

**LEGISLATIVE COUNCIL****WEDNESDAY, 11th DECEMBER, 1946.**

The Council met at 2 p.m., His Excellency the Officer Administering the Government, Mr. W. L. Heape, C.M.G., President, in the Chair.

**PRESENT :**

The President, His Excellency the Officer Administering the Government, Mr. W. L. Heape, C.M.G.

The Hon. the Colonial Secretary, Mr. D. J. Parkinson (acting).

The Hon. the Attorney-General, Mr. F. W. Holder, K.C.

The Hon. the Colonial Treasurer, Mr. W. O. Fraser (acting).

The Hon. E. G. Woolford, O.B.E., K.C. (New Amsterdam).

The Hon. C. V. Wight (Western Essequibo).

The Hon. J. I. de Aguiar (Central Demerara).

The Hon. H. N. Critchlow (Nominated).

The Hon. J. B. Singh, O.B.E. (Demerara-Essequibo).

The Hon. F. Dias, O.B.E. (Nominated).

The Hon. J. Gonsalves, O.B.E. (Georgetown South).

The Hon. Peer Bacchus (Western Berbice).

The Hon. H. C. Humphrys, K.C. (Eastern Demerara).

The Hon. C. R. Jacob (North Western District).

The Hon. A. G. King (Demerara River).

The Hon. T. Lee (Essequibo River).

The Hon. V. Roth (Nominated).

The Hon. T. T. Thompson (Nominated).

The Hon. W. J. Raatgever (Nominated).

The Hon. J. A. Veerasawmy (Nominated).

The Clerk read prayers.

The minutes of the meeting of the Council held on Friday, the 6th December,

1946, as printed and circulated were taken as read and confirmed.

**ANNOUNCEMENT.****ORDER OF BUSINESS**

The PRESIDENT : I understand that Members would prefer to leave over consideration of Items 1 and 2 on the Order Paper for today. It has been put to me that Members would prefer to deal with the Expenditure before considering whether or not increased taxation is necessary. Members will realize that it is necessary to treat the Budget Revenue and Expenditure as one picture, but I agree there is logic in the request that first we should deal with expenditure and, therefore, I readily accept that request. If Members so desire we would proceed then with Item 3. I think under "Announcements" or "Government Notices" the Attorney-General wants to give notice of a short Bill that the Government wants to have passed in 1946 if possible. After the Attorney-General has given that notice, I propose, if you so desire, to proceed with Item 3.

**GOVERNMENT NOTICE****PUBLIC OFFICERS' GUARANTEE FUND  
(REPEAL) BILL, 1946.**

The ATTORNEY-GENERAL gave notice of the introduction and first reading of the following Bill :—

A Bill intituled "An Ordinance to repeal the Public Officers' Guarantee Fund Ordinance, Chapter 202, and authorize refunds to certain contributors".

**ORDER OF THE DAY****ESTIMATES, 1947.**

The PRESIDENT : Is it the wish of Members that we should proceed straightaway to Item 3, and that Items 1 and 2 be therefore deferred?

Mr. WOOLFORD : I suggest that on this occasion the Standing Rules be observed, and that under Rule 9 the Order of Business be changed.

The ATTORNEY-GENERAL: I beg to move that Standing Rule and Order No. 9

be suspended to defer consideration of Items 1 and 2 in the Order Paper.

Mr. WOOLFORD seconded.

Question put, and agreed to.

Standing Rule and Order No. 9 suspended.

Items 1 and 2 deferred.

The PRESIDENT : Before resuming the debate on the Estimates I would just like to make a few remarks. I think all of us around this table are in agreement that we must balance the Budget in 1947, but where there may be, and in fact I am sure there is, difference in opinion amongst Members, the question is how best can that be done.

Now it is the view of Government that in order to bridge the gap of \$1,500,000 we must increase taxation. It may be the view of some Members that this can be done by reducing expenditure, and there may be some Members who feel that there can be reductions of expenditure, but that there must also be increased taxation. Quite simply, Government's view is that the Estimates of Expenditure which we have put before you have been most carefully pruned. I have been on three occasions concerned with the introduction of the Budget in this Colony. This is the first time it has been my responsibility to introduce the Budget as Officer Administering the Government, but never before, since I have been in British Guiana, has Government taken such care in pruning the requests of Heads of Departments before the Budget proposals were placed before members of this Council, and never before has this Government, since I have been here, taken such care to ensure that there can be no reasonable criticism of the Estimates of Revenue. In other words, we, the Government, have done our level best to put before this Council an absolutely true and honest Budget. No Government, no Officer, no individual can be certain of what the revenue is going to be, but with the help of the Economic Adviser the Colonial Treasurer has on this occasion put before you figures which may be exceeded—I hope they will be—or which may not be reached. I hope that will not be the case, but there is a 50 : 50 chance on

this occasion that these revenue figures are the correct ones.

Now, when we turn to expenditure, Members who study the details will note that there is no less than \$2,000,000 which may be regarded as extraordinary. Of course, that is reassuring for the future. On the other hand, the Economic Adviser will tell you that there are some items of revenue which are also extraordinary, so that you can really take it that we are unbalanced by say \$1,000,000.

But let us turn to those two items of extraordinary expenditure. \$1,000,000 is for war bonus, and there are a few of us who would be ready to say we should now take off the war bonus. \$1,000,000 is for subsidisation, and here Members will probably vary in their views. I should only say at this stage that we had hoped to do away with subsidisation. You will recollect that in 1946 this Council decided to reduce it, but this Council could not then have foreseen the change in circumstances which now makes subsidisation a very essential factor. It is for your consideration and at this stage I need only say that if you take off subsidization, you would probably knock the cost of living up straightaway by over 10 points. I doubt if Members want to see the cost of living rise suddenly like that.

As regards expenditure generally, you will recollect that when we met in this Council on the occasion of the departure of our Governor, many of us spoke. One of the things I said was that as far as my ability will permit I will follow the policy of Sir Gordon until the next substantive Governor assumes duty here in his place. Now, before Sir Gordon left we had many discussions on policy. He did his best to guide me and one of the things that he said was "In my opinion this is no time for wholesale retrenchment of public services." I think the Economic Adviser has already explained to the community and to some Members of this Council the difference between public services and social services. It is my view, and I think I can say it is the view of Members of my Executive Council who are here to speak for themselves, it is my view and theirs, that you cannot reduce the expenditure in the

Estimates now before you by any substantial degree without interfering very gravely with Government Services — with Education, Medical, Poor Law, Drainage, Assistance to Village Authorities (now risen to over \$63,000 compared with perhaps a mere \$20,000 last year and the year before) and Police. I have a note here of other services, but I think the main increases are under the heads — Health, Education, Poor Law, Police, Subsidisation and War Bonus.

Hon. Members will, I am quite sure, be able to find items in the Estimates which can be properly reduced, and that would be welcomed by Government. But I am trying to point out in simple language the broad picture. We all want to balance the Budget. Some of you think that you can take off \$1,500,000 from the expenditure that is before you. But I put it to you that four Unofficial Members of this Council and one Nominated Member have gone through every item of these Estimates, and, to my great gratitude, working at night. They have managed to knock off \$500,000 before the Estimates were placed before you. Now that \$500,000 has come off the Estimates, we are getting rather near the bone. That is the opinion of Government.

I have only one more point to make. I have got the Economic Adviser with me this afternoon and, with your permission, I would like him to speak. I would like him to intervene in the debate at such a point as Members of this Council would wish him to. He is ready to speak after me or he is ready to wind up. But what I want him to be able to do, with your permission, is to speak today. That is all I have to say as an introduction. We will now resume the debate on the Estimates.

Mr. RAATGEVER: I appreciate Government's action in meeting the wish of Members by giving precedent to the discussion of the Estimates for 1947, but I am going to claim further Government's indulgence in asking that this Council be adjourned until next week to allow Unofficial Members an opportunity to consider the Budget proposals, an opportunity which they have not had owing to pressure of business and attendance at various development meetings. I assure you, sir, that

it would expedite matters if my request is granted, because we would come back here ready to meet Government in deciding on the various Heads of expenditure without any further waste of time. In the circumstances, sir, I beg to move—

“That Council be adjourned until Wednesday, the 18th of December to allow the Unofficial Members an opportunity of considering the Draft Estimates in detail; and that Heads of Departments be permitted to be present to give any information required when their Department's Estimates are being considered.”

Mr. JACOB: I beg to second that.

Mr. KING: I would like to say that I certainly and whole-heartedly support the last suggestion. I always feel that a good deal of time is wasted in this Council through Members not having an opportunity to consider amongst themselves any particular measure. It has been my experience in this Council for the last eleven years that where Government, at the request of Members, adjourns consideration of any particular item for the purpose of enabling Members either by means of a Committee of this Council or of the whole Council itself to consider that item, when it comes back into the Council it goes through without the slightest difficulty or the slightest delay. I remember that one vexatious Bill came up here—a Bill depriving the people of the Colony of oil rights—and there was a general outcry against it. It was referred for consideration to a small Committee of the Council which Committee ironed out all the difficulties and when it came back into the Council it went through without any delay.

Similarly in connection with these Estimates, a good deal of information can be obtained through Members sitting unofficially in Council and obtaining the explanations they may require from the Heads of Government Departments or any Government Officer to satisfy themselves in respect of any particular item. I am sure Your Excellency would find, if that course is adopted, that when we come into Council next week we would all come with our minds made up to help as far as Government allows us to settle this Budget question, subject to any information Your

Excellency may have to convince us to the contrary. I am not one of those of whom it can be said "A man convinced against his will is of the same opinion still." If any man convinces me that I am wrong, I am perfectly willing to accept his point. I do feel a great deal of time will be saved. I am quite certain, if that course is adopted, probably within a week after that this Budget would be passed in this Council, otherwise the debate on it may well go on for a month or two, because Members feel that from their seats in this Council it is difficult sometimes to obtain information they may require promptly and in that way a great deal of time is wasted. Further, Members are inclined to speak at greater length sitting in Council officially as we are here, than when we are sitting around a table and can tell each other "Shut up and keep quiet and let someone else speak." So far as saving time is concerned, if you would allow the Unofficial Members of Council the opportunity that would be achieved.

The PRESIDENT: I would like to hear the views of other Members on the point.

Mr. LEE: I must congratulate the hon. Nominated Member, Mr. Raatgever, for trying to keep us together and giving a definite principle on which the Unofficial section can work. I agreed with the principle and I desire it to be placed on record. The principle which will start with this Budget is this: We will get together and discuss the Budget as far as lies in our power and, if necessary, question the Heads of Departments on any particular item so as to see whether it is necessary or not, and we will enquire more fully into any item we consider should be enquired into and when we have arrived at a decision one Member, when we come into Council will move whatever amendment is necessary. Your Excellency can see how much time can be saved thereby. If there is disagreement the majority view would be moved by one Member and those in the minority would either reserve the right to speak or put on record what is their view. Your Excellency would see from the principle that that is what I and my friend on my right, the hon. Member for North Western District (Mr. Jacob), have been enunciating—a

Committee system in respect of each of the several Departments of Government with the respective Heads of the Departments on those Advisory Committees. Members would be able to explain matters to their fellow Members without placing on record anything that needs explanation, and in that way decisions would be easily reached.

The PRESIDENT: Is that your desire—that it should not be placed on record?

Mr. LEE: Yes, sir; if you are allowing it to be a free and open discussion among Members.

The PRESIDENT: May I ask you a question? Was that not one of the objections to Sir Gordon's Finance Committee? Wasn't it felt that the Finance Committee was a waste of time as you wanted your remarks placed on record?

Mr. LEE: No, sir! One Member, Mr. Jacob, felt that the views that were expressed on the Finance Committee were not placed on record and he, therefore, liked to express his views in the Legislative Council where they would be placed on record if he was in the minority in the Committee. I feel that if the Unofficial section of the Legislative Council is able to discuss any special measure freely, we will be able to save plenty of Government's time and of our time also. Should there be any disagreement one of those in disagreement would be able to come into this Council and speak on behalf of the others, while those in agreement would let one of their number voice the majority opinion. In that way, I feel, the Elected section would be responsible for any decision arrived at. There is one weak link in the system, however, so far as I know. I was never a Member of the Executive Council, but I think the Executive Councillors should be permitted to tell us freely what are their views on any measure before the Executive Council. I do not know what is their oath, but I think they should be relieved of it.

The PRESIDENT: Hon. Members are always suggesting that. Official secrecy exists, but any Member of the Executive Council is absolutely free to express his personal opinion at any time on any sub-

ject. He is absolutely free to discuss with you any question of expenditure before us. What he is not permitted to do, is to tell the public what the opinions of other Members are and what has taken place on the Executive Council. He is perfectly at liberty, however, to express his own opinion anywhere.

Mr. LEE: What I am trying to point out is this: If a Member of the Executive Council can point out to us the policy of the Government, the attitude Government is taking up, and the views of the minority against a particular policy—

The PRESIDENT: He cannot tell other people what the other Members think.

Mr. LEE: That is where I say the weak link comes in and which I am asking Government to consider.

The PRESIDENT: Let us deal with the Estimates!

Mr. LEE: If they are permitted to come among us and express their own views, those who are in favour of Government and those who are against Government, it would—

The PRESIDENT: They are always at liberty to do that.

Mr. LEE: They may not have time to inform Unofficial Members of this Council of the views of the minority side.

The PRESIDENT: They cannot.

Mr. LEE: That is where, I say, the weak link comes in. The minority may, when an important question is being decided, abstain from going to the meeting with their fellow Members. I do not say they will do that. I am asking Government to reconsider it so that we may have this system, because it will lead, perhaps, to more co-ordination of the Elected and Nominated Unofficial sections and to the progress of this Colony. That is what I desire to be put on record.

Mr. DIAS: I am going to support the motion for the simple reason that even Government would expect Members to make themselves conversant with the business of Council so as to expedite

its work when considering the Estimates. Government knows that we — the Unofficial Members — never come to this Council unless we are aware of what we are going to discuss. We are not fighting against each other. I was shocked when I got here just now and found the Estimates on my table because this is not the usual time. It would be far more satisfactory, I fancy, if Members would agree to meet among themselves and discuss certain items. If we are going to proceed today without knowing what the views of Mr. "A" or Mr. "B" are it would be very difficult. As a matter of fact, in my experience, these sessions have lasted much longer than is necessary. It is true that the number of items is greater now and that they require more time than formerly but, at the same time, I think we can expedite the work by allowing some reasonable time to consider the Estimates. At present none of us knows the views of any other Member on a particular matter, and I think we should be given time to discuss the Estimates among ourselves.

Mr. de AGUIAR: I think there are two points which need some clarification. As I understand the request of the hon. Nominated Member, Mr. Raatgever, which has been supported, it is that there should be an adjournment for a week in order to give Members an opportunity to examine the Estimates. I would not refer to the fact that they had about a week before them, because if they need some more time I think they are entitled to it. I would not be surprised, however, if another week is given and after it passes by we get Members coming here and reporting that it was not possible for them to meet privately and consider the Estimates. As I see it, the request is not one for a Committee of the Council to consider the matter; it is a request for Members to get together and I do not know how often they intend to hold meetings or for how long.

The second point is, I do not know how they propose to get Government officials to attend. I think there should be some statement from the Chair as to how that should be done. I don't think Members should meet and decide to get the Director of Education or anyone else and

just expect him to appear at these meetings. I should like to hear that a Committee with some definite terms of reference is appointed. I am a little scared about the phrase "getting together" as it has been used. If I am assured that the hon. Nominated Member (Mr. Raatgever) would attend himself and would be responsible for getting the Members together—presiding over the meetings and arranging for heads of Departments to meet us—then I would support the motion. Otherwise, we might probably come back here next week and find that nothing has been done. The next point I desire to make is that if opportunity is given to Members to examine the Estimates with Heads of Departments, when we come back here in Council they should be passed with the least possible delay.

Mr. HUMPHRYS: In years gone by this Council was always given at least two weeks to consider the Estimates, but in recent years they have been thrust down our throats within a week. The Finance Committee has also been done away with, and what the Elected Members want is an opportunity among themselves to discuss the Estimates with the Heads of the Departments. I feel that we are trustees of public funds. We are being asked to spend considerable sums of money here but, personally, I am not prepared to vote on any of these Heads unless it is perfectly clear. Expenditure is soaring and soaring, and the poor people who have to pay for these things are now being told that they have to pay more. I feel that the request made by Mr. Raatgever is a reasonable one. It has not been made without any consultation with other Members, and I do not see any reason for refusing it. I feel it would save considerable time.

Mr. C. V. WIGHT: I would only like to say a few words. This is not the first time that this has been attempted. I think when I joined this Council in 1928, I attempted it. Subsequently I attempted it again, but it was a failure. If it can succeed I wish the hon. Nominated Member (Mr. Raatgever) who has suggested it all success. I think the hon. Member for North Western District, after I had failed, attempted to do the same thing, but he also

failed. The position was that the attendance was very sparse—very few Members turned up and it was difficult to get the Members of the Council far less the Officials. If it is felt that this can be done and that afterwards we can pass the Estimates within a week or two I would support it, but if we are going to get small attendances such as we got before when important things were being discussed, then it would be a waste of time. If the hon. Nominated Member, Mr. Raatgever, says he has an undertaking that when the Unofficial Members meet they would decide on what particular items should be moved in and that the minority would submit to the majority, then I think it is a reasonable request and that the business of the Council would be shortened as a result.

The PRESIDENT: I would like to hear the views of the Deputy President.

Mr. WOOLFORD: As you have asked me, sir, I will express my views, but I would have preferred not to do so. The hon. Mr. Dias has referred to the early days and, as I saw in the newspapers recently, it is a pity that the Elected section never meet to consider the Estimates. That was our habit. We had a Member who was termed a "Whip"; no one presided, but the Whip's duty was to take the items moved in and the amounts involved and get decisions taken on them. In that way, when we came here we were able to reduce the time that would otherwise have been taken for consideration of the Estimates. But the practice fell into disuetude, and for what reason I do not know. The difficulty has always been one of time. I am one of those who deplore the cessation of the meetings of the Finance Committee and I told Sir Gordon Lethem that. The only reason why they were discontinued is because much of what was said in Committee was repeated in this Council. There again, I see no objection to their continuation.

What I did object to on the part of a particular Member is that he continued to repeat his views on every possible occasion. If he spoke on any item it did not matter how long he took to do so, but then on the next day, speaking on another item, he would repeat the same remarks

with the result that he became tedious. There again, I had a certain amount of patience, but I do not think this would have the same result. My own view is that Members are entitled to what they have asked for this afternoon, though I must admit that they did have ample time to look at the Estimates. There may be some items which Members would like to have more information about and the adjournment would also give them the opportunity to meet Heads of Departments as the Committee of the Executive Council has done, and perhaps they might change their minds as to how much they should recover. I can assure them, however, that on inspection of the majority of items they would find it very difficult to make reductions. They are entitled to examine and scrutinize the Estimates and I for one would not deny them that opportunity. There are one or two items in respect of which I do not hope they would come into Council with cast-iron estimates in mind.

There is one particular item—I would not mention it now—but it is constantly being talked about and I am afraid the explanation given annually to Members for some years was entirely different from what it is now. When I first joined this Council, the expenditure on that particular item was \$160,000 a year, but it is now \$1,000,000 and I believe that in the next two or three years it would be \$2,000,000. If we budget for this item we must take steps to remove from the Statute Book an Ordinance dealing with education in this Colony, since conditions relating to both free and compulsory education have been changed. The age-limit for children has been extended to 14 years while others would have up to 16 years, and that is the reason why expenditure would be doubled or trebled.

With those few remarks I support the motion, and I would also like to say this: I think there should be some formality about these proceedings—some notes made and, as far as possible, someone should undertake to see that a motion is put for the deletion of an item. There would be no necessity to elaborate on such a motion and to say the same thing over and over again.

Mr. THOMPSON: Sir, I rise to support the motion moved by the hon. Nominated Member, Mr. Raatgever. He is just voicing the sentiment of the Unofficial Members and I do not think it is necessary for me to say much more. He has not made the request on behalf of himself, but on behalf of the Members—Elected and Nominated—because we feel that the meetings would give us an opportunity of having the whole situation examined and of coming back into this Council with a united front. There might be other means of raising revenue to meet the new and additional items on the Estimates, and if by considering the whole situation among ourselves we are able to shorten the time we would otherwise have spent in this Council, we would still have done something to our credit. I support the motion.

Mr. GONSALVES: I think it is obvious that no time would be saved by proceeding with the Estimates now, because everyone appreciates the feelings of the Elected Members and the Nominated Members also. The discussions on the items would be long because Members would spring up and make suggestions which might not be accepted by any means, and for that reason I think it would be better to adopt the suggestion of the hon. Nominated Member (Mr. Raatgever). Apart from what I have heard from four Elected Members and one Nominated Member today, as far as I know the other Elected Members do not know what are the views of each other on certain important items and what are the reasons for wanting to reduce the Estimates by \$500,000. If an adjournment is granted now Members would have an opportunity to discuss the matter with Members of the Executive Council who have been able to pare down the Estimates by \$500,000.

I think there is a recent precedent where Elected and Nominated Members met until about a month ago—just before the departure of Sir Gordon Lethem—with the Deputy President as Chairman and discussed certain things among themselves. The President agreed that they should meet to have these discussions so that there is precedent for what has been suggested now. Perhaps the

Deputy President would be the Chairman of the meeting when the Members meet, and he could also undertake to see that the Members carry out their promise to discuss these items. I do think, after having heard the various speakers, that time would not be saved by refusing the request made because, as it stands, we have already spent 50 minutes in considering whether or not the request should be granted.

The PRESIDENT: This is a very informal departure, so far as I am concerned, from the usual way of dealing with the Estimates. There are just one or two remarks I would like to make by way of clarification to those Members who say they want time to discuss the Estimates among themselves. I think it is a very reasonable request and, if as the hon. Member for Essequibo River says, one Member would speak for all and save repetition of speeches when the Estimates come back before the Council, I will consent to the motion. Of course, there is my personal responsibility as Officer Administering the Government, and the difficulty is that after listening to the Heads of Departments you might come back here with different views among yourselves which would put me on the spot.

I do not think hon. Members would take such steps, however, so I will go ahead and risk it. I would like you to see my point of view and to agree that for the sake of accuracy of information the Colonial Treasurer should sit with you. In other words, you might go on and reach a decision which might be on false premises. If you have the Colonial Treasurer he should, naturally, advise you in certain matters, and if you like to have the advice of the Economic Adviser also I would welcome that. I would not like you to come to any conclusion which would be a complete departure from the known policy of Government, and also without having it threshed out in Legislative Council. The hon. Mr. Raatgever said you should be allowed to come back with your minds made up, but you might make them up on false premises. What I do not understand is why you want to hear the Heads of Departments when, if you take the usual procedure, the Heads of Departments

would be sitting here to answer questions if necessary.

I really do not see how you are going to come to decisions among yourselves. It is not by any chance that you want to come to decisions without giving any reasons to the public? The hon. Member for North Western District is very strong on that—giving reasons to the public—and it is not by any chance, I hope, that you want to persuade each other in private and not say openly what you think. If so, I cannot consent to it. I always believe in saying what I think openly and frankly, and I would like the hon. Nominated Member who moved the motion to give me some explanation on that point. Whenever there is any complaint from Members relating to items under any particular head, I do get the Head of the Department to attend and answer any questions raised. The hon. Member thinks the majority of these Heads of Departments are time wasters, but I am most anxious to meet the wishes of Members so I would ask them to meet him. There are two ways in which that can be done. We can adjourn for another week and let Members think the Estimates over, or there can be some form of procedure and let me nominate, now, a Chairman from among you so that he would be responsible for getting in touch with the Heads of Departments. Would hon. Members accept that?

Mr. RAATGEVER: No, sir; we are quite capable of nominating our own Chairman. With reference to your remark about cricket, I think it is well known in this Council that I am always playing cricket.

The PRESIDENT: I have said that this motion would be received by Government, and I want to continue. If you want to adjourn just to think the Estimates over then, certainly, you may do so; but who is going to arrange, or how would Government arrange for Heads of Department to meet you when required?

Mr. RAATGEVER: Through the Clerk of the Council, sir.

The PRESIDENT: How would Government know when they are required?

Mr. RAATGEVER: Through the Clerk of the Council, sir. The Clerk would be present at the meetings.

The PRESIDENT : Is it agreed then that the Treasurer would sit with you ?

Mr. RAATGEVER : We would have to discuss that, sir. We would discuss it and let you know.

Mr. GONSALVES : As regards the question of a Chairman, I do not think anybody should be Chairman except the Deputy President. He is a Member of the Executive Council.

Mr. WOOLFORD : I would rather not be Chairman except it is a Select Committee. I can suggest a far more competent Chairman than myself, and I am prepared to do so soon or now. Although I appreciate the suggestion of the hon. Member I would rather not be Chairman. Let me appeal to hon. Members, however, to decide on some procedure when they meet. I see no objection to the Clerk of the Council being present, and I would strongly recommend that the Colonial Treasurer should be present also. Of course, I said in Committee that there would be added value in the presence of the Economic Adviser. I suggest that an opportunity be given to Members to adjourn as early as possible, and before we leave this room we will come to a decision, sir, and let you know.

The PRESIDENT : I should think everyone understands what the position is.

Mr. LEE : The position is that as soon as the Council is adjourned the Members would be asked to wait and we would decide on the procedure as regards the meetings. If there is a difference of opinion among Members over any particular item, a motion for its deletion would be moved and if it is carried Government would still be in a position to move that it be recommitted and discussed.

The ATTORNEY-GENERAL : As I understand the position which has been presented today, the Members of the Council desire a long period of time in which to familiarize themselves with the Estimates and the various aspects of the Budget Statement which was presented to the Council last week. They want to have a full and free and a frank discussion among themselves, in order to arrive at

decisions after an interchange of views. Hon. Members have pointed out that hitherto they were given 14 days within which to study the Estimates, but now they have been given only a week. It would be appreciated however, that this shorter period is largely due to printing difficulties.

It would also be appreciated that the Government does not desire to prevent any Member from putting forward his views to the Council. The position resolves itself into this : Are you going to have, as you have been asking, an unofficial Committee of the Unofficial Members of this Council ? That is the first question. In that case it will not be necessary to appoint a Committee which will be in the form of a Select Committee and which will have to make a formal report to His Excellency if he makes the appointment and nominates Members including the Chairman to that Committee, as was done recently in another matter. I think, if I understand hon. Members correctly, they do not want the formality of a formal Committee amongst themselves. They will select their own Chairman who will act as a Whip and stimulate them to activity. They wish Government's co-operation to the extent of requiring that the Treasurer and the Economic Adviser should sit with them. That is a matter which, I say, can be determined later on. But those are two matters which they wish to discuss amongst themselves before finally giving an answer to the Chair. That is the position, as I understand it.

There is one fact I wish to emphasize to hon. Members, and it is this : This is now the eleventh of the month; further postponement for a week means it will take us to the eighteenth of the month; the Estimates on the Budget will have to be passed before the end of the month and, consequently, there is the assumption that by meeting together a great deal of time will be saved as a result of the discussion, so that if and when you return today week to discuss the Estimates in Council, Members would be in a position to say "All these Estimates can be passed because we have no objection to the items, having satisfied ourselves as to the correctness of the expenditure." In addition to that, I suggest to hon. Members that if it is a ques-

tion of the fullest co-operation between Unofficial Members and Government — that is to say, on the Official side—if there are any aspects of the expenditure in the Budget Statement on which further information is required to iron out the difficulties, then hon. Members could give an indication of what is required. In other words, it is an endeavour to save time, and instead of a lot of talking and going “round and round the mulberry bush”, we will get down in a straightforward manner to the business of Government so far as Expenditure and Revenue are concerned. I think that is the picture.

His Excellency has intimated his views to hon. Members. May I suggest, if Your Excellency approves, that this matter be adjourned just for five minutes in order to allow hon. Members to confer among themselves, because various people have various views, so as to come to some decision on these two aspects of the matter. One hon. Member suggests fifteen minutes. If Your Excellency is agreeable, I would move a formal motion to that effect.

The PRESIDENT : I am grateful to the hon. the Attorney-General. I will adjourn the Council for fifteen minutes, but I do want you to see my point of view. Before I agree this afternoon to what is asked, I do want to know how I stand. If you are going to give an answer in a quarter of an hour, then I propose to listen to Colonel Spencer and then we will adjourn.

The ATTORNEY-GENERAL : I move that the Council adjourn for fifteen minutes to consider this matter.

Question put, and agreed to.

Council adjourned accordingly.

Council resumed at 3.20 p.m.

Mr. RAATGEVER : We have decided to allow the hon. the Colonial Treasurer to sit with us, and we would like the Clerk of Council also to sit with us. As I mentioned previously, we will elect a Chairman every time we meet. We will meet daily from 1½ to 4 p.m.

The PRESIDENT : Thank you ! I readily agree to the request which is

obviously a majority or a unanimous one. On those conditions I readily agree, and I only ask for a complete deliberation by Wednesday next. Can the hon. Member say whether that is quite enough time ?

Mr. RAATGEVER : It is quite possible that we may do so before then.

The PRESIDENT : Would it suit hon. Members to hear Colonel Spencer this afternoon ?

Mr. RAATGEVER : If he is going to be brief we would not mind hearing him.

Mr. PEER BACCHUS : We will hear him in full.

#### ECONOMIC ADVISER EXPLAINS BUDGET

Lt.-Colonel O. A. SPENCER (Economic Adviser to Government : Your Excellency, Hon. Members of Council ! — This is the first occasion on which I have had an opportunity of addressing this Council in public and I feel I would be failing in my duty if I did not thank hon. Members of Council, and not merely them, but the many other people in public life in this Colony—the Chamber of Commerce, those engaged with Labour and in every other aspect of the Colony's life—for the help and collaboration and welcome that I have received during my year's work here. I would like to thank you and the whole Colony very much for it. Having said that, sir, you will realise that it is perhaps with somewhat mixed feelings that I find myself on this, the very first occasion on which I am addressing you, doing so on subjects over which there are such deep differences of opinion, but I feel sure from my knowledge of previous talks with hon. Members that those differences will in no way weaken our mutual respect.

The issues which, broadly, are before this Colony at the present moment should be looked at, I would like, from the broadest point of view and not merely from the narrow, although urgent and important point of view, of the Budget for 1947. As I see it, the task before this Colony is to adjust its Budget as one of the stages in the evolution of a peace-time reconversion to a post-war financial policy. I have

not used any such words as "new financial deal" as that might suggest a fundamental change in policy and I would not like to support such a suggestion. As Your Excellency has already pointed out, it is a genuine continuation of the policy of Sir Gordon Lethem and one in respect of which I had the privilege of constant discussion with him and, I may say, met with his appreciation and general approval. Broadly, sir, I say the objective at the moment—and I think all will agree—is to balance the Budget. The situation that had prevailed during war-time when we were accumulating surpluses has changed. We had armed ourselves then with as much artillery as possible against the few years when there were likely to be deficits, and now we must bring the red side and the black side together again as far as we can see them. At the same time, I realise that in attempting to do this we are bound to have difficulties to overcome; but I would still like this Budget and the attendant financial measures which are necessary to implement it and balance it to be regarded, if I may so ask, by hon. Members of this Council as, first of all, a series of measures in which we will try to attain a better tax and fiscal system; one more adapted to post-war conditions, and one in which, even though we may have to face, (as I think we must and should) an increased burden of taxation, Government should try and shift that burden somewhat more away and as far as possible away from such things as development, production and the necessities of life, and from the family man who is greatly burdened by the increased cost of living: and put it as far as we can on luxuries and semi-luxuries, and on those whose incomes enable them to weather the difficulties of the present time with less pain than those less fortunate.

Following on such a policy, I envisage a revision of the Customs Tariff. We should try to simplify it and try to get away from such things as a Bill of Entry Tax and other anomalies. We should try to remove taxation imposed on development, motor spirit, imports of machinery and aids to manufacture. We should try to give relief in those directions and in certain other ones which I will not discuss at the moment through lack of time.

One thing that has struck me is that several persons have come and asked me why this sudden change—why after years of accumulating surpluses—why after years of budgeting that did not occasion great difficulty or intense discussion, do we find ourselves faced with an issue which involves increased taxation? To answer that question in the broadest terms, I would refer mainly to the developments in the economic situation through which we have gone. To put it in very simple words, we are now on the top of what the statistician might call an "S curve". By that I mean to say that after having a certain level of revenue and expenditure before the war, which underwent only very small variations, there came a price inflation—the price boom of the war, which led to a very great expansion in profits in most concerns and in all sorts of income. I need only draw attention, for instance, to the fact that in 1939 our Note issue was less than \$2,000,000 and it is now over \$7,500,000. We had about \$2,000,000 or \$3,000,000 in deposits in the Post Office Savings Bank in 1939 and now we have over \$11,000,000. We have seen exports and imports doubled, and our external trade which was about \$25,000,000 before the war has gone up to \$42,000,000 in 1945. It is higher today. That great upswing in prices generated revenue very rapidly whereas our expenditure went up rather more slowly. There was a time lag before improved wage and salary conditions became necessary and new commitments were entered into so that the rise in Government expenditure lagged behind, but when it did start it followed naturally and for good basic reasons the same course as Government revenue. Revenue, which went up quite rapidly, is now starting to turn off its peak: the very big inflation in prices and incomes is also coming towards its close. It is in its last stages and we have to judge that position in the light of the fact that our expenditure has also risen and is inclined to overshoot revenue. In that position we have three alternatives. We may either eat further into our surplus; we may try to slash expenditure—I use the word "slash" advisedly, because minor pruning will not close the present gap; or we may try to increase revenue. Revenue is increasing still: in fact, as you know,

it is estimated that Revenue will be extremely high in 1947, but the *rate of growth* has slowed down. Out of these three alternatives we have to take our choice. Some people have asked me: "Is there really a deficit?" or, "Would we not be justified if we continue to consume our surplus?" To this latter question, sir, my advice is "No." We have been consuming our surplus in the past two years and it would not be wise to continue. To the first question, my answer is: "Yes; there is a basic deficit of about \$1,000,000," by which I mean that our current commitments, as far as we can foresee, exceed Revenue by that amount. It is of course true that Expenditure at the present time contains temporary and inflationary elements, but I would draw your attention to the fact that Revenue also contains similar temporary and inflationary elements. For example, in our 1947 estimates of Excess Profits Tax, no less than \$900,000 of excess profits represents arrears. These will not recur in the following year. I would also like to draw attention to the fact that although Customs revenue will undoubtedly be bouyant, we should bear in mind that as supplies become available more freely there will be a great deal of re-stocking, involving a level of imports which will be temporary in its nature and will not necessarily be continued in the subsequent years. That re-stocking process of course will bring in Customs revenue, but it will be of a temporary nature. I would like to bring to notice these two specific temporary elements on the revenue side which must be watched and not counted as permanent elements when considering the items of expenditure which we can properly sustain. There are other reasons for not using the surplus at the present time. One is that deficit financing adds to inflation and I do not think anyone would like to do that at the present moment. It would also be accepted by businessmen that to use a Surplus, which is a sort of capital fund, to meet recurrent needs is not sound finance. All this led me not to consider using this Surplus, but rather to set it aside for development and capital works which would be of permanent value to the Colony, and to advise you, sir, as to which of the two other courses which are practical and open to us, we should follow. In regard to the slashing of expenditure or the raising

of revenue by taxation, I would suggest to you and to hon. Members that we can apply two tests: firstly, what is the level of Public and Social services which the Colony needs; and secondly, what level the Colony can afford. It seems to me that, first, the test of need must be applied to this Budget and it will obviously be the function of hon. Members at the proposed meetings to apply that test for themselves. It is entirely proper that it should be applied, but, sir, when we come to the question of what we can afford, we have to consider it by some reasonable and sound criteria. Now, taxation is not pleasant; increases in taxation are not pleasant. Hon. Members will remember that certain increases were proposed last year and the Government stated that on my advice it would not proceed with them. I mention that because a year ago, I was not satisfied about the necessity for those increases. I was not satisfied with certain elements in the Budget which I wished to examine. I did not wish to be a party to supporting proposals of the necessity of which I was not convinced. I am now, sir, convinced of the necessity for increased taxation and that is why I speak to you on this subject.

What level of services can we afford? On that subject the only simple test I can apply is the relationship between Expenditure and National Income. I cannot get very precise statistics in the short time available, but I should say the present level of recurrent commitments is 20 to 22 per cent. of the National Income. That seems to me a fair and reasonable proportion, if it is found necessary when the test of need is applied. To my mind it is practical, acceptable and maintainable. I do not suggest that we should go much further—in fact to the contrary. It is true that in such countries as the United Kingdom, Canada and other places, the proportion of National Income raised by taxation has exceeded 33 to 34 per cent. and total Government expenditure, including that part financed by loans, has been still higher; but in a Colony of this sort, largely agricultural and relatively poorer, with a lower National Income per head, I should not advise assumption of a greater proportion than that which we have assumed at present; in fact, the higher proportions

appropriated in wealthier communities have, in the case of the United Kingdom had the disadvantage of leading to some consumption of capital resources.

This present proposed level of expenditure, therefore, if it passes the test of need, is in relation to the current level of National Income, to my mind reasonable, maintainable and supportable.

I do not think there is much I can say on the subject of need, as hon. Members will have ample opportunity of examining that in detail. I would only give my honest personal reasons for thinking that, perhaps, the need is there. What are the big increases in the war-time Budget?—that is to say, the big differences between the Colony's Estimates in 1939 and the Estimates before this Council today? They are in such things as Health, which was \$600,000 in 1939 and is now \$1,700,000; Education which was \$561,000 in 1939 and \$1,530,000 today; Poor Law which was \$123,000 in 1939 and is now \$532,000; Police which was \$494,000 in 1939 and is \$916,000 today; Subsidization and Colonial Emergency Measures which did not exist in 1939 are now \$1,300,000; War Bonus, an entirely new item, is over \$1,000,000; Transport and Harbours deficit which was \$269,000 in 1939, was estimated at nearly \$1,000,000 in 1945, but we have every reason to believe that under the new and able General Manager it will fall to about \$500,000 next year and lower still in the following years. These items alone account for an increase of \$5,400,000 between the Budget of 1939 and the Estimates for 1947.

The reasons for those increases could be examined in detail, but my personal reasons for thinking that they should in principle be sustained, and not falling into the view that they should be reduced are that from being in this Colony for a little over a year, I can scarcely say that Health services are excessive; that you need less doctors and less nurses or that they should be paid less. I can scarcely say that there should be poorer dietary or less medicine for patients. Similarly with Education: we have 45,000 pupils on roll with 1,500 teachers, that is 30 pupils per teacher. I cannot say that this number of teachers is

excessive or that there are too many schools, judging from the overcrowded ones which I have seen, with large numbers of teachers trying hard to teach in one confined space. I have, of course, heard criticisms of the results of the education system, but my personal view is that it is sometimes a marvel that the children learn anything under those conditions, much more than that, as people allege, the children learn little.

Again, take Poor Law and Old Age Pensions. Are they too liberal? Personally, I cannot say I see any evidence of that fact.

The Police Vote very largely consists of pay for personnel, plus certain urgent elements of extraordinary expenditure. There are 745 constables, are they too many? I think not. For those reasons, and without going into technical detail of the Departments I had got down to considering the possibility of raising revenue to meet that gap. A special committee, or rather, the members of this Council will have ample opportunity to go into them. I am merely putting forward my personal explanation of the main background of the taxation proposals which, if the Budget is to be balanced on this present basis, will have to be passed or put forward in this or some other form.

As to the general future trend, some of my friends have said, "Very well, for the present situation; maybe we can support it, but what of the future?" Only a prophet can make comments on the future. Sir, I am no pessimist and I have no lack of confidence in the future of this Colony. But that does not mean to say I do not foresee difficulties. I foresee that for the next few years we shall probably have bouyant markets for our produce—timber, sugar, rice and the rest. There is every evidence of bouyant markets for some years to come. As I see it we must use that boom to increase production in these and other lines. We must improve our efficiency so that when we come to the end of the seller's market and a greater degree of competition returns we may be in a position to compete well and to hold our own. Given goodwill and energy, I think, we can do so and more by substantial expansion, particularly in the output of our forests and

agriculture. I see great opportunities if we are prepared to face the issues involved, but nevertheless the facts are that if in two or three or four years' time there is a severe break in commodity prices and we have not made a very great increase in physical production, it may well not be possible to sustain even our present level of services. I do not say that as a pessimist. I merely say that as putting, in a fair way, both sides of the case. It is added reason for my personal view, which I submit to you, that although we can and should try to maintain the existing level of our Public and Social Services, we should be extremely cautious in extending or adding to them until we are sure that we can maintain them in the years to come—and the most important factors in our ability to maintain them are partly the level of prices and partly the volume of national production. Those are my reasons for saying we should strive to maintain them in the present conditions; for I think we can, and I do not think we should be pessimistic about the extreme future. Even though we may realize there are adverse possibilities, that there are difficulties and dangers to be overcome, I do not think this is a matter in which we should be pessimistic today.

I feel that it would not be useful if we discussed the taxation proposals in too great detail today because, as I have said already, obviously any realistic consideration of them must depend upon what happens to the Budget, on what happens to the level of Expenditure in the course of its examination by Members. There is only one thing I would say, and that is, although I appreciate that the level of taxation and any increase in the level of taxation, though a necessity is unpleasant, as it involves people paying more and people having less to spend on things they wish, yet I would not say that I would subscribe to the description of the present taxation level as an excessive burden even with the proposals that are at present under consideration by this Council. It is not, sir, a light burden; it is by no means an insignificant burden, but I think we should face it squarely. It is not an excessive burden on National Income in the form in which the proposals are at present made. I would also like to draw particu-

lar attention to the fact that certain allowances are proposed which may be discussed in detail later: I refer particularly to the family man in the case of Income Tax and new development concerns in the case of Company Tax. Without going into these I still say that the level of taxation in respect of personal income tax, even with the new proposals, will still be less almost throughout the whole of its range than those ruling, for instance, in Jamaica or Barbados. It is, however, higher than in Trinidad.

With regard to indirect taxation it is very difficult to weigh up the various burdens of this form of taxation between the various Colonies. All I would say, at the present moment is that we might compare the burden of import duties by expressing them as a percentage of the C.I.F. value of imports. The burden of import duties between these four major Colonies in round figures is something like this: In Jamaica the import duties weigh 20 to 22 per cent., or say over 20 per cent. of the C.I.F. values; in this Colony apparently, it is about 15 to 16 per cent. It was higher before the war, but we have made some reductions and as part of our tariff is specific, its "burden" falls as prices increase. In Barbados it is somewhat less, 10 to 12 per cent., and in Trinidad a little lower. I mention these figures because I would like to put forward for discussion later in great detail these taxation proposals in broad perspective compared with neighbouring Colonies.

There is one other thing. It is with regret that I submit for consideration increases of indirect taxation, and although I realize that those things in respect of which additional indirect taxation is proposed are in fact consumed very widely throughout the Colony, I would yet direct attention to the increase in consumption that has taken place. For instance, in 1939, we consumed about 462,000 lbs. of tobacco and today this Colony is consuming, or rather in 1945, the consumption had reached well over 600,000 lbs. In 1939 we consumed about 130,000 proof gallons of rum while in 1945 we consumed 310,000 proof gallons. In beer the consumption is now a little less than in 1939—113,000 gallons, whereas before it was 140,000 gal-

lons.—notwithstanding the fact that supplies are somewhat difficult to obtain. I think those figures should be borne in mind when one is considering what is being taxed and whether or not it is fair to describe them, perhaps not as luxuries, but still not as absolute or even relative necessities.

Your Excellency, I want to conclude by thanking you again and Honourable Members of this Council for this opportunity. If in due course the Tax Bills are presented to this Council I hope to have an opportunity to discuss them in detail with you. I have not done that at the moment as the most important issue before us is the question of expenditure. I would only like to say that it is essential to balance the Budget so that we may have the surplus for development works, capital works and things of a permanent benefit to the Colony. I concur entirely that the present Budget should be closely examined so as to make sure that the public get value for their money. I have given support to that

examination. It is also important that we should strive to maintain the general existing levels of public and social services. I cannot say that they seem to me excessive; far from it: there are many directions in which our standards still compare unfavourably with those considered reasonable in other communities. I appreciate the difficulty, sir, but I think the sacrifice will be worth while: it will be particularly worth while if, at a later stage,—and to this I attach great importance—we can proceed with other measures for fiscal and allied changes and improvements. I refer to the Customs tariff and other matters which I have mentioned.

The PRESIDENT: Thank you very much, Colonel Spencer. I have had the address taken down and I suggest that copies be given to hon. Members as soon as possible. If there is no other business and no other Member wishes to address the Council, I propose to adjourn. We will now adjourn until Wednesday, December 18, at 2 p.m.