

**THE
PARLIAMENTARY DEBATES
OFFICIAL REPORT
VOLUME 7**

**PROCEEDINGS AND DEBATES OF THE FIRST SESSION OF THE NATIONAL
ASSEMBLY OF THE THIRD PARLIAMENT OF GUYANA
UNDER THE CONSTITUTION OF GUYANA**

196th Sitting

2 p.m.

Monday, 15th October, 1979

MEMBERS OF THE NATIONAL ASSEMBLY (63)

Speaker

Cde. Sase Narain, O.R., J.P., Speaker

Members of the Government – People’s National Congress (46)

Prime Minister (1)

Cde. L.F.S. Burnham, O.E, S.C.,
Prime Minister

(Absent – on leave)

Deputy Prime Minister (1)

Cde. P.A Reid
Deputy Prime Minister and Minister of
National Development

(Absent)

Senior Ministers (12)

Cde. H. D. Hoyte , S.C.
Minister of Economic Development and Co-operatives

Cde. S.S. Naraine, A.A.,
Minister of Works and Transport

Cde. B. Ramsaroop,
Minister of Parliamentary Affairs
and Leader of the House

Cde. C.V. Mingo
Minister of Home Affairs

*Cde. H. Green
Minister of Health, Housing and Labour (Absent)

*Cde. H.O. Jack
Minister of Energy and Natural Resources

*Cde. F.E. Hope
Minister of Finance

*Cde. G.B. Kennard, C.C.H.,
Minister of Agriculture

* Cde. M. Shahabuddeen, C.C.H., S.C.,
Attorney General and
Minister of Justice (Absent)

*Cde. V.R. Teekah,
Minister of Education, Social
Development and Culture (Absent)

*Cde. R.E. Jackson,
Minister of Foreign Affairs

*Cde. J. A. Tyndall A.A.,
Minister of Trade and
Consumer Protection (Absent)

Ministers (2)

Cde. O.E. Clarke,
Minister – Regional
(East Berbice/Corentyne)

Cde. C.A. Nascimento,
Minister, Office of the Prime Minister

Ministers of State (10)

Cde. F.U.A Carmichael
Minister of State – Regional (Rupununi)

*** Non-elected Ministers**

Cde. P. Duncan. J.P.,
Minister of State, Ministry of
Economic Development and Co-operatives

Cde. K.B. Bancroft, J.P.,
Minister of State – Regional
(Mazaruni/Potaro)

Cde. J.P. Chowritmootoo, J.P.,
Minister of State – Regional
(Essequibo Coast/West Demerara)

Cde. J.R. Thomas,
Minister of State, Office of the
Prime Minister

Cde. R.H.O. Corbin,
Minister of State for Youth and Sport,
Ministry of National Development

Cde. S. Prashad,
Minister of State – Regional
(East Demerara/West Berbice)

Cde. R.C. Van Sluytman,
Minister of State,
Minister of Agriculture

Cde. L.A. Durant,
Minister of State – Regional
(North West)

*Cde. F.U.A Campbell,
Minister of State for Information,
Ministry of National Development

Parliamentary Secretaries (5)

Cde. M.M. Ackman, C.C.H.,
Parliamentary Secretary, Office of the
Prime Minister and Government Chief Whip

Cde. E.L. Ambrose,
Parliamentary Secretary, Ministry of Agriculture

*** Non-elected Ministers**

Cde. M. Corrica
Parliamentary Secretary,
Ministry of Education, Social Development
and Culture

Cde. E.M. Bynoe,
Parliamentary Secretary, Ministry of Trade
and Consumer Protection

Cde. C.E. Wrights, J.P.,
Parliamentary Secretary, Ministry of Economic
Development and Co-operatives

Other Members (15)

Cde. W.G. Carrington, C.C.H.

Cde. S.M. Field-Ridley

(Absent – on leave)

Cde. E.H.A Fowler

Cde. J. Gill

Cde. W. Hussain

Cde. K.M.E Jonas

Cde. J.G Ramson

Cde. P.A. Rayman

Cde. A. Salim

Cde. E.M. Stoby, J.P.

Cde. S.H. Sukhu, M.S.

Cde. C. Sukul, J.P.

Cde. H.A Taylor

Cde. L.E. Willems

Cde. M. Zaheeruddeen

Members of the Opposition (16)

(i) People's Progressive Party (14)

Leader of the Opposition (1)

Cde. C. Jagan

Leader of the Opposition

Deputy Speaker (1)

Cde. Ram Karran

Deputy Speaker

(Absent – on leave)

Other Members (12)

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|---|----------|
| Cde. J. Jagan | (Absent) |
| Cde. Reepu Daman Persaud, J.P., Opposition Chief Whip | |
| Cde. Narbada Persaud | |
| Cde. C. Collymore | |
| Cde. S. F. Mohamed | (Absent) |
| Cde. I. Basir | |
| Cde. C.C. Belgrave | (Absent) |
| Cde. R. Ally | |
| Cde. Dalchand, J.P. | |
| Cde. Dindyal | |
| Cde. H. Nokta | |
| Cde. P. Sukhai | (Absent) |

(ii) Liberator Party (2)

| | |
|----------------------|---------------------|
| Mr. M.F. Singh, J.P. | (Absent – on leave) |
| Mr. M.A. Abraham | |

OFFICERS

Clerk of the National Assembly – F.A. Narain, A.A.

Acting Deputy Clerk of the National Assembly – A. Knight

15-10-79
2.10 p.m.

National Assembly

2:10 – 2:20 pm.

PRAYERS

ANNOUNCEMENTS BY THE SPEAKER

Leave to Members

The Speaker: Leave has been granted to the Cde. Prime Minister and to the hon. Member Mr Singh for today's Sitting.

STATEMENTS BY MINISTERS

The Minister of Economic Development and Co-operatives (Cde. Hoyte): Cde. Speaker, I present for the information of the members of the National Assembly and, indeed, of the people of Guyana a review and assessment of the performance of the economy for the first half year within the context of the policies, programmes and targets outlined in the 1979 Budget. This Statement is based upon a more comprehensive and detailed review prepared by the Monitoring Sub-Committee for the Cabinet.

The Budget Statement drew attention to several administrative and other institutional innovations where aimed at ensuring greater coherence in the co-ordination and implementation of budgetary programmes and projects: in other words, at more effective management of the economy. Central to this effort were the activities of the Monitoring Sub-Committee and the Economics Sub-Committee of the Cabinet which have, with their respective spheres, continually monitored economic performance at national, sectoral and enterprise levels and authorized or recommended adjustments to the budgetary plans as changing circumstances dictated.

In order to discharge their responsibilities, these Sub-Committees require regular, up-to-date flow of data and, for this purpose, devised and instituted special reporting forms. The Sub-

Committees are serviced by the technical staff of the State Planning Secretariat, the Ministry of Finance, the Ministry of Economic Development, the Bank of Guyana and GUYSTAC.

In the event, data were assembled in a more coherent form and with greater promptness than in the past and our data base has improved enormously both in quality and volume. We have thus been able, for the first time in our history, to make a worthwhile analysis of our economic performance for the first half year within a reasonable time after the end of the period. The Government wishes to acknowledge and pay tribute to those public officers who have worked with such diligence, faithfulness and competence to make this report possible.

The Budget targets: The Budget laid great emphasis on achieving selected critically important targets as the basis for a recovery from the doldrums in which the economy had been idling for the past three years. The achievement of these targets was vital to our prospects for renewed growth and significant improvement in national welfare. The principal targets related to: (1) Production; (2) Exports; (3) Foreign Reserves; (4) Capital Expenditure (and Investment). More specifically,

- (a) the economy was initially projected at about 6 per cent in real terms – later revised to 4½ per cent. (This was a reasonable growth rate since it would merely take us back to what we had achieved in 1976);
- (b) our foreign exchange earnings were targeted to increase by 13 per cent over 1978;
- (c) imports were projected to increase by 20 per cent over the 1978 level;
- (d) our outlay on our investment programme was expected to total about \$294 million in the Public Sector.

This programme which spanned agriculture, forestry, fisheries, industry, mining, construction and transportation was designed to maintain some 10,000 workers in employment during the period of their construction. In overall terms, the total projected outlay in the investment programme (public and private sector) was equal to 22½ per cent of the gross national product.

This outlay was to be financed by external inflows of foreign savings of about \$140 million or 11 per cent of GNP plus \$150 million or 11½ per cent of GNP mobilized from internal sources;

(e) the Public Sector was expected to realize a financial surplus of \$97 million.

These were the major economic and financial targets of the Budget. The maintenance and indeed improvement in the levels of our welfare were linked with the achievement of these targets.

The Budget Strategy: The Budget speech emphasized that the achievement of these targets depended heavily upon the rigorous pursuit of certain basic policies and programmes.

These included:

- (1) a realistic wages policy which firmly established a linkage between wage increases and production/productivity rises; (a policy of restraining excessive and unwarranted price increases was of course a necessary concomitant);
- (2) programme to stimulate increases labour productivity, in particular, the introduction of suitable incentive schemes;
- (3) making the fullest use of underutilized productivity capacity;
- (4) making the fullest possible use of local foods, local raw materials and locally produced manufacturers;
- (5) strengthening and extension of maintenance systems to ensure greatest returns to investment in existing capital assets;
- (6) the more efficient use of manpower resources by improving the programmes of proper manpower placement;
- (7) reduction of wastage in all areas of economic activity;
- (8) upgrading institutional capability for economic management;

- (9) the maintenance of the highest possible level of investment in the capital programme by mobilizing internal and external resources;
- (10) facilitating the positive involvement of the private sector in productive activities in the economy.

The IMF Standby Arrangement: In order to guarantee an adequate flow of external resources to support our internal efforts at maintaining equilibrium in the short run and stimulating growth in the economy in the longer term, the Government entered into an Extended Fund Facility (EFF) with the International Monetary Fund with effect from 25th June, 1979. Under this Arrangement, it would be recalled, Guyana would have been entitled to draw from the Fund resources approximately G\$206.5 million over the three-year period of the Arrangement. But more important than this was the international credit-worthiness which the Arrangement ensured for the country. The main targets of the Arrangement were:

- (a) that in 1979 the economy grow by 4.5 per cent in real terms over 1978;
- (b) the current gap of the balance of payments be contained within a level of 10 per cent of GNP;
- (c) that there be increased efficiency in the Public Sector to be reflected in a 2 per cent increase in surpluses generated (from 6 per cent of GNP IN 1978 to 8 per cent);
- (d) that external commercial arrears be reduced to \$20 million by 26th June, 1980;
- (e) that the gross foreign assets of the Bank of Guyana be increased from \$150 million at 1st January, 1979 to \$200 million at the end of the year.

Additionally, there were ceilings on external borrowings with a majority of up to 12 years, public sector borrowing from the banking system, and the domestic assets of the Bank of Guyana. These targets merely reflected the targets upon which the 1979 Budget had been predicted.

The performance of the Economy: January – June, 1979: In attempting to evaluate the performance of the economy during the first half year, we have to bear in mind that we are

traversing new ground; that much of the data utilized are unrefined and tentative and, in some cases, admittedly inadequate. However, there was a sufficient base on which to construct a review which, although it cannot be called definitive is yet reasonably indicative of the trends.

Physical Output and Sectoral Performance: The Budget Speech emphasized the critical importance of increased production (linked with increased efficiency) as the only basis for stabilising the economy and ensuring real growth.

The Speaker: Just a minute, Cde. Hoyte. Yes, Cde. Jagan.

2.20 p.m.

The Leader of the Opposition (Cde. C. Jagan): Cde. Speaker, I do not want to interrupt the hon. Minister but I wish to raise a point of order. While the statement being read by the Minister is very welcome, I believe that this is out of order because it is the first time that we are having such a Statement. As I said, we welcome such a Statement but one would have introduced this – it is almost like a mini-Budget – and would have introduced it under some other form of head and permit a general debate to take place on the economic situation. We would welcome – and I am sure the Government would welcome – such a debate.

The Speaker: Dr Jagan, what is the point of order.

Cde. C. Jagan: The present form it is under. There will be no debate and that is what we are concerned about. We are not opposed to his making the Statement. In fact, as I said, we welcome it.

The Speaker: What is the Rule or Standing Order he has contravened?

Cde. C. Jagan: He is reading a Statement.

The Speaker: He is entitled to read a Statement.

Cde. C. Jagan: Perhaps I have not made myself clear.

The Speaker: I understand what you are saying but could you advise me under which rule and/or Standing Order you are taking the point of order.

Cde C. Jagan: I am referring to the Statement to this House. This is a very elaborate and comprehensive Statement on the state of the economy which will not permit of a debate in this House.

The Speaker: Dr. Jagan, you yourself said this is the very first time this has happened. There cannot be any precedent. Precedent means that you are adopting something that occurred before. You yourself just said this is something that is happening for the first time so there can be no precedent and there is no rule to which you have averted my attention to say he is not in keeping with the Standing Orders. I understand what you are saying. You are suggesting that the proper course, in your opinion, should be by way of a Motion so that the matter could be debated. That is what you are suggesting should be the proper course, but that is merely an observation and probably it be, in your opinion, the best course but certainly that does not contravene the Standing Orders. The Minister is reading a Statement to which he is entitled. The Rules provide for that.

Cde. C. Jagan: What I am saying is this: the practice of the House has been that we never had such an elaborate Statement being read in the House before. In that sense I speak about convention and in that sense I therefore speak of the violation of the Rules, the spirit of the Rules. This head has been used for a specific purpose of making a small announcement or something like that. This is a general view, almost a mini-Budget, which is being presented to the House and that is what I was saying. We have no objection; we welcome it but present it in a

form that we can have an opportunity to debate it. That is all I am saying.

The Speaker: Cde. Hoyte, I do not think Dr. Jagan has raised any point of order.

Cde. Hoyte: The difficulty in which the leader of the Opposition finds himself is that he has not gotten a lawyer on his side.

The Speaker: Cde. Hoyte, let us proceed with your Statement.

Cde. Hoyte: I was going to help them but I shall proceed. I am going to help him. There is nothing to prevent you from moving a Motion.

Physical Output and Sectoral performance: The Budget Speech emphasized the critical important of increased production (linked with improved efficiency) as the only basis for stabilizing the economy and ensuring real growth. In this context, the key areas continue to be sugar, bauxite and rice where the productive forces are most advanced. It was recognized that the undesirable dependency on these three sectors would remain with us until the heavy investments we are making in other productive sectors begin to yield returns. We all therefore have a vested interest in ensuring that our major development projects are completed as quickly as possible.

Since these three areas provide the best guide to the national trends, it may be useful to focus first of all on the performance there. In the Budget Statement sugar production was projected at 360,000 tons (an increase of approximately 11% over 1978 figures). In the first half year, sugar production was 110,000 tons, some 50,000 tons less than the comparable period last year. This half year figure indicates quite clearly that the original target will not be achieved. The continued viability of the industry demands that it produce this year not less than 320,000 tons – a revised target which the industry is now working desperately to achieve.

Rice Production was estimated at 210,000 tons, that is, 15% higher than 1978. The half year figures show a production of 65,000 tons in 1979 as against 58,000 tons for the same period last year, that is a 12% increase. However, for reasons which will be advanced later, the industry predicts a poor second crop and a 1979 overall production of 147,000 tons or approximately 19% decrease on 1978 production.

The projections for bauxite/alumina were as follows: Dried Bauxite/Chemical Grade Bauxite: 1,140,000 tons; Calcined bauxite: 737,000 tons (approximately 25% over 1978); Alumina: 285,000 tons.

The half year showed dried bauxite at 698,000 tons (approximately 53% over 1978) and calcined at 327,000 tons (approximately 16% over 1978). However, alumina production at 81,000 tons represented a decline of approximately 28% over 1978.

The excellent prospects which existed in the bauxite industry for the achievement of its overall targets were destroyed by the protracted strike which occurred in January. An assessment of the damage done is still going on. Suffice it to say that the consequences of that strike are going to be very serious not only for the workers and the industry, but for the entire country. All the original targets will have to be revised downwards drastically. An almost superhuman effort will be required to make any substantial recovery of lost ground.

The bauxite strike was a tragedy since recovery and growth this year were expected to be led by the bauxite industry.

Generally, the agricultural sector had mixed fortunes. There was increased production of eggs, broilers, met and fish; but there was reduced production of corn, legumes and pork. The supply of ground provision, plantains and greens appeared to have been adequate.

In other areas of production the data in most cases are too sketchy and unreliable to enable satisfactory estimates to be made. In the forestry sector, the reporting mechanisms leave much to be desired. It is expected, however, that timber production should at least record last year's level. Stock feed production has increased. In other areas of manufacturing and processing, there appears to be the same uneven pattern of production: increase in some areas and shortfalls in others.

However, particularly heartening has been the increased production in the manufacture of pharmaceuticals, fruit processing and handicraft all of which have already shown good export potential.

Data to measure performance in the Engineering and Construction section have proved most difficult to assemble. Traditionally, much attention has not been paid to preparing indices of output. We are in the process of remedying this deficiency. However, since activity in this sector is preponderantly in the Public sector, it may be reasonable to conclude that, given Government's budgetary constraints brought about by the overall problems of the economy, real output is unlikely to have been much higher than last year's.

Exports, Imports and the Balance of Payments: The Budget had projected that the value of our merchandise exports would reach \$844 mn., or approximately 13% above the 1978 level. These exports were of course contingent upon the projected increased production. The unsatisfactory performance of bauxite and sugar during the first half year has reduced our foreign exchange earnings significantly. Present estimates are that our earnings from exports are likely to suffer a shortfall tentatively estimated to be at least \$75m.

The fall in export receipts will have two major effects:

First, the expected quantum of external capital inflows will be reduced from \$140 m to probably 40 m. (This is so, paradoxically, because it is easier for a country like Guyana to mobilize external loans when the economy is growing and its exports are expanding).

2.30 p.m.

Secondly, we will not be able to maintain imports at the levels proposed in the Budget and will be compelled to reduce them by at least \$80 million. Here we have a trite truism being demonstrated. If we do not produce, we cannot export. If we do not export, we cannot earn foreign exchange. If we cannot earn foreign exchange, we cannot import.

Money, Banking and Financial Operations of the Public Sector: The first half year was characterized by a very sharp increase in demand for credit from the banking system. Private sector borrowing in the first half year rose steeply by \$25million compared with \$8.1 million in the first six months of 1978. The pressure on the banking system was not relieved in anyway by money balances held by the private sector which increased marginally by \$5million and indeed, in July fell back to the level at which it stood at the end of last year. Thus, there was no increase in savings to offset the increased private sector borrowing. This, the private sector which normally contribute to the banking system drew in net terms resources from the banking system. At the same time, borrowings by Public Corporations amounted to \$23 million. The impact of this sharp increase in bank credit fell entirely on the net international reserves which declined by \$21million during the period.

There are two developments of which particular not should be taken, The phenomenon of net borrowing by the private sector, referred to above, is unique in the experience of the

Central Bank and requires further investigation and analysis to understand the underlying causes. Secondly, GUYMINE, normally a net contributor to the banking system, has been forced to draw some \$27million because of liquidity problems resulting in part from the strike which occurred in the industry in January.

The failure of sugar and bauxite to meet their half year target has already had severe repercussions on the internal financial programme. The financial surplus from the Public Sector is now expected to fall from \$97million to \$70million or even less, mainly as a result of reduced earnings from sugar, bauxite and rice. Indeed, on the basis of the half year figures, it is estimated that the sugar industry was heading for an operating deficit of \$10million instead of the 1.0 million surplus originally projected. However, if the Industry could achieve the 32,000 tons target for which it is now striving, this deficit would be reduced considerably and (given a continuation of the upward trend in world prices) might even disappear.

Central Government current revenue for the period showed an increase of 19 per cent over the comparable 1978 figures; and current expenditure, with an increase of 14 per cent, seems generally to be keeping within the limits of the Budget allocations. Central Government borrowing from the Banking System showed a reduction of about \$1.0 million compared with borrowings of \$51 million in 1978. The current deficit for the half year was \$45 million compared with \$47 million in 1978.

The deficit on the current account of the Central Government, targeted in the Budget for the year 1979 at \$186 million, now likely to widen to about \$195 million. This is a consequence of increased costs resulting from the sharp rises in the price of oil and other goods in addition to revenue shortfalls, e.g. reduced excise duties.

Capital expenditure was \$65 million compared with \$32 million during the same period in 1978. There was an overall deficit of \$74 million as compared with \$46 million for the

corresponding period last year. The increased deficits, together with the reduced foreign inflows, will compel us to reduce the level of capital expenditure by an estimated \$70 million.

Overall Aggregates of the Economy; The performance of the overall aggregates is far from satisfactory and falls short of the Budget targets. From the available date the following conclusions may be drawn:

- (1) The attainment of the real growth target is now problematical. A major intensive effort is required to prevent a decline over last year's poor performance.
- (2) Total investment is likely to fall by about 17 per cent from the projected level. Public sector investment is like to fall even greater, possibly by 20 per cent. The investment ratio of 22½ per cent of national income envisaged in the Budget will contract to 20 per cent on present projections.
- (3) National savings, projected at 11.7 per cent of GNP, will probably achieve only 10 per cent. The decline is, of course, directly attributable to the reduced surpluses which will be generated by the Public Sector.
- (4) The gap in the balance of payments which was projected at between 10 per cent – 11 per cent of national income is not expected to change, but will be related to a much reduced level of investment and also to a lower level of imports.

Some factors affecting Production and Financial Performance: The factors which hindered production were varied and complex. They included weather; labour relations; management and supervision; financial constraints; availability of machinery, equipment and spare parts; institutional weaknesses of one kind or another; continuing low world prices for Sugar in particular; the steep increases in the cost of inputs, particularly OIL.

The vagaries of the weather have always posed problems for our agricultural production. Hence our massive investment in water control projects like Tapakuma and MMA and in smaller schemes to prevent our farmers being totally at the mercy of the weather.

It is important to understand how unseasonal weather can wreak havoc – and had wreaked havoc this year – with our agricultural production. Agricultural production is programmed to fit into the expected weather patterns. This, in the rice industry, for example, farmers expect to reap their first crop and prepare the land for planting the second crop by the time the rains come in mid-May. However, this year, the rains came very early in March and lasted until mid-August. Consequently, there were severe difficulties in reaping the crop in the resulting wet and slushy conditions. A portion of the crop was lost and the quality of the portion reaped suffered. Still, the crops were 65,000 tons or 12 per cent higher than last year's first crop. But for the adverse weather conditions, it would have been even higher. However, the worst consequence of the early rainfall was that the preparation of the land for the second crop was severely hampered. As a result, the second crop is likely to be poor and the shortfall will be of such a magnitude that overall production for the year may well be some 19 per cent below last year's figure.

Sugar production was equally affected since the rains made harvesting difficult and reduced the sucrose content of the canes.

Industrial unrest proved to be of the worst hindrances to production. Although the number of strikes during the first half year was less than that during the comparable period last year (129 as against 157), the number of man-days lost was greater (73,400 as against 58,100). The sugar industry registered a sharp decline in the number of strikes this first half year as compared with last year (87 compared with 137) and also in the number of man-days lost (33,400 and against 57,000). In other sectors, both the incidence of strikes and the number of man-hours lost showed a marked increase: (41 strikes compared with 20 last year; 40,000 man-days lost as against 1,000 last year). It has not been possible to quantify as yet the amount of wages lost by the workers, but it must be enormous. Guyana is too poor to indulge in the luxury of a high incidence of costly works stoppages. While the strike weapon must always remain available to workers, its indiscriminate use undermines the foundation of the economy impedes

production and, in the last analysis, prevents the workers from achieving the higher standards of living to which they rightly aspire for themselves and their families.

2.40 p.m.

A more regular resort to the existing machinery and procedures for the avoidance and settlement of disputes, rather than the use of the strike weapon, is necessary if production levels are going to be lifted, growth in the economy attained and tangible, permanent and ever-expanding improvement in the workers' welfare achieved.

Managerial and supervisory cadres are still inadequate both in numbers and quality and were frequently over-extended. Maintenance systems are still by and large inadequate and sometimes non-existent. As a result there is still too much down-time recorded for vehicles and machinery and still too many assets being underutilised. The problem of the availability of spare parts derived partly from foreign exchange constraints, but more directly from excessively high demand resulting from poor maintenance and from inefficient ordering programmes. Escalations in cost of imported inputs and limited availability restricted production and squeezed profit margins.

Institutional weaknesses, arising largely from inappropriate structures and mechanisms in the public sector, have been a contributory factor to delays and bottlenecks.

These problems have been highlighted, not by ways of criticism of any person, group or institution, but by way of reminder that much remains to be done in strengthening, upgrading and re-organising our institutions and procedures if we are to succeed in transforming our country into a viable, modern state.

These are major problems at the very heart of the issue of development. We cannot expect them to be eliminated overnight. Much work has been done and continues to be done to

remedy these defects. A few examples of the work being done in institutional strengthening may be useful and instructive. In the course of this year, there have been established the Guyana Forestry Commission, the Guyana geology and Mines Commission, an Energy Authority for the purpose of ensuring rational management and coherent policy formulation for their respective areas of jurisdiction. Additionally, I may mention the establishment of the Institute of Applied Science and Technology and the strengthening of the State Planning Secretariat. We have also embarked upon many training programmes designed to upgrade skills in the Public Sector and nationally.

The Impact of Oil Prices: The steep and unpredictable increases in the price of oil have been, and continue to be, a major factor impacting negatively on our economy. High oil prices have been eroding our foreign exchange earnings, increasing production costs and reducing surpluses in all areas of economic activity. The cost to the economy of oil and lubricants so vitally necessary to production has escalated disturbingly over the past few years. Our bill for 1977 was 16% higher than it was for 1976; and for 1978, it was 6% higher than 1977. For 1979, it was originally estimated that the bill would be 18% over that for 1978. However, revised estimates now suggest that it will be in excess of 32% of the 1978 bill. The end is not yet in sight since there have been recent indications that there will be more increases before the end of the year.

Viewed from another angle, the cost of our fuel and lubricants bill has taken a steadily increasing share of the total value of our imports. In 1976 it accounted for 13% of the total value of our imports, rising to 17% in 1977, 20% in 1978 and (on present estimates) to some 25% in 1979. It will be higher if there are more price hikes this year.

While oil prices have pushed up production costs, most of our major export earners, like GUYSUICO, have not been able to pass these increased costs to their customers. The world price of sugar remains depressed and well below the cost of production. GUYMINE, on the other

hand, which is in a position to pass on some of these increased costs, has been unable to take advantage of a buoyant market because of low production.

If our economy is to be saved from destruction as a result of the pressure of oil prices, we must devise speedily and implement rigorously an appropriate energy policy based upon the fullest practicable utilization of domestic energy sources and upon strict economy in the use of imported fuels.

Implication for The IMF Standby Arrangement (Extended Fund Facility): Needless to say, on the basis of the aggregates for the half year, the reasonable growth and financial targets projected under the IMF Arrangement can no longer be met. Our commendable performance under the 1978 Standby Agreement last year qualified us for the current Extended Fund Facility which was designed to set us once more on the growth path. It is unfortunate, to say the least, that we have unnecessarily undermined our position. It is unfortunate, to say the least, that we have unnecessarily undermined our position. In the circumstances, the Government has indicated to the Fund its intention to hold discussions with a view to having the Standby Agreement adjusted in the light of our changed economic circumstances.

Implications For The Rest Of The Year: Policies and Prospects: Although the half-year review indicates a failure to achieve the production and financial targets upon which the Budget was premised, it does however, confirm the essential validity of the basic strategy or approach. There is absolutely no alternative to increasing the efficiency and the levels of our production. This is an economic imperative which transcends ideology.

Crucial to the success of our efforts must be a general acceptance of the fact that increased real wages can only be financed from increased production. Similarly, existing jobs can be protected and new jobs created only if we achieve accepted levels of production and productivity. Hence, the need for realism in a wages policy, as outlined in the 1979 Budget Statement, is even more necessary at this point of time. Production levels must be lifted and

greater efficiency generated in all sectors of national life. In this connection, Corporations and unions which are default must treat as an overriding and urgent priority the implementation of the productivity-linked incentive schemes. It has taken us much too long to put those in place.

The situation revealed by the review, although disappointed, can to some extent be retrieved. This requires, on the part of all members of the society, a firm grasp of the nature of our problems and a determined effort. There are some hopeful auguries. For example, sugar prices have within recent weeks been showing a heartening upswing (though they still remain well below our cost of production). Moreover, sugar workers have stepped up production and have been producing a weekly average of about 10,000 tons of sugar for the past few weeks. Bauxite workers have pledged to make an all-out effort to try to reach the original production targets in the industry. There has been significant increase in the manufacture of many non-traditional products which have good export potential. We continue to prove our ability to provide ourselves with most of the food we need.

In some financial circles, local and foreign, there has already been speculation that we may try to solve our current problems by resorting to exchange rate adjustment. The Government is satisfied that, in our circumstances, this is not viable option. The key to our problem is to be found in increased production, improved productivity and the intensification of on-going programmes to strengthen national economic management. Both the short-term and long-term solutions are to a large extent within our control. In the short term, we must ensure greater efficiency in the use of existing resources; in the long term we must ensure timely and effective implementation of major projects aimed at expanding, diversifying and strengthening of our economic base. In this way, we will reduce the economy's present vulnerability to most of the internal and external factors which constrain our development.

15.10.79
2.50 p.m.

National Assembly

2:50 – 3:00 p.m.

INTRODUCTION OF BILLS – FIRST READING

The Speaker: Comrades and hon. Member, before the Bill is read the First time I wish to invite Members' attention to a printing error. In clause 2 of the Bill, the third line should have been printed as the second line. Will Members please note this and make the necessary correction on their copies.

- “2. Article 82 of the Constitution shall be construed and have effect as if for the words ‘six years and three months’ in section 2 of the Constitution (Amendment) (No. 2) Act 1978, there were substituted the words ‘seven years and three months.’”

The following Bill was introduced and read the First time:

Constitution (Amendment) Bill 1979 – Bill No. 11/1979. [**The Minister of Economic Development and Co-operatives on behalf of the Prime Minister**]

PUBLIC BUSINESS

MOTION

APPROVAL OF FINANCIAL PAPER NO. 2/1979

“Be it resolved that the Committee of Supply approve of the proposals set out in Financial Paper No. 2/1979 – Schedule of Supplementary Provision on the Current and Capital Estimates for the period ended 30th September, 1979, totalling \$47,443.468.

[**The Minister of Economic Development and Co-operative**]

Assembly in Committee of Supply.

The Chairman: Cde. Hoyte.

Cde. Hoyte: Cde. Chairman, in accordance with paragraph 2 of Article 80 of the Constitution, I signify that the cabinet has recommended for consideration by the Assembly the Motion for the approval of the proposals set out in Financial Paper No. 2/1979, Schedule of Supplementary Provisions on the Current and Capital Estimates for the period ended 30th September, 1979, totalling \$47,443,468, and I now move the Motion.

Motion proposed.

The Chairman: Comrades, in the past we took one Head, did all of it, and in addition to the Current we also did the Capital Estimates. If this is agreed on, we will proceed on that basis. Is that agreed on?

[Comrades and an hon. Member indicated in the affirmative.]

The Chairman: Current estimates, pages 1 and 2, the Ministry of Finance and for Capital Estimates, pages 5 and 6.

Cde. N. Persaud: Cde Chairman, on page 1, I would like to speak on items 1, 4,5,6,7,8,9 and 10 and on page 2, items 11, 12 and 15. On page 5 on the Capital side I would like to speak on item 28, and on page 6, items 30 and 33. On pages 1 and 2, I have indicated my intention to speak on all these items because what we have found here is really an extension of what we have been charging against the P.N.C. Government. The Budget is prepared in the House and with an attempt, maybe, to fool the people, pruning continues. An unrealistic budget is presented to the House and a low figure is given in the Current and also in the Capital Expenditure. One would have thought that in these times of austerity, despite the prunings, a realistic view would have been taken under all the circumstances existing in our economy today.

At item 1, Head 80, Ministry of Finance, subhead 5, Telephones, for example, we see, when we compare the supplementary provision now being sought, that it amounts to 45 per cent of the \$207,000 sought and voted when the Budget Estimates were being debated. On the question of telephones, I would like to know what really prevented a more realistic figure being put into the Estimates when the Budget was being debated earlier on this year. Have there been such substantial increases? If so, I would like the Minister of Finance to indicate what has really caused such an unrealistic figure to be presented to the House. They are now asking for almost half of the amount of the money already voted.

Item 4, Head 80, Ministry of Finance, subhead 12, Entertainment Allowance. Here we noted that an increase of 37 per cent on the already voted sum of \$4,800 is now being sought and it is stated here “To provide for payment of allowance to Cde. C.B. Hinds with effect from 1st April, 1979.” I would like the Cde. Minister to explain whether this was unforeseen when the Budget Estimates were being debated in April of this year since this payment takes effect from the 1st April, 1979. If it was anticipated or if it was observed, why then was it not included in that sum rather than coming now to seek supplementary provision?

Item 5, Head 81, Ministry of Finance – Accountant General, subhead 2, Transport and Travelling. We see that a supplementary sum of 40 per cent on the voted sum is being sought and this is the reason why I said at the beginning that an unrealistic Budget Estimate was presented to this House. It is not a case of 5, 10 or 15 per cent, and the legend states: “To provide for increased rates of traveling allowances.” I think the Government is capable of looking into the future to know. We have seen in the newspapers, only yesterday, that an increase in the price of fuel is coming again before month end. Rather than putting small sums and then coming to the House -- I am absolutely sure that there will be withdrawals from the Contingencies Fund during this year to cushion this amount now being sought.

Item 6, head 81, Ministry of Finance – Accountant General subhead 3, Miscellaneous. The sum of \$3,500 was voted. Now an additional sum of \$1,500 is sought and all that is stated

here in the column of the notes is: “Voted provision inadequate on account of increased costs.’ This thing is there every year, but I think it is a disgrace and a shame to fool the nation at the beginning of the year by bringing an unrealistic Budget to this House and the Government fully knows before the year is finished that it will have to come to this House with a mini budget and to alter the figures.

Item 7, Head 81, Ministry of Finance – Account General, subhead 10, Sundries. The amount of \$10,000 was sought and voted in the national Budget Estimates at the beginning of the year. It was thought then that \$10,000 would have sufficed for the whole year. Yet, this barefaced Government is coming to the House today and is seeking the sum of \$54, 570, in other words 545 per cent more than what it sought at the beginning of the year. Cde. Chairman, I think that something is definitely wrong -- **[Interruption]** but not with me. It is with your mathematics. This is why I think that the Government must stop this tomfoolery that is going on inside this Parliament. It must stop the tomfoolery that is going on in the people’s affairs in this country. Year after year, the members of the Government come with the same nonsense and fool the people at the beginning of the year, they throw dust in their eyes and they continue to do so. As I say, time is catching up with them.

3 p.m.

Item 8, Head 81, Ministry of Finance – Accountant General, subhead 11, Expenses of Committees and Conferences held in Guyana. The sum of \$100,000 was sought, provided and voted at the beginning of the year. The sum of \$150,000, 150 per cent of what was voted, is now being sought. The legend explains: “To meet expenses in connection with the work of the Constituent Assembly. An amount of \$95,000 has been advanced from the Contingencies Fund.” One would understand this legend to read that the \$150,000 now being sought is primarily and only to take care of the expenses of the Constituent Assembly, but we see that an amount of \$95,000 has already been advanced and I would like at this stage to ask the Cde. Minister of

Finance whether he can give any indication, based on the sum of money now being sought, if he can tell this House whether he has any idea as to how soon the work of the Constituent Assembly will come to an end.

Item 9, Head 81, Ministry of Finance – Accountant General, subhead 12, Remittances – Commissions on. I do not know commission on what. It is incomplete, I checked the 1979 Estimates and I found the same wording there: Remittances – Commissions on. It was \$100,000 and now the sum of \$50,000 is being sought. The legend states “Voted provision inadequate.” Cde. Chairman, because of the inadequacies of subheads, I am not in a proper position to argue this one. I would like the Cde. Minister of Finance in his reply to state exactly Commissions on what.

At item 10, Head 81, Ministry of Finance – Accountant General, subhead 16 – Leave Passage, Public Officers –

The Chairman: Before you go on, I think we had better get this clarified, instead of having two bites at it. Cde. Minister of Economic Development, what do you mean by subhead 12? I thought it meant Commissions on Remittances. Cde. Narbada Persaud says he is at a loss.

Cde. Hoyte: Item 12 on page 2?

The Chairman: Page 1.

Cde. Hoyte: Item 9?

The Chairman: Yes.

Cde. Hoyte: Commissions on Remittances.

The Chairman: That is what you mean?

Cde. Hoyte: Yes. I will explain. It is a little difficult. You replace two subheads which deal with remittances and then you say what aspect of remittances.

The Chairman: So we will not have another go at it.

Cde. N. Persaud: That is very welcome, Cde. Chairman. I move on. Item 10, Head 81, Ministry of Finance – Accountant General, subhead 16, Leave Passage, Public Officers. Here again I see that the sum of \$800,000 was sought for the year. I would want to feel that the comrades in the Accountant General's Office would have been in a position to put more realistic figure here. How can such a mistake – I call it a mistake – be made when you are planning Estimates for the year 1979? You must know what you are going to do within the year. It is not a case where the expenditure is unexpected. This comes with planning. The officers must know, but they put here \$800,000 and now they are searching for \$1million.

That is why when we come to debate the Estimates at the beginning of the year we are able to get at the meat of the business when these figures are not realistic. Government hides its business by doing these kinds of things. The sum of \$800,000 was required for leave passage for officers and now they are telling us that the voted provision is inadequate and they are searching for 125 per cent more, \$1million as against \$800,000. I would like the Cde. Minister of Finance to give some sort of explanation about these things which have been happening year after year.

Item 11, Head 81, Ministry of Finance – Accountant General, subhead 19, Special Visits and Representation at External Conferences. I recall very vividly last year when we said it was a year of austerity. I recall again this year when we were pruning the figures and when I drew attention to the figures spent last year as compared with the figure being sought this year, I was given a nice answer. Yet, despite the austerity, despite all the efforts to prune and keep the economy in line we find that Special Visits and Representation at External Conferences go on

with the fat allowances, with big delegations and with a lot of joy-riders and unnecessary passengers going to these Conferences, such as wives who are going for a pay-off. The voted sum was \$1 million. Now we are asking for another half a million dollars to facilitate these types of excursions, these types of picnics, these types of joy-rides such as the one from which our friends have just returned.

I would like Minister to give some explanation as regards this voted provision which is inadequate. Would he say whether it is expected that from now to the end of the year another half a million dollars will be spent. I do not see that any sum has already been advanced from Contingencies and so I take it for granted that this sum is being sought to meet expenses to the end of the year. I wonder if the Minister can give that explanation and, in giving his explanation, if he will be in a position to indicate some of these Special Visits and Representation at External Conferences that are yet to come in the 2½ months that remain.

At item 12, Head 81, Ministry of Finance – Accountant General, subhead 28, Ex-Gratia Awards, the same thing happens. One hundred per cent of what was provided is now being asked for and I do see what type of fairy-tale Budget we are having year after year in this House. This really is making a mockery of the Estimates. We go home and do our home-work but the figures, as I say are unrealistic. It is time for the Government to make up its mind. Do your work properly or get out of the damned place!

Item 15, Head 83, Ministry of Finance – Inland Revenue, Subhead 11, which is the last one on this page, deals with Refunds of Revenue. I remember very clearly that I asked a question. In searching my notes in the Estimates I find that I did make some query regarding this sum of money. The Cde. Minister had the Commissioner of Inland Revenue, Cde. Heyliger, sitting behind him, when I raised some query about the sum. The sum of \$1,750,000 was provided and now we are asking for another \$1.5 million, almost the same amount. What type of planning goes on? What types of analyses go on in these Ministries? I know that there must be a tolerance here or there, 5 per cent, 10 per cent, but here we have almost 100 per cent of what was

sought, what was intended for the whole year. Government has come back and is asking for another sum as large as that. I think that the technical and professional people are running away because of the things that are taking place in this country, the pressure that is on them. Something is wrong. I do not know whether, on the other hand, the members of the Government want to say it is sabotage, there is sabotage with the figures, but something is definitely wrong. I ask the Minister to give an explanation of the things I have commented on.

I turn now to page 5 and I see here item 28, Division XXXI, Ministry of Finance,

Subhead 11, Buildings. I see that the sum of \$134, 567 is being sought “to meet payment to George Henry Associates.” May I ask the Minister to state whether it is architectural work and for what. A building? A Ministry? A school or what? I would like to know why this sum of money is sought. I do not know whether the architectural work is being done on the Presidential Palace, and that is why this sum is here. Maybe the Minister knows and will tell us.

3.10 p.m.

On the last page, item 30, Division XXXI, Ministry of Finance, subhead 29, I see this is a new subhead, Acquisition of Radio Demerara and the sum of \$261,811 is being sought. The legend states: “Initial acquisition payment.” This amount has been advanced from the Contingencies Fund. If I remember very clearly, Radio Demerara was taken over on the 1st January, 1979. I presume that negotiations were going on in 1978 since the date of acquisition was named, 1st January, 1979. One would have thought then that some agreement would have been reached and that sum of money would have been agreed upon, whether it is initial payment or not, and that sum of money would have been placed in the Estimates at the beginning of the year. It so happened that now in the month of October we see that the money has been advanced from the Contingencies Fund and we are now being asked to approve this amount. We want to know what is the whole amount for which Radio Demerara had been taken over; whether this sum had been the only sum that has been paid and whether any other sum has been paid since

then. What is the agreement in relation to the takeover this year or next year, that information ought to be given to the Parliament and to the nation at large.

Item 33, Division XXXI, Ministry of Finance, subhead 32, (New) Capital Contribution to Guyana Electricity Corporation. Here, I really have a bone to pick with the Cde. Minister of Finance. The legend states: “To meet capital contribution.” Cde. Chairman, you will recall that on a Motion tabled by the People’s Progressive Party, we had a debate in this House on this question of the Electricity Corporation. This thing comes up at a time when we had returned during this month to the same type of behaviour that existed then, when we were having blackouts every day, not in one ward but in large sections of the city and outlying areas. I learnt then from the former Minister of Trade, Mr. George King, that two turbines were being bought. I would like, first of all, the Minister to tell us the price that has been paid for those two turbines. I do not know if part of this money or all of it is going for the payment of those turbines.

Now the question of the No. 1 boiler: We were told that when the turbines would have arrived here, that they would have started to service the boilers. My information is that the No. 1 boiler on which repairs and services were started over a year ago had not been completed. Perhaps, the Cde. Minister would give us that information. While the repairs on the No. 1 boiler have not yet been completed, the No. 3 boiler has started to give troubles and what is expected in this country from now until Christmas will be a chaotic situation.

I happened to hear the Public Relations officer of the Electricity Corporation on Action Line and he gave that explanation about the No. 1 and No. 3 boilers. Added to this, he said that there is some tripping on the line coming from Garden of Eden. One can very well anticipate what is going to take place in this country. The turbines which arrived in this country last year for which a large sum has been paid, have not been effectively operated because of manpower problems. We are facing a problem with the turbines and the No. 1 boiler, which we took off to repair, but now the No. 3 boiler is acting up and this is why we are having these many blackouts, causing inconvenience and the lack of production which our Minister of Economic Development

was just talking about. It is causing lack of production obviously and lack of productivity. They are both linked with electricity in Guyana. What is being done?

I spoke here the last time when the I.M.F. second agreement was being discussed and I said that it was being penny wise and pound foolish. We are now being told that \$40 million in foreign exchange has been lost because of the strike. When that debate was taking place on the I.M.F agreement, we agreed that the strike was only a couple of days old. I told them if they did not pay the people in the long run they would pay more. But, pig-headed as they are, the strike ran for thirty-five days. A sum of \$40 has gone there, and I do not know how much has gone from the other industries where workers are on strike.

Here again, it is being penny wise and pound foolish, that while they are not making any serious effort to solve the problems of the Electricity Corporation, there is a short fall of production and productivity, which they bemoan is the cause of the state of the economy in this country. Day after day, production and productivity fall because the people sit idly by in many factories when there is a blackout. Therefore, the lack of electricity must definitely bring lack of production and productivity in many cases.

I would like the Minister, while we are seeking \$5 million, first of all, to inform us about this capital contribution that the Central Government is now being asked to pay to the Guyana Electricity Corporation. Maybe, he can tell us what is the state of affairs of the Electricity Corporation that necessitates the Central Government giving \$5 million to it at this point in time. Maybe the Minister can tell us what the financial prospects of the Corporation really are so that we can know whether it will be able to solve the problems, maybe, before year end or after year end or how long it will take.

Cde. J. Jagan: Mr Chairman, I would like to refer to page 6, items 31 and 33. Under item 31, Division XXXI, Ministry of Finance, subhead 30, we see the subhead (New) Contribution to International Finance Corporation. As we understand it, the International

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Finance Corporation is a private investment arm of the World Bank, associated with the World Bank. We know that the Minister of Finance invited this Corporation to come here in 1977 and one of the gentlemen, Mr Kesalink, after visiting Guyana, indicated that the Corporation was prepared to look favourably at several enterprises which will be either private or mixed, some private and Government. I just want to find out what is the reason for putting a contribution here. Is this part payment to this Corporation for becoming a member of the club or is this for some joint enterprise? We are concerned about this because we thought that Guyana would be taking a socialist course and we would be borrowing money and setting up banks in the country which can then lend to institutions, to private enterprises, etc.

3.20 p.m.

Now that I have seen that the International Financial Corporation is lending one enterprise which has been established some amount of money, I am wondering whether the Government is now embarking on a practice where institutions outside would lend directly or whether the State will borrow from these institutions outside and, in keeping with its general over-all policies, allocate money whether for the private sector or for the mixed sectors and so on.

It would seem to me that what is happening is that these outside financial institutions controlled by the imperialists are going to have a direct input into areas of the economy over which the State may not have any control. I just want to know what the Government's policy is in this regard. We are not opposed to private enterprise playing a role in the economy but to what extent? How will we plan and so on? And this contribution, we want to know, what is it for? It says "To meet increase in share contribution." That is the legend. Perhaps the Minister will tell us whether this means an amount that we pay to the corporation in order to allow us to be able to borrow from the corporation.

The question of item No. 33, Division XXXI, Ministry of Finance, subhead 32, Capital Contribution to Guyana Electricity Corporation, to which my colleague referred, we are concerned about this from the point of production and productivity, as my colleague referred to in his speech. And I would like to get from the Minister whether it is a fact that one of the principal aid donors who has been lending, money for rehabilitation of the corporation, particularly in the sphere of electricity, has given an ultimatum that it will not put any more money in this dead and it is asking why is it the Government did not proceed with the Tiger Hill project which had been recommended by Preece, Cardew and Rider many years ago when the Electricity Company was nationalized by the P.P.P. Government. At that time, if I may remind the House, the recommendation was to buy two steam generators and to tie in the whole of the Georgetown set-up with the hydro station at Tiger Hill project which was at that time estimated to cost \$32 million. Let us hope that this statement or this rumour – perhaps it is merely a rumour – is not correct because the situation may get even worse than it is at the moment.

The Minister of Economic Development told us a little while ago about production and productivity. He kept repeating this **ad nauseam**. In addition to that he kept talking about the increased price of oil. Everybody knows about that. When the oil crisis first appeared at the end of 1973, if they had embarked on the Tiger Hill project at that time, today we would have a small hydro station to fulfil the requirements of this country. We would not have been belly-aching every day about the increase price of oil. There was notice then that O.P.E.C. was increasing oil prices. And we saw that the prices were carried up by the oil prices sharks in Trinidad, the refinery, far and above the O.P.E.C. prices by 147 per cent. They had notice. They knew that. And, as I said, instead of embarking on that project, which the P.P.P. Government was committed to doing, they abandoned it. The Cuban Government in those days was prepared to finance that project but their anti-communist, anti-Cuban hysteria, forced them to abandon all that.

From 1973, they spent how much on the Mazaruni Road Project? It is all well and good to have a Mazaruni hydro project which would be tied with a smelter, but where is the hydro

station and where is the smelter? Fools as they are, they did not know where the money was to come from for the multi-million project, one billion for this hydro station and another billion for the smelter. They raised about \$200 million; they robbed the sugar workers of the levy. Millions of dollars they robbed the sugar workers of and then they came here and talk about productivity and production.

If they had paid the sugar workers their rightful share in profit-sharing they would not be belly-aching as they do now *ad nauseam* about losing \$80 million in foreign exchange in the sugar strike. They took nearly \$200 million of that money and built a road, and equipment to the value of millions, \$50 to \$60million, is rotting, rusting on that road today. If they had taken even that \$200 million and built from 1973 when they were warned internationally – they talked about the oil crisis then – if since then they had taken that money and but a small project, at least to provide electricity for the people, the consumers, and small people to maintain the existing enterprise, manufacturing and otherwise, we would not be in this mess today.

As we have repeatedly said, acts of omission and commission are not mentioned at all by this Government. All we keep hearing about is “Produce or Perish,” we want more production and productivity, the oil crisis, the ever-increasing prices of oil. Tell us now whether you are ahead with the small project. I understand Preece, Cardew and Rider have been employed again. Is that true? No? Maybe they are not employed by you but I understand the British aid donors are taking advice from Preece, Cardew and Rider who were consultants of the British Government in those days and they are saying, “Don’t throw any more money down the drain,” this well which is constantly consuming more and more money. How are we going to get out of this mess? Perhaps you should think small.

3.30p.m.

We are not saying you must not have a smelter. We are not saying that, but if you had correct policies, domestic and foreign, instead of vacillating all over the place, if you had a

consistent policy of anti-imperialism and socialism and democracy, then probably today, who would have gotten the money even for your smelter project and so on. But, you wobble all over the place like the bull dog in a China shop, a bull, better than a bull dog in a China Shop, going wild, destroying everything and you make the poor people pay and you do not give them the wherewithal to produce. You remember I just told you we should have had a debate on this thing.

The Chairman: You are doing it now. **[Interruption]**

Cde. C. Jagan: Look at the stupidity. Perhaps it is not stupid. This is the class interest that they are showing up. What have they done now? They mentioned that rice production went down in the second crop –

The Chairman: I just want to remind you that we are talking about electricity.

Cde. C. Jagan: This is how the money is going down. They had a formula before, two to one. Two bags of paddy make one bag of rice when you mill it. Consequently, if you pay the farmers \$1 for paddy, you pay to millers when you buy the rice from them, \$2 more. What is the formula now? One dollar to the farmer, four dollars to the miller to mill white rice and six dollars to the miller to mill parboiled rice. That is what you call downright State robbery. They are killing the farmers. Farmers are getting \$1 bonus, now they have wiped that out. How in the name of God do you expect production and productivity under these conditions? It is the oil price, all the imported prices, all the inflation that cause the farmers' production cost to go up. It is this kind of downright robbery. They are running the rice mills. The Government does three-quarters of the production. It controls the silos and everything and it is now robbing the farmers in order to pay inefficient production. As I said, it was two to one and the Minister knows it is one to four, one to six. Now the consumers will be called upon to pay, the poor consumers on whom you have a wage freeze. Everything is going up for him and now you are increasing the

price of rice. It is this kind of nonsense that is going on in this country and this is why the Rice Development –

The Chairman: Dr. Jagan, let us deal with electricity. We have had enough of the rice for this time.

Cde. C. Jagan: I am finished with rice, but I think I have made the point that all these things are failing. This same electricity. Read the Luckhoo Commission Report. That is so shameful, disgusting. But they did it to show that it was not their fault, that it was the fault of the managers and the technicians. But they have to accept responsibility because they have corrupted the whole system by interference with the concept of party paramountcy in hiring and firing. The General Council of the Party meets and they say heads must roll. “Manager this” must go. Not the Public Service Commission or the Police Service Commission or the Judicial Service Commission. They do not mean a thing now. The result is that taxpayers now have to find \$5 million to put here. Square pegs in round holes because of the Government’s interference with State function. The party is interfering with State function. The party and the State have become one. Only a few days ago we saw where they said that the Minister of State for Information is now going to be in charge of information for P.N.C.

The Chairman: Dr. Jagan, you may have your say on that at another time. Let us finish this particular item. **[Interruption]** If Cde. Wrights and Cde. Dalchand cannot behave themselves, we will put them out.

Cde. C. Jagan: The Minister should tell us in detail what this money is for. This brings me to the point that we should introduce a new practice in this House where we should have an informal meeting, a finance committee or something, where these matters could be gone into in great detail.

The Chairman: That is one of the proposals put up to the Constituent Assembly, the same point you are making.

Cde. C. Jagan: Constituent Assembly! **[Interruption]**

The Chairman: We do not want to go on to the Constituent Assembly. I merely mention that as one of the points raised.

Cde. C. Jagan: If you mention it, I will tell you that is for a rigged Constitution. I am talking about making this House more efficient so that the country will know, do they will get more information. I wish to close.

In our view, all this is a waste of money. It is going to go further down the drain and taxpayer will have to foot the bill, whether it is the poor rice farmers, or the consumers, or the sugar workers, or the bauxite workers, as consumers and as wageworkers, or selling procedure. They will have to pay for all of this. What should have happened, in fact – we were asking for that at that time when the Presidential Commission so that we would have known not only what we read in the papers or in the report, but we would have sat and heard the details of what was going on so that we can properly understand when requests like this come, whether it will have any impact at all in helping to solve the problem.

The Minister of Finance (Cde. Hope) Cde Chairman, if I may continue from where Dr. Jagan left off, let me just, first of all, explain that with respect to the allocations for the G.E.C., this amount is largely sought because of the fact that the G.E.C. is seriously under-capitalised. The working capital of the G.E.C. is much below the level of efficient financing at that level, largely because all costs have gone up and despite that Dr. Jagan may say, the facts are that the price of oil has, in fact, gone up tremendously this year as it did last year. And anyone who operates a business ought to know that in circumstances where your costs have gone up tremendously, the working capital needs of that enterprise must inevitably go up.

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Therefore, the Government, having examined the position with G.E.C. has come to the conclusion that G.E.C. requires a further injection of capital. Indeed, the Government has injected little cash in G.E.C. for several years. For several years, G.E.C. has been running, meeting its working capital needs and its fixed capital needs on its own cash generation. That is not possible at this age and the Government has therefore come to the conclusion that part of the solution to G.E.C.'S financial problem is to give it a higher capitalisation in order to meet its working Capital needs. Basically, this is the purpose of providing this \$5 million for G.E.C. It represents part of Government's equity in G.E.C.

A question was raised about the cost of the turbines. So far as I can recall, the turbines were bought on long-term credit. The Agreement was laid in parliament here. Those turbines cost in the vicinity of \$25 million (Guyana) but then they were bought on long-term credit on 25 years at very concessional rate of interest at 4 per cent.

A number of other issues on this matter were raised by the Opposition, which I think the Cde. Minister of Energy and Natural Resources is much more equipped to answer and as he is here I would ask your indulgence, Cde. Chairman, at later stage, for the Minister to answer.

The Chairman: Minister Jack will have to answer because when you are finished, that is the end of it. I would allow Cde. Jack to answer if he wishes.

The Minister of Energy and Natural Resources (Cde. Jack): Cde Chairman, I rise to answer the allegation of a rumour that some principal donor has given either the Government or the corporation some ultimatum. The answer to that is that there is no truth at all in the rumour. What has happened is that under the terms of assistance which we are getting from O.D.M. there are provisions for O.D.M. to examine the possibility of energy generation within the short term, that is, the period between now and 1985.

The reason why the period is chosen between now and 1985 is that it is envisaged that if we succeed with the Upper Mazaruni hydro-electric station, that station will come into force in 1985.

On the question that has been mooted in this House again about Tiger Hill, let me say that in the first case the Tiger Hill report was a preliminary report. It was a detailed report. It was not a report carried to the stage to which the Upper Mazaruni hydro-electric project has been carried. About a year ago my Ministry received a suggestion from a company to have another look at Tiger Hill. At that time the cost to develop Tiger Hill was in excess of \$200 million (U.S.) and the figure which was quoted excluded work done on an access road which would have been necessary because it was envisaged that U.M.R.P. with its in-house capacity would do that. It also excluded the building of a township because it was assumed that one might be able to use the facilities of Linden.

It would seem, therefore, if you were to think of a full-dress project, you are talking about something in excess of \$300million (U.S). It is generally accepted – and I am prepared to make these figures available to members of the Opposition, if they so wish – that Tiger Hill would be the highest cost producer of energy of all the possible sites that we could identify. For instance, it would cost more per unit than Tiboku or Upper Mazaruni or Kaitour, Amelia or more than Chi-Chi, to call just about four of them. This can be seen in the report which was done by U.M.D.P. at our request and which was done by Montreal Engineering. The documents are there.

I have heard this statement about Tiger Hill repeated **ad nauseam**. While I will not join issue as to what have been the position had Tiger Hill been built in those good old days, the time is passed – I would not join issue on that. Today, we are all wiser. Nobody knew what the price of oil was going to be in 1979. Furthermore, Tiger Hill would not satisfy our entire needs.

Cde. Chairman, I want to express a particular concern and that is the levity with which some people believe that they can make statements in this House irrespective of the

consequences to the nation. Let me explain what the position is. If we are to have a smelter the only site which will give adequate power cheap enough to allow for the possibility of a smelter is the Upper Mazaruni. Now almost every single political party in this country has advocated industrialization of this country and, of course, building a smelter. If you want a smelter it is only Upper Mazaruni. For this very reason: There are interests abroad – some of them would be described by members on the other side of the House as being imperialists - who have interest in seeing that Guyana does not have a smelter and therefore who have an interest in seeing that we produce a small hydro-electric station.

We have spent from 1972 until 1976 in working on a feasibility study for the Upper Mazaruni. Unlike the study for a factory, a study for a hydro-electric Station has to take into account the topography of the country, where the project will be developed; it has to take into account the nature of the soil and things like that. For that reason detailed examination on the ground has to be carried out and what may appear as very attractive site at the very outset may turn out, because of faults in the structure of the land or because of the nature of the soil to be an extremely expensive proposition.

One instance of what I am just saying occurred when we were attracted to a place call Tortruba, which is not far from Bartica. It was near and it was said that it could produce as much as 400 megawatts. When investigations started it was found that because of the particular flatness of the area, a number of faults that surrounded what would have been the lake, a number of saddle dams would have had to be built and it turned out to be one of the most expensive projects that one could have identified. So that was dropped.

The point I am making is that the mere fact that you have a small output of power does not necessarily mean that commensurately you are going to have a small capital cost. We have, as I say over four years on this project. We have had the Yugoslav firm Energo Project do the first study. We have had that study improved by Swedish Engineering Company called Sweco

and we have had that vetted by Motor Columbus of Switzerland.

3.50 p.m.

Recently we made an application to the World Bank for the scheme and lodged the relevant documents. The World Bank experts have been considering and appraising the matter and I expect that by the 22nd of this month we will get the draft report. My concern as a Guyanese and as a nationalist is to let all of us understand that this talk about going for a smaller hydro at this time is directly connected with imperialist desires to keep Guyana at a low stage of development without the possibility of having industrialisation. One of the things that were mentioned to us when we were in Canada was that if we produced this hydro, would we not be competing with some of the multinationals who already produce aluminium. The fact is that Brazil produces aluminium, Venezuela and Suriname produce aluminium and Guyana is the only one of the four countries that does not produce aluminium. There are many interests in the world today that are engaged in trying to ensure that Guyana does not find itself in opposition to produce aluminium or to have a source of cheap power.

The particular site at the Upper Mazaruni is an extremely favourable site. Engineers who have been to this country have remarked upon the special, favourable features of the topography of that particular region which will allow for a very great head and a drop of some 1400 feet, and a very small dam of about 300 metres across. If one compares the installed capacity which would be possible in the Upper Mazaruni with, let us say, Aswan Dam which is three kilometres in length, and which is massive and tremendous dam, one would see the very favourable features of this scheme. My advance information is that technically, they can find no fault in the project. Of course, there is the talk that the project being too big for Guyana but I recall that when Nkrumah was trying to have a hydro-electric station in Ghana he had immense difficulties, and we are all aware of what Nasser went through when he tries to have the Aswan Dam. In each case, there was the desire to prevent that country from breaking out of the shackles of dependency which a lack of energy imposes upon them and I am saying here and now, I have

said it before and I repeat it, as regards the question of energy in this country, I am prepared to disclose all the relevant information to any Member of the Opposition if they have the courage at any time to ask me for that information. I will explain it to them. I am not going to hide anything from them because I consider this to be a national matter but I would like them to recognise that this is just a matter for the Government or for our party, but for the nation.

This talk of going now for a smaller scheme would do the following: It would postpone the consideration of a hydro scheme for about four years because that is the time it would take to do the proper feasibility study. Don't worry with people telling you that you can do it in six months because after the six months they will tell you where and where they need to do further work on the ground. So for the next four years we would be waiting. During that time, costs will escalate. When in 1974 we received the first report from Sweco, the whole of that project was going to cost \$192 million. In 1976, it had reached \$450 million. Any scheme including Tiboku is already over \$300 million. The cost in this instance may reach within six and seven hundred million dollars. Those of you who have no courage can fold your hands and say it cannot be done. But I will tell you that you will find that eventually when you are going to build Tiboku or Tiger Hill or Protrudo, or one of those small schemes, you still pay the four, or the five, or the six hundred million dollars because of inflation and revaluation of equipment. I would ask, therefore, that on this issue, we, all of us in this House, take a very serious position. As I see, this is not the time but I am prepared to disclose to the members of the Opposition the documentation of what we are doing with the World Bank and to answer all their pertinent questions. I would hope that they will take advantage of my offer.

Cde. C. Jagan: First of all, I resent the observation made by the Minister that all who are calling for a small hydro scheme are within the imperialist orbit to prevent Guyana –

Cde. Jack: I never said that.

Cde. C. Jagan: That is what he said and I wish to make it quite clear that it is well known what the P.P.P.'s position is so far as imperialism is concerned. But I want to make that correction. I am glad he said he did not say that. I want to make one other observation, and that is, that he admitted, of course, that now in hindsight it would be seen that it was a mistake not to have carried out the Tiger Hill project which was then estimated at \$32 million. **[Interruption]** He didn't say that either?

The Chairman: Cde. Jagan, I think you probably want to hear what you have in mind for them to say they did not say that.

It is now 4 o'clock, are we going to proceed without a suspension or should we take a suspension at 4? May I hear Members' opinions on this?

Cde Reepu Daman Persaud: I am a Member of this House. **[Interruption]**

Cde. C. Jagan: On that point which I mentioned, that all those who are calling for small schemes are imperialist-minded who want to arrest the industrialisation of Guyana, the Minister contradicts himself. He just said he is clarifying that. It does not include us. He said they now have an application to the World Bank. But what is the World Bank but an imperialist-dominated institution? Yet, he is saying to the House that we expect to hear favourably from the World Bank in a matter of days. Yet he tells us the imperialists are opposed to financing such a project. You see he is full of contradictions.

The Chairman: Yes, Minister Hope.

4 p.m.

Cde. Hope: Cde. Chairman, if I may also at this stage refer to item 31 –

The Chairman: Are we not dealing first with the Current Estimates?

Cde. Hope: If you wish Cde. Chairman, that can be done. The first question which was raised referred to item 1, Telephones. However, during the course of the year we have in fact been trying to get the corporation to submit the Bills much more promptly than it has been doing in the past. That particular corporation also has been complaining of a lack of adequate funds. What we have been doing is to encourage the corporation to expedite the submission of its bill so that those bills can be paid and there would be less arrears. As a result of that kind of operation, we find that we have to pay more in 1979, hence, this provision. I do not foresee a further request on this particular subhead during the course of this year.

On the question of item 4, Ministry of Finance, subhead 12, Entertainment Allowances, at the time when the Estimates were prepared the substantive Secretary to the Treasury was in place and it was not certain that he would have been able to go on leave. As it turned out, after the Estimates had been prepared and approved, it was possible for him to be sent on leave and for Cde. Hinds to act for him. In those circumstances we had to pay Cde. Hinds his Entertainment Allowance, thus the figures appearing in the Estimates.

The figures on Transport and Travelling, subhead 2, item 5, it is known that one did anticipate a certain increase in the price of petroleum at the beginning of the year but it turned out, however, that the increase was much steeper than had been anticipated. In those circumstances it was necessary to revise the allowances paid to officers in all Ministries. The fact that we are dealing now with the Ministry of Finance is due entirely to the fact that the estimates for the Ministry of Finance are before the House at this time.

A question was raised with respect to item 8, subhead 11 – Expenses of Committees and Conferences held in Guyana.

The Chairman: You are omitting items 6 and 7.

Cde. Hope: Cde. Chairman, item 7 – Sundries: these are items which really no one can adequately foresee in the beginning. They are sundries and by the very definition of sundries it means a number of anticipated items of expenditure. They are numerous and unlikely to be anticipated properly and therefore it is not surprising that when prices are rising that these items which represent numerous small purchases can escalate beyond the amount provided in the Estimates and it was precisely because of that reason this has happened. “Sundries” is an item which, by definition, represents a number of items which one could not foresee and sometimes you provide for sundries and little of that money is spent. At another time a large item comes which was not anticipated and you have to provide for it. This has happened in this particular case.

With respect to item 8, Expenses of Committees and Conferences held in Guyana, I do not have a crystal ball therefore I cannot say exactly when the Constituent Assembly is going to conclude its work. All we can do is hope that the work of the Assembly will be expeditiously carried out and that it will be done within the limit of these provisions but none of us, at this stage, unless we have a crystal ball- and certainly I do not have one – can foresee the precise date on which the Constituent Assembly will complete its work.

A question was also raised on leave Passage, Public Officers, subhead 16, item 10. I have explained this item on several occasions. The Government is under a commitment to give public servants their leave passages whenever they qualify for such passages whenever they apply for them. Unfortunately, at this time, no one was able to predict very minutely the number of officers who will be qualifying for leave but what we have tried to do is to give the officers their leave passages whenever that leave passage is applied for.

Under the arrangement with the public servant, these sums of money are not available for any kind of expenditure. They are available only for certain kinds of expenditure. In other words, when we give the officer his leave passage he does not go abroad. He is expected to invest the money in certain approved forms. We do two things: we try to give the officer his

leave passage whenever he applies for it but at the same time we insist – and he does do it – that he invests the money in certain approved forms.

With respect to item 11, subhead 19 – Special Visits and Representation at External Conferences, Cde. Chairman, when these Estimates are made, in the first place, no one certainly knows necessarily that certain visits will be paid overseas. That in itself is not a tremendous distorting factor but when, in fact, somebody at the level of the President needs to travel it is very often that that in itself upsets the vote. This year the President travelled. I am not for one moment – I must be careful to say – implying that the cost of the President's trip was anything of the order of \$500,000, but it was sufficiently large to make it necessary, with other unforeseen requirement for travel, that we should made this application for further supplementary provision of \$500,000.

This Estimate was based on what we know at this time in terms of expected trips overseas. It is quite possible that there are unforeseen trips which have to be made. It is hoped that they can all be accommodated with this extra half a million dollars.

Ex-Gratia Awards, item 12, subhead 28, Cde. Chairman, is another item over which we have very little control. It depends on the circumstances in the course of the year and very often this vote is underspent. In other cases, it is overspent. In this particular year it does appear it will be overspent by another \$10,000, hence the request.

With respect to item 15, subhead 11 – Refunds of revenue, we have been trying to ensure that the Inland Revenue Department increases the rate at which it assesses tax-payers and not only that, but that once those taxpayers have been assessed, if refunds have to be made, that those refunds are paid.

During the course of this year – as a matter of fact, during the last few months, the Inland Revenue Department has stepped up very tremendously its rate of assessment. As a result of

that, a number of business firms and persons have had to pay increased taxes. The analysis of the revenue collection by the Inland Revenue Department will show that for this year a substantial amount of money was collected as arrears. That money which was collected as arrears arose out of increased assessment by the department.

Conversely there will be people who will be due money from the Government as refunds and as a result of that increased activity not only will we have increased collection in the form of arrears of revenue, but we will also have increased payments to make in respect of refunds. This is the purpose of this new request. I think that, Cde. Chairman, covers the current votes.

4.10 p.m.

I will turn now to the Capital Heads, item 28, subhead 11, Buildings. Some time ago, I explained to this House that the Government was proposing to construct on the old Chronicle site one building which would house all the financial institutions. In pursuance of that objective, it retained George Henry associates as the architect. A Lot of work has been done and it is really in payment of the work which has been done so far that this money is now being paid. Indeed and in fact, the money was due since last year but the firm has not submitted its account until this year.

With respect to item 30, Acquisition of Radio Demerara, subhead 30, the acquisition price was something of the order of \$361,185. From that was deducted withholding tax interest of about 25 per cent, so at closing date there was a sum of \$261,810 to be paid. At the closing date the Company that owned Radio Demerara owed the Government taxes amounting to \$261,811 being income tax based on a number of years' assessments. This was another indication of the increased activity of the department which enabled it to review the taxes some seven years prior to that particular year. That tax as deducted from the total payment and the remaining amount of just over \$99,000 is to be paid in thirteen instalments over twelve and a half years.

Let me go it over very quickly. The total sum that was payable at the time of the closing was \$361,185. Of the amount, \$261,811 was deducted in payment of the taxes. The remaining amount of \$99,374 is to be paid over twelve and a half years in thirteen instalments. It is the interest on this amount, which is 6 per cent, which would attract the 25 per cent withholding tax. So then, interest at 6 per cent would be payable on \$99,374. But that full 6 per cent not be paid because withholding tax of 25 per cent will be deducted, so effectively, it will be 4½ per cent interest. What we owe the owners of Radio Demerara now is \$99,374 and we have twelve and a half years to pay it. We have paid \$361,811 by exchange of cheques.

Finally, I wish to refer to item 31, subhead 30, Contribution to International Finance Corporation. The money that we are seeking here for I.F.C. is really to pay our part of the increased contribution which all members of I.F.C. are to pay into I.F.C. We are a member of the International Finance Corporation. We had paid our dues a long time ago since joining the World Bank, but from time to time, the institutions need to increase their powers of borrowing or lending to us. There has been a capital increase of I.F.C and our share of that capital increase of is \$286,720 which is mentioned here. This is Guyana dollars. This amount of money is really to meet our share of the total capital increase which has been approved for I.F.C. The purpose of a capital increase is to increase I.F.C.'s capacity to borrow or to lend to borrowing countries.

I.F.C became active in this country only last year and the purpose of I.F.C., as the leader of the Opposition said, is really to lend to the private sector. But, I.F.C also lends to joint enterprises, enterprises in which the Government is involved, as well as the private sector, or the Government, Co-operatives and private sector, or the private sector and Co-operatives. The fact, however, of I.F.C's investment does not necessarily mean that I.F.C is investing without Government's knowledge or agreement. How I.F.C. operated in Guyana with respect to the loan to a company last year, and how I expect it will continue to operate in Guyana, is that it is consulted with the authorities on this issue and one would have expected that if the authorities had any major reservations, I.F.C. would have paid due regard to those reservations. But the

conditions under which I.F.C. made the loan available to the Company were conditions which were considered satisfactory.

I.F.C. is lending this money, the money has to be repaid, so this does not mean that I.F.C. will have a continuous, on-going, and forever interest in that particular organization in Guyana. This is a loan which has to be repaid over a period of years. If the I.F.C. were to put the money in the form of equity, as it can do, I.F.C. rules require that over the course of time it sells those shares back to the people in the country so that I.F.C.'s presence does not go on forever. I.F.C.'s rules require that in the case of equity I.F.C. must sell the equity back to the people of the country over time. In this particular case it was a loan and therefore as a loan it is to be repaid over time. It should not be right to say that the participation of I.F.C. would represent an on-going, an everlasting stake in the particular institution in which I.F.C. is investing.

4.20 p.m.

Once we accept the concept of tri-sectoral economy where the private sector is given a defined area to invest in, it is clearly in the country's interest to secure off-shore funds on reasonable terms and I.F.C. does provide those off-shore funds on reasonable terms. This is important, because those same firms have to buy. The chances are they spend all this money overseas in equipment and if the money were raised locally they still would have had to spend that money overseas on the same pieces of equipment and then we would have lost so much on exchange. So it is in the country's interest, once the terms are satisfactory, for the private sector institutions to borrow for expansion from I.F.C., if they can do so.

Basically, I think that represents the answers I would like to give to the various questions raised by the Opposition.

The Chairman: Page 3, Capital Estimates. Item 16, 17, 18, 19 20 as well as 21 and 22.

Cde. N. Persaud: Cde. Chairman, items 18, 19 and 20. Under item 18, Division XIX, subhead 14, Cotton Textile Mill, I see the sum of \$5 million is being sought to continue work on the textile mill. The legend in the 1978 Estimates, is seeking a sum of around \$8 million, said that that \$8 million was being sought to complete work on the textile mill. However, work was not completed last year, as was indicated in the 1978 Estimates, and from that \$8 million the sum of \$6 million, or thereabout, was spent. Early this year the sum of \$5 million, was sought, voted and provided. Here again we are asking, six months after that estimate was passed, for \$5 million again to continue work on the textile mill.

In debating this question early this year I remember Cde. Hoyte did give an undertaking that by year end it was anticipated that the work would be completed and we would have our first yards of cotton. May I ask the Minister of Economic Development to state, first of all, whether the \$5 million now being sought is part of the Chinese loan or it is capital that the Guyana Government agreed to finance as far as construction of the mill is concerned.

May I also ask Cde. Hoyte to explain to us, since the \$5 million, as stated, is “to continue” and not “to complete,” whether the completion of the mill is anticipated by year end as was indicated by him early on in this year and whether Cde. Hoyte is in a position to tell us how much money has so far been spent on the construction of the mill.

Item 19, subhead 25, a new one, is for a glass factory. The sum of \$6 million is being sought and it states “To continue construction work.” Subject to correction, I think a similar question was asked, as far as completion of the construction of the glass factory was concerned, earlier this year when I spoke under this Head, and a similar type of answer was given, namely, at year end. Based on that information, may I ask the Cde. Minister a similar question to the one just posed: first of all, whether the \$6 million is money provided by the Guyana Government or whether it is a part of the loan which the American firm – I do not remember the name right now – or company or agency provided. May I ask the Minister to further state when it is anticipated that the construction of the glass factory would be completed?

At item 20, again a new subhead “Vegetable Oil Plant,” I see the sum of \$2½ million is being sought and it says “To continue construction and installation of equipment.” Maybe it slipped me somewhere down the line. I would be very grateful if the Minister could inform us what type of vegetable oil plant is this, where it is located and what is anticipated as the total cost of this vegetable oil plant.

Cde. C. Jagan: Cde. Chairman, I would like to ask the Minister, in connection with item 18, Cotton textile Mill, what is the position with respect to the cotton input, production of cotton, whether the mill will be completed by this year and whether we have the cotton which was expected to be produced in the country for this mill, because our understanding is that we do not have the cotton, whether it is expected to import cotton for this mill on completion.

On item 20, the construction and installation of equipment for the Vegetable Oil Plant, presumably this is the plant from the G.D.R., the German Democratic Republic. It seems that it took us 15 years to get this factory up because I remember in the time of the P.P.P. Government a contract was negotiated for a factory and it was cancelled by this Government and so we are now back to square one.

I would like to ask the Minister, however, whether this factory will be utilizing oil bran from coconut, and also from rice and whether it would also be taking care of the new nuts, palm oil nut, from Wauna. I know in the case of Wauna the Minister of Agriculture, some years ago, when they withdrew the subsidy on coconuts, indicated that the better oil to go in for would be palm oil because one would get more per acre than from coconut.

The position now is that we have the coconut industry practically ruined and we are now importing huge quantities of soya bean oil to replace oil which we have not been able to produce because the policy with regard to coconuts was reversed. First, we did not have the subsidy which was given in the P.P.P. time and, secondly, the price to the local producers did not increase commensurate with the price that West Indian producers receive. So now we find

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ourselves importing coconut oil from the West Indies and supplementing the shortfall by getting, I believe, oil on loan from the United States of America, soya bean oil.

Therefore, I would like to know whether this mill will also be utilized in extracting the palm oil on which so many hopes were put some time ago. I understand that palm oil has already been produced by the farmers in that area and generally, because there is no mill to extract the oil, a lot of wastage is taking place. Perhaps, between the two Ministers concerned, we will be able to get the answer to this sore question of shortage of edible oil for the people of this country for which we have to pay so much foreign exchange.

4.30 p.m.

Cde. Hoyte: Item 18. If we got into a debate on what should be in the legend, we would get into a debate on semantics which would never end. It is true that we had hoped that by the end of this year the Textile Mill would have been completed. There were setbacks having largely to do with the weather. Anybody, indeed any member of the Opposition, can go and see what is going on there. He will understand that we are dealing with a very large complex, a very large workforce, and that weather conditions are important for getting on with the task.

I did say during the course of this year that we would have the first output of what I have been told is the correct term, “gray cloth.” Gray cloth was in fact produced and there was a report in the newspapers. Now the work is very far advanced. We are all hoping that by the end of the year we would be able to have most of it completed to the extent that there may be some production on a much larger scale. During the first quarter of next year we expect that the entire project would be finished and commissioned. This project, (as has often been said in this House, and as has been published widely), is one of the projects being financed by the first Chinese loan. We have already spent in local costs to date, an amount of \$18.6 million. But one has to bear in mind that there are large amounts of equipment and machinery, the cost or value of which is not included in the actual monies spent.

The Leader of the Opposition wanted to know whether the Vegetable Oil Plant would be able to handle rice husk, palm oil and other inputs for the production of edible oil. The answer to that is yes. It is multi-purpose mill which will be able to handle all of these inputs. The total cost of the mill is estimated at \$15.3 million. Again, it must be borne in mind that this is a project in co-operation with the German Democratic Republic which will be providing plant, equipment, and some technical services. I am advised that the output is about 500,000 tons of crude oil annually. That is the output approximately. It is true that palm oil has been produced in the North West. In fact, GuySuCo which has charge of that project has been producing sizable quantities of palm oil, and, for years the ordinary farmers who have been growing the crops have been producing by primitive methods, oil from the fruit.

Now, the Glass Factory is very far advanced. I would invite members of the Opposition to go and look around and talk with the consultants and the contractors and see what is happening. That project, too, suffered some delays due to weather and to problems with the flow of materials. For example, as happens in all large projects, and anybody who has had anything to do with large projects would know this. Sometimes, when the crates are opened, vital pieces of equipment have been found to be damaged or missing. These problems delay the progress of the project. Of course, there are occasions when parts have been stolen and - you will know this as a practitioner.

Cde. Narbada Persaud wanted to know whether this amount is from the Central Government or whether it is part of the loan from the Royal Bank, which was contracted for the project. The answer is that these are Central Government funds which will form part of the equity of the Central Government in the project.

The cotton production is being undertaken largely by the National Service at Kimbia. At the moment, there are 200,000 acres under cultivation. All agricultural projects depend on weather except hydroponic, and cotton production is being stimulated by Guysuco which again,

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as comrades ought to know, is being changed from a purely sugar operation into an agricultural complex.

The Chairman: Page 1 of the Capital Estimates, items 1 to 4, items 5 to 10.

Cde. C. Jagan: Cde. Chairman, I am informed that Cde. Reepu Daman Persaud is a Member of this House, when there is a Division his name is called; it is recorded and so on. May I ask why he is not allowed to speak?

The Chairman: He was rude to me and I will not hear him. I am not going to tolerate disrespect. When he apologizes properly, I will allow him to speak. Items 5 to 10.

4.40 p.m.

Cde. Reepu Daman Persaud rose –

The Chairman: Items 11, 12, 13, 14, 15.

Cde Reepu Daman Persaud: Cde. Chairman, I want to know if you will give me an opportunity to speak.

The Chairman: Item 23. Item 24, Ministry of Works and Transport (Works), subhead 16, Upper Mazaruni Road Project. Yes, Dr. Jagan.

Cde. Jagan: I would like to know from the Minister if he will tell us what is the amount which has been spent so far on this road. How much is being used, what is the cost of maintaining this road annually, and how much heavy machinery is lying idle on this road project?

The Chairman: Dr. Jagan, please go on to item 25. That is also for the Minister. If you wish to speak on it.

Cde. C. Jagan: I have nothing to ask.

The Chairman: Cde Minister of Works.

The Minister of Works and Transport (Cde. Naraine): Cde Chairman, I will be speaking in rather round figures because to give the exact figures of expenditure would be rather difficult. As I recall, the total sum voted over the many years that this project was in progress was about \$70 million. The length of the road constructed in various stages of completion is about 160 miles. The total road up to the dam site when the project will have come into construction, that is, the hydro-power project, will be 220 miles. In a very major project like this where virgin country had to be broken through, where hills had to be removed and swamps had to be filled, and where major rivers like the Mazaruni had to be bridged, one would realize that major items of equipment had to be purchased.

As I recall, the cost of that equipment was about \$35 million. Many items of that equipment are now at Kwapau and some of that equipment is not being used at the present moment. Some of the equipment has been removed from Kwapau and is now being utilised to construct the forestry road, that is, the link of the Wismar/Rockstone Road with Mabura, namely, 75 miles of road now being constructed as part of the Demerara Woods Project. The equipment at Kwapau will not be removed unless there is alternative use.

Some minor items have been disposed of but the major equipment will remain there, repaired, and will be used whenever – and we hope this will be very soon – work will continue on the Upper Mazaruni hydro-power project.

I think that is about as much as I can give on this road at the present moment except to add that a portion of road is maintained, not the whole 160 miles, but the portion between Puruni, is another River which we will have to bridge, and Iteballi. This road serves the miners and porkknockers in the Puruni River and the people who are employed by Guyana Timbers, Mazaharally, Willems, and the timber operations in that portion of the Mazaruni/Cuyuni area. So the road is being used although not yet completed and it is serving an economic purpose. I should mention that the materials that would be used for the bridging of these rivers, have been purchased and they are also on site at Iteballi.

The allocation to this road on maintenance is about \$1 million per year. I believe those were the points raised.

The Chairman: Item 26.

Cde. N. Persaud: Cde. Chairman, just one short question. Division XXVII, Ministry of Health, subhead 5. I see the sum of \$14,247 being sought for the acquisition of land to construct a new hospital in New Amsterdam. May I ask the Minister who is going to speak on this subject to state how early it is expected that the construction of this new hospital will be completed?

/The Minister....

The Minister of Agriculture (Cde. Kennard): Cde Chairman, in my temporary capacity as Minister responsible for health, I would wish to reply to that question. The land will be acquired by the end of this month. The design of the hospital has already been done. The erection of the hospital is expected to commence by the 1st April, 1980.

The Chairman: Item 27.

Cde. C. Jagan: Division XXX, Ministry of Trade and Consumer Protection, subhead 2, (New) Buildings. Cde. Chairman, this subhead is for the construction of new walls to enclose

open area and roof valley over boardroom. It seems that what we need is a new Board not just a boardroom and enclosures because this Ministry should be closed. It is not performing its tasks in the interest of this nation, to wit, this Ministry has refused to give a license to the **Mirror**, New Guyana Company Ltd., for the importation of newsprint. It made an agreement some time ago when it said there will be only one importing agency newsprint, that the Chronicle newspaper company would supply on a minimum requirement basis about 12 rolls of newsprint every fortnight to the New Guyana Company for the publication of the **Mirror**.

4.50 p.m.

Such a letter, such an undertaking was given by the then Managing Director of the **Chronicle** to the Caribbean Broadcasters and Publishers Association. In other words, it was an undertaking given not only to the New Guyana Company, but the letter was read before that Caribbean regional organisation. From 10th August, the **Chronicle** Company has refused to grant this newsprint to the New Guyana Company. This Company then applied for a license because the Chronicle Company kept saying it had no supplies. The New Guyana Company then said: All right, if you have no supplies, give us a license, and convert \$50,000 out of the \$62,000 approved by the Bank of Guyana for the importation of newsprint. That is not being approved. Then another license was put in to get an importation without foreign exchange. That was refused. The Caribbean Broadcasters and Publishers Association then said they are willing to give 500 tons of newsprint which five newspapers donated to the new Guyana Company. An application was put in for a license and the Company says the Ministry would not approve.

The Chairman: Would not reply or would not approve?

Cde. C. Jagan: Would not approve. What kind of Ministry do we have? Where is the credibility? They say they do not have newsprint but you can see tons and tons of newsprint in the printer. They have tons and tons of newsprint in the warehouse and there are photographs

showing newsprint being transported from the wharf to the **Chronicle** Company. Yet they say they do not have newsprint.

The Chairman: We are dealing with the Ministry of Trade not the **Chronicle**.

Cde C. Jagan: The Ministry of Trade also had given an undertaking not only in writing to the **Mirror** Company but an undertaking was also given by Mr. Blackman, when he was Managing Director, to the Broadcasters and Publishers Association. I was there talking to the Minister when he told me that such a letter went to the New Guyana Company, and Mr. Blackman was waiting downstairs when I came down, and a letter was handed to him, which he took to the meeting of the Caribbean Broadcasters and Publishers Association. Mr. Chairman, you cannot tell blatant lies, that you do not have newsprint. If you do not have newsprint, then you do not have foreign exchange, then why is it you do not allow the Company to bring in the newsprint without foreign exchange, which is a gift? It is clear that this Ministry is carrying out the policy of the Government which is to deny the right of freedom of the press. Here is it we are spending nearly \$ ¼ million so far to write a completely new Constitution which gives these frauds the right to postpone elections for fifteen months and now they want to postpone them for another year. Their credibility is at the lowest level both in this country and internationally.

Mr Chairman, the position is this, that when I raised the matter with the Minister, he said he did not have anything to do with supplies, he has to do with policy. He told me he would confer with the Minister of Information because the Minister of Information has to do with the **Chronicle**. When I spoke with the Minister of Information, he told me he is responsible for editorial policy, not with matters such as delivering newsprint. He told me that Guystac is in charge of that. When I went to see Baptiste, he told me he is not aware of any decision about policy, about importation of newsprint and so on. So they push the responsibility from one to another, meanwhile using administrative methods to deny fundamental rights enshrined in the Constitution of Guyana. Yet they go all over the world and speak about Guyana being a democratic society and that freedoms are permitted here, rights.

15.10.79

National Assembly

4.50 – 5 p.m.

Mr. Chairman, this sum should be deleted. We are only wasting money. More and more money is being wasted and we have a Government which does not have the moral right to be where it is, the party which has stolen elections and which now uses manipulative methods to perpetuate itself in office and denies the citizens of this country their right to be heard. We would like at this stage to ask the Minister of Trade why a license – if they do not have supplies as they say – is not being granted to convert \$50,000 out of \$62,000 approved by the Bank of Guyana? Why is that license not being approved?

5 p.m.

The Chairman: Dr. Jagan, would you like me to draw your attention to what this vote is about? It is \$12,000 for the construction of new walls and a roof.

Cde. C. Jagan: Cde. Chairman, you allowed Mr. Desmond Hoyte to give a long speech.

The Chairman: He was entitled to do that.

Cde. C. Jagan: I am entitled to speak. This is a question of policy.

The Chairman: That is irrelevant.

Cde. C. Jagan: Who says so?

The Chairman: I say so.

Cde. C. Jagan: If you say so. If there had been a debate on what he said, I would have been able to raise this matter and speak on it.

The Chairman: You can do that at some other time and in some other form. You have been given great latitude. Do not say Nay. The problem with you is this: you are given such

great latitude and when people stop you, you become annoyed because 80 per cent of the things you speak are irrelevant, very irrelevant to those questions. You are given that right because you are the Leader of the Opposition. I would not allow anybody else to do it.

Cde. C. Jagan: You also say things that are irrelevant.

The Chairman: It is governed by rules.

Cde. C. Jagan: Where else are we to raise these questions?

The Chairman: That is not for me to determine. I am not in the Opposition. If I were there I would know what to do.

Cde. C. Jagan: What about the Opposition's Motions? I have raised this matter with you and the Leader of the House.

The Chairman: That is for the Leader of the House to determine, not for me. I do not set the Agenda.

Cde. C. Jagan: Can you just sit down and stop me from speaking?

The Chairman: Yes, when you are irrelevant. Will you please come back to item 27 now?

Cde C. Jagan: That is why I said we must have a general debate so that we can raise all these fundamental things which are bothering the nation today.

The Chairman: You ask the Leader of the House.

Cde. C. Jagan: He is no leader.

The Chairman: Will you please come to item 27, Dr. Jagan?

Cde. C. Jagan: I thank you for your latitude.

Cde C. Jagan: I want to ask him in all seriousness: First, I would like to ask this House to send a Mission of Enquiry into the **Chronicle** to find out how much newsprint they have – led by the Speaker, who has the scales evenly balanced there, the scales behind your back, Cde. Chairman. Secondly, to let the Minister say why they refuse to give a license with foreign exchange of \$50,000 out of \$62,000 approved by the Bank of Guyana. If not, because there are foreign exchange problems, why are they not giving a license to import newsprint without foreign exchange, or even to accept a gift from the Caribbean Broadcasters. Will the Minister answer this question?

The Chairman: Item 27. This completes consideration of all the items.

Question –

That the Committee of Supply approve of the proposals set out in Financial Paper No. 2 of 1979, Schedule of Supplementary Provision on the Current and Capital Estimates for the period ended 30th September, 1979, totalling \$47,443,468.

put, and agreed to.

Assembly resumed.

15.10.79

National Assembly

5 – 5.05 p.m.

Cde. Hoyte: I beg to report that the Committee of Supply has approved of the proposals set out in Financial Paper No. 2 of 1979 and I now move that the Assembly doth agree with the Committee in the said Resolution.

Question put, and agreed to

Motion carried.

ADJOURNMENT

Resolved, “That this Assembly do now adjourn to a date to be fixed.” [**The Minister of Economic Development and Co-operatives**]

Adjourned accordingly at 5.05 p.m.
