Interruptions)
The Standing Orders provide for 30 minutes. I cannot do otherwise! Does the hon. Member want me to say who prepared it?

*(Interruptions)*

**Mr Cuttaree:** On a point of order, Mr Speaker, Sir. Obviously, the hon. Minister can answer any question if he wants to and the way he wants to do it! But, he certainly cannot patronise Members of Parliament the way he is doing.

**Mr Speaker:** That is not correct. The hon. Minister can answer the question the way he wants, provided he sticks to the point raised!

**Dr. Sithanen:** Mr Speaker, Sir, in America, an average consumer spends less on food item than in Africa. In Mauritius, a rich person spends less, as a percentage of income, on food, basically compared to a poor person. Since GDP per capita has increased over the years, it is abundantly and manifestly clear and obvious, and beyond reasonable doubt, that the share of food item in the basket will decrease, just like the share of technology…

*(Interruptions)*

**Dr. Sithanen:**…just like the share of technology will increase. Mr Speaker, Sir, this is done every five years. There is no interference with the independence of the CSO. They do that every five years, and it is very clear that the pattern of consumption of individuals changes over a five-year period.

**Mr Dulloo:** Mr Speaker, Sir, the hon. Minister has referred to 1982-83, when the country had suffered the worst calamity after the mismanagement of the economy by the outgoing Labour Government leading to depreciation of the rupee…

*(Interruptions)*

**Mr Speaker:** Order! Order!

*(Interruptions)*

Order now! Hon. Dulloo, you cannot make a statement. You have to put the question.

**Mr Dulloo:** It’s the background which the Minister gave to us.

*(Interruptions)*

May I ask him then…

*(Interruptions)*

**Mr Speaker:** If this continues, I am going to suspend the House.
**Mr Dulloo:** Then, the country was on the verge of bankruptcy. Since Government has been talking of early harvest, bumper crop, may I ask the hon. Minister what measures he is contemplating, especially for those workers who cannot maintain their standard of living and cannot pay their house mortgage? What measures would he put in place in the light of what he has stated before in this House in order to ensure that those workers are not faced with seizure, and that they can maintain their standard of living?

**Dr. Sithanen:** Mr Speaker, Sir, I hope the hon. Member did not misinterpret the two quotations I made. The two quotations I made were not meant to make a political mileage out of it.

*(Interruptions)*

**Mr Speaker:** I said order!

**Dr. Sithanen:** What I was trying to say, Mr Speaker, Sir, in 1982, when there was no world recession, no financial tsunami, he said that we could not give compensation that would endanger and imperil jobs.

*(Interruptions)*

**Mr Speaker:** Order!

**Dr. Sithanen:** The point that I was trying to make, Mr Speaker, Sir, is that if you compare the calmness of the sea at that time, and how rough it is now, how can he come and say now that we have to give compensation that does not take into account basically what is going to happen in the labour market? With respect to….

*(Interruptions)*

**Mr Speaker:** Order!

**Dr. Sithanen:** With respect to the point raised by hon. Dulloo, I’ll maintain …

*(Interruptions)*

**Mr Speaker:** Order!

**Dr. Sithanen:** I’ll maintain, Mr Speaker, Sir, that the best way to preserve jobs….

**Mr Speaker:** Order! Order!
Dr. Sithanen: Mr Speaker, Sir, the best way to preserve jobs, the best way to protect people is what we have done by creating 36,000 jobs in three years, compared to 4,000 jobs per year that they were creating.

Mr Speaker: Hon. Soodhun, last question! Very short questions!

Mr Soodhun: Thank you, Mr Speaker, Sir. The hon. Vice-Prime Minister himself mentioned that there are four conditions attached to the payment of the compensation and that two of them are based on productivity and the capacity to pay. Can I, therefore, ask him how we can define “the capacity to pay”? Can he also assure the House that all the companies are going to tell the truth about the exact situation? It is really impossible.

Dr. Sithanen: This is a very fair question, Mr Speaker, Sir.

(Interruptions)

Mr Speaker: Please! Time is running out!

Dr. Sithanen: Mr Speaker, Sir, what we have said is that, consistent with the recommendations of ILO, there are four principles, not conditions.

Mr Speaker: The hon. Vice-Prime Minister has already said that.

Dr. Sithanen: What we are saying is that CPI is very clear. There are ways and means of measuring productivity. Let me inform my hon. friend that productivity increases, whether it is labour, capital or total productivity. It is measured in this country, Mr Speaker, Sir. Global competitiveness can also be created. What we don’t know is how within a particular sector, it varies from sector to sector, and that’s why, in addition to the minimum that has been prescribed by the NPC, we encourage, at firm level, negotiations to take place so that those firms that are in a position to pay can pay. Even today, if you look at the tourism sector, Mr Speaker, Sir, there are some companies that can still afford to pay, but there are other companies that are facing more difficulties.

Mr Bérenger: Mr Speaker, Sir, can I ask the hon. Vice-Prime Minister, therefore, that Government representatives on the NPC will, at least, be given directives, support, salary compensation for the wage earners, - and especially the lowest paid – and adjustment in benefits for all those benefiting from social benefits, old-age pensioners, handicapped and so on to that effect?

Dr. Sithanen: I don’t know whether the hon. Leader of the Opposition did that when he was the Minister of Finance or the Prime Minister. Mr Speaker, Sir, let me reiterate to this
House that we all want workers to be better off. We all want the working population of this country to have a good purchasing power, but we are not in the business of cutting off our nose to spite our face. The same people, who have criticised them for not taking enough measures to make sure qu’il n’y ait pas de licenciement, are the same people who want to pave the way to hell for this country to go in the ICU or the IMF, Mr Speaker, Sir. We want workers to be compensated, but we want them to be compensated and not, at the same time, to lose jobs, Mr Speaker, Sir.

Mr Speaker: Time is over! Questions addressed to the hon. Prime Minister. Hon. Lauthan!