

LEGISLATIVE COUNCIL

(Constituted under the British Guiana
 (Constitution) (Temporary Provisions)
 Order in Council, 1953)

FRIDAY, 17TH DECEMBER, 1954

The Council met at 2 p.m. His Honour the Speaker, Sir Eustace Woolford, O.B.E., Q.C., in the Chair.

PRESENT :

His Honour the Speaker, Sir Eustace Gordon Woolford, O.B.E., Q.C.

Ex-Officio Members:

The Hon. the Chief Secretary,
 Mr. T. C. Jerrom (acting).

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

The Hon. the Financial Secretary,
 Mr. W. O. Fraser, O.B.E.

Nominated Members of Executive Council:

The Hon. Sir Frank McDavid,
 C.M.G., C.B.E. (Member for Agriculture, Forests, Lands and Mines).

The Hon. P. A. Cummings (Member for Labour, Health and Housing).

The Hon. W. O. R. Kendall (Member for Communications and Works).

The Hon. G. A. C. Farnum, O.B.E.
 (Member for Local Government, Social Welfare and Co-operative Development).

The Hon. R. B. Gajraj.

The Hon. R. C. Tello.

Deputy Speaker:

Mr. W. J. Raatgever, C.B.E.

Nominated Officials:

Mr. W. T. Lord, I.S.O.

Mr. J. I. Ramphal.

Nominated Unofficials:

Mr. T. Lee.

Mr. W. A. Phang.

Mr. L. A. Luckhoo, Q.C.

Mr. W. A. Macnie, C.M.G., O.B.E.

Mr. C. A. Carter.

Mr. E. F. Correia,

Rev. D. C. J. Bobb.

Mr. H. Rahaman.

Miss Gertie H. Collins.

Mrs. Esther E. Dey.

Dr. H. A. Fraser.

Mr. R. B. Jailal.

Mr. Sugrim Singh.

Clerk of the Legislature—

Mr. I. Crum Ewing.

Assistant Clerk of the Legislature—

Mr. E. V. Viapree (acting).

Absent:

The Hon. G. H. Smellie—on leave

Lt. Col. E. J. Haywood, M.B.E., T.D.—on leave.

The Speaker read prayers.

The Minutes of the meeting of the Council held on Thursday, the 16th of December, 1954, as printed and circulated, were taken as read and confirmed.

ANNOUNCEMENTS

Mr. Speaker: I have no announcements to make. Has any Member any?

REPORTS AND DOCUMENTS

The following documents were laid on the table—

The Annual Report on British Guiana for the year 1953.—(The Chief Secretary).

Report on the Taxation System of British Guiana by Mr. R. O. Nicholas of Her Majesty's Inland Revenue Department.—(The Financial Secretary).

ORDER OF THE DAY

RICE FARMER: (SECURITY OF TENURE) BILL

Mr. Lee asked, and the Member for Agriculture, Forests and Lands and Mines (Sir Frank McDavid) replied to, the following questions:-

Q. 1:—Is Government aware that the Rice Farmers are anxiously awaiting the enactment of the new Rice Farmers (Security of Tenure) Bill?

A. —Yes. The report of the Committee and the recommended draft amending legislation are being examined by the Law Officers. It is hoped that it will be possible to introduce the Bill at an early date.

Q. 2:—If the answer is in the affirmative, will Government state when the Bill will be introduced?

A. —See answer to Question 1.

Q. 3:—Has Government received the comments and amendments to the Rice Producers Ordinance No 7,1946, from the Rice Producers Association.

A. —The Rice Producers Association has submitted proposals for the amendment of the Rice Producers Ordinance, 1946, which are under consideration.

Q. 4:—If the answer is in the affirmative, will Government circulate copies of the comments to Members of the Legislative Council and state when the legislation to amend the Ordinance will be introduced?

A. —See answer to Question 3. If it is decided to introduce amending legislation the draft Bill and explanatory memorandum will be published and laid in Council in the normal course,

Q. 5:—Is Government aware that the Rice Marketing Board has stated that they have explored every available avenue for the sale of parboiled rice,

A. —This Government is not aware that the Rice Marketing Board is finding any difficulty in disposing of supplies of rice available for export. It is, however, understood that the Board is considering the possibility of developing an export trade in white rice;

Q. 6:—If the answer is in the affirmative, will Government state where, when, and to whom have such approaches for sales been made?

A. —See answer to Question 5.

BILLS—FIRST READING

The following Bills were read the first time—

A Bill intituled "An Ordinance to provide for the establishment of a Development Fund for the carrying out of works of development in the Colony."

A Bill intituled "An Ordinance to provide that all Government Currency Notes which are legal tender in the Island of Jamaica shall be legal tender for the payment of any money in British Guiana."—(The Financial Secretary).

A Bill intituled "An Ordinance to amend the British Guiana Rice Producers' Association (Special Provisions) Ordinance 1953, with respect to the terms of office of members of Committees of District Associations and of the Council of the British Guiana Rice Producers' Association, and for purposes connected therewith".—(The Member for Agriculture, Forests, Lands and Mines).

A Bill intituled "An Ordinance to validate the election of certain Councillors of the Buxton and Friendship Village District and all proceedings of the Village Council of that District in which those Councillors have acted, and all acts done by such persons as Councillors of that Village Council".—(The Member for Local Government, Social Welfare and Co-operative Development).

Mr. Speaker: I would ask hon. Members, before going further with the business on the Order Paper, if there is going to be any discussion on the Medical Practitioners (Temporary Registration) Ordinance and the Rent Restriction Ordinance Continuance Bills and other Bills, as I would like to have them disposed of. The Magistrates, for example, would like to know what is going to happen to the Rent Restriction Ordinance. I would like to put them all on the Order Paper, but if there is going to be any objection to any of them on the part of Members, please let us know. Can the hon. Member for Labour give any indication?

Mr. Cummings (Member for Labour, Health and Housing): I doubt very much there is anything controversial in my two motions.

CONTINUANCE OF MEDICAL PRACTITIONERS (TEMPORARY REGISTRATION) ORDINANCE

Mr. Cummings: I beg to move the following motion standing in my name on the Order Paper.

Whereas the Medical Practitioners (Temporary Registration) Ordinance 1947

(No. 24) came into operation on the 26th of July, 1947;

And whereas section 5 of the said Ordinance provides that the Ordinance shall continue in force, up to and including the thirty-first day of December, nineteen hundred and fifty-one, but that the Legislative Council may, prior to the expiration of this Ordinance, by resolution (which resolution shall be published in the Gazette) declare that it shall continue in force for a further period of one year from the date of that expiration and may from time to time, prior to the expiration of that or any further continued operation, similarly declare that it shall continue for a further period of one year;

And whereas by the Medical Practitioners (Temporary Registration) (Extension) Ordinance, 1954 (No. 6), the Medical Practitioners (Temporary Registration) Ordinance, 1947, has been continued in force as though that Ordinance had been continued in force by resolution of the Legislative Council in accordance with the provisions of section 5 thereof for the period commencing on the 1st January, 1954, and ending on the 31st December, 1954;

And whereas it is desirable that the Medical Practitioners (Temporary Registration) Ordinance, 1947, should continue in operation for a further period;

Now, therefore, be it resolved that the Medical Practitioners (Temporary Registration) Ordinance, 1947 (No. 24), shall continue in force for a further period of one year from the 1st January, 1955.

In doing so I wish briefly to remind hon. Members that this measure was first introduced in 1947 because of the shortage of medical practitioners in the Colony. That shortage and the conditions which existed then still exist, and it is very desirable that the operation of the Bill be extended for another year. It was by resolution extended to the end of this year. I now move that this Council approves of a further extension for the year 1955.

Sir Frank McDavid : I beg to second that.

Question put, and agreed to.

Motion carried.

CONTINUANCE OF RENT RESTRICTION ORDINANCE.

Mr. Cummings: I beg to move the following motion—

Whereas the Rent Restriction Ordinance, 1941 (No. 23 of 1941) came into operation the 8th day of November, 1941;

And whereas section 16 of the said Ordinance, as amended by section 17 of the Rent Restriction (Amendment) Ordinance, 1947 (No. 13 of 1947) provides that the Ordinance shall continue in force up to and including the 31st day of December, 1951, but that prior to the expiration thereof, the Legislative Council may, by resolution published in the Gazette, declare that the said Ordinance shall continue in operation for a further period of one year;

And whereas by annual resolutions the said Ordinance was continued in operation during the years 1952 and 1953;

And whereas by the Rent Restriction (Continuance) Ordinance, 1954 (No. 1 of 1954) the Rent Restriction Ordinance, 1941 (No. 23 of 1941) was continued in force and deemed always to have continued in force as though that Ordinance as amended had been continued in force by resolution of the Legislative Council in accordance with the provisions of section 16 of that Ordinance for the period commencing on the 1st January, 1954, and ending on the 31st December, 1954;

And whereas it is expedient that the said Ordinance be continued in operation for a further period of one year;

Now, therefore, be it resolved that the Rent Restriction Ordinance, 1941 (No. 23 of 1941) shall continue in force for a further period of one year up to and including the 31st December, 1955.

The position is that this Ordinance was wartime legislation in order to protect the tenants by the stabilising of rents and the terms on which Orders

of Possession are made. Those conditions which existed then still exist, and it is desirable that the operation of this Ordinance should be for a further period of a year. In passing, I would like to mention that the Rent Restriction Committee appointed to go into this matter has travelled in all three counties and has completed the taking of evidence and its report is now being written. I expect to be in a position to lay that document before this Council very shortly.

Sir Frank McDavid: I beg to second that.

Mr. Lee: I would like to say something on this motion. There is still very severe treatment of tenants by landlords, and it is necessary that the new Ordinance be introduced as early as possible. I sincerely hope that Government would see to it that it is introduced within the coming year. That is all I ask.

Question put, and agreed to.

Motion carried.

Mr. Speaker: I do not suppose the hon. Member for Agriculture has anything contentious.

Sir Frank McDavid: I do not think so.

DRAINAGE AND IRRIGATION (DECLARATION OF AREA AND VALUATION OF ACTS) BILL

Sir Frank McDavid: (Member for Agriculture, Forests, Lands and Mines) : I beg to move the second reading of a Bill intituled :

"An Ordinance to provide for the establishment of a certain drainage and irrigation area, the validation of the construction of certain works and for purposes connected therewith."

The Bill, if enacted, would be styled "The Drainage and Irrigation (Declaration of Area and Validation of Acts) Ordinance."

Hon. Members will have seen from the first paragraph of the statement of Objects and Reasons that the object of the Bill is to regularize the position resulting from the declaration by Order in Council, No. 40 of 1953, dated 24th April, 1953, and published in the *Gazette* of the 25th April, 1953, of a portion of Pln. Klien Pouderoyen as the "Northern Klien Pouderoyen Drainage Area" rather than as the "Northern Klien Pouderoyen Drainage and Irrigation Area" as required by section 18 (1) of the Drainage and Irrigation Ordinance, 1940. Therefore, the object of the Bill is to rectify the omission of two words — "and Irrigation." I am a great admirer of the artistry of the Legal Draftsman of this Colony. This is a fine example of his art, because the text of the Bill itself contains 520 words and the Schedule another 360 words. So the price in words of an omission of two words is extremely high.

Clause 3 of the Bill is the most important clause, in that it provides for the declaration of this area in its proper style and also for the substitution of plans, which were laid in connection with it under its wrong style, as the proper plans under the new and correct style. Clause 4 is the validating clause which validates all acts which were done irregularly under the Order in Council as promulgated in 1953.

I do not know how the error arose but I have reason to believe that it is not entirely due to inadvertence, because I think some official thought that because of the nature of the work being carried out being in relation to drainage only the words "and irriga-

tion" could be left out. But the effect of that omission is serious, and it is important that the correction be made, and made quickly, as works are going on. If the error is not corrected the result would be serious. I hope hon. Members would accept this explanation and pass the Bill.

The Attorney General: In seconding the motion I would emphasize that it is not only the price of words, as has been said by the hon. Mover in the last part of his statement, but it is a matter of considerable gravity because it is a price not in words but in value.

Question put, and agreed to.

Bill read a second time.

Council resolved itself into Committee to consider the Bill clause by clause.

The Bill was passed as printed without discussion.

Council resumed.

Sir Frank McDavid: If I am permitted I will take the third reading now. I beg to move that the Bill be read a third time and passed.

The Attorney General seconded.

Question put, and agreed to.

Bill read a third time and passed.

Mr. Speaker: All the remaining items on the Order Paper will be deferred. I would therefore ask the hon. the Financial Secretary to proceed with the Appropriation Bill.

APPROPRIATION BILL, 1954

The Financial Secretary: I beg to move that the relevant Standing Orders

[The Financial Secretary] of the Council be suspended to enable me to proceed with the Appropriation Bill, 1954, the Budget for 1955 and also other Bills relating to the Budget.

Question put, and agreed to.

Standing Orders suspended.

Mr. Lee: I would like a copy of the motion.

Mr. Speaker: The Budget Statement?

Mr. Lee: I have not got a copy of the motion.

The Financial Secretary: I beg to lay on the table the Draft Estimates for 1955, the current Estimates and the Development Estimates. I also beg to introduce the Appropriation Bill for 1954.

I beg to move the first reading of a Bill intituled:

"An Ordinance to appropriate the supplies granted in the current Session of the Legislative Council."

The Attorney General seconded.

Question put, and agreed to.

Bill read the first time.

BUDGET STATEMENT

The Financial Secretary: In moving the second reading of the Bill to appropriate supplies for 1955 and in presenting at this time the Budget Statement on the financial position of the Colony, I move along the well-worn grooves of custom.

The year, now coming to its close, will mark the first anniversary of

this Council. It has not been an easy year. It has in fact produced many problems and difficulties which have called for a great deal of re-thinking, courage and patriotism. The Council has been fully preoccupied and especially so on the financial side. In this connection, I can recall no other period when the Finance Committee of the Council, has met on so many occasions and has been required to examine and approve of expenditure of the magnitude it has. Inclusive of development expenditure, the appropriation for the year from Revenue and other sources exceeds fifty-five million dollars. Even two years ago, this sum would have been regarded as breathtaking, but today it seems to be the measure of our times. You, Sir, have seen fit publicly to call attention to the volume of work which was being transacted in Finance Committee. This service, is, I think, a symbol of the determination which impels Members to do all that can be done to rehabilitate the spiritual, political and economic foundations on which the fortunes and future of the Colony rest. I mentioned that the year now coming to its close has not been without its difficulties, but indications are that the year ahead is possibly going to be still more difficult. The splendid co-operation and understanding, however, which have distinguished the deliberations of the Council, augur well for the future.

In addressing Council today on the subject of the 1955 Budget, I must express my regret in not having been in a position to place in the hands of members earlier, the draft estimates of Revenue and Expenditure for the year. I should have liked to have presented the Budget in the first week of December and to have completed action on it by Christmas, or at least

early in the new year, but a number of unavoidable circumstances have contributed to the delay. It is the case that the expansion which has taken place in the functions and activities of Government has made it most difficult to have proceeded at greater speed. Indeed, difficulties which in previous years have occasioned delay, have this year been intensified. It will suffice to say that administrative decisions have had to be taken on a number of reports—the Salaries Revision Report, the Report on our Taxation System and the Report on Social Security, to mention only a few. Completion of departmental estimates had necessarily to await these decisions, and estimates could not in the circumstances be submitted within the time required. In addition, the fullest consideration had to be given to the effects of decisions on the overall position.

It will be observed that in place of the one estimate which it is usual to lay, Members have been supplied with two estimates—the annually recurrent estimates of departmental provision and the development estimates. This is a departure from normal practice and, as will be recalled, was recommended by the International Bank for Reconstruction and Development. The Bank's recommendation was actually given effect to this year, but the 1955 Budget Session will mark the first occasion on which two sets of Budgets have been presented simultaneously. This Council has already dealt with two Budgets of comparable size, although at different times. This double presentation should therefore not unduly worry Members.

PROCEDURE

With regard to procedure, Members will have observed that as on the last occasion, I have again proceeded

to address them on the Budget on moving the second reading of the Appropriation Bill. In order that Members should be quite clear on procedure, I repeat what has been stated previously. On completion of my speech, and on the motion for the second reading of the Appropriation Bill being seconded, the discussion on the Budget will be adjourned to allow the estimates which have been laid, to be referred to Finance Committee for examination. This, as will be appreciated, will give Members a much clearer picture of the structure of the Estimates as they examine them, and familiarise them with what is proposed. They will thus be enabled more fully to appreciate the underlying budgetary policy. On the presentation to the Council of the Report of Finance Committee on the estimates, the debate will commence and policy will then be fully discussed. On the conclusion of the debate Council, as is usual, will be moved into Committee to consider the report of Finance Committee under each head of the Appropriation Bill. At this point Members will again have the opportunity to raise and discuss any item in the Estimates with which they may desire to deal in open Council.

ECONOMIC AND FINANCIAL OUTLOOK

I shall now briefly review the economic and financial outlook. With freedom from the industrial upsets and strikes which were a feature of the preceding year, 1954 has on the whole been a year of recovery, consolidation and growing confidence. Nevertheless, the price of the political misadventure and extremist action which characterised the greater part of 1953 has proved a heavy and continuing burden. During this year there has been no fundamental change

[The Financial Secretary]

in our economy, but there are signs of a quickening in the tempo of development. Speaking broadly, our general background remains one of unremitting struggle against many physical and other difficulties. The actual expansion which has marked recent years is still proceeding. With the development programme gaining strength and momentum, employment is rising, prices of commodities have remained fairly steady, except in the case of ground provisions, which when decontrolled earlier in the year, caused a steep rise in the cost of living index. Following the usual pattern the prices of these commodities are now returning to more normal levels. Exports on the whole are on a par with exports of the preceding year and imports have regained the buoyancy they lost in 1953. Speaking more specifically, sugar with its by-products and bauxite, remain the twin pillars of our economy, with some support from rice and to the lesser extent, timber, gold and diamonds. Unseasonable rains in the early and latter months of the year, have to some extent affected both sugar and rice production and, in the case of rice, have done much to reduce what would have been an exceptionally heavy crop. As Members know, our contracts with the West Indies for the supply of rice expired this year, but have been extended at existing prices for a further two years. This is gratifying, but the point must be made that the favourable seller's market enjoyed during past years is becoming less assured with the fall in the world price of the commodity. The industry must therefore gear itself to the realisation that prices may not always remain at their present level and that in the future the commodity

may have to face greater competition than in recent years.

In regard to bauxite, we can feel particularly grateful to the Demerara Bauxite Company and their principals for the very notable way in which they have, by their efforts, been able to discover and encourage new uses for aluminium, and thus keep production of bauxite at a level, beyond what we had any reason to imagine would be the case after the end of the War.

At this point I would refer to the outbreak of foot and mouth disease in Brazil, contiguous to our border in the Rupununi. The outbreak constitutes a serious threat to our cattle industry and has added to our anxieties and problems, but I would assure Members that all precautionary measures which can be taken to prevent the spread of the disease to our side, have been taken, but these measures, as Members will realise, are bound to prove expensive.

NATIONAL INCOME

I said a few moments ago that there are signs of quickening in the tempo of development. I might add that as the result of earlier development our national income has continued its post-war upward trend. The production figures suggest that the national income is in the vicinity of \$185 million, a third higher than the firm figure for 1951. It is true that part of this increase reflects the higher level of prices, but even so the increase in real terms has been substantial—possibly something like 15%.

FORESTRY PROGRESS IN BRITISH GUIANA

The 2.8 million dollar sawmill of British Guiana Timbers Ltd., the con-

struction of which was started three or four years ago, was officially opened this year, and is reported to be the largest and the most modern of its kind in South America. This has made a considerable addition to our capacity for the production of high quality lumber, and offers new hopes for the disposal of lesser known timbers locally and in nearby Caribbean markets. The small mill production of such lesser known timbers is being provided for by an expansion of the Forest Department Seasoning Scheme, and the installation of a modern processing plant from which already a production of nearly 120 tons of seasoned and manufactured lumber is being sold monthly on the local market. Most of it is the kind of material that until recently used to be left behind in the forest.

I may observe that forests of any country are a great national asset, and with our forests covering more than half the area of our Colony the extension of good manufacturing methods and processes will inevitably stimulate trade in sawn lumber.

There has been some recent talk of the development of such industries as plywood and paper-pulp manufacture. In regard to plywood, although there may well be possibilities for the future, figures do not bear out the suggestion that a plywood factory could operate for very long on our present supplies of Dalli, which is the only timber used for plywood in Dutch Guiana.

The possibilities of paper-pulp manufacture are being re-investigated in the light of a process invented on the Ivory Coast for the manufacture of pulp out of mixed tropical woods.

It may be remembered that the International Bank Mission recom-

mended the introduction of various kind of pine trees for trial in our infertile white sand areas. I will therefore remark in passing that a small experimental pine tree plantation has been formed at Bartica and that, according to the latest news, the trees are actually growing.

INTERIOR POTENTIALITIES

In the mining sector minerals are attracting a great deal of attention and extensive exploration is being conducted for tantalite/columbite, manganese and iron ore.

Reports of rich deposits of tantalite/columbite in the Mazaruni and Morabisi areas are being constantly received. Three major companies are now engaged in extensive explorations over a fairly wide area. Indications point to the fact that the Colony may indeed become an important source of supply of this mineral which is in world wide demand. The United States of America gives it No. 1 priority on the list of strategic minerals. While it has many uses, demand for it is greatest in connection with the production of a metal for use in the manufacture of jet engines and planes for which strength, lightness and resistance to the corrosive effect of great heat are essential. The ore is expected to come into production early next year. A second important base metal will thus find a place on our export list.

Looming in even greater importance than tantalite/columbite is manganese. A new local Company, the North West Guiana, was registered this year. The Company is a subsidiary of the Union Carbide Corporation of New York and will engage in the production of manganese ore in the North West District. This area, as Members know, is one with a long record of de-

[The Financial Secretary]

pression. The development of mining, therefore, on the scale visualised by the Company is bound to have a most stimulating effect on the fortunes of the area, and in this respect is to be welcomed. A 65 mile railway is to be constructed as an integral part of the mining venture and this gives some idea of the magnitude and scope of the operations planned. The industry may not attain the stature of the bauxite industry, but it will nevertheless be an important addition to our economy.

The ore, when produced, may have to be shipped through the Barima River which enters Venezuelan Territory just before it reaches the Atlantic Ocean. Shipment through Venezuelan waters should, however, impose no impediment on the operations of the Company, as Her Majesty's Government has treaty rights in the use and navigation of the waterway. It is unlikely, that the Company will come into production much before 1957.

Together with manganese there are reports of extensive, though low grade iron ore deposits in various parts of the Colony. So far these deposits have not as yet attracted any active interest.

I have touched briefly on the potential mineral wealth of the Colony, but the picture would be incomplete if I did not also refer here to the hydro-electric possibilities of our interior. We do not know precisely what these possibilities are, but ever since B.G. Consolidated Goldfields started construction of their small power station at Tumatumari, water power has come under closer examination by private enterprise. Nothing concrete has so far emerged. It is perhaps too early, but we know that nature has been prodigal to us in so far as water

is concerned. The word "Guiana" implies water, and even though the configuration or physical features of the interior do not provide natural reservoirs for the large scale storage of water, the view is held that hydro-electric possibilities are not insignificant. The defect I have referred to, i.e., lack of natural storage possibly bars us from the extravagance of thinking that such power would be available in sufficient volume as to enable processing of minerals on the spot. Nevertheless, the development of such power as is possible, should prove of material assistance in the creation of the impetus for other forms of industry. Thus, cheaper power would remove one of the deficiencies pointed out by the International Bank as impeding industrial development in the Colony. While thoughts of hydro-electric generation are exercising many minds, Government Hydrological Surveys are being expanded.

In the petroleum world, local expectations have been keyed up the year round on the possibility of finding oil in commercial quantity. Despite the scepticism of geological opinion as to the occurrence of petroleum in the Colony and its oft-repeated warnings of the highly speculative nature of such an expectation, the hope, nevertheless still widely persists that oil will be found locally. A rumour, unfortunately untrue, that oil had actually been struck in the process of sinking an artesian well in the North-West District, caused an upsurge of hope, but the preliminary findings of an eminent geo-physicist from the United States who flew to the area shortly after, are not encouraging. If there is oil, the belief is that it will be found offshore. Our Geological Department, although not impressed with the possibilities of oil being found on-shore, inclines to the belief in its occur-

rence off-shore. Acting on this opinion and in order that the Colony might reap any accruing advantages, Her Majesty the Queen has been pleased to approve by an Order-in-Council of the extension of the boundaries of the Colony to include the area of the continental shelf, the sea bed and its sub-soil, lying beneath the high seas, contiguous to the territorial waters of the Colony. On the Corentyne Coast, the other extremity of the Colony, the McBride Corporation has applied for and has been granted a licence to explore for oil. The Corporation has completed all formalities with Government and is now arranging for a transfer of machinery to the Colony. The representative of the Company in charge of operations, is hopeful of finding oil on-shore, but as a precautionary measure has also taken up off-shore locations.

If oil were indeed found in commercial quantities it would, without doubt significantly change our economy almost overnight. The boost which oil would give to our national income would be sufficiently great to bring into the field of practical politics the major water control schemes formulated by Mr. F. H. Hutchinson, late Consulting Engineer to the Drainage and Irrigation Department. Mr. Hutchinson's proposals contemplate insulating the coastlands by means of dams extending from river to river, and thus protecting the coast from the effects of interior flood waters, and at the same time conserving water which would be used in times of drought. The estimated cost of control schemes, even on a sectional basis, that is from river to river is however beyond our present available resources. Experience over the years however, suggests that until such schemes are embraced, agriculture on the coast will remain disappointing, difficult and unrewarding.

PUBLIC INVESTMENT.

The foregoing more or less completes the picture under private investment and, in moving to what is regarded as public investment, I wish to make one remark. In the past, there has been an inclination to consider finance the crucial and even the only obstacle to development. The elimination of this obstacle has, however, not infrequently brought to light even more serious difficulties, particularly the lack of sufficient enterprise and energy, and of capacity for organisation and co-operation. Capital can only supplement and facilitate work. The programme we have undertaken with its vital objectives will demand a degree of single-mindedness and co-operation, which can only be forthcoming under conditions of political and economic stability. In carrying out the programme there is one thing we must actively guard against—that is the creation of bottle-necks and inflationary conditions which slow down and frustrate the progress of sound development, both by increasing costs and by destroying the savings necessary to finance it.

The two-year development programme 1954/55, covering 79 projects and totalling forty-four million dollars, was introduced to this Council and approved in principle on the 26th of March, 1954.

The Programme derives from and is an acceleration of the five-year investment programme recommended by the Mission of the International Bank for Reconstruction and Development. The Bank's programme is a projection of our ten-year plan, and as such is, I think, a compliment to the effective and constructive quality of our planning. Even at the level of development

[The Financial Secretary]

recommended by the Bank, the pace was in advance of anything we had hitherto attempted. The late approval of the detailed estimates, lack of trained staff and other technical difficulties have impeded progress.

The Programme makes provision for a higher degree of social development than the Bank recommended, but apart from this, its objectives, aiming at raising standards of living, spreading and strengthening our economy, to bear the impact of a still greater advance, remain substantially the same as the Banks.

DEVELOPMENT ESTIMATES

I now pass to the detailed estimates of expenditure. These are based on the programme amounting to \$15.8 million and provide for the first year's expenditure which was formally approved by the Council in May of this year. Additional supplementary provision since passed has amounted to \$4,922,000. The total provision for development thus authorised in the year amounts to \$20,763,000 financed from three sources:

Colonial Development and Welfare Funds	\$ 7,563,000
Loan	11,039,000
Revenue	2,161,000
	<hr/>
	\$20,763,000

The provision falls into two broad categories of development — Social Development amounting to \$4,317,000 and the remainder—Economic Development amounting to \$16,446,000.

Social Development is spread between Education \$278,000; Health \$327,000; Housing \$3,440,000 and Miscellaneous \$271,000.

Under Education, sixteen primary schools are being replaced and fifteen

others repaired and extended. It is reported, however, that the continuing increase in the school population of rural areas is so great that it is outpacing the rate at which schools are being built to provide the accommodation needed. Under Health the provision made is confined to rural areas and will permit the erection of two rural state hospitals, two cottage hospitals and two mobile dispensaries — one in the lower Demerara River and the other to serve the Essequibo Islands. The projects were started late and it is unlikely that they will be completed this year. The provision under Housing aims at putting up a number of low-cost houses, in urban and rural areas, for the lower income group and the acquisition and development of land for housing to the extent of \$1,300,000. The housing drive is also below its set target. Many initial difficulties account for this. With better organisation, increased staff and greater experience, the department hopes to make up the leeway in the ensuing year.

Economic Development concentrates mainly on agriculture, drainage and irrigation, land settlement, public works and communications. Objectives under agriculture for which a sum of \$1,045,000 is provided aim broadly at assisting the cattle industry, which due to the encroachment of rice on coastal pastures has been running into perennial shortages. To determine to what extent the lands of the intermediate savannahs of the Berbice River and the Rupununi, somewhat deficient in minerals, can be made to produce more and better cattle to relieve the position on the coast, the livestock station at Ebini, Berbice River, is being extended and a similar research station established at St. Ignatius, Rupununi. Bulls of the Santa Gertrudis breed, originated under

similar conditions in Texas, have been imported from the United States of America to be crossed with Rupununi cattle. If the experiments, which have been worked out and planned by FOA experts, succeed in growing even a heavier animal than formerly, the project will still have made an important contribution to the solution of the Colony's beef shortage. Other projects ancillary to animal husbandry, which have been provided for, are the completion of the abattoir and the refrigerating plant at Lethem commenced in 1952, a milk pasteurisation plant and a bacon and ham manufacturing plant.

It is to be hoped that as a result of the establishment of these processing plants we shall see the emergence of a strong and virile dairy and pig industry. Nothing, I am persuaded, would give our agricultural communities a better balanced and more stable economy than improved dairy and pig husbandry. The improved industries would at the same time also provide greater and more gainful opportunities for employment of our rising population.

Under public works and communications the provision amounting to \$4,845,000 covers such basic development as the building of roads, coastal and riverain, erection of public buildings, sinking of artesian wells and the extension and rehabilitation of the telephone system. Drainage projects amounting to \$2,493,000 largely provide for schemes at Torani, Canje, Block III Corentyne, Boerasirie, West Demerara, and Blocks I & II Corentyne and seek to condition and make more land available to meet acute land hunger. While works at Boerasirie and Blocks I and II are in the initial stages of construction, Block III is now practically complete and is being beneficially occupied. The provision of an adequately drained and irrigated area offers an

opportunity to the Departments of Agriculture and Land Settlement to demonstrate that in drained and irrigated areas productivity can be substantially raised, and that in fact two major crops can be grown in one year on the same land.

The provision also includes rehabilitation of the railways and steamers and their ancillary services. The year's provision amounts to \$2,048,000 for steamers and \$866,000 for railways.

In regard to steamers, the provision is in pursuance of the policy of replacing vessels which have long completed their period of useful service and, as a result, have become expensive and uneconomic. The provision under railways is to keep the concern, now in an advanced state of obsolescence, going until a firm decision is taken to resolve the issue as to whether the railway should be retained or abandoned in favour of road transport. There are two schools of thought on the question, and Members will recall that the Mission of the International Bank has advocated the retention of the railway.

I should not leave this section without reference to the Credit Corporation set up under Development proposals. Of the provision made, the Corporation estimates that a sum of \$2 million will be utilised for lending during this year. When a sum of \$684,000 issued to the Credit Banks prior to the constitution of the Corporation is taken into account, total credits made available for lending this year will exceed by many times sums provided in previous years. The total assets taken over by the Corporation from the Loan Banks on their dissolution amount to \$1,080,000. In addition, the Corporation has taken over from the Banks food production and rice-rearing loans to the extent of \$845,000.

[The Financial Secretary]

REVISED DEVELOPMENT ESTIMATES.

The revised estimates of Development provision submitted by Departments show that of the 1954 provision, a sum of \$13,904,000 will be spent. This, as will be seen, falls short of estimate precision by \$6,859,000.

DEVELOPMENT ESTIMATE — 1955.

The Draft Development estimates submitted for 1955 show that to carry on the Development Programme the sum of \$19,235,000 will be required and will be financed as follows:—

From Colonial Development & Welfare Fund	\$ 7,522,000
From Loan	9,999,000
From Revenue	1,714,000
	<u>\$19,235,000</u>

This exceeds the provision made this year in the original estimates by \$3.3 million. Although our technical and operational capacity will be greater in 1955 than in 1954, it is not unlikely that the completion of the Programme will overlap in 1956; with increased costs foreshadowed by the Salary Revision Report and other trends pointing to rising costs, it is also unlikely that it will be possible to complete the programme within available provision. Indeed changes in policy, such as the decisions that the East Coast, Demerara, and West Coast, Berbice, roads should be constructed out of boulder stone instead of burnt earth and that the major agricultural stations should be sited on the East Coast, Demerara, instead of at Atkinson Field, will increase costs.

DEVELOPMENT FUND

Following on the decision that Development expenditure should be shown in a separate budget, it has become necessary to create a Development Fund. All Colonies carrying out a major

development programme have established such funds, and I propose, with the concurrence of Members to introduce a Bill to create such a fund. All funds used to finance Development, i.e., grants from C.D. & W., proceeds from loans raised for development and sums appropriated from revenue, will be credited to the fund. The fund will thus become the receipt head of the Development estimates and in this respect will make for clearer and more precise accounting.

Before leaving the subject of development, I must refer to the valuable technical assistance being afforded us by the Foreign Operations Administration of the United States of America. In this connection, I have to express this Government's gratitude and thanks to Mr. Allan Laflin, the late head of the Administration in the Colony, and to Mr. Chas. Macaulay, who has now taken over from him, and their assistants for their interest and help in carrying out our Development Programme.

EXTERNAL TRADE

The value of external trade in 1954 is expected to total \$163 million as compared with \$155 million in 1953. It appears, therefore, that the steady upward post-war trend, interrupted last year, has been resumed.

The expected increase of \$8 million in the Colony's external trade is confined to imports (estimated at \$80 million). Thus, in spite of the United Kingdom shipping strike, which it is estimated will reduce imports in November and December by a third, imports should be some 17% higher than last year.

The value of exports should be about the same as in 1953—some \$83 million. Of the total value of exports in 1954, approximately 40% will have gone to the United Kingdom, 32% to Canada, 15% to other Commonwealth countries

and 9% to the United States of America. During 1954, the value of exports to Canada was 10% less than in 1953, while exports to the United Kingdom increased by 3%, to other Commonwealth countries by 7%, to the United States of America by 10%, and to other foreign countries by 46%.

Approximately 46% of our 1954 imports will have come from the United Kingdom, 10% from Canada, 16% from other Commonwealth countries, and 12% from the United States of America.

It appears that there will be a positive balance of trade of some \$3 million. I should point out, however, as I did last year, that in an economy such as ours, which must depend heavily on outside investment for the development of its natural resources, the negative and so-called adverse balances of trade are really favourable since they reflect not a situation where the Colony is, so to speak, living off its capital, but rather a desirable inflow of funds for development. This year's smaller balance of \$3 million while less positive is nevertheless more favourable in the light of what I have stated than last year's higher balance of \$11 million; and is in some degree a return to the usual post-war situation of negative balances reflecting the heavy inflow of investment funds which financed the major portion of capital development in the post-war years.

The figures which I have just quoted do not of themselves give any indication of import policy or of the liberalisation in such policy which has taken place over the year. Following the deterioration in the United Kingdom balance of payments in 1952, quota restrictions had to be intensified, but with the improvement which has since taken place there has been a considerable degree of relaxation. Allocations which had been reduced to 80% of the 1951 figures have in the year been restored

and still further expanded, and are now 75% above the 1951 level. All restrictions on the use of non-sterling non-dollar currency have disappeared with the introduction this year by the United Kingdom Control Authorities of "transferable sterling accounts." These accounts are now no longer tied to or denoted by the country in respect of which sterling is released, i.e., there are no longer French or Belgian accounts—these and similar accounts have all become merged into a single category known as "transferable accounts." These accounts can now be used in any country within the transferable account area and not as heretofore only in the country for which the currency is issued. The barrier, however, between "transferable accounts" (non-sterling, non-dollar) and American and Canadian accounts, is still being fully maintained and will be so maintained until there is full convertibility of sterling. As will be appreciated, this should help exporters in the sterling area and should further enhance sterling as an International currency. While these measures do not mean the end of exchange control, they do extend much further out the frontiers of free trade. My comments under this Head would be incomplete if they did not contain some reference to the General Agreement on Tariffs and Trade or G.A.T.T., as the Agreement is popularly known, of which so much has been heard recently.

The origin of G.A.T.T., was a resolution by the Economic and Social Council of the United Nations on the 18th of February, 1946, establishing a Conference on Trade and Employment. This Conference opened at Geneva in April 1947. The primary object of the negotiations was to secure international co-operation for the restoration of world trade "with a view to raising

[The Financial Secretary]

standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing full use of resources of the world and expanding production and exchange of goods." It was considered that these objectives would best be achieved by—

- (1) Negotiations to enter into mutually advantageous arrangements for the reduction of existing high level of tariffs and other barriers of trade; and
- (2) An international code of conduct regarding trade practices and relationships.

It was accepted as a guiding principle that concessions made by one country to another should automatically be applied to all other contracting parties to G.A.T.T. It is also provided in the Agreement that all Imperial Preferences existing between Commonwealth countries should be frozen at the level existing on the 10th April, 1947, and that no further preferences should be granted. Thirty-three nations have acceded to the Agreement, but I would explain that dependent territories have no status, and accession to the Agreement is made on their behalf by their Metropolitan countries. All the British West Indian colonies, with the exception of Jamaica, have signified their accession to the Agreement.

The decision of "no further preferences" to which I have earlier referred is proving in practice to be stultifying and harmful to Caribbean economy and trade. The question was taken up by the Regional Economic Committee and a case made out, as a result of which all Caribbean Governments approved of a delegation being sent to London to state such case to representatives of the United Kingdom and Commonwealth countries, who are member countries of G.A.T.T. and who

are now attending a meeting at Geneva to revise the Agreement. The delegation with which this Colony is associated has sought to impress the special responsibility which rests on Metropolitan countries for dependent overseas territories and urged that recognition of a special relationship must be embodied in any review of G.A.T.T.

The argument is also advanced that in the predominantly control-free and competitive area now envisaged, there is a real danger that much of what has been achieved by special protection will be swept away if special safeguards are not created.

The case for relaxation of the "no new preference" rule in respect of dependent overseas territories is reported to have been sympathetically received by the United Kingdom and Commonwealth countries, and it is to be hoped that the concession will be approved at the Conference.

CURRENCY

I now come to Currency—one of the services at present unifying the greater part of the Caribbean into a single monetary area, and a factor which should greatly help to pave the way to a federal set-up.

As Honourable Members are aware, the Unified Currency Scheme now in operation embraces the Eastern group of Caribbean territories, viz: Barbados, British Guiana and Trinidad, together with the Leeward and Windward Islands. It was always contemplated that the Scheme would eventually be extended to include Jamaica, although, unlike the Eastern group, a sterling unit of currency is employed on that Island. The difficulty presented by this fact has been resolved, after consultations between representatives of

the Jamaica Government and the Currency Board, and a formula devised whereby Jamaica can participate in the Unified Currency Scheme. It has been agreed that notes of similar design to those now in circulation in the Eastern Caribbean will be issued in Jamaica by the Board, but with the word "Jamaica" replacing the words "Eastern Group" on the face of the notes, and the denominations being expressed in pounds sterling on the left hand corners. Reciprocal legislation will be enacted in Jamaica and the other constituent territories to make these notes valid legal tender throughout the area.

The first stage which embraced the issue of notes having been completed, attention has now been turned to the implementation of the second stage, viz., a unified system of coinage. Indents have been placed with the Royal Mint for the supply of the new West Indian coinage, referred to in my last Budget Statement, and the new coins should be in circulation by mid-1955. Of these new coins, the 50c., 25c. and 10c. denominations will be made from cupro-nickel; the 5c. denomination from nickel-brass; and the 2c., 1c. and ½c. denominations from bronze.

Of more directly local interest is the demonetization of the British Guiana currency notes still outstanding, to which reference was also made in last year's Budget Statement. It is hoped to effect this by Proclamation early in 1955, and the necessary legislation is in draft. It may be well to reiterate that demonetization only affects the status of these notes as legal tender, and involves no repudiation of Government's obligation to exchange or encash them on presentation.

The total value of British Caribbean Currency notes in circulation in this Colony on 30th November, 1954,

was \$12,737,000. The revenue earned by the Colony on the area circulation of notes in 1953 amounted to \$193,000.

POST OFFICE SAVINGS BANK.

In the course of my last Statement I referred at some length to the Post Office Savings Bank, and to the heavy withdrawals made from the Bank in a period under two months when deposits fell from \$16.5 million to \$14.6 million. These heavy withdrawals, as Members will recollect, were due to the then disturbed political conditions of the Colony, and reflected the lack of confidence which depositors felt in the then Government. I mentioned also in my Statement that in order to guarantee the Bank from greater loss, as the securities in which investments were held were at the time quoted in the London stock market below face value, Government was compelled to come to the assistance of the Bank and make advances to meet withdrawals rather than realise securities in the depreciated state of the market. The advances made by Government amounting to nearly \$2 million have been entirely repaid, and deposits in the Bank now stand at the all-time high level approaching \$17 million. Thus, with more orderly conditions and the return to more stable government, depositors have been quick to demonstrate their faith in the Bank. The fact that the accounts at the Bank now exceed 113,000 in number, or roughly one-fourth of our total population, would seem to give to the Bank the right to be regarded as an effective national institution, and one in which people can put their savings for safe-keeping, in the knowledge and certitude that they would always be able to withdraw them whenever needed.

[The Financial Secretary]

On the advice of the International Bank for Reconstruction and Development, the Savings Bank's regulations were amended during the year to raise the minimum deposit required to open an account from \$1 to \$3, and also to raise the maximum amount which could be held in a single account from \$8,000 to \$15,000.

Owing to the fall in the price of Securities to which I have previously referred, the Bank had accumulated a capital deficiency which at 1st January, 1954, amounted to \$863,876. Members will be no less gratified to learn that the deficit now stands at \$151,000. The reduction was brought about by the fall of the United Kingdom bank rate and the consequential rise in the value of the United Kingdom, Dominion and Colonial gilt-edge securities. Thus it can be said that the Bank today is in a much stronger financial position than during the preceding year.

In keeping with the expansion which is taking place in the activities of the Bank, its accounting system has been kept abreast of the system of similar institutions in the United States and the United Kingdom. When certain equipment now on order is received, the Bank's accounts will be fully mechanised, and will include modern verification techniques specially directed against fraud and error. With the self-balancing devices a feature of the present system, security arrangements are indeed at a high level and reflect great credit on the alertness of the Postmaster-General and the Bank's staff.

PUBLIC DEBT

No new loans were raised and no redemption effected during the year, nor were there any further loan issues

from Colonial Development and Welfare Funds. Consequently, the Colony's Public Debt (inclusive of Colonial Development and Welfare loans of \$1,058,000) would be \$34,947,000—practically the same figure with which we commenced the year.

I should remind Members of the guarantee given by the Colony in respect of the loans, amounting in the aggregate to \$6,200,000, by the Colonial Development Corporation to the B.G. Rice Development Co., Ltd. of which \$2,870,400 has so far been issued.

In addition, there is the contingent liability to make good the capital deficiency of the Post Office Savings Bank to which I have earlier referred.

The Sinking Funds accumulated for the redemption of the Public Debt will, it is estimated, amount to \$5,508,000, the related investments having a market value of \$5,300,000.

Turning now to our loan policy, it will be recalled that in my last Budget Statement I intimated that authority existed for the raising of the balance of \$3,936,000 of the loan authorised by Loan Ordinance No. 13 of 1951 with which it was the intention to finance in part the Development Plan, and also of a loan of \$7,200,000 mainly for the rehabilitation of the Colony's Telecommunications system. On reconsideration, however, it has been decided not to raise the balance of the 1951 loan, but instead to incorporate the amount in the loan of \$12 million plus expenses of issue, which the Secretary of State has already approved, and thus raise one consolidated loan for development purposes. Formal approval for this will be sought at some later date.

With the new projected loans the Colony's Public Debt will move up to

some \$50,000,000, involving an annual service charge of \$2,765,000. While this is a heavy burden when compared with the current charge of \$1,716,000, it is anticipated that the additional revenue to be derived from the rehabilitated and expanded Telephone and Telecommunication Services, as well as the additional revenue which would be earned by development projects when completed, would be sufficient to meet the increased charges.

GOVERNMENT ACCOUNTS AND FINANCES

The following will, I trust, provide an up-to-date and precise picture of the Colony's financial position.

EXPENDITURE 1954

Before however dealing with the structure and details of public expenditure, it is pertinent to refer in passing to the Salaries Revision Report. The report has been laid on the table and it is therefore not necessary for me to do more than deal with its financial implications.

The revision of the salaries of the Public Service was undertaken in view of their existing level and the consequential difficulties of recruiting suitable technical and professional staff.

The report has been in the possession of Members for some time and, as will be seen, recommends a new structure of salaries and wages which incorporates cost of living allowances now paid over and above basic rates.

The report has attracted a great deal of criticism. It poses many difficult questions and was bound, it would seem, by its very nature, to arouse controversy. The point must, however, be made that on salaries and wages up to a limit of \$150.00 a month, the allow-

ances represent the adjustment to keep such salaries and wages at their 1949 value. Thus salaries and wages up to the limit named have from time to time been augmented by an addition of 2½% of basic value for each five points rise in the cost of living index over 230 points. The index now stands at 276 points. Salaries and wages to the limit indicated have therefore been improved *pari passu* with the rise in the cost of living.

Officers in receipt of salaries over \$150.00 a month received a flat increase of \$20.00 a month when the index reached 265. In contra-distinction therefore to salaries and wages up to \$150.00 a month, salaries over this sum have not been improved to the same extent.

The foregoing is a point which is not emphasised in the Report, but it is one which must be taken into account in the over-all consideration. The increases recommended would appear to be hypothecated on a 30-point tolerance in the Cost of Living Index, and in this connection the question is being asked whether the Colony can support the level of the recommendations made. The question must, I think, be looked at from many angles other than purely rates of salary and wages. It would seem that it should also be examined from the angle of the factors in our economy which add to the cost of essential consumer goods. However, the financial position which I shall now unfold may no doubt be of some assistance in providing some part of the answer.

1954 ESTIMATES

The estimates of expenditure for 1954, as approved by Council, provided for an expenditure of \$31,772,000 exclusive of expenditure on the Development Budget but including a contribution of \$1,180,000 from current Revenue

[The Financial Secretary]
to the cost of the Development Pro-
gramme.

Supplementary Estimates passed to the end of November amounted to \$3,924,000. Total expenditure therefore authorised for the year on recurrent services to be met from Revenue is thus \$35,696,000. Of this amount revotes of unexpended balances of provision made in previous years amounted to \$286,000, and new items and excesses to \$2,368,000. The last named items comprise:—

Loans	\$ 875,000
Social Assistance	240,000
New Land Settlement Department	201,000
Sundry Increases—Police	58,000
Miscellaneous items	994,000
	<hr/>
	\$2,368,000

The supplementary provision for this year is again high, but a fair proportion of the provision represents expenditure which could not be postponed. Still, quite a fair sum of total provision consists of expenditure which could have been foreseen and provided for in the annual estimates; such as renewals or replacement of items of equipment. On the whole available evidence suggests that the higher levels of departmental control and supervision of expenditure votes leaves much to be desired.

I shall now turn to the forecast of expenditure shown in the revised estimates for 1954 which total \$34,277,900. In previous budgets it was customary to include under revenue, expenditure met from the accumulated surplus balance. This expenditure is now, however, included in the Development Budget and therefore forms no part of the revenue expenditure under the Recurrent Budget.

The revised estimate exceeds the original estimate by \$2,505,000. The fol-

lowing are the heads under which the principal increases occur—

Agriculture ..	..	..	..	\$103,000
Education ..	..	..	..	121,000
Land Settlement ..	..	..	..	211,000
Hospitals ..	..	..	..	160,000
Miscellaneous ..	..	..	..	347,000
Public Works—Extraordinary ..	..	..	..	295,000
Social Assistance ..	..	..	..	127,000

The increase under Education accords with the expansion which is taking place in our school population, in regard to which I earlier commented that the children seeking accommodation in schools were out-stripping our ability to build new schools. This will be recognized as one of the more tangible results of the tremendous success attending the efforts of our public health authorities to eradicate malaria from the Colony.

Land Settlement also reflects a fair increase. The amount is consequent on the decision taken on the Brown's report to set up a separate department to deal comprehensively with Land Settlement problems assessed to be one of the most important and pressing of the tasks facing Government. Heretofore, land settlement operated as a part of the charge of Local Government. As a result of the change, expenditure under Local Government shows a saving.

The newly created Department only came into being on 1st July, 1954, but unfortunately it lacked the services of a permanent Head. As is well-known, this Department has taken over the existing Settlements of Cane Grove—La Bonne Mere, Vergenoegen, the Government Estates, West Demerara, Anna Regina and Charity-Amazon, which have provided valuable experience for planning future development.

The broad aim of the Department is to achieve full employment of the rural population at a rewarding level of production, and its long-range policy will be directed towards increasing the number of independent farmers on farms capable of providing an adequate standard of living.

Land Settlement on the coastal areas will require the completion of present drainage and irrigation schemes, but early action will be taken to establish a pilot project on the riverain lands.

The deliberations of the Land Tenure Committee should give an indication as to the policy Government should adopt with regard to abandoned free-hold land, so that it could be brought into economic use.

The increase under Police on the original estimates is only \$53,000, but if the revised estimate is compared with expenditure in the previous year, the rise in the cost of the Department will be seen to be \$784,000. This is a considerable increase in one year but it is a part of the price we are paying to strengthen and re-equip the Police on the security and operational sides, and put the Force in a state of preparedness to meet any emergency in the unsettled political conditions of the Colony.

The increases in other departments in part denote the expansion which I earlier remarked was taking place in the activities and functions of Government.

The figures which I have quoted do not embrace all expenditure properly chargeable to the year. There are two items omitted therefrom which must also be taken into account. I refer to the provision for the payment of revised salaries which it has already been decided should be paid from the 1st of January 1954. It will be recalled that as the Report on the Revision of Salaries could not be disposed of this year it was decided to make an interim payment of one month's salary in the case of persons on the regular monthly establishment, and four weeks pay in the case of daily and weekly employees, for which I have provided a sum of \$1,900,000. In the foregoing connection I must stress that whatever portion of 1954 salaries remains unpaid will fall to be met in

1955 from revenue. The other item of expenditure of which account must also be taken, is the Constitutional Emergency expenditure, now being carried on Suspense Account. At the end of 1953 this expenditure amounted to \$392,000. Expenditure is still continuing, and by the end of the year it is estimated that it will reach a sum of \$750,000. The broad categories in which the amount may be broken down are as follows:—

Police	\$ 195,000
Volunteer Force	\$ 167,000
Buildings (including new Barracks and extension of old)	\$ 352,000
Miscellaneous items	\$ 36,000
	<hr/>
	\$ 750,000

The expenditure was suspended as it was hoped that the Colony would be relieved of some portion of it. Contrary, however, to what was hoped we are now being pressed to meet other expenditure connected with the transportation of troops to the Colony. If the commitments to which I have referred above, that is revised salary payments and local Constitutional emergency expenses, are included, total Colony expenditure in 1954 will reach a sum of \$36,927,000.

GROSS EXPENDITURE

To summarise, public expenditure in 1954 on the basis of the provision which has been made is as follows:—

From Colony Revenue:

Annually	
Recurrent ..	\$ 34,277,000
Reserved for—	
Salaries ..	1,900,000
Constitutional Emergency expenditure	750,000
	\$ 36,927,000

Development Budget:

C.D. & W. ..	\$ 3,362,000
Loan ..	7,221,000
Surplus ..	
Balances ..	3,321,000
	<hr/>
Total	\$ 50,831,000

[The Financial Secretary]

Last year the figures which I gave for gross expenditure was \$38,716,000 and I made the point at that time that the figure was \$10.5 million more than the level of provision made three years ago. The increase this year over the same period is \$22.5 million—a sum more than twice as great.

REVENUE 1954

Colony revenue for 1954 was originally estimated at \$31,809,000; it is now anticipated that collections for the year will be the order of \$35,139,000, an increase of \$3,330,000 or 10.4%.

This increase is attributable to a revised estimated yield of \$16,479,000 in respect of Customs and Excise duties, compared with an estimate of \$15,456,000 and actual collection in 1953 of \$14,926,000. Income Tax is expected to produce \$11,900,000 as against an estimate of \$9,650,000 and actual collections in 1953 of \$11,507,000. It will be recalled, however, that in 1953 the annually high arrears of tax of previous years collected, amounting to some \$1.7 million was responsible for the increase in that year. Arrears of previous years collected this year amounted to \$257,000.

Another item which has contributed to the satisfactory revenue position is the rice cess which was re-introduced in October, 1953, but of which no account had been taken in the Revenue Estimates for 1954. The yield from this source has been placed at \$743,000 inclusive of an amount of \$132,000 payable in respect of 1953 but brought to account in the current year.

This year's receipts from taxation represent approximately 86% of the total Colony Revenue, indirect taxes being 52% and direct taxes 34%. Direct taxes represent a collection of \$26.34 and indirect \$40.52 per caput respectively of the population (451,752).

The outstanding feature on the revenue side is the remarkable buoyancy of revenue, showing as it does an increase of \$3.3 million over the original estimate. This result is much better than what I had any reason to expect at the time the estimate was made. The recovery under Customs, which in the previous year showed a decline of \$1.7 million, is very gratifying. The revised estimate under the Head is on the conservative side, taking account as it does of the strikes in the United Kingdom. The increase may well be greater, depending on the speed with which conditions in the dock areas of London and Liverpool return to normalcy. Two Heads of Receipt—Post office, Telegraphs and Telephones and Refunds of Loans made by the Colony, will fall short of the estimate by \$455,000 and \$401,000 respectively. The former decrease was due to the arrival in the Colony later than anticipated, of the new issue of Queen Elizabeth stamps. In the latter case the decrease is due to an over statement of the original estimate which was based on the assumption that the Credit Corporation would have assumed and repaid all outstanding food production loans made to the banks.

FINANCIAL RESULTS

The approved estimates for 1954 forecast a surplus of \$36,801, but the revised estimates of revenue and expenditure previously dealt with forecast a deficit of \$1,768,000 as follows:—

Revised Expenditure inclusive of contribution to the Development	
Budget ..	\$ 34,277,000
Reserved for Salaries ..	1,900,000
Emergency Expenditure	750,000
Revised Revenue	\$ 36,927,000
Deficit	\$ 1,788,000

It may be the case, however, that actual receipts of revenue by the end of the year may be somewhat better than the revised estimate shows, and that the expenditure figure may not in fact be reached. The deficit, if any, will be met from the accumulated revenue surplus which on the 1st January this year stood at \$8,610,000.

REVENUE 1955

It will be convenient for me to refer here to the report of Mr. R. O. Nicholas of Her Majesty's Inland Revenue Department. Mr. Nicholas came here earlier in the year to enquire into taxation on which revenue is based.

His terms of reference were as follows:—

"To study the incidence of the existing system of taxation and its effects on the economy of British Guiana, and having regard to the need for revenue to carry out Government's policy for social and economic development and to make recommendations."

In his conclusions, Mr. Nicholas has stated, and I quote:—

"I will sum up the results of this survey by saying that in my opinion there is nothing seriously wrong with the taxation system of British Guiana. It is well adapted to the needs of the country and had proved since the war to be an effective instrument for producing the revenue required by the Government and keeping the Budget in balance. No major changes in the distribution of the weight of taxation between the different types of tax seem to me to be possible at British Guiana's present stage of development. My recommendations are therefore confined to relatively minor changes in the incidence of the particular taxes."

I think Members will generally agree that the foregoing, supporting as it does the tentative finding of the International Bank, is gratifying and is a compliment to the good work done by the previous holder of my office who

for eighteen years presided over and directed the financial policy of the Government.

Mr. Nicholas' Report has been tabled for the general information of Members and it would therefore seem only necessary for me to deal broadly with its conclusions.

The Report states that the level of taxation is high but not excessive in comparison with similar economies, and there is no evidence that it is a hindrance to development. The tax system is as direct and progressive as circumstances allow. It acknowledges that there is some scope for increased taxation, but it is limited and must take the form mainly of indirect taxes on luxuries.

It accepts the need for selective tax concessions in the circumstance of a high Company tax, which gives relief to industries that are risk-bearing and developmental of the resources of the Colony. This contrasts somewhat with the criticisms levelled against pioneer concessions by the British Industrial Mission which came here late in 1952.

The Report is a useful compendium of our taxation system. It is weighted rather heavily on the side of Income Tax. For this Mr. Nicholas has thought it necessary to apologise, but indeed he has no need to do so. He says there is some evasion of tax, and in view of the oft made criticism I am indebted to him for adding that "this is to some extent inevitable in an economy where small traders, farmers, etc., form an important segment of the taxable community." Our feelings to him can only be those of gratitude for the help and advice he has given us.

There is another matter to which I should like to refer. It relates to gasolene

[The Financial Secretary]

concessions under the Customs Duties Ordinance and the Drawback of Duties Regulations. The matter was first gone into by a Committee under the Chairmanship of the Honourable Captain G. H. Smellie. The Committee reported extensive abuse of the concessions. The facts are that refunds from Revenue in respect of gasoline in 1951 were around \$100,000. It is estimated that this year refunds will amount to a sum of \$309,000. This steep rise in concessions since 1951 is regarded as out of all proportion to the expansion in the mechanisation of and production in benefitting industries, i.e., logging, rice and mining. Of the refunds this year which, as I have said, will amount to \$309,000, abuse and evasion are estimated at \$100,000.

Tests carried out at the Mahaicony/Abari Rice Scheme have demonstrated that power kerosene or tractor vaporising oil, as the fuel is known, is an effective and economic substitute for gasoline. Tractor engines designed for gasoline can be adapted for use of power kerosene, but motor cars, trucks and most models of self-propelled combines cannot be effectively converted from gasoline fuelling to power kerosene. The cost of adaptation is \$120 but if adapters were allowed in free of duty, the cost would be reduced to \$100.

Since power kerosene cannot be used for motor cars, motor cycles, buses and other motor transport vehicles, a very low duty on this fuel would not result in any evasion of the tax levied on gasoline used for fuelling such vehicles. While it cannot be used for most makes of combines the gasoline consumption of these machines is relatively small, and it is felt that the rice industry can absorb the small amount of tax involved.

Trucks used for haulage in the logging industry present a greater problem, but the available information suggests that a not insubstantial portion of the duty now waived merely goes into the pockets of middle men (grant holders who sublet) and does not benefit the small operator. Diesel fuel trucks are acclaimed to be better suited for haulage in our timber forests and appear to be the ultimate solution. I later make proposals for the withdrawal of the concession of duty-free and Drawback gasoline, and such other action as appears necessary to cushion the effects of withdrawal.

BUDGET FOR 1955

POLICY AND GENERAL CONSIDERATION

It seems necessary for me to repeat what has in the past been so successfully urged by my predecessor, that the primary consideration must continue to be the maintenance of a balanced budget, that is, that the annual working expenditure shall be fully met by income from Revenue. The increased burdens we have been compelled to take on in the level of Government Services and the continuous expansion and rise in administration costs may well serve to increase difficulties, but we must not let them deflect us from our charted course. It is essential that expenditure should be well planned, and that there should be strict and wise economy in spending. An outstanding feature of the 1954 expenditure was the abandonment in part of direct subsidization of flour. It is hoped in the ensuing year to continue this policy and withdraw the remission of duty now made on imported articles—split peas, milk, salted fish, pickled beef, etc., but not on flour. In thus removing the artificial element from prices, we may theoretically be putting up the cost of living. The amount in the case of the commodities,

I have named is, however, too small to have any marked effect on the cost of living index. A factor which I am afraid is likely to affect the index or in part impede a fall in prices of imported commodities is the increase of 12½% on freight rates which it is announced will be operative from the United Kingdom ports as from 1st February, 1955.

Except in so far as the maintenance of a balanced budget is concerned, the course of events is too uncertain and unpredictable for me to attempt to lay down any budgetary policy.

EXPENDITURE 1955

The draft estimates for 1955 as set out in the printed volume of the estimates laid, provide for an expenditure of \$37,583,000. This is higher than the approved expenditure of 1954 by \$5,811,000 and reflects the expansion and heavier cost of Government Services. A sum of \$2.0 million has been included as a lump sum under miscellaneous to provide for revised salaries. Provision for cost of living allowances has also been made at the authorised rates.

The principal increases occur under—

Education	\$ 312,000
Police	403,000
Medical	
Hospitals	504,000
Information Services	167,000
Public Debt	219,000
Drainage and Irrigation	637,000
Social Assistance	371,000
Land Settlement	426,000

I have already under Expenditure, 1954, commented on increases under Education, Police and Government Information Services. I would only add that it will be seen that further increases in these Departments are

being budgeted for. The increase under Social Assistance, as Members will recognise, represents a part of the liability accepted under Professor Richardson's recommendations in respect of Social Security. Total commitments under the Head will, it is estimated, rise annually until expenditure, now \$1.5 millions, reaches \$2.5 millions.

Medical also shows a substantial increase. Included in the increase is a sum of \$200,000 representing token provision made to take care of such recommendations in Dr. Clark's Report on our Medical Services as it may be possible and desirable to implement in 1955. The Report has not yet been considered, but the provision is made merely to facilitate the carrying out of decisions to the extent of the provision, without upsetting the budgetary position.

The Land Settlement, Drainage and Irrigation, and the Revenue Licensing Departments are new departments recommended by visiting Specialists of the Colonial Office. The departments appear in the printed volume of the estimates for the first time.

The only other comment I would make in connection with 1955 provision is that the rise in expenditure, to which I called attention last year, is continuing. I think in all the circumstances that it might be well that someone with a knowledge of methods and organisation should overlook the entire Service with a view to seeing whether expansion in Departments is on the most economical and efficient lines. I should say too that the question of a Public Accounts Committee, advocated in this Council and now being supported at a high level, conducted within the functions appropriate to such a body, would be a welcome development in our public machinery. The matter is being examined and some pronouncement will no doubt be made on it in due course.

[The Financial Secretary]

Beyond the foregoing comments I do not propose to attempt any detailed analysis of expenditure. The opportunity for Members to secure all the information they may need will occur in Finance Committee when Heads of Departments will be present. It may be necessary for me to move into the estimate certain items of expenditure which came in too late to be included in the printed estimate, and I shall do so in Finance Committee.

The estimate of revenue prepared on the basis of existing taxation totals \$36,946,808. This sum exceeds the approved estimate of the previous year by \$5,137,000, and the revised estimate by \$1,807,000.

The principal increases occur under the Heads, Customs and Excise, and Income Tax, and are in line with the receipts reflected by the 1954 revised estimates. It is of course not easy to forecast the trends on which revenue is based. I can, however, at this time foresee no reason to anticipate a decline in revenue.

On the basis of what I have said, it will be seen that if the estimates I have given for Revenue, \$36,946,000, and expenditure, \$37,583,000 in 1955, are brought together, there will be at the end of the year a basic deficit of \$636,000. This transition to apparent deficits both in 1954 and in 1955, after many years of surplus in the face of a buoyant revenue, is significant. But for the heavy additional provision under Police, Emergency Expenditure and Government Information Services, amounting since 1953 to a sum of \$2,147,000 which it has been necessary to make to counter the effect of our political upsets, our budget would still have continued to reflect surpluses in the years I have mentioned.

To minimise as much as possible the deficit in 1955, I have explored the possibility of reducing expenditure, but Members responsible for Departments have assured me that the estimates submitted by them provide minimum requirements, and to reduce them would reduce the activity and effectiveness of their Departments. The fact is that if we are to retain our standards of service and if we are to finance our Development Programme and to gear executive Departments for the efficient administration and execution of the programme, some additional taxation must be faced. This is inevitable if the policy of a balanced Budget is to be maintained, as I think it ought to be. In formulating the proposals which I shall now make, I have given the most careful consideration to the spread of its incidence to ensure that it will be distributed as fairly and evenly as possible.

Accordingly, I propose that—

- (i) the excise duty on rum and gin (now \$7.25) be increased to \$8.00 a proof gallon with corresponding increases in the duties on imported spirituous liquors. (Estimated yield \$392,000).
 - (ii) the import duty on unmanufactured tobacco (now \$3.40—\$2.00 for the small quantity of 'high-moisture tobacco used) should be increased by \$0.60 a pound with corresponding increases in the import duties on manufactured tobaccos. (Estimated yield \$385,000).
 - (iii) Beer and Malted liquor (now \$1.60 preferential and \$2.00 general a gallon) be increased by 40 cents a "gallon." (Estimated yield \$150,000).
 - (iv) Licences on motor cars and motor cycles be increased as follows:—
- | Private Cars | |
|--------------------------|------------|
| Not exceeding 2,240 lbs. | by \$ 5.00 |
| Exceeding 2,240 lbs. | by \$ 7.50 |
| Hired Cars | by \$10.00 |
| Motor Cycles | |
| Not exceeding 200 lbs. | by \$2.00 |
| Exceeding 200 lbs. | by \$3.00 |
- (Estimated yield \$40,000).

The proposals in regard to Rum and Tobacco will increase the price of rum by 10 cents a bottle and the price of cigarettes by 2 cents a packet. As Members know, Tobacco is being grown in the Rupununi and about 80,000 to 100,000 lbs. is marketed annually in Georgetown. Steps are being taken to put the industry and the marketing of its product on a better basis. The question of marketing, and what additional taxation the industry can stand, are being dealt with separately.

I further propose the following readjustment under Income Tax—

That the Ordinance be amended to—

- (i) abolish the five-year limit for carrying forward losses; and,
- (ii) fix a ceiling of \$1,500 for allowable deductions in respect of life assurance and deferred annuity premiums.

I also propose that the Tax Ordinance be amended to substitute for the entertainment tax now levied on a sliding scale based on price per seat a charge at a percentage rate on gross receipts as follows:—

Georgetown and New Amsterdam— $17\frac{1}{2}\%$
Elsewhere in the Colony—15%

This is the usual form of the tax. In this form the tax is easier to administer, is no less progressive in its incidence, and is preferred by the cinema proprietors. The proposal represents no more than a change in the form of tax. There will therefore be no additional yield to revenue.

That the Customs Duties Ordinance be amended to—

- (i) abolish the export duty on all exports other than minerals and minerals ores, precious stones and gold;
- (ii) to discontinue duty-free and draw-back concessions on gasoline;

(iii) to reduce the duty on power kerosene from 8c to 6c a gallon, which would allow the fuel to be sold at the same price as duty-free gasoline;

(iv) to admit duty-free equipment for adapting gasoline engines for operation on power kerosene;

(v) to restrict the low duty concession 3% preferential and 10% general as against the standard rates of 23% preferential and 43% general to diesel trucks for use in industry in the interior.

These modifications will cause a sum of \$148,000 to accrue to revenue.

The proposals, if approved, will convert the deficit of \$636,000 into surplus of \$479,000.

I shall at a later stage move the suspension of the Standing Rules and Orders to permit me to introduce an Order-in-Council under the provisions of section 2 of the Provisional Collection of Taxes Ordinance, Chapter 41, and to introduce and take the first reading of the following Bills which are connected with the proposals I have just made:—

A Draft Bill to amend the Motor Vehicles and Road Traffic (Amendment No. 2) Ordinance, 1950, with respect to the licence fees for certain vehicles;

A Draft Bill further to amend the Income Tax Ordinance, Chapter 38;

A Draft Bill further to amend the Tax Ordinance, 1939 (No. 43 of 1939); and,

A Draft Bill further to amend the Customs (Consolidation) Ordinance 1952, (No. 69 of 1952);

As the estimates of expenditure cannot be approved by the Council before the end of the year, and all expenditure appropriation authorizations expire on the 31st December, 1954, (except in the case of the items provided for by law) His Excellency the Governor will by Warrant authorise

[The Financial Secretary]

expenditure to be incurred on all essential public services and on works in progress, pending the passing of the estimates and the enactment of the Appropriation Law for 1955.

This, Sir, brings me to the end of my statement. I apologise for its length and hope that Members will 'piece out' its imperfections in their thoughts. I have endeavoured to make our financial and economic position clear, and to indicate prospects. I have refrained from intruding on politics—it is not a function of the budget, but may I say that if we are to succeed in the interim of marking time recommended by the Constitutional Commission, we must make our democratic institutions work. They can, it would seem, best do so in an atmosphere conducive to economic growth and opportunity. We are now at the cross-roads, and what we do or fail to do in the period ahead of us must have an important bearing on our future. It is only on the foundation of hard work, increased production, and real wealth that we can go forward. If we fail to achieve objectives we have set ourselves and the targets inherent in our Development Programme, it will not be because we lack the vision or the will to succeed. We can only fail if we neglect to live up to the wisdom and the faith which animate us today.

Sir Frank McDavid: I beg to second the motion for the second reading of the Bill. I take it that the Estimates will be referred to Finance Committee.

The Attorney General: The hon. Member has seconded the motion for the second reading of the Appropriation Bill. I understand it is not desired that we should proceed any further with the Bill today.

Mr. Speaker: That is what I understood.

The Attorney General: The hon. the Financial Secretary gave an indication that he proposed to move a suspension of the Standing Orders to enable him to proceed with the other Bills relating to the Budget.

Mr. Macnie: May I ask whether the Appropriation Bill has been read the first time?

Mr. Speaker: Yes, it has been.

Mr. Macnie: Are we going to take the second reading now?

The Financial Secretary: This is the second reading. The Estimates will be referred to Finance Committee and when its report has been received the debate on the second reading of the Bill will be resumed in Council.

PROVISIONAL COLLECTION OF TAX ORDER, 1954

I now have to inform Members that by Order in Council No. 63 of 1954 under section 2 of the Provisional Collection of Taxes Ordinance, as amended by section 2 of the Provisional Collection of Taxes (Amendment) Ordinance, No. 65 of 1952, the Governor in Council has authorised the collection of the various duties and Excise taxes which I have mentioned in my Budget Statement, with effect from today.

MOTOR VEHICLES AND ROAD TRAFFIC (AMENDMENT NO. 2) BILL

I now beg to move the first reading of a Bill intituled:

"An Ordinance to amend the Motor Vehicles and Road Traffic (Amendment No. 2) Ordinance, 1950, with respect to the licence fees for certain vehicles."

Before the motion is seconded I would like to mention that it is neces-

sary to have this Bill passed before the end of the year and have it assented to by His Excellency the Governor in order to become law, otherwise it would not be possible to collect the taxes proposed. I therefore propose to take the Bill through its remaining stages at the next meeting of the Council to be held on Monday, 20th December.

Sir Frank McDavid seconded.

Question put, and agreed to.

Bill read a first time.

**INCOME TAX (AMENDMENT No. 2)
BILL, 1954.**

The Financial Secretary: I beg to move the first reading of a Bill intituled:

"An Ordinance further to amend the Income Tax Ordinance."

Mr. Cummings seconded.

Question put, and agreed to.

Bill read a first time.

**TAX (AMENDMENT No. 3)
BILL, 1954.**

The Financial Secretary: I beg to move the first reading of a Bill intituled:

"An Ordinance further to amend the Tax Ordinance, 1939."

The Chief Secretary seconded.

Question put, and agreed to.

Bill read a first time.

CUSTOMS (CONSOLIDATION) (AMENDMENT No. 2) BILL, 1954

The Financial Secretary: I beg to move the first reading of a Bill intituled:

"An Ordinance further to amend the Customs (Consolidation) Ordinance, 1952."

The Attorney General seconded
Question put, and agreed to.
Bill read a first time.

FINANCE COMMITTEE

The Financial Secretary: Before you adjourn the Council, Sir, I would like some indication from hon. Members as to when we should meet in Finance Committee to consider the Estimates.

Mr. Speaker: We propose to meet on Monday next in Council. Members have heard what the hon. the Financial Secretary has said—that he would like some indication as to when they could meet him in Finance Committee. What date do you suggest, Mr. Financial Secretary?

The Financial Secretary: I am entirely in the hands of Members. I am quite prepared to work at night. (Hon. Members: "No, no").

Mr. Speaker: Perhaps you would suggest a date.

The Financial Secretary: I would suggest the 3rd of January.

Mr. Raatgever: I suggest that we meet in Finance Committee after the holidays—in January. We have two sets of Estimates which we have to consider very carefully.

Mr. Speaker: Do you suggest the first week in January?

Mr. Raatgever: I think the 3rd of January would be all right.

Mr. Speaker: Well, it is decided that Finance Committee should meet in the first week in January. Council will now adjourn until Monday, 20th December, at 2 p.m.