THE

PARLIAMENTARY DEBATES

OFFICIAL REPORT

`

[VOLUME 6]

PROCEEDINGS AND DEBATES OF THE FOURTH SESSION OF THE NATIONAL ASSEMBLY OF THE SECOND PARLIAMENT OF GUYANA UNDER THE CONSTITUTION OF GUYANA

9th Sitting **2.00 p.m.** **Thursday, 7th December, 1972**

MEMBERS OF THE NATIONAL ASSEMBLY

Speaker

His Honour the Speaker, Mr. Sase Narain, J.P.

Members of the Government

People's National Congress
Elected Ministers

The Hon. L.F.S. Burnham, S.C.,
Prime Minister

Dr. The Hon. P.A. Reid,
Deputy Prime Minister and Minister of National Development and Agriculture **(Absent – on leave)**

The Hon. M. Kasim, A.A.,
Minister of State of Agriculture

The Hon. H.D. Hoyte, S.C.,
Minister of Works and Communications

The Hon. W.G. Carrington,
Minister of Labour and Social Security

The Hon. Miss S.M. Field-Ridley,
Minister of Information, Culture and Youth

The Hon. B. Ramsaroop, **(Absent – on leave)**
Minister without Portfolio and Leader of the House

The Hon. D.A. Singh,
Minister of Health

The Hon. O.E. Clarke,
Minister of Home Affairs

The Hon. C.V. Mingo,
Minister of State for the Public Service

The Hon. W. Haynes,
Minister of Co-operatives and Community Development

The Hon. A. Salim,
Minister of Local Government

Appointed Ministers

The Hon. S.S. Ramphal, S.C.,
Minister of Foreign Affairs and Attorney-General **(Absent)**

The Hon. H. Green,
Minister of Public Affairs

The Hon. H.O. Jack,
Minister of Mines and Forests **(Absent)**

The Hon. Miss C.L. Baird,
Minister of Education

The Hon. F.E. Hope,
Minister of Finance and Trade

Dr. the Hon. K.F.S. King,
Minister of Economic Development

The Hon. S.S. Naraine, A.A.,
Minister of Housing and Reconstruction

Parliamentary Secretaries

Mr. J.G. Joaqin, J.P.,
Parliamentary Secretary, Minister of Finance
and Trade

Mr. P. Duncan, J.P.,
Parliamentary Secretary, Minister of Information,
Culture and Youth

Mr. J.R. Thomas,
Parliamentary Secretary, Ministry of Information
Culture and Youth

Mr. C.F. Wrights, J.P.,
Parliamentary Secretary, Ministry of Works and
Communications

Other Members

Mr. J.N. Aaron
Miss M.M. Ackman, Government Whip
Mr. K. Bancroft
Mr. N.J. Bissember
Mr. J. Budhoo, J.P.
Mr. L.I. Chan-A-Sue
Mr. E.F. Correia
Mr. M. Corrica
Mr. E.H.A. Fowler
Mr. R.J. Jordan
Mr. S.M. Saffee
Mr. R.C. Van Sluytman
Mr. M. Zaheeruddeen, J.P.
Mrs. L.E. Willems

Members of the Opposition

People's Progressive Party

Dr. C.B. Jagan, Leader of the Opposition
Mr. RamKarran
Mr. R. Chandisingh
Dr. F.H.W. Ramsahoye, S.C. **(Absent – on leave)**
Mr. D.C. Jagan, J.P., Deputy Speaker
Mr. E.M.G. Wilson **(Absent – on leave)**
Mr. A.M. Hamid, J.P., Opposition Whip
Mr. G.H. Lall, J.P.
Mr. M.Y. Ally
Mr. Reepu Daman Persaud, J.P.
Mr. E.M. Stoby, J.P.
Mr. R. Ally
Mr. Balchand Persaud
Mr. Bhola Persaud
Mr. I.R. Remington, J.P.
Mr. L.A. Durant
Mr. V. Teekah

United Force

Mr. M.F. Singh
Mrs. E. DaSilva
Mr. J.A. Sutton

Independent

Mr. R.E. Cheeks
Mr. E.L. Ambrose
Mrs. L.M. Branco

Officers

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

Deputy Clerk of the National Assembly – Mr. M.B. Henry

The National Assembly met at 2 p.m.

[Mr. Speaker in the Chair.]

Prayers

ANNOUNCEMENTS BY THE SPEAKER

Leave to Members

PRESENTATION OF PAPERS AND REPORTS

The Minister of Finance and Trade (Mr. Hope): Mr. Speaker, I lay before the Assembly the Estimates of the Revenues and Expenditure of Guyana for the financial year 1973.

PUBLIC BUSINESS

MOTION

APPROVAL OF THE ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1973

Mr. Hope: Mr. Speaker, in accordance with article 80 (2) of the Constitution, I signify that the Cabinet has recommended that the Assembly should proceed upon the Motion for the Approval of the Estimates of Expenditure for the financial year 1973.

Mr. Speaker: Please proceed, hon. Minister.

Mr. Hope: I now move the Motion for the approval of the Estimates of Expenditure for the financial year 1973 totalling $318,783,874.

Mr. Speaker, this is the ninth budget that this Government has been privileged to present to this House and to the Nation since it assumed office in 1964. In the eight years that have elapsed since then all available evidence attest to the fact that Guyana has made tremendous strides forward in many areas of our economic, social and cultural life. As a result of positive leadership and under the influence of continuous internal stability, the economy has been stimulated, gross domestic output during the period has grown by an annual average of 7 per cent from the modest level of $302 million in 1964 to an estimated $513 million in 1972. Investment in the country during that period totalled $781 million, the Government itself having injected $349 million or 45 per cent of that amount.

Today, the coastal areas of the country are well served by 470 miles of first-class roads all constructed since 1964, airstrips have been laid down in several parts of the hinterland which itself is now served by an expanded schedule of flights by our internal airline. House construction – a significant barometer of confidence – has maintained a high momentum, and small scale industrial enterprise have multiplies or otherwise expanded, under the influence of CARIFTA but even more so as a result of Government's strong encouragement to import substitution and policy of self-reliance.

Since 1966, Mr. Speaker, when Guyana became a member of the International Bank of Reconstruction and Development, the International Development Association and the International Monetary Fund, we have had substantial support for our efforts at the development by these international financial institutions. Between them, the IBRD and the IDA have loaned this country a total of $47 million nearly 40 per cent of which was on soft terms. The IMF on its part has stood ready on the basis of a Standby Arrangement to support the Government of Guyana should strains develop in our international payments position. Fortunately, Mr. Speaker, in the seven years during which these arrangements have subsisted we have called on this facility only one, and on that occasion it was more a matter of caution in the months immediately following the Bauxite nationalization than of any fundamental distortion of our international payments position. In fact, the temporary strains which had developed disappeared rapidly, and we were able to repay a substantial portion of the foreign exchange which had been made available, more than two years ahead of time.

During the period, Mr. Speaker, Government revenue more than doubled, rising from $67 million in 1964 to $158 million in 1972, while Government's budgetary allocations increased from the modest level of $79 million on both Current and Capital accounts in 1964 to $220 million in 1972 – a trend which reflects the tremendous push the Government has been giving to public investment and expanded service – in Education, in Health, and in Water Control, among others.

Internally, the Government's policy of mobilization of financial resources for use in Guyana has met with gratifying success. In the two years since this House has enacted the most far-reaching legislation affecting insurance business in Guyana, Insurance Companies have invested more than $9 million in Guyana – not only in house mortgages which have always been there traditional line of investment but quite significantly in Government Securities and in the financing of the Capital requirements of Public Corporations.

This is a far cry from the days of the early 1960's when the Government, now the Opposition was unable to persuade financial institutions operating in Guyana to invest, to any significant extent, in Government bonds. Our policy for the repatriation and domestic investment of Pension Funds covering Guyanese workers have won total support and acclaim in and out of Guyana. Today, Pension Funds using substantial amount of voluntarily repatriated money have invested significant sums in the bonds issued by Municipalities. In this way, they have provided financial support for improvement in roads and other Municipal services in Guyana. In our view, this is a most noteworthy and welcome development.

I would like to take this opportunity, Mr. Speaker to record the Government's appreciation of the action of those companies which have arranged to repatriate, and in fact did voluntarily repatriate during this year, more than $7.0 million of Pensions Funds, which were invested abroad. This was done without waiting for legislation which is now in course of being drafted. It is the hope of the Government that more companies would seek to persuade the Trustees of Pension Funds to adopt this attitude and to voluntarily repatriate funds held abroad for investment in Guyana.

International Monetary Situation

Now Sir, before reviewing in some detail the international economic and financial state of the Nation, it would perhaps be useful, if I bring to the attention of hon. Members, recent developments in the international monetary situation in which Guyana functioned during the past year.

Last December, at the time of the presentation of the Budget, practically all the major reserve currencies were floating, and with them the currencies of all those countries whose foreign assets were held in those reserve currencies. The monetary situation was chaotic and countries were applying varying forms of restrictive measures to protect their reserves. The Smithsonian Agreement which was signed about the middle of December, 1971, reintroduced some measure of stability in the system by establishing certain fixed central rates of exchange with respect to the major reserve currencies.

Unfortunately, just about six months later, in early July, 1972, the pound sterling came under massive speculative attack apparently encouraged by doubts as to the ability of sterling to maintain its Smithsonian parity after Britain's entry into the EEC. The British authorities promptly decided to cut the £ loose from its fixed parity in relation to the US Dollar and to let it float. Since then Sterling has been floating downwards and has now sustained an effective devaluation against the US dollar of something like 10 per cent.

Since the Guyana dollar, like the currencies of the other West Indian countries, was maintained at its fixed post-Smithsonian parity ($5.21 cents to the £ Sterling) the effect of the Sterling float has been a **de facto** appreciation of the US dollar by about 11% against the Guyana dollar. This has meant increased prices for many imports from US dollar sources, though it has also implied increased Guyana currency earnings for our exports, such as bauxite and some sugar, the prices of which are denominated in US dollars.

Mr. Speaker, as sterling had depreciated to this extent (that is, at present $2.35 US - £1) the Government of the United Kingdom has implemented the sterling guarantee. Under this guarantee the value of our official reserves held in sterling (in excess of one-tenth of our total official reserves held in all foreign currencies) is insured against depreciation in terms of the United States dollar. The extent of the sustained depreciation of sterling against the US dollar, since the guarantee agreement was executed in 1968, has been about 2 per cent – from US$2.40 to US $2.35. Since about £12 million of our reserves are held in eligible sterling assets, the compensation immediately payable to Guyana is about £¼ million.

When sterling would return to a fixed parity is still a matter of speculation. What is of even greater concern, however, is the value at which it would finally be pegged. To us, it seems distinctly unlikely that sterling would return to its Smithsonian parity and this would obviously have some serious implications for monetary policy in Guyana.

So far, the Guyana dollar has been allowed to float downwards with the pound sterling in terms of the US dollar. The alternative course of maintaining our former US dollar parity (US $1 – G$2) would have completely undone the 1971 devaluation, and would in effect have forced our exports, which add to our employment and income, to subsidise our imports, which reduce our income and provide employment for the people of other countries.

Mr. Speaker, simultaneously with floating the £, the British Authorities imposed exchange control against all Overseas Sterling Area countries. These controls affect capital movements from the United Kingdom; in particular portfolio investment and capital transfers by United Kingdom residents – some of whom are Guyanese – are severely restricted. It would however be recalled that, in order to forestall any speculative outflow of funds from this country, during the international monetary crisis last year, Guyana had also extended exchange control restrictions to all sterling transactions.

The vicissitudes of the dollar last year, Mr. Speaker, and yet once again of the £ Sterling this year, have pointed to the need to replace these reserve currencies with neutral reserve assets, which are not sensitive to particular national policies, and the supply of which can be deliberately related to the need for international liquidity. In effect, Mr. Speaker, it is clearly desirable that the stability of the reserve assets of countries, particularly small countries, should not be left to the vagaries of the balance of payments of the reserve currency countries.

Consequently, machinery has been established under the aegis of the International Monetary Fund, to find a solution to the persisting instability in the monetary system and to establish a new reserve asset. This task has been entrusted to a Group – called the Group of Twenty – consisting of Twenty Governors, many of them Ministers representing developed and developing countries alike who would be advised by twenty experts (called Deputies), who themselves would be assisted by a number of technical advisers, drawn from different countries. Guyana has a place as adviser to the Group of Twenty Deputies. It is the hope of all the countries – developed and developing – that the Group of Twenty would be in a position to make firm recommendations for acceptance by Governments before the next meeting of the Board of Governors of the IMF in September 1973, so that a scheme designed to bring stability to the international monetary system could be finalized shortly after. Guyana would participate during the succeeding months according to the role allotted to it, in the meeting of Deputies of the Group of Twenty.

While these events have been going on in the Monetary field, developing Third World countries have been seeking to strengthen themselves through co-operation at both the political and the economic levels. I refer to the latest expression of this collaboration in the Meeting of Foreign Ministers of Non-Aligned countries which took place in Georgetown a few months ago.

Members should be aware of the fact that one of the most important achievements to have emerged form that conference was the Action Programme for economic co-operation. That co-operation, Mr. Speaker, involves the significant expansion in trading relationships by developing countries among themselves, in order to promote their mutual economic development; the exchange of technical knowledge, the co-ordination of their policies as producers of primary products in order to avoid exploitation by industrialised countries, and collaboration in efforts by those developing countries to own and control their natural resources.

In this matter Guyana played a most significant role, in securing the articulation of this comprehensive action programme for economic co-operation. On the initiative of this Government, the Commonwealth Caribbean States have also endorsed this programme at the recent Heads of Government Conference.

No one should underestimate the value and significance of a policy of self-reliance among developing countries in the effort to improve their economic fortunes. This is essentially the message of the Action programme which Guyana has done much to articulate and would continue to seek to further and implement.

Regional Economic Integration

I turn now to Regional Co-operation. This Government since it took office, has pursued a very positive and forward-looking policy of regional co-operation with the ultimate objective of Caribbean Regional Economic Integration. Out of this effort CARIFTA and the Caribbean Development Bank has emerged. At the Heads of Government Conference held recently in Trinidad and Tobago crucial decisions were taken to move the countries of the Commonwealth Caribbean Region from a mere free-trade area into a Common Market and eventually into Caribbean Economic Community. We already have almost five years' experience of working a free-trade area. During next year a Common External Tariff with the concomitant of a common trading policy would be introduced. As a consequence of this, over an agreed period of time, customs tariffs would be equalized for all countries participating in the Community; that is, rates of duty for imports would be the same for all CARIFTA territories against third countries.

Tax incentives would also be harmonized. This means that the self-defeating competition among Commonwealth Caribbean States with respect to tax holidays would be eliminated, and tax incentives would be made available to industries based on a uniform system, and rational criteria. Under the proposed scheme, for instance, firms which satisfy certain criteria could be granted up to nine years tax holidays in Barbados, Guyana, Jamaica and Trinidad and Tobago, and in corresponding circumstances, up to fourteen years in the Associated States and Belize. The criteria would be based essentially on the capacity of the industry to create income retainable by nationals of the Region.

In addition, Guyana in conjunction with the other three larger territories in the Region, has agreed on a programme of assistance to promote the industrial development of the Associate States and Belize. One of the more important aspects of this programme is a proposed Caribbean Investment Company in which the Governments of the four larger partners of Carifta together with the Private Sector of these countries with a small participation by the states themselves, are expected to provide funds running into about five million dollars, to be utilized for investment in industrial enterprises in the Less Developed Countries of the Region.

As part of this programme the Government of Guyana intends to encourage firms in Guyana to establish joint ventures in the Less Developed Countries of the Region. In addition, as was agreed at the Heads of Government Conference, the Government would grant the free-trade area treatment to goods from the LDC's even where these goods incorporate as low as 40 percent local value added, so long as the enterprise is owned and controlled by nationals of the Region.

The Government of Guyana, Mr. Speaker, intends to pursue a policy of assistance to the less Developed Countries during the coming year despite our limited resources – both financial and human. In fact, some of these countries are already recipients of Technical Assistance from Guyana, and this programme would be expanded in response to the expressed needs of the Less Developed Countries.

Within our financial capacity we have every intention to encourage those who administer certain institutional funds over which Government has some control – to invest in the Bonds issued by the Less Developed Countries of the Region. Very recently a decision has been taken that Guyana would subscribe to bonds to be issue by two Governments in the Associate States.

Relations with the EEC

While the Commonwealth Caribbean is moving towards closer economic co-operation and integration, the most prosperous and economically powerful regional economic grouping in the world is due to be expanded within a matter of weeks. I refer to the impending entry of the United Kingdom into an expanded European Economic Community. Great Britain's entry into the EEC has crucial implications for Guyana and the CARIFTA region as a whole, because the future of such commodity exports as Sugar, Rum, Banana, and Citrus is at stake. Negotiations are due to be started during 1973, with regard to the form of relationship which the countries of CARIFTA should have with the EEC. In these negotiations the CARIFTA countries – including Guyana – have recognized their common interests and would negotiate as a Group. In the final analysis the form of relationship that emerges would be expected to reflect the best interests of the countries that constitute the Commonwealth Caribbean. As a demonstration of the seriousness with which the Government of Guyana views the development of relationships with the EEC, in the Estimates that are being presented to this House, the Government would be seeking provision for the establishment of a Guyana presence at Brussels, the administrative centre of EEC.

A General Review of the Economy

Mr. Speaker, I come now to review the economic background against which the Government conducted its business during this current year. These existing economic conditions of course affected the revenue out-turn and the level of Government expenditures. The first noteworthy fact is that production during the year failed to confirm expectation in a number of significant sectors. There is no doubt, however, of the fact that the economy possesses the capacity for a substantial growth in production; but a number of unfortunate factors operated to retard output.

The Sugar Industry started the year with good prospects. Output was projected at the beginning of the year at a record level of 390,000 tons. Market conditions were excellent, the negotiated price for sugar had been increased by nearly £17½ per ton; prices were rising on the Free Market where the price of sugar was recently quoted in excess of $380 (G) per ton. Unseasonal rains, however, resulted in reduced harvesting and yield in the Spring Crop and the ground so lost would not be regained during the Autumn Crop which was itself affected by unfavourable weather conditions. The output projected for the year is now 315,000 tons – some 75,000 tons less than originally anticipated.

The Rice Industry faced similar unfortunate circumstances. Set to expand acreage and yields, the industry suffered from severe rainfall and floods. Output was therefore substantially diminished.

So far as Bauxite is concerned the major producer (Guybau) was also geared at least to maintain its output of alumina and metal grade bauxite and increase its output of calcined bauxite. The industry as a whole, however, experienced weak market conditions throughout this year. Demand had fallen off in the face of large stocks and reduced requirements of the aluminum industry as a number of industrialized countries dampened their rate of growth in the course of combating inflation. The volume of output and exports of metal-grade bauxite and alumina accordingly fell; production and sale of calcined bauxite were however quite buoyant with output increasing from 621,000 tons in 1971 to 640,000 tons in 1972, by Guybau alone. The other enterprise, Reynolds Metal Company, also experienced a similarly depressed volume of output of metal-grade bauxite.

The industry, therefore, fell short on its 1971 volume of output, though gross earnings were maintained at about the level achieved in the previous year, because of changes in the local exchange rate for the US dollar, as well as improved prices for calcined bauxite.

Due to the shortfall in production the volume of sales of the key export commodities, declines; despite this, because of higher export prices of sugar – the negotiated price being approximately $312 (G) per ton – and buoyant sales and prices for calcined bauxite, together with the higher exchange rate for the US dollar in terms in terms of local currency, the value of Exports is now projected at $295 million just about $3 million less than Exports in 1971.

Imports on the other hand, estimated at $300 million, were quite restrained despite the actual increase that occurred in money terms compared with 1971. The prohibition of a wide range of imported consumer goods in December last year, notwithstanding some compensatory importation from CARIFTA countries exerted a dampening influence, as expected, on the level of imports; however, it is possible that there were other external factors which affected the volume of imports, such as higher import prices resulting in less buoyancy in the volume of sales and consumption, and a dock strike in the United Kingdom which reduced shipments to Guyana.

However, while the quantum of imports slackened, prices were trending upwards quite sharply. Inflation in the industrialised countries, as well as important increases in freight rates, contributed to the strong tendency for import prices in general to rise.

But, Sir, while there has been as yet no drastic change in the structure of production in Guyana following last year's prohibitions of certain imports, I think it is a fair assessment to observe that Guyanese are already beginning to look inward seriously for substitutes. Success in our agricultural efforts: would enlarge this area of substitution to the ultimate advantage of producers and the economy as a whole.

During the year, there was an evident rise in the money value of consumption measured at current market prices; the increase in value may have been as high as 10 percent – 12 percent. To some extent, however, this increase reflects the higher level of domestic prices consequent on devaluation and the upward trend of world prices.

Investment on the other hand, apart from Bauxite investment, just about maintained its 1971 level, though there was some evidence of a slowing down in business in some sectors. The Bauxite Industry, for example, was not very active in investment, but this was not unexpected, as the new management of the nationalized bauxite enterprise, concentrated its attention initially on the immediate task of production and marketing. Investment in the Sugar Industry, valued at about $9 million, was however higher than in previous years.

Despite the fact that prices for some of our major exports have been higher than in recent years, because of a reduced volume of output, on the one hand, and higher import process on the other, our balance of payments on current account would by year end reflect a deficit that is larger than in the previous year.

Nevertheless, overall balance of payments position – taking into account movements of Capital – is now in a sounder state showing a projected surplus of $19 million in 1972 after a surplus of $12 million in preceding year. This surplus balance of payments position was due largely to expanded inflows of capital from abroad, particularly official capital and repatriated pension funds. The fact that short run surpluses of the major bauxite producer in Guyana were no longer held overseas also did much to improve the balance of payments position.

In fact, Mr. Speaker, the economy has been well managed. Inflation, though evident, has not been of the run-away character and has largely been imported; our imports have been held down, wage settlements have not been exorbitant, and the industrial relation scene has been free from any major confrontations. The Unions in the Public Service, for instance, have shown a considerable sense of responsibility in their wage and salary demands, and I shall have a further word to say on this matter later in this presentation.

The Nationalised Bauxite Industry

Mr. Speaker, I think that it would be useful at this stage if I were to attempt a brief assessment of the impact of bauxite nationalization on the economy of this country during the year 1972. Employment levels in the company were maintained at a weekly average of 4,900 persons compared with 4,700 in 1971; at the same time average earning of weekly paid production workers is estimated at $84 compared with $77 in 1971. Thus, not only had employment levels in the industry improved, earnings had also risen quite significantly compared with 1971.

At the same time, contrary to doubts expressed in certain quarters, the nationalized company by year end would have paid nearly $14 million in income and property tax of the Government, and distributed dividends to Government that are expected at least to meet the compensation payments due to Alcan at the end of 1972.

It should be noted, however, that most of the compensation payments in conformity with the terms of the Agreement with Alcan would be utilized for the recovery of income tax due by DEMBA to the Government with respect to the years 1970 and 1971. Interest payments on the outstanding debt to Alcan would attract Withholding Tax and this would be deducted from the interest falling due to that Company. The rest of the compensation instalment related interest would be referred under the terms of the Agreement. Consequently, no payment to Alcan would be necessary this year, but payment would be made in 1976 as provided for in the Agreement.

In addition, Mr. Speaker, out of its cash surplus, Guybau was able to hold Government of Guyana Treasury Bills throughout the year valued at the peak at $11.7 million. As a subsidiary of a multinational corporation the short-run surpluses of DEMBA would have been used by the

Parent Company to finance the short term requirements of its other operations. Nationalisation has ensured that these benefits accrue to the Nation and that cash generated is invested for the benefit of the domestic economy.

Further, Mr. Speaker, it is worthwhile to not that Guybau Pension Funds have been invested about $1.1 million in the bond issues of both the New Amsterdam and the Linden Local Authorities, for financing the improvement of roads and other municipal infrastructure.

The Government is gratified to be able to point to the fact that recent research has shown that the industry need not reply exclusively on the traditional lines of output, mainly metal-grade bauxite, alumina and calcined bauxite, for its growth in output and sales. Significant diversification now appears feasible. In the months ahead the company proposes to expand its calcining capacity, develop new lines of output and in fact gear its production programme to take account more fully of identified market possibilities.

Prices

Mr. Speaker, I would now like to make some remarks with respect to prices. One of the most serious problems that has faced this country in recent months and which would well persist in the coming year is the evident tendency for domestic prices to rise with unusual rapidity. During the first nine months of this year the Consumer Price Index rose by more than 4½ percent. This rapid increase in prices is partly the result of devaluation; but a much more important factor is the upward trend of world prices.

All the industrialised countries, whether of North America or of Europe, with whom we trade have experienced rapid inflationary price movements during the year. The United Kingdom for instance appears to have experienced price rises that average in excess of 10 percent during the first nine or ten months in 1972, and there have been comparable increases in most countries of Western Europe and North America.

Merchants and manufacturers point daily to the rise in the prices of food, notably dairy products, raw materials and consumer durables. What has therefore been happening is that Guyana, with an open market economy and high propensity to import, has been importing the inflation of the developed countries with which we trade.

It is partly for this reason too that the Government has been encouraging a shift of trade from more expensive traditional source to less expensive suppliers.

While the Government moves to restrain price increases, however, due cognizance would be taken of the legitimate expectation of businessmen to make reasonable returns on their capital. The Government accepts it as its duty to do its best to ensure that manufacturers are encouraged to expand and diversify, and in this regard recognizes that losses and too low returns do not operate as an incentive to industrial growth. There would therefore be cases where price increases would be unavoidable. However, in appropriate circumstances, particularly where the rate of return would appear to permit this, business firms would be called upon to absorb increases in the cost of goods they produce or in which they trade.

It is, of course, of some interest to observe that world inflationary pressures, which have been forcing domestic prices upwards, are now showing signs of easing under the impact of the prices and income policies adopted by our major trading partnership this should have a restraining effect on price movements in Guyana in which case movements in the cost-of-living should trend upwards much less sharply.

Mr. Speaker, I am satisfied that the time has come when some scrutiny should be directed at price movements in another area of consumer goods which has so far escaped attention. I refer here to the products of local agriculture. While the price of a number of locally manufactured goods and of imported items have been subject to Government control and restraint, producers of agricultural consumer goods have been taking the opportunity presented by increased demand of local products to charge higher and higher prices for their goods.

Each time that there is an increase in the Consumer Price Index, the analysis given by the Statistical Bureau points to the fact that the increases are due largely to prices of such commodities as beef, fish, ground vegetables, such as plantains and green vegetables, to name only a few.

This Government would wish, Mr. Speaker, to urge farmers and t hose who distribute agricultural produce to restrain themselves in their urge to charge higher prices, in the absence of control. Such a policy can only upset the Government's efforts to keep the cost-of-living down through the controls imposed on imported commodities and consumer goods of local manufacture. It is therefore timely for me to observe quite clearly that if agricultural prices continue to rise without justification the Government would be forced to consider the extension of price control to agricultural commodities.

Expenditure and Revenue 1972

Mr. Speaker, I now turn to performance with respect to expenditure and revenue collection. Within the economic environment described earlier Government was able to collect revenue amounting to $157.6 million, approximately $.3 million, more than was originally estimated and almost $31 million (24 percent) higher than actual receipts in 1971. An amount of $32.1 million was derived from import duties; this yield was some $2.1 million less than the actual receipts for 1971 but only marginally more than our budgeted estimate. This shortfall in customs revenue was the result of the generally restrained level of imports, on which duties are leviable arising from Government importation and the phased reduction of import duties in keeping with our obligations under the CARIFTA agreement.

Although year-end figures are not yet available it now appears reasonably certain that the other major element of revenue, Income Tax, would yield $68.7 million or $5.4 million more than the budgeted estimate and $16 million in excess of collection in 1971. This increase in income tax yield would flow in from the main receipt from DEMBA of the balance of imcome tax due for payment on earning in 1970 and 1971, and to which reference was made earlier.

There are some shortfall in export duties which yielded $2.3 million compared with an estimated receipt of $2.9 million Excise duties and Consumption taxes were however fairly buoyant; together they yielded $22.9 million compared with $20.8 million originally estimated and $19.5 million actually collected in 1971.

Current Expenditure is on the other hand now estimated at $158.0 million just about $12.1 million more than the approved estimate. Compared with the actual level of current expenditures in 1971 expenditure in 1972 would be $23 million higher.

Most of the increase above the original estimate arises from expenditures in connection with the non-aligned conference ($0.3 million) increased salaries for teachers ($1.9 million) and increase debt servicing ($9.6 million), mainly arising from payments to Alcan, on account of the nationalization of DEMBA.

This latter amount would be directly related to a revenue item of dividends from Guybau. As a result of current expenditures which are estimated at $158 million and current revenue collections amounting to $157.6 million, there was a deficit on current account of just about $0.4 million although a surplus of $2.4 million was projected at the beginning of the year.

Capital Expenditures were also running at a high level. The 1966 Development Plan projected an average outlay of $42 million per annum. In fact during the Plan period expenditures totalled $318.3 million giving an average of $45.5 million annually. The last four years have shown that capital expenditures tended to exceed the annual average of the Plan.

As the capacity of the ministries to implement projects increased expenditures expanded from the $31.9 million spent in 1966, to $41.3 million in 1967, falling to $39.7 million in 1968, and rising again to $44.9 million in 1969, $52.1 million in 1970, $45.8 million in 1971, and $62.6 million in 1972.

The main items of capital expenditure in 1972 were as follows:-

Kibilibiri Land Development Project	$1.0 million
North West District Land Development Project	$3.0 million
Industrial Development	$1.2 million
Feasibility Studies	$1.5 million
Georgetown, East Demerara, West Demerara and Berbice Roads	$5.7 million
Cultural Centre	$1.0 million
Water Supply	$4.1 million
Flood Relief Measures	$1.0 million
Sea and River Defences	$11.8 million
Food Programmes	$1.2 million
Rice Rehabilitation Programme	$9.8 million

Capital Receipts in 1972 were also at a higher level, and totalled $43.7 million made up of $15.8 million on External Loans, $24.8 million on local borrowings and $0.1 million from miscellaneous capital sources. There was therefore an overall deficit of $19.2 million - $0.3 million on current account $18.9 million on the capital estimate – most of which was met by banking system borrowing.

It might be useful at this stage for me to comment briefly on the question of surpluses and deficits on the Government accounts. It is highly desirable that the Central Government should return a surplus of savings on its current account, in order to assist in the financing of the Capital Budget. The pure financial accounts presented in the Estimates indicate, however, only a very small surplus, or in some years an actual deficit. If the accounts are analysed differently, however, in order to reveal the economic as distinct from the strictly financial allocations of Government expenditure, the sinking fund contributions which are part of the public debt servicing must properly be counted as part of the Government's savings.

Even the payment of instalment on public debt is a capital rather than a current payment, though the financial accounts record them as current payments. On this basis, in 1972 there was an excess of revenue over expenditure on goods and services of $10.6 million rather than a deficit of $0.2 million as reflected in the Estimates. In the 1971 Estimates it was a deficit of $1.8 million rather than one of $8.2 million.

In addition, it is relevant to observe that as Government increases the level of its investment, and prepares for the exploitation of its natural resources, expenditures on current account inevitably rise. For instance, Mr. Speaker, earlier in this year a new hydro power unit was established in the Ministry of Works and Communications to carry out investigations relating to the development of hydro power in the Essequibo this cost is reflected in the current estimates. A similar situation arises when schools are built and health centres are constructed; the cost of their staffing and supplies becomes a recurrent charge on the budget.

Therefore when analyzing our current surpluses and deficits, Mr. Speaker, it would be useful to take account of these considerations which help to explain the high level of expenditures recorded on current account and the apparent low level of surpluses are recorded in the financial accounts.

Prospects for 1973

For 1973 the prospects again appear promising. There is every indication that the price of sugar would be maintained at its present level and the industry would have the capacity to produce 390,000 tons of sugar it had expected to produce in 1972. If weather conditions are favourable in the coming year, and industrial relations in the industry remain calm, there seems little doubt that the industry and the economy would enjoy a year of relative prosperity.

Prospects in the Bauxite Industry are no less favourable. The output of Calcined bauxite would be expanded by about 5 percent alumina by another 12 percent and dried bauxite produced by Guybau by a further 10 percent. In addition Guybau is expected to increase its output of dried refractory grade bauxite; and as demand conditions are improving it is anticipate that sales would match total output.

So far as Rice is concerned, Market conditions are also distinctly favourable. With the deepening of CARIFTA the regional market has assumed increased importance for rice produced in the Region. The general world shortage of food grains, including rice, is expected to continue in 1973. Consequently, this country would be able to sell at remunerative prices all the rice it could produce. In addition, as a consequence of Government's planned investment programme in Agriculture, there would be significant improvement during the year in the water control facilities in many rice-producing areas, particularly Black Bush Polder, and this should go a long way in removing some of the physical constraints to production of this grain. Assuming therefore reasonable weather conditions and the willingness of farmers to take advantage of the increased prices recently granted to rice producers, the industry should increase its output and generate substantial incomes.

Private investment should also expand quite dramatically. Particularly, investment in the Bauxite sector is projected to increase with the opening up of a new mine by Guybau, the installation of new equipment, and the possible construction of a new kiln. The sugar industry is also expected to invest at the same level achieved in 1972. It is the Government's hope, Mr. Speaker, that small-scale manufacturers would also show increased enterprise and diversify or expand to take greater advantage of regional market in the Caribbean.

The Public Sector too, as I would elaborate in great detail later, intends to invest substantial sums in housing, drainage and irrigation, livestock development, electricity expansion, roads, sea defence and other construction activities, during the coming year.

In general therefore, Mr. Speaker, 1973 would appear to have real prospects of a significant increase in economic activity.

Revenue and Expenditure for 1973

I come now to the Estimates of Revenue and Expenditure currently being presented to this House. Guyana, Mr. Speaker, is on the brink of real significant development. A five-year development programme whose objectives are to feed, clothe and house the nation by 1976 is due shortly to be presented to this House. The outlook for a rapid development in kaolin, hydro power, forestry and even mineral oil is becoming distinctly promising.

The need to push agricultural expansion and make agriculture more productive is the major thrust of Government's development and this is reflected in the Capital programme of 1973. The establishment of agriculture based industries, canning and processing, would follow. The construction of a large number of housing units in order to ensure that people are decently housed is also a major objective. The relevance of expenditure on housing is not however merely social; housing possesses substantial development consequences. The building of housing units to house the nation would create substantial employment and assist in the development of skills; in particular it would give tremendous fillip to clay brick making as a rural industry, and to the forest industry, through the exploitation of wide variety of local woods for house construction.

These are some of the economic considerations that underline the Estimates for 1973. The expenditures now proposed are at the record level of $319 million on both current and Capital accounts, almost 45 percent higher than the revised estimate of $221 million for current and capital expenditures in 1972.

The current estimates alone envisage an expenditure of $173.6 million, approximately $15.7 million higher than the revised estimate for 1972. Of this amount personal emoluments are projected to account for an increase of $6.2 million, other charges $5.6 million and the servicing of the public debt would require an additional $3.9 million. The increases in expenditure fall mainly in the following areas – Defence $1.4 million, Foreign Affairs $0.5

million, Land Development, $0.5 million, Post Office $0.3 million, Works and Communications $0.7 million, Education $2.3 million, Health $0.4 million, Trade (subsidy) $2.4 million, and Public debt $3.9 million.

Public Service Pay

Mr. Speaker, this is possibly an appropriate time at which I should comment on one important element of expenditure that would need to be incurred in 1973. I refer to the revision of wages and salaries in the Public Service. This Government has on a number of occasions in the past given the firm assurance to the Public Service that as soon as the Job Evaluation study is completed negotiations would begin for the revision of salaries of Public Servants. I am now in a position to announce that pay scales for the entire Public Service would be revised in 1973.

It is now clear that the Job Evaluation study would reach an appropriate stage of completion during the early months of 1973 to permit of its use. The Government accordingly intends immediately after that to negotiate with the Public Service Unions new pay scales with the hope that those negotiations would be completed with expedition in order to ensure that the new agreed salary scales are implemented in 1973.

Capital Expenditure

In now turn to the development programme for 1973. The 1973-1977 Development Plan will be published in the first quarter of 1973. That year will see the implementation of the first year of the Plan and the Government proposes a capital expenditure of $145.2 million – the highest in the history of this country. The expenditure programme proposed will be the first phase towards the achievement of the development objectives of the Plan.

The major expenditure will be incurred in the expansion of the agricultural production and in ensuring that the movement of produce is not impeded by inadequate means of transportation. The proposal is that $45.1 million will be spent directly on the production of food or in the improvement of facilities in the agricultural sector. The distribution will be as follows:-

Agriculture (Crops and Livestock)	$21.3
Water Control	$22.9
Agro-Industries	$0.9

A sum of $3.0 million will be spent on the agricultural and agro-industrial expansion of the North West Region; $1.4 million is provided for the establishment and development of two dairy herds at Mon Repos and at Moblissa on the Soesdyke/Linden Highway; $0.5 million for further agricultural activities along the same highway and (0.4 million) at Kibilibiri on the Berbice River. In addition, $1.6 million will be expended on the World Bank assisted beef expansion project, $0.4 million on other cattle development and $0.5 million on a veterinary diagnostic laboratory, which is essential for the success of so ambitious a programme of livestock development. The rice expansion programme will be continued and an allocation of $4.5 million has been provided.

Paralleling the programme for expanded agricultural production is a programme for the provision of improved water control along the sea coast. A sum of $2.3 million has been allocated for works in the Mahaica/Mahaicony/Abary area, $0.9 million in the Black Bush Polder and Tapakuma areas, and $0.5 million in the West Demerara area; these sums will be utilized to improve the drainage and irrigation facilities of the area mentioned and thus improve their capability of producing rice and other crops; the specific expenditures already mentioned will be supplemented by an allocation of $3.0 million for the purchase and installation of drainage pumps in other areas.

The improvement of the sea defence along the coast will also provide an element of protection to the agricultural lands aback of the coastal villages and it is projected that the work in hand will continue into 1973. A provision of $19.0 million has been made to cover the cost of works on the East Coast and West Coast of Demerara and in the Essequibo Islands.

Responsibility for provision of houses for the nation does not fall solely on the shoulders of the Government. But the Government is committed to the task and will construct during the year at least 4,000 houses, which will go some way to satisfy the demand for houses by the large number of persons who seek better living quarters. The government has already announced its intention to create the conditions that would stimulate private building through the grant of incentives.

The inadequacy of long-term money to finance mortgages is always recognized as a serious constraint to organized housing development. Consequently early in 1973, a Mortgage Finance Company will be established to offer to potential house owners the necessary funds for the financing of house mortgages; the Company will be provided with an initial equity contribution of $2.0 million from the Government, with substantial participation by co-operative and friendly societies. But the major source of loan funds is expected to be financial institutions, the insurance companies and pension funds, which will find that investment in the Company is both gilt edged and lucrative.

The Government has also examined the availability of building materials and in order to assist in the production of greater supplies of timber, an allocation of $0.5 million has been made to this sector. In addition, the capacity of the Government owned timber company will be expanded and the operators in the private sector will be offered greater opportunities to expand.

The public sector allocation to the programme of providing houses will be in the vicinity of $5.0 million. This sum would act as a catalyst and if turned over three or four times during the year should be adequate to ensure that the target set for house building by the Government is met.

The Government has already indicated that clothing the national will be a task of slow development, mainly because the raw materials for achieving this are in short supply or as yet non-existent. During the first year of the Plan, the trials into growing of cotton will continue and the establishment of a textile mill will be investigated with a view towards commencing the construction of a mill by the end of the year.

There are other allocations which will indirectly affect the achievement of the objectives outlined in the plan. These will include the allocations for providing improved educational facilities (10.2 million), better health services ($2.4 million); improved transportation ($23.5 million) and hydro power and water ($29 million).

A special word need be said about the provision of additional power, both for domestic and for industrial use. During 1973 the $70 million expansion programme of the Guyana Electricity Corporation will move into high gear. The programme will extend electrical services as far east as Corriverton, along the Linden – Soesdyke Highway, into West Demerara and, what is more significant, will for the first time link the Corentyne, Georgetown and Linden and the areas between these points into an integrated gird, thus ensuring that the service provided is regular and of consistently high quality. In order to achieve this, the frequencies must be standarised and the generating and transmission facilities of the Corporation improved. The programme will be financed jointly by the World Bank, the United Kingdom and Canada and ourselves.

Financial Institutions

In order to continue and expand its policy of mobilization of local funds for development, as well as provide the financial institutional framework to give effect to its development objectives of feeding, clothing, and housing the nation, the Government proposes the creation, by Act of Parliament, of a new financial holding institution to be called the Guyana Co-operative Finance Administration.

Under the canopy of this new Administration which would be exercising a unifying rather than a bureaucratic influence, would be set-up four separate and antonomous financial institutions, one of which will be the Guyana National Co-operative Bank which is already in operation.

The role of the Co-operative Finance Administration would be advisory and exhortatory rather than regulatory. Its expenses would be a minimal and would be charged on the Consolidated Fund. Its functions would be limited to the following – first to advise the Minister when requested on the exercise of his functions in relation to any institution established under the Act; secondly, to recommend policies and programmes of co-operation and co-ordination designed to facilitate the operations of the institutions and thirdly to hold the shares of the Government in any of these institutions.

In order to implement the scheme it is proposed that the Guyana National Co-operative Bank Act 1970 should be amended to provide for the establishment of the Co-operative Finance Administration, and the continuation of the Guyana National Co-operative Bank as a banking institution under the modified and enlarged system.

Apart from the Guyana National Co-operative Bank three other financial institutions are proposed for immediate establishment under the new Act.

The first to be set up would be the Agricultural Development Bank, whose authorized share capital is likely to be pitched at $30 million but whose paid up share capital for the first year is proposed at $2 million. This bank will be able to borrow and in fact the indications that have been received so far suggest that the bank would command substantial financial support, not only from the local banking and insurance systems but also from the World Bank. The Government would, of course, be the major share – holder with participation from the Co-operative Sector, and funds mobilized by the Bank would be onlent to farmers at reasonable rates of interest for crop loans and capital works in agriculture, including the purchase of machinery.

Reference has already been made to the second bank within the system, that is, a Mortgage Bank which would be similarly capitalized and whose function will be to provide long-term loans to house owners in support of the Government's programme of housing the nation.

A third financial institution proposed for establishment next year is an Insurance Organisation owned and controlled by the Government with participation of Co-operatives and Friendly Societies. This insurance organisation will do both life and non-life business and will insure as well as re-insure. Serious consideration is also being given to the feasibility of this organisation operating as an insurance broker for the placing of the substantial insurance business generated by public corporations and Government owned companies.

It must be made clear however, Mr. Speaker, that it is not envisaged that this company will undermine growth of those insurance companies already registered to carry on insurance business in Guyana.

Since the enactment of the Insurance Act in 1970 a number of companies, most of them small, but two of them large, have ceased to carry on business in Guyana because they were unwilling to conform with the conditions laid down by the Act. The Government is satisfied that there is a large area of insurance business which has been left untapped consequent on the departure of those companies from Guyana. The new organisation intends to go after this business and to sell insurance to the people. In doing this the Government is confident that this Public Sector Insurance Company will help in the mobilization of more savings – an objective which is very crucial as over the five years of the development plan the community will need to save at a much higher rate in order to finance the plan as far as possible from our own resources.

Financing the Programme

This brings me, Mr. Speaker, to the question of how the development programme is to be financed. Reference has already been made to the fact that foreign aid in the form of loans and a limited amount of grants is expected to the tune of $72 million. It is anticipated for sometime yet the country will need to utilize large flows of foreign official capital for the financing of development works; but the achievement of our developmental objectives would in the long run guarantee that we are less dependent on foreign assistance.

In order to finance the rest of the programme, for which another $73 million would be needed, the government expects to raise $25 million from local savings compared with $24.5 million raised in 1972, and $1.3 million in miscellaneous capital receipts. The remaining $40 million the Government hopes to derive mainly through suppliers' credit and other off-shore loans raised through financial institutions overseas. In fact, Mr. Speaker, arrangements will soon be concluded for an $8 million credit arranged with the Export/Import Bank of the United States and further credits are likely to be raised through the same bank as well as through banking systems of one of two other countries, using the facilities of the Export Credit Guarantee arrangements which exist in those countries. There would still be left an overall deficit of $7 Mn.

Public Debt Burden

The level of capital expenditure envisaged for 1973 will necessitate a high level of borrowing. On the assumption that an estimated amount of $25 million will be raised on the domestic market, there will be left about $109.0 million to be raised from external sources, thus increasing the public debt to $392.9 million, of which $273.9 million will be external –excluding the debt to Alcan an account of the nationalization of DEMBA. Repayments during the year will be about \$11.0 million, of which \$8.4 million will go towards repaying the external debt, leaving a net external debt position of \$265.5 million.

The internal debt (about \$116.4 million by the end of 1973) is not a matter of great concern, since its repayment does not constitute any strain on the nation's external resources; it merely constitute a transfer or redistribution of the national assets among the inhabitants of the country.

But external indebtedness by itself, however, is not a cause of concern, since this indebtedness has led to an increase in the national resources and in the nation's ability to produce goods and services. External indebtedness, becomes a matter for concern only when the servicing of the debt places undue strain on the nation's external earnings, which provide the foreign exchange for the servicing of external loans. This ability to service the debt is measured by the debt service ratio, which establishes the relationship between the debt service requirements and the net earnings from the export of goods and services. In 1969 and 1971, the amount of financial resources that was required to service the external debt, when expressed as a percentage of net exports of goods and services, was 3.5 percent and 3.2 percent respectively; it is expected, on the basis of existing debt, the ration would reach 5.8 percent by 1977 – a proportion which the World Bank itself acknowledges gives no cause for concern.

In many developing countries the ratio is well over 10 percent; in fact in one of our largest Continental neighbours the debt ratio was 16.6 percent in 1970 – the latest figure made available by the World Bank. The debt ratio in this country is low because first of all most of the contracted loans are at low rates of interest with lengthy repayment schedules and substantial moratoria and secondly, the growth of net earnings from exports has averaged over 6 percent per year since 1965. I am therefore, confident, Mr. Speaker, that an expanded level of foreign borrowing as projected could be easily supported by our external earnings, even at their present levels.

Tax Proposals

Mr. Speaker, I turn to my proposals with respect to taxation in 1973. It would be evident, Mr. Speaker that with the level of capital expenditure contemplated some amount of taxation would be inevitable as the community must be prepared to bear some of the burden concomitant on our development. However, the Government, as I have indicated earlier, proposes to intensify its efforts to raise development finance through local and overseas borrowing. In view of this the Government has decided to impose some extra taxation but to keep the level of taxation to a minimum; in addition the measures have been selected in such a way as to minimize the impact on the cost-of-living of the small man. In fact, the proposals if applied fairly would not affect the cost-of-living of most people.

At the same time the Government is mindful of the fact that the burden of income taxation on personal income ought to be relieved, in order to encourage the intensification of production effort, and the attraction of skills to Guyana. Bearing in mind these considerations the following taxation and measure of relief are proposed:-

1. Shrimp: Following consultation with the Companies concerned it is proposed to increase the export tax on shrimp from 7 cents (G) per pound to 12 cents (G) per pound. The last occasion an increase in the export duty was levied on shrimp was 1967 approximately five year ago. Since then the price of shrimp on the international market has increased rather significantly. In addition, devaluation of the Guyana dollar vis-à-vis the US dollar, in which currency the price of shrimp is quoted, occurred twice since the export tax was set at its present level, bring the Guyana dollar down from $1.70 (G) - $1 US in 1967 to $2.25 (G) = $1 US at present. Therefore, the present export levy of 7 cents (G) imposed in 1967 has depreciated significantly, and is worth only about 5 cents of the 1967 pre-devaluation Guyana dollar. In the circumstances it is considered that the shrimping industry could legitimately accept a measure of increase in taxation. Accordingly a tax is as I have

already indicated. Associated with this increase is the agreement by the Government to continue to allow the industry, as in the past, to receive its imports such as trawlers, trawling equipment and fuel free of duty, expect that it is now intended to formalise these concessions by amending the Legislation to put these items on the duty-free schedule.

Another important element of the package, Mr. Speaker, is a commitment by the trawler owners to bring into Guyana at least 24,000 lbs. of fresh fish per trawler per year for sale to the Government at a price of 12 cents (G) per pound. On the basis of 180 trawlers operating out of Guyana at the present time this could mean the lending of something like 4 million pounds of fresh fish of all kinds per annum at relatively low prices. The effort that this could have, in terms of a reduction in the cost of living and the promotion of the Government's objective of feeing the nation, is self-evident.

The yield is expected to be in region of $0.65 million.

Airline Tickets

It is proposed to impose a purchase tax on Airline tickets, issued locally, of 10 percent on the cost price of the ticket. The application of the tax would be restricted to airline tickets for international travel, but would cover tickets for travel by steamship. Obviously, Mr. Speaker, the only persons who would become subject to the tax are those who travel abroad.

The yield is expected to be about $0.75 million.

Motor Cars

A purchase tax of 7½ percent is also proposed for motor cars to be applied to the show-room price of the motor car. However, motor cars to be used for hire would be exempted from the tax. Specifically second-hand purchases will not be liable to pay the tax

The yield is expected to be about $0.5 million.

Reliefs

The Government, Mr. Speaker, proposes to reduce the incidence of personal income tax by making certain modifications to the rates of tax applicable to certain tax bands, and by adjusting other tax bands as follows:-

	Rates of Tax	
	Present	**Proposed**
On first $1,000 of Chargeable income	6 percent ($60)	5 percent ($50)
Next $1,000 of chargeable income	12 percent ($120)	10 percent ($100)
Next $1,000 of Chargeable income	20 percent ($200)	15 percent ($150)

The next three one-thousand dollar bands at present taxed at 25 percent, 30 percent and 35 percent respectively will be condensed into two bands of $1,500 each and taxed respectively at 25 percent and 35 percent.

All other bands and rates will remain at their present levels.

In addition it is proposed that all persons whose chargeable income, that is income after allowance in any one year is less than $500 would be exempted from income tax in that year.

Mr. Speaker, by virtue of these proposals all tax payers would benefit but persons in the lower brackets would benefit relatively more.

For instance a person whose chargeable income was $3,000 would now pay $80 less, that is, $300 rather than $380 a reduction of 21 percent on his tax liability. On the other hand a person whose chargeable income is $6,000 would now pay $1,200 rather than $1,280 a reduction of $80 but equivalent to about 6 percent on his present tax liability.

The cost of these reliefs is estimated at $1.3 million

Conclusion

Mr. Speaker, what Guyana needs now is hard work and dedication by all. The Government's programme of expenditure for next year would make a significant dent in the level of unemployment.

The programme for house building alone would create thousands of jobs and so would several other construction projects which would get under way in 1973. The opportunity for earning a livelihood in Agriculture would be tremendously improved and agricultural incomes would rise.

The economy, however, would need higher rates of savings. As incomes expand in 1973 it would be a matter of some urgency for consumption to be restrained and savings to be expanded.

In this drive to increase savings co-operatives and friendly societies should be in the forefront seeking to encourage their members to consume less and save, and to participate in a more meaningful way by subscribing capital resources to the financial institutions that Government proposes to establish.

After all, Mr. Speaker, it is through community saving and investment that a country provides the basis for continue prosperity.

Before concluding I wish to record my sincere appreciation of the unselfish contribution, time and effort that members of the staff of the Ministry have made to enable these estimates to be presented at this time to this House, despite the changes that have occurred in the staffing of the Ministry. In fact, I would wish to express my gratitude to all members of the staff who have worked hard during the last twelve months in the promotion of the work and responsibilities of the Ministry.

Mr. Speaker, Guyana is ready to move forward; all that is required now is the will to work had and the readiness to co-operate and innovate. If these things happen in our fields, in our factories, and in our communities there is no reason why prosperity should elude us for long. [Applause]

Mr. Speaker: The Motion is proposed.

Mr. Hope: Mr. Speaker, I now name Monday, 11th December, 1972, as the date for the resumption of the debate on this Motion.

Mr. Speaker: Copies of the Estimates, the Motion and the Budget Speech, will now be circulated to hon. Members.

ADJOURNMENT

Resolved, "That this Assembly do now adjourn until Monday, 11th December, 1972, at 2 p.m." **[The Minister of Information, Culture and Youth]**

Adjourned accordingly at 3.40 p.m.

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