

## LEGISLATIVE COUNCIL.

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WEDNESDAY, 10TH JANUARY, 1951

The Council met at 2 p.m., His Excellency the Governor, Sir Charles Woolley, K.C.M.G., O.B.E., M.C., President, in the Chair.

## PRESENT.

The President, His Excellency the Governor, Sir Charles Campbell Woolley, K.C.M.G., O.B.E., M.C.

The Hon. the Colonial Secretary, Mr J. Gutch, O.B.E.

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

The Hon. the Financial Secretary and Treasurer, Mr. E. F. McDavid, C.M.G., C.B.E.

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

The Hon. T. Lee (Essequibo River).

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

The Hon. V. Roth (Nominated).

The Hon. C. P. Ferreira (Berbice River).

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

The Hon. G. A. C. Farnum, O.B.E., (Nominated).

The Hon. Capt. J. P. Coghlan (Demerara River).

The Hon. D. P. Debidin (Eastern Demerara).

The Hon. Dr. G. M. Gonsalves (Eastern Berbice).

The Hon. Dr. C. Jagan (Central Demerara).

The Hon. W. O. R. Kendall (New Amsterdam).

The Hon. A. T. Peters (Western Berbice).

The Hon. W. A. Phang (North Western District).

The Hon. G. H. Smellie (Nominated).

The Hon. J. Carter (Georgetown South).

The Hon. F. E. Morrish (Nominated)

The Hon. L. A. Luckhoo (Nominated).

The Clerk read prayers.

The Minutes of the meeting of the Council held on Friday, the 5th of January, 1951, as printed and circulated, were taken as read and confirmed.

## REPORT LAID

The COLONIAL SECRETARY laid on the table the following:—

The Report on the operation of the Government Rice Mill, Anna Regina, for the year ended 31st December, 1949.

## GOVERNMENT NOTICE.

## INTRODUCTION OF BILL.

The ATTORNEY-GENERAL gave notice of the introduction and first reading of a Bill intituled:

"An Ordinance to amend the Bastardy Ordinance."

## ORDER OF THE DAY.

## GEORGETOWN (TAXATION AND RATING CONCESSIONS) BILL, 1951.

The ATTORNEY-GENERAL: I beg to move the first reading of a Bill intituled:

"An Ordinance to confer power on the Georgetown Town Council to exempt the owners of certain properties in the City from the liability to pay rates or taxes for a limited period."

The COLONIAL SECRETARY seconded.

Question put, and agreed to.

Bill read the first time.

#### TAXATION COUNTER PROPOSALS.

Mr. FERREIRA: Sir, I ask your permission to say a few words before the Order of the Day is taken. On behalf of the majority of the Unofficial Members of the Council I would like to state that we have met, and it is the wish of the majority of Members that I should ask that, after the hon. the Financial Secretary has replied to the Budget Debate, you will adjourn the Council to permit us, the Unofficial Members, to go into the taxation proposals that have been put forward in the Budget Statement with a view to putting up counter proposals for your consideration.

Dr. JAGAN: With reference to the suggestion which has been made by the hon. Member I cannot say that I fully agree, because opportunity has already been given to Members of this Council to express their views, and in some cases to put up counter proposals. I do not see that Unofficial Members would be denied the right, if they so choose to do, to submit a memorandum to the Financial Secretary or to the Government suggesting any variations of the taxation proposals they desire. Personally, I think it is possibly a wrong step, because I think constitutionally Government is today empowered to introduce tax Bills, and if that has been done it is up to Government to withdraw them or face defeat in this Legislative Council. Government has already heard the views of Members of this Council, and is fully apprised of the situation. Certain suggestions have been put forward but I cannot say that I agree with most of them. It may be that if the Unofficial Members were to put counter proposals to Government some of them may be minority and others majority suggestions. Therefore there would be a tremendous lot of difficulty. I do not know what procedure Government will adopt.

The PRESIDENT: I must leave the matter to the Unofficial Members to do as they wish. If they want to meet they can meet, but the proper procedure is to

meet in Finance Committee, and I think the best course would be for them to consider the matter there. They are at liberty to do so. They can express their views as those particular Bills come up for consideration. They are proposals of Government placed before the Council for approval or disapproval, and this Council must make up its mind what to do.

Mr. DEBIDIN: May I be permitted to say a word? The way I look at the matter is that Unofficial Members cannot introduce tax proposals; our hands are tied. It is Government that has power to do so, and it has done so through the hon. the Financial Secretary. As a result of the debate we have discovered that many Members are in disagreement with most of the tax proposals, and many Members have put forward counter proposals. I feel that a compromise in procedure can easily be arranged if an opportunity could be given the Unofficial Members to meet the Financial Secretary and see which of the proposals can be retained, and which cannot be retained. I feel that the fears of hon. Members may be removed completely if it is understood that whatever proposals are finally arrived at by a majority at the meeting with the Financial Secretary, Members would still have an opportunity to say what they desire to say when the proposals are put forward in the form of Bills, and in that way another division, if necessary, can be taken. It seems to me, in the light of the ramifications and implications involved in the tax proposals, and in view also of the very important factor that we must endeavour to balance our budget, that a meeting such as has been suggested by the hon. Member for Berbice River (Mr. Ferreira) would be very important, and we may be able to tide over the tremendous difficulties now facing the Council.

Mr. LEE: May I be permitted to say that Your Excellency threw out a suggestion which should be accepted by the Council. You said that when we meet in Finance Committee we could discuss this matter fully. We could go into the tax proposals and decide which we would accept, and our decisions would be

recorded in our report to the Council. I think that is the proper procedure. I may tell Members that years ago, in the days of the Combined Court and Court of Policy, there was a Committee of Ways and Means which considered the details of expenditure on the Estimates and then considered the taxation proposals submitted by Government in order to balance the budget. We can do that now in our Finance Committee.

The FINANCIAL SECRETARY & TREASURER: I think this discussion is a little bit out of order. I would like the debate on the substantive motion to continue so that I may be given an opportunity to reply. That is the main thing. Most Members have already expressed their views but the Financial Secretary has not yet had an opportunity to make a statement beyond the formal Budget Statement. I think the debate should continue until I have had an opportunity to speak.

Mr. FERREIRA: That is exactly what I suggested, Sir.

The PRESIDENT: The Council will resume the debate on the motion.

#### COURENTYNE ROAD RECONSTRUCTION.

Dr. GONSALVES: Sir, I ask your permission to make a statement which is very important. I thought I would have had an opportunity to do so before the Order of the Day was taken. Somehow the hon. the Attorney-General seemed to have been a little more agile and I have been robbed of that opportunity. I ask permission now to do so.

The PRESIDENT: What is the subject?

Dr. GONSALVES: It is about the Courentyne road.

The PRESIDENT: I do not think that is a matter of urgency. Can't the hon. Member bring it to notice in the ordinary way?

Dr. GONSALVES: I am saying that it is very important, and if I am permitted to make a statement you will see its importance.

The PRESIDENT: Very well.

Dr. GONSALVES: In view of the state of the Courentyne road and the anxiety which is being expressed about its present condition I am asking that some investigation be made by Government into the matter. The concrete strips are being taken up, with the result that the entire road is now in a very bad state. It was thought that as in the case of the Sea Wall road, the concrete portion of the road would have been left and reconstruction work would have been started on the other portions of the road. The result is that there has been a great upheaval of the roadway and taxi drivers are refusing to travel along the road. I am suggesting that experienced engineers of the Public Works Department should be asked to look into the matter.

The PRESIDENT: Very well, I will have the matter inquired into.

#### ESTIMATES, 1951.

##### BUDGET DEBATE.

The Council resumed the debate on the following motion by the FINANCIAL SECRETARY & TREASURER:—

"That, this Council approves of the Estimates of Expenditure for the service of the Civil Government of the Colony for the year ending 31st December, 1951, to be defrayed from the annual revenue of the year and other resources of the Colony and from loan funds."

Dr. JAGAN: On the last occasion I was making the point that we should lay the basis for increased national production in this country and for increasing the national income, and that unless we have a policy which is clear-cut, and which has been studied very carefully, we will face difficulties in the future as we are now doing. I mentioned the fact that even though we talk about increased production we sometimes find ourselves producing too much, with the result that the Produce Depot suffers a loss, while at other times we find that we are not producing enough, with the result that there is a rise in the cost of living. I also said that in order to be able to produce it is necessary that Government should place at the disposal of the

people a sufficient quantity of land. I pointed out that at the present time farmers on the average hold from 3 to 4 acres of land which are not adequate to provide a decent livelihood for a family. I also mentioned the fact that the wages which the working class receive at present do not provide them with the necessary amount of money to buy the necessary amounts of food, clothing and so on to enable them to produce to their maximum capacity.

The thought occurred to me that perhaps one of the major points in our policy should be land reform. British Guiana is indeed a large country geographically. In terms of population we are rather small, nevertheless we find that we cannot get hold of the land. An inquiry should be made first of all to determine why it is that the farmers cannot get more land. We are pursuing a policy which is dangerous in many respects. I know that in my constituency farmers in the villages of Plaisance, Beterverwagting and Buxton are encouraged to give up their mixed farming and go in for cane cultivation. From two to four acres of land are being converted into cane-farming. It is true that at the present time that conversion may be very profitable, but if there is no war in the near future we do not know exactly what the world position is going to be with respect to sugar, and consequently the Colony's position. Quite clearly an agricultural policy is very necessary at the present moment, and there should be some sort of diversification of our agriculture. From time to time the same comments have been made in this Council but I find that very little is being done in that respect. Whether we have a policy or not, if we do not have enough land we cannot carry out any policy.

Perhaps one of the reasons for the lack of land in the hands of the farmers is probably the very large holdings by private individuals. The question arises as to how we can get hold of that land. I said before that the Royal Commission of 1938-39 recommended that a land tax should be imposed. I notice that several hon. Members are in agreement with that suggestion. I also feel that at the

present time there are large areas of land held by the sugar estates which are leased from Government at very nominal rentals. Many acres of those holdings are today not beneficially occupied, or are lying idle. It seems to me that the average rental of five cents per acre, which was fixed years ago, certainly should have been increased over these years. I think Government can justifiably levy a tax of at least \$3 per acre on the lands leased to sugar estates. My figures show that there are approximately 89,000 acres of land leased to the sugar companies. A tax of \$3 per acre would give us a revenue of nearly \$270,000.

Mr. MORRISH: May I ask a question? I presume that the hon. Member is suggesting that anyone who holds Crown land under licence should also pay the suggested tax.

Dr. JAGAN: The hon. Member can make suggestions if he does not like what I am putting forward.

The PRESIDENT: I think the hon. Member has a motion on the subject. I think it would be better to discuss the question then. I am quite aware of the hon. Member's contention, but he has a definite motion. I suggest that we should go into the question then. There cannot be a debate on it at the moment. There is a lot to be said on the question, I can assure the hon. Member. I agree that he can bring it to our notice.

Dr. JAGAN: Those motions never seem to come up in this Council. Notice is given and they seem to lie dormant in the files. We do not know if they will ever come up. Consequently, while they are lying there we have to take opportunity to bring these matters up. The point I am making is that the Financial Secretary has proposed certain taxation and we are now suggesting what alternative methods might be adopted to raise the revenue required. Therefore I do not feel that this matter is out of place at the present time. If Government says that taxes must be levied on postal charges and on aerated drinks then we are perfectly free to say that taxes

should not be levied in those directions, and to suggest alternative sources from which revenue can be obtained.

The hon. the Sixth Nominated Member (Mr. Morrish) referred to the fact that there are large areas of Crown lands held by private persons, and asked whether I was suggesting that a tax should be levied on such lands. I have in mind an excellent example which occurred some time ago in this Council, whereby a certain individual was leasing Government land at 24 cents per acre and in turn was renting the same land to Government at \$3 per acre. We all know of that example. It was an hon. Member of this Council who held large tracts of land in the Mahaicony-Abary area for which he paid a rental of 24 cents per acre and re-rented the land to Government at \$3 per acre. That individual was so fortunate that within a period of five years he made \$40,000. Later he sold his right to the land to Government for \$60,000. If we are going to spend the taxpayers' money in that way we are not going to be able to balance our budget. It is suggested that more money should be collected from the poor people of this Colony. We have already heard how considerable sums of money are being wasted.

Let me go back to sugar again and I will show why it is necessary that Government should get increased revenue from lands leased to the sugar estate proprietors. We are contemplating the purchase of certain areas in the vicinity of Georgetown from sugar companies for the erection of houses for people in Georgetown and for civil servants. What do we find? We find that land which was worth \$20 per acre in 1937 is now to be bought by Government for nearly \$190 per acre. If those people who own those lands are sugar estates' authorities and are receiving benefits today by way of a very low rental of 5 cents per acre, then why should the Colony be penalized by having to pay this exorbitant price? Those lands are to be purchased. Why not reciprocate and lease the lands from the sugar estates? If our lands are valuable so far as sugar production is concerned, then our lands are valuable for

the erection thereon of houses for the people of the Colony. Why not lease the lands at five cents per acre instead of paying \$190 per acre for lands which were not worth \$10 per acre not very long ago?

Let us take La Penitence. I think Government's intention is to buy lands at La Penitence too. The same lands in another section, which were bought originally for \$20 per acre, are to be sold for approximately \$700 per acre. It is true a Bill is to be introduced in this Council to say how this money is to be paid. I believe, it is to be paid at 3½ per cent. interest. 3½ per cent. interest on the amount will yield \$24.50 per acre. Aside from the purchase price we will be paying those individuals \$24.50 per acre for the same type of lands which they are now leasing from Government for 5 cents per acre. Where is the justice in all this? Is it because those people have so much power that they can get away with this kind of thing in this country? Why should this continue? I am saying, Sir, that the time has come when we cannot throw away the taxpayers' money as we choose. There are many examples which I can give to show that it is no use collecting the money from the people, the poor people who can hardly balance their budget, and then giving it away to those individuals who can well afford at the present time to bear their burden. Sir, numerous examples come to my mind as I think over this matter, but I do not think I will relate them all because in doing so, perhaps, it will only show the vicious circle in which we are rotating all the time.

Hon. Members have referred to the wasteful expenditure of revenue. Some of them have suggested that certain departments should be abolished. Some of them have referred to the Public Works Department as the public waste department. On the other hand we have, however, the Government and the Finance Committee usually giving assent to the wasteful expenditure of the taxpayers' money. The time has come when we must call a halt to this matter, otherwise from year to year our expenditure will be increasing and we will be taxing the people

to get more revenue. That is what has been happening within the last few years. For the last seven years from \$7 million to nearly \$23 million has been the increase. Can we confidently say that the conditions of the people of this Colony have materially improved? Can we honestly and sincerely say that? I do not think we can dare to make a statement to that effect. All we do know is that, even though the workers may be receiving increased wages, in actual fact the real wages is always deprived them. Even though they have more money in their hands, the goods which they can purchase are becoming shorter and shorter every day. We want to know whether the policy is going to be in the future merely to add up when the end of the year comes around and find out how much it is going to cost each Department, say where the money is to come from and tax the various efforts. I think we must call a halt to that and say that we need a change of policy. The hon. Nominated Members of this Council, with the exception of one, have given evidence before the Constitution Commission either yesterday or the day before to the effect that the Elected Members of this Council do not have the ability to be Ministers of this Government. Well, I can say, Sir, that the Elected Members of this Council can do no worse than that which has been done with the help of Government and, perhaps, with the help of the Nominated Members during these past years.

Let us analyse for a moment the hon. the Financial Secretary's statement about our trade for 1950. Our exports were \$51½ million and imports \$65½ million. 66 per cent. of our exports went to Canada, 5 per cent. to the U.S.A. and 29 per cent. to the United Kingdom. If we break down these figures we would find that we earned from exports to Canada approximately \$28.84 million and to the U.S.A. approximately \$2.57 million, and to the United Kingdom \$14.9 million. But let us look at the imports. The imports were as follows:—48 per cent. from the United Kingdom and 13 per cent. from Canada and the U.S.A. In other words, we purchased from Canada and the U.S.A. \$7.34 million each and from the United Kingdom \$22 million. Taking round figures we have bought from the dollar

areas approximately \$14½ million, but we have earned from the dollar areas approximately \$13½ million, whereas from the United Kingdom we have purchased \$27 million as against earnings of only \$15 million. Clearly from those facts, from those figures can be deduced the following — we are earning dollars from the hard currency areas but we are buying most of our products from the United Kingdom. But we do know, Sir, that today prices in the United Kingdom are higher than those of the dollar areas. I may refer here, Sir, to the report of a committee which was set up in England lately called a Committee on Productivity to examine the productivity of the United Kingdom. This Committee was made up of experts from the U.S.A., and in its report, which was published, said that on a general basis it may be said that the productivity of Great Britain per worker was much lower than in the dollar areas. In other words, goods, whether per item or by whatever you may want to measure them by, cost more to produce in the United Kingdom than they do in the dollar areas. Therefore when we have to buy more goods from the United Kingdom and less goods from the dollar areas, even though we are earning many more dollars than we are allowed to spend in the dollar areas, it means that the ultimate cost to the consumer in this Colony goes up. Not only that, but the Government collects more revenue in Customs Duties by way of *ad valorem* duties which are of varying percentages on the landed price including cost, insurance and freight. In other words, so far as Government is concerned the higher the price in the United Kingdom the more Customs duties are collected and, therefore, greater revenue is collected and, therefore, easier to balance its Budget; but so far as the people are concerned it only means that the cost of living is rising all the time.

One hon. Member referred to the fact that possibly it is high time that we should abolish the Control Board and buy from the cheapest areas. I feel that the sooner that is done the better. I have before me a pamphlet which is produced in the United Kingdom called "Labour Research", and I merely want to quote certain statements therefrom in order to

show there are areas dissociated from the dollar areas from which we can now purchase goods at cheaper prices, and we must take the opportunity as it comes. On the very first page of this bulletin it states as follows :

"Shirts from Hong Kong, presumably made in Japan, were lately being offered in this country (United Kingdom) at less than 30 shillings a dozen."

On another page speaking about the Federated British Industries which had recently set up a special section in order to keep track of Japanese export plans, it says :

"This section will watch for any evidence that Japanese traders are copying British designs, using trade names with a British sound, describing goods as 'British types' or severely undercutting world prices on exports."

Referring even to American interests it states in another section what the American manufacturers are trying to do at the present time :

"Having knocked Japan out of the export market and taken over for themselves orders which went formerly to Japan, manufacturers are unwilling to recognise that sooner or later they must enable the Japanese to begin exporting again."

There is another section dealing with the German situation, and it states as follows :

"The first signs of the kind of German competition which may menace British markets soon are being felt in chemicals, coal, scientific instruments, internal combustion engines, bicycles and many other engineering products including ship repair and even motor cars."

Mr. RAATGEVER: I do not like to correct the hon. Member, but I must rise to say that what the hon. Member is saying is not correct. Licences are issued to wherever goods can be bought cheaper. I would like to make the definite statement that most of the goods from the U.S.A. and Canada are more expensive since Devaluation than goods from the United Kingdom or Australia.

The PRESIDENT: Since Import licences in respect of goods from Japan have been issued, we have had goods to the tune of \$500,000 worth. I do not want

hon. Members to get the notion that we are not free to purchase from anywhere we can. We are purchasing from the cheapest markets and the licences are quite free.

Dr. JAGAN: I merely point out these things to show the trend in world affairs. The hon. Member who spoke a moment ago said that the United Kingdom prices are cheaper than the dollar area prices since Devaluation.

Mr. RAATGEVER: In a good many instances.

Dr. JAGAN: The question may well be asked, taking into consideration our earning capacity so far as dollars are concerned, whether or not we should have devalued our currency. Of course that is another big story. Surinam and the Netherlands West Indies did not devalue their currency simply because Holland devaluated hers. So far as British Guiana is concerned it became automatic. So when the hon. Member adduces the argument that in a good many cases prices were higher in the U.S.A. and Canada than in the United Kingdom, I can come back and say that if we had our own control in taking goods from the dollar area possibly we would not have felt like devaluating our currency.

The PRESIDENT: The hon. Member said "possibly"!

The FINANCIAL SECRETARY & TREASURER: Had that happened we would not have devaluated our currency but it would have devaluated itself. I can assure the hon. Member about that.

The PRESIDENT: The hon. Member must be realistic.

Dr. JAGAN: Sir, I am being realistic. In fact I would like to quote the words of the Ministers in Great Britain even to show how realistic we are and why we are suffering at the moment because of the very realistic view they are taking. I would like to read from "Thunder" of September, 1950.

The PRESIDENT: What is "Thunder"?

Dr. JAGAN: "Thunder", Sir, is a local publication. This is a quotation from Winston Churchill as Chancellor of the Exchequer in 1929 :

"The income which we derive from commissions and services rendered to foreign countries is over £65 million. In addition, we have a steady revenue from foreign investments of close on £300 million a year. That is the explanation of the source from which we are able to defray social services at a level incomparably higher than that of any European country or any country".

And Lord Cranborne, as Dominion Secretary, in 1943, pointed out that :

"Those who could not look beyond their personal interests should remember that their employment and standard of living depended mainly on the existence of the Empire".

And again Mr. Bevin's declaration of February, 1946, in the House of Commons when he uttered :

"I am not prepared to sacrifice the British Empire, because I know that if the British Empire fell it would mean the standard of life of our constituents would fall considerably."

I point out those to show that we are not masters of our own house at the present moment, despite all the statements which may be made here to the contrary that free import licences are issued here and there, and if we had not devalued our currency sooner or later we would have had to devalue. A deliberate policy is being pursued today, and that policy certainly affects the people of this Colony. Figures have been showing over many years that we have to buy from high price areas and in fact we have to sell in the areas which are the cheapest. If Surinam can sell their rice and coconuts to Europe where they can get the very best prices, why should we be forced to sell our rice to the West Indies where the prices are lowest? If the British Government wants to subsidize the people of the West Indies, then let it do so directly. We must be able to determine our policy here in a clear-cut manner, and I am saying, Sir, that we are not controlling our policy here at the present moment, and until we get a change of government, which we are all desiring with the exception of a few persons who want to maintain the *statu quo*, the lot

of the people of this country will continue to be a miserable one. And it cannot be changed because this policy is being directed from Great Britain and is being pursued relentlessly in this country, and the vested interests in this country see to it that this policy has to be carried out. They control the lands; they are on various Boards and committees where prices and other food policies are being determined. I say, Sir, that we have to make a change because we have assets in this country. What are the assets of any country? The assets are the people and the land. We have the people and we have the land in this country, therefore, what we have to do is to find ways and means to put those people to work. A large number of people are unemployed today. They cannot find any work. It is true the argument is laid that the people are lazy, but that argument is only a way out of it.

The FINANCIAL SECRETARY & TREASURER: I must arrest that statement. It is a repetition of a statement made by the hon. Member at an open-air meeting in which he took one of the statements in my Budget about greater production and altered that to mean I had said the people are lazy and will not work. That innuendo is not fair, and if that is what is meant now I take the strongest objection. No one, as far as I know, has given the slightest inclination of laziness on the part of the people and that they will not work.

Dr. JAGAN: Possibly the hon. the Financial Secretary would then tell us why he made the statement and how production is to be increased, if it is not that the people are lazy or are causing too much strikes and disorders and refuse to work. By what other means production is being curtailed? But what I do want to say is, that production can be increased provided there is a clear-cut policy. We have the people here in this country who are sitting around and who cannot find work. You do not have to go very far to see that. In the largest industry in the country, the sugar industry, the sugar estates' authorities themselves said that out of the 12,000 families they have nearly 7,000 are non-essentials



or part-time workers. But is their policy a clear-cut one to put the people to work somewhere? There is none. The only policy there is, is to tie these people around the sugar estates by giving them money from the Sugar Welfare Fund to build houses around the estates. When they are tied there, I would like to know whether they will be given enough land to produce. The sugar estates have not got the lands. Those are questions which must recur over and over in our minds, and we have to take care of them otherwise production will not be increased. I have here a statement by the Chancellor of the University of Puerto Rico. In that country they are saying that they have a large surplus population and a very small amount of land, but the Chancellor of the University of Puerto Rico said that is not an insurmountable difficulty, because so far as they are concerned ways and means have to be devised, and in one section of his paper on "Education and Democracy in Puerto Rico" he states:

"Population drawbacks rest — in our opinion — not with the number of the healthy and able, but with the number of the sick, the destitute and the untrained."

We should not be faced with any difficulty in this country. We have the people, we have the land and we must devise ways and means to put the people to work and produce wealth. If they can do it in Puerto Rico, we can do likewise. They have adopted a vigorous policy of land reform; they have broken up the big landholdings by instituting 5-acre lots. The sugar estates and others whose holdings had grown to 10,000 and 20,000 acres were reduced to 500 acres and the balance of their lands taken over by the Government and given to the people so that they could occupy them usefully. The people in Puerto Rico have devised ways and means to put their surplus population to work; they have created a development bank. The hon. Member for Georgetown South (Mr. Carter) referred to that matter. What are we doing with our money? The hon. the Financial Secretary referred to \$13½ million in the Post Office Savings Bank, no doubt suggesting also that the people of this country are not so badly off on account of the big swollen savings they have in the Post Office Bank.

The FINANCIAL SECRETARY & TREASURER: Sir, I object to that. I made no such suggestion. I compliment the people on their thrift as one in every four does have some savings account, not that I intend to convey that they have a lot of money and need no more.

Dr. JAGAN: I have heard that view expressed by the Financial Secretary once before. The point is, what is being done with that money — is it being invested in British Guiana? No, it is being sent out of the Colony and invested — God knows where. Of course it will be said that it is invested in gilt-edged securities, but has Government no confidence in its own dollars? Can't Government put forward schemes which would be successful? If they are not then Government would find the money to repay the people in some other way.

The FINANCIAL SECRETARY & TREASURER: How?

Dr. JAGAN: The people in Puerto Rico have done it: they have started major industries, some of which have proved very successful. Others have certain drawbacks which are now being corrected. The Puerto Rican Government was bold enough to tackle the matter, but our Government has not been bold enough, and I do not think it intends to be bold enough. Instead, money is being taken from the Post Office Savings Bank, the insurance companies and the private Banks and sent out of the country while we are always clamouring for development. How are we to get development when a working man is paid a wage on which he cannot live? With the exception of a few cases most of the profits made here are taken out of the country. I maintain that we are not going to get development, and we are not going to be able to balance our budgets unless we have a clear-cut policy which we can pursue to finality.

With regard to the tax on bauxite I observe that the Financial Secretary has suggested a variation in that crude ore is to be taxed at one rate and, for the first time, calcined ore is to be taxed at a different rate, but I want to point out

that it took Government three years to come to this decision. It is no wonder that a former Colonial Office official said that development in the Colonies was tardy beyond the dream of snails. In 1947, when the tax proposals were being debated in this Council there was a proposed variation from 1½ per cent. on the price of bauxite ore to a tax of 30 cents per ton, and I took great care to point out to the Financial Secretary and to Members of this Council that this country was being robbed. When the tax was 1½ per cent. on the price of bauxite the Company in Canada could easily manipulate the price of the bauxite, because it is the same Company which is operating here, or merely a subsidiary. For example, if the price of bauxite was \$8 per ton and the Company wanted to pay less export tax, all they had to do was to reduce the price. Government probably became smart and decided to tax bauxite at 30 cents per ton, but I took great care to point out to the Financial Secretary that that would not solve the problem because, from the information I had got from the Customs Department, the Company was producing three kinds of ore — crude, calcined and chemical ore — and I suggested a tax of 30 cents on crude ore, 60 cents on chemical ore, and \$1 per ton on calcined ore. I would like to quote from our Hansard report of March 5, 1948, at column 589. In the course of my remarks on that occasion I said :

"There are three types of ore exported from British Guiana. There is crude ore, there is chemical ore and there is calcine ore. The value of these ores is in the proportion of one, two and three; that is to say, chemical ore is about twice as much the value of crude ore, and the value of calcine ore is over three times as much as that of crude ore. What I am afraid of, Sir, just as the parent companies were able to juggle the price of bauxite which was paid to this country, and which resulted after the war in a decrease of the price of bauxite, they would be able to concentrate in this country, possibly with the development of cheap power here, on a concentrated ore of the type of chemical ore or calcine ore. If they do that then I am sure we in this country would be taking blows again. That is why I recommended the variation, so that we would have a check as to the amount of crude ore sent out on which a levy of 30c. per ton is made, and the amount of chemical ore sent out on

which a levy of 60c. per ton is made, and the amount of calcine ore on which a levy of \$1.00 per ton is made. But with the present recommendation rate of 30c. per ton we would be at the mercy of the Alcoa Company and, therefore, I strongly recommend to Government that it should consider this variation I propose."

Consideration did take place but, apparently it took three years before it could be implemented. We may ask whether the Bauxite Co. can afford to pay more tax at the present time. The hon. the Sixth Nominated Member (Mr. Morrish) said that we must be very careful in taxing the calcined ore lest the Company changed their decision to instal new machinery. He also was not sure whether, since devaluation, the prices being paid for our bauxite were increased or were the same.

Mr. MORRISH: To a point of explanation. What I suggested was that the parent Company might decide to pay the same price in B.G. dollars as they did prior to devaluation, whereas I understand that they have continued to pay the same price in Canadian dollars, which makes a very large difference in the amount of money received in the Colony.

Dr. JAGAN: Whether they paid the original Canadian dollar price or they are paying the increased British Guiana price does not seem to make any difference. The fact that they can do that is certainly revealing. I want to show again from the Hansard report that this Company has made tremendous profits, and we are not sharing in those profits. In my speech, which is recorded on column 588 of the same copy of Hansard, I said :

"The Alcoa Company is a company started in 1890 with \$500,000, and today its assets amount to \$290,000,000. Those assets were accrued from profits on undistributed dividends."

The PRESIDENT: To which Company is the hon. Member referring?

The FINANCIAL SECRETARY & TREASURER: On that occasion I took care to point out that the Alcoa Company had nothing to do with the Demerara Bauxite Company, but rather the Alcan Company.

Dr. JAGAN: I thought I had convinced the Financial Secretary at that time. I remember taking great pains to quote from a publication entitled "Light Metals Monopoly" in which it was pointed out that the Alcoa Company in the United States practically owned the Aluminum Co. of Canada, the parent company of the Demerara Bauxite Co. So that whether we call them different names they are still one Company. Don't let us split hairs and divide them up. Profits can be taken to either Canada or the United States. Monopolies are so smart that if taxation is high in one country, as it is now in Canada and the United States, they can very well retain their profits in British Guiana if taxation is lower here. Don't let us quibble as to whether the Demerara Bauxite Co. is owned in Canada or the United States, because the Company in Canada is owned by the one in the United States.

I have some figures with respect to royalty which show that we do not have to accept these minor bits of taxation proposals which the Financial Secretary has placed before us, because if we tax one or two major sources we could get all the revenue we need. I have already mentioned the sugar estates and a land tax. That is one major source. I will now deal with royalty on bauxite. Last year, in round figures, 1½ million tons of bauxite was exported from this Colony by the Demerara Bauxite Co. and approximately \$68,500 was collected as royalty. If the Company paid 24 cents per ton as royalty on all their bauxite exported from this Colony they would have had to pay approximately \$363,000, but nearly two-thirds of their production came from their own lands, and on that bauxite no royalty is paid to Government. It may well be asked whether Government is satisfied that the wealth of the people of this country should be dug out of the earth and shipped out of the Colony without one cent being paid as royalty, with the exception of a small percentage of the bauxite on which the Company pays 24 cents per ton? Why can't we levy a royalty of 24 cents per ton on all the bauxite shipped from this Colony, whether it is mined on Crown land or on land owned by the Demerara Bauxite Co? Because of some legal tech-

nicality the Demerara Bauxite Co. own a considerable amount of land from which they obtain two-thirds of their production of bauxite. Let us get around that by making some other law. If laws can be made to protect the Company I believe other laws can be made to secure justice and equity to the people of this country. There may be a law which says that minerals in the earth belong to the Crown but, apparently, the bauxite obtained from lands owned by the Bauxite Co. does not belong to the Crown.

Instead of proposing taxation on aerated waters, postal rates and fees at Queen's College and B.H.S. Government should have given the question of royalty on bauxite serious consideration. I know that Members have suggested alternative measures of taxation but I think the matter should be reviewed by Government, because if three Members of this Council decide by a majority to submit alternative proposals I certainly would not agree to them.

Mr. FERREIRA: The majority of Members did not agree to the suggestions.

Dr. JAGAN: I am interested in major sources of revenue. I do not think I should speak any longer because those points will come up again, and I shall have an opportunity to discuss them in detail. I have merely mentioned these matters in broad outline in order that Government might realize that what we need is a policy which we have not got so far—a real policy of increased production, to determine our terms of trade, with whom we should deal, and under what conditions we should deal, and that we should tax those who can well afford to pay. My information is that in the neighbouring Colony of Surinam (possibly I should not use the word "Colony" because they do not like it)—the neighbouring country of Surinam the export duty on bauxite is in the vicinity of \$4 or \$5 per ton. I do not see any reason why we should accept 45 cents and \$1 per ton when in a neighbouring country the tax is so much higher.

The PRESIDENT: Is the hon. Member sure of his facts? He says he hears these things and he puts them

across as facts. Is he sure of his facts when he says the export tax in Surinam is \$4 or \$5 per ton, or is it something he has just heard?

Dr. JAGAN: I thought I made it clear. I said I heard so.

The PRESIDENT: You give the impression that it is the case.

Dr. JAGAN: I do not see how what I said could give that impression.

The PRESIDENT: You said you did not see why it should not be applied in British Guiana, thus implying that you believed it was so in Surinam. I do not want people to be misled in these matters.

Dr. JAGAN: I will not pursue that point any further. All I would ask is that Government should consider these matters very carefully. There has been strong opposition in this Council to the tax proposals which have been presented. It is strong opposition because it has come from a united front, that is from a businessman's point of view and also from the consumer's point of view. If it had not been so maybe the Financial Secretary would have had a very comfortable time. I hope that in the future Government will give these matters very careful consideration. There are many other minor points but I do not think I should tire the Council any longer.

Dr. SINGH: This is the third day of this debate on the Budget Statement. I would also like to join in the congratulations to the hon. the Financial Secretary on his Budget Statement which was presented by an official who knows the Colony and is well versed in the economic and financial affairs of the Colony, and one of whom we should be very proud, being a son of the soil. He is very resourceful, and I feel that when we get the new Constitution and we have to appoint a Speaker our attention should be turned towards Mr. McDavid.

Members of this Council and the general public will agree with me when I say that 1950 will long be remembered as a difficult year, a year of uncertainties and storm. Nevertheless the ship of

Guiana arrived safely, somewhat battered but with all her beams in perfect condition. From the very beginning of the year we had rain which flooded our farm lands and roads, destroyed crops and caused considerable loss among cattle. Relief to farmers and rehabilitation measures cost the taxpayers of the Colony nearly one million dollars. Then there were breaches in our sea defences which also cost the Colony a large sum of money which could have been used for other purposes. Then, in an effort to meet the rising cost of living, Government subsidized flour, salted fish, pickled beef, condensed milk and cocoa powder, which cost the taxpayers of the Colony another million dollars.

There has been a deficit of nearly a million dollars in the working of the Transport and Harbours Department, and I would appeal to the employees of that Department to do their utmost to make the Department pay its way, otherwise the time will come when it will have to be scrapped, with the result that hundreds of employees would be out of work.

The implementation of the Public Service Salaries and Wages Commission took full effect in the year 1950, but that expenditure will be further increased this year as a result of the recommendations of the Fletcher Cost of Living Committee with respect to cost of living allowances to certain Government employees.

In his Budget Statement the Financial Secretary has submitted proposals for the balancing of our budget, which include a tax of a cent per bottle on aerated waters, \$1 per gallon on rum, and an increase of 25 per cent. on the fees at Queen's College and the Bishops' High School for Girls. In my opinion the tax of one cent on aerated drinks is quite rational because it would be borne by all classes of people alike. Now it is because of that I agree to it. When it comes to the question of the increase of \$1.00 per gallon on rum, I agree to it because I feel it would be a deterrent to people who are abusing rum-drinking and destroying their homes as a result. It was suggested to me that, as the result of the increase, people will go to bush rum. I say to that "Very well; I know

the effect of bush rum drinking. It affects the lining of the membrane of the intestines, with the ultimate result that he person who habitually drinks bush rum will fall sick after a long period with bowels complaint and his life will be shortened. It was also advanced, why not impose something on whisky. I am quite open on that.

On the question of the fees at Queen's College, comparison was made with Jamaica, Trinidad and Barbados. I believe the parents there are paying more and we should come into line with the other West Indian Colonies in that respect, because one must realize that the parent of a pupil pays on the average about \$60 a year for his training at Queen's College, whereas it costs Government \$200 or more per pupil per year; and whose money it is but the taxpayers. You are assisting the people to educate their children. It is practically a sort of free secondary education. I do not think that the extra charge at Queen's College is exorbitant; it is keeping in line with the other West Indian Colonies.

I come to the question why should the people of this Colony boo the hon. the Financial Secretary and Treasurer when I and the other Members should have been booed as well? Why boo one man and not the others? We are all responsible. I am surprised to find such behaviour. In all my travels, and I have travelled all over the world, I have always praised the people of British Guiana as being well bred and well trained. Perhaps it was from the Dutch tradition. When I went to Panama City I found the people there were very fond of Demerarians and preferred them to any other of the Caribbean peoples. Sir, I cannot believe that our people will behave that way. I wondered when I was told whether capitalists' influence was at the back of it. Those people were caught napping at the time and our inhabitants must be careful. They will find wolves coming to them in sheep's clothing, and they must not allow themselves to be caught napping again. I have nothing more to say. On the question of taxation hon. Members of this Council have made alternative suggestions, and if those can be accepted by Government I would appreciate it.

Mr. THOMPSON: Sir, I have to be very brief. I want to extend my congratulations to the hon. the Financial Secretary on his Budget Proposals, and on the other hand I am extending to him my sympathy. It is very peculiar that in the same breath I am saying the two things, but I say I congratulate him because he has been able to put before this Council a Budget that balances itself, and I say I sympathize with him because he has shouldered all that responsibility. I am an optimist and I feel that if at the end or towards the end of the year the hon. the Financial Secretary had called Members together and let them know there is to be a big deficit, they would have offered suggestions and all the trouble would have fallen on them. I am here not to accept the flare of trumpets but to assist Government and, therefore, any troubles coming that way I claim my equal share. We cannot say that Government has not balanced the Budget or has not done its best, but it is in the hands of Members of this Council to see that the right thing is done. Amounts are voted not by Government but by Members of this Council. If then there is any neglect that Members have not seen to, we cannot lay it all on Government. The expenditure on many things seems not to be lawful and, I think, if that has been done all that is happening today is on Members, as the hon. Member for West Demerara (Dr. Jagan) said just now.

There is one note that must be struck. Food is as much a weapon of war as anything else, and if we have food in the country, I think, we would lower our cost of living considerably. Where do we get food from? It is the producers, the folks in the rural districts, and they ought to be looked after in their drainage, irrigation and all else. We have noticed in the Budget that \$960,000 went towards Flood Relief and Rehabilitation, That expenditure is intended to put the land in order, and here I have to strike a discordant note because I have had complaints from several Chairmen of Districts that they were told that the money is Government's money over which they have no control. Now, Sir, the Chairmen of the various Villages are fully cognizant of the neglects, needs and all things

else of the rural areas. How can we expect to have our development plan carried out successfully when those who know are kept out of it? We were told by some District Commissioners, who are Dictators, that they must have supervisors. What has happened? Those supervisors simply run along the road in their motor cars. Shovelmen, as you know, are unreliable the world over. They are left to themselves and the work is done in a most unsatisfactory manner. A year or two after that money has been spent we will have to return and do the same work over. That is money thrown away. The result is, when the maintenance is thrown on the people they have no funds to do the necessary repairs and so we are called upon to face all such troubles. I am hoping that the floods will not come again this year. Already we are having a good deal of rainfall. I want to say with all seriousness that if the works are carried out with a certain amount of vigilance we would have benefit to our lasting good. If we cannot provide the food to supply the towns, what must be the natural consequence. Government is spending and we are grateful for this amount, but we cannot see it thrown away or frittered here and there. Today persons are indulging in a lot of rum drinking only because they have a lot of money. We know the people do not care what happens. I am very much pained because of what I have noticed. Sluices have been done, trenches have been dug to what effect? I am sure that within the next two years much of the work that is being done presently will be gone.

Another item I would like taken up is the question of travelling so far as Civil Servants and others are concerned. I have always advocated that these officers should be given cars. Most of the money goes elsewhere. In some cases it is 24 cents a mile, and it can be done very much cheaper if those officers are allowed to make their own travelling arrangements. I want to urge that strongly on Government.

Another matter I would like taken up is the Agricultural Department. This is an agricultural country and the people should be made to use what is grown in

this country. I have always been opposed and have never agreed to subsidization along certain lines. In the days when we could get nothing from abroad we had flour made from plantations etc. to help us out. If such means are possible, then we must have these substitutes so that the people will use what is produced in the country. If that is done our people would benefit far more from the farm. We have folks always wanting and asking for one thing or another. The Agricultural Department should be able by now — they have taken a survey not very long ago — to tell us where to plant and what to plant. Soil tests have been taken, and it is quite time to let the people know where the soil is suited for such and such a crop instead of allowing them to plant willy-nilly as they are doing. There are many areas where the production of permanent crops, such as citrus fruits, is possible. Trinidad is selling canned fruits — canned oranges and grape fruit. We should be able to do similar here. I am sure if that is taken up seriously we would be able to help the situation a long way.

There is one Department — it was mentioned here — should be scrapped — the B.P.I. Sir, I will never favour that. If you want reliable information, go to the B.P.I., as the newspapers tell you one thing this morning and another thing the next morning. A visitor coming to the Colony knows where to go for information. Why scrap the B.P.I. which is such a useful organization? Is it because of petty jealousy? I will ever support the B.P.I. because it is indeed a very useful organization.

If this country keeps on increasing salaries following upon the increase of the price of goods, what is going to happen to the country? Money is being called for and the hon. the Financial Secretary is asked to find it. Now that he brings forward taxation proposals he is being told that should not be. Let the people endeavour to get into the country districts and not sit in the towns all the time. Let us have the lands planted, and food and other things will come. The Civil Servants are to be given immediate relief in the housing question. If we have that done we are

surely going to contribute all we have. In short I am suggesting no taxation on non-alcoholic drinks, no increase on the fees of the Colleges, and to offset that I am saying that we should have taxation on all alcoholic beverages, perhaps a tax on dry goods exclusive of working garments such as shirts for workmen, and possibly a tax on cigarettes and tobacco, and that we should have a vigorous Grow More Food campaign done as cheaply as possible. Advances to the Loan Banks should be increased in their amounts so that folks can get small loans to assist them in their planting. A Land Tax should be imposed on all uncultivated lands, because we cannot have such a large amount of lands lying idle without a tax on it. That in short is my humble contribution to the debate.

Mr. LEE: I shall deal with the question, as I see it, which hon. Members have not dealt with and that is the constitutional side of it. Your Excellency and hon. Members will see now the absolute necessity wherein responsibility should be placed on Members for the Departments of Government. Here you have the hon. the Financial Secretary and Treasurer proposing certain taxation. Let us assume for the sake of argument that he was a Minister in this Council. He would have had to consult first the other Ministers and be satisfied that the taxation proposals would meet with the approval of the majority of this Council. But here we have a Government Official proposing taxation and it does not meet with the approval of the Members of this Council. He will be able to answer for himself as to whether the tax he has brought forward is equitable or not, but what I do say is that in the future we should examine the expenditure of this Government before any taxation is brought forward in a proposal by the Financial Secretary and Treasurer. We would then be able to say whether we want more money to meet the expenditure. Hon. Members must remember that there will be incremental charges to be added to the expenditure of all the Departments of this Government and if we cannot meet expenditure now what will be the position, because as the years go by these increments will increase and we will have to meet them.

That is a point which each Member of this Council who is at present the Chairman of an Advisory Committee of a Government Department should consider and as a result scrutinize the expenditure that is put forward by Government or the Department.

There are two things in the Budget Statement which I would ask you, Sir, to review and to see that as much as possible they be carried out. Members of the last Council tried their utmost endeavour within the limits that were supposed to be given them to prepare a Ten Year Development Plan for the economic development of this Colony in order that it should be able to meet its expenditure. But here we have the hon. the Financial Secretary in one instance not permitting that development. I will read from the Budget Statement to what I refer and will ask hon. Members to take note of it. It is on page 9 and says:

"The principal omitted item in the case of Education is a proposed increase of some \$70,000 in school equipment grants. This Department has also recently reported that the provision in the draft estimates for the operation of the new Technical Institute, which it is proposed to open next year, is inadequate....."

If we Members consider the children and the proposed educational plan for this Colony and are going to permit this money not to be voted in order that the schools can get books and equipment, then I say if the passages for Civil Servants are a necessity this is a greater necessity, and if we cannot balance the Budget then, as one hon. Member has suggested, we should take away that passage privilege that is given to the Civil Servants.

The next item with which I do not agree, although it is quite a good review of the Colony's finances and development, is that there is not sufficient money put out for development schemes that can bring in revenue. We have been equipping the Forestry Department with officers, the Geological Department with officers, the Agricultural Department with technical officers, but if we do not spend money in order to give the drainage and irrigation necessary for these

officers to show their ability, then what are we going to do, just pay their salaries, as in one year the Forestry Department officers said they were doing nothing and drawing Government pay? I ask hon. Members, what other schemes that give development whereby revenue can be got but these very agricultural schemes? Hon. Members have referred to the Lacatan banana scheme, the jute scheme that is in progress. We must have the lands irrigated and drained in order that we can carry on those schemes so as to bring revenue to the Colony. I ask hon. Members in no way to cut off one penny from those particular schemes.

I would like to say in respect of the proposed taxation that the hon. the Financial Secretary and Treasurer will defend his proposals, but in future we should have what was known in the old days as the Committee of Ways and Means whereby after we have seen what expenditure is necessary Members of this Council would propose what taxation should be imposed and it would be passed without all this comment. There will be differences of opinion. For instance, the Land Tax is an absolute necessity. In my constituency there are several estates bottled up by the proprietors who will not give the lands to the tenants, except at exorbitant rates, to cultivate. I say the sooner a land tax is brought in the better it would be. I am not saying that where there is developed land or a licensed grant consideration should not be given to those people who have spent their money and have made the lands well drained and irrigated. Consideration must be given them, but at the same time if we are going to spend a huge sum of money on the Bonasika Scheme — my hon. friend on my left (Dr. Singh) says it should be scrapped — if facilities are granted to Members of this Council time and again to visit these schemes they would be able to say whether these schemes are worthy of being scrapped or of being continued. But from what I do know of the area of the Bonasika Scheme I do say it should be brought to a success because the area of land there, though partly developed, is producing most of the economic food in this Colony — your plantains, eddoes, yams. The seeds which are being distributed throughout

the Colony are got from that area. I would like to go and see that Scheme and, I think, facility should be granted to all of us to go and see it, as it is said that it will cost thousands of dollars before it is a success. If we are satisfied that that area of land needs this expenditure I would urge that it be done. I do urge similarly for the Torani Scheme. There is a rumour that that Scheme cannot be a success. The Members of this Council in whose constituencies it passes through should be able to say, but facilities should be given us to go and see it, as in other projects Government has seen the necessity for us to see them. Government provided means into the interior so that we could see for ourselves. According to certain comments on the Mahaicony-Abary Scheme Members were satisfied that the money was being spent there in a manner which would bring revenue to the Colony. Your Excellency, I do urge that the Heads of these Departments should make it available in the many areas for Members of this Council to go and be satisfied that Government's money is being spent in a proper manner.

With respect to the Civil Servants' there is no doubt that many of them are not doing their day's work, and there is need for a re-organization of the Civil Service, especially those departments in respect of which lump sums are being voted, such as the Produce Depot. A Committee has been appointed but I have not yet seen the recommendation for the re-organizing of it. In respect of the Control Office similarly a Committee has been appointed but nothing has been done to re-organize it. Similarly the Milk Control thousands of dollars are being thrown away there; it needs proper supervision. I do urge that something definite be done. Your Excellency is not to be blamed; the people of this Colony do not realize the amount of work you, as the Head of Government, have to do. There are several reports to be implemented. The Venn Report has to be implemented. Several heads have to work in co-operation for that to be carried out. We, the Members of this Council, bring to your notice that there is a lot of slackness and some Government Officers are not pulling their full



weight for the salaries they are drawing, especially in the Public Works Department. In my constituency, on the West Coast, I have seen a driver in charge of six men engaged in road-making; he is paid just to look at the men working. If there was a ministerial system such slackness would not be allowed to continue.

**Mr. PHANG:** It has always been my policy in this Council when a Member makes a point which agrees with my view I do not get up and repeat what he has said but merely give him all the support possible. Today I shall depart from that policy so as to join previous speakers in congratulating the hon. the Financial Secretary on his able Budget Statement. On the occasion of the last Budget debate I referred to the increased cost of administration and I said then that I hoped something would be done to curb expenditure so that the public might get some remission of taxation. Now we find that we have an adverse balance and we have to find means to balance our budget.

Among the taxation proposals is a tax on mineral waters at the rate of 10 cents per dozen bottles. The manufacturers already pay duty on essences, crown corks and so on, and if a tax is put on the drinks it would be a double tax which I do not consider advisable. It is a local industry and I do not think it should be taxed. I think the cost of living is sufficiently high without taxing soft drinks.

I am also opposed to the proposal to increase the local postage rate to four cents. Members have made suggestions of alternative taxation, but the one that appeals most to me is that of the hon. the Seventh Nominated Member (Mr. Luckhoo) who suggested increased stamp duty on a sliding scale on receipts. I consider it a very good suggestion as it would bring in a good deal of revenue. I also agree with him that moneylenders should be taxed heavily. I think they make a lot of money and they should contribute something to the revenue of the Colony. I agree too that Government should do everything possible to tighten up the income tax law, because I believe that many people get away without paying income tax.

I would like to point out one direction in which Government is losing thousands of dollars in revenue just because there is no machinery to collect it. I refer to the tax of \$8 per ounce of raw gold. When gold diggers bring their gold to Georgetown they pay a royalty of 50 cents per ounce, but no tax is collected because there is no machinery to collect it. On the other hand dealers in gold have to pay the tax of \$8 per ounce on the spot, so that their gold costs them \$8 per ounce more than the gold which is brought down by the gold diggers. I think some steps should be taken to collect that tax from the gold diggers. There is no reason why the tax should not be collected at the same time when royalty is paid on their gold. I made representations in the matter to the previous Commissioner of Lands and Mines and also to the Financial Secretary, that money is being lost by Government in this way. I think it is a very simple matter for the hon. the Attorney-General to make the necessary amendment in the law, which I am sure this Council would accept. With regard to the other tax proposals I will reserve my comments until the Bills are brought forward.

#### REPLY TO BUDGET DEBATE.

**The FINANCIAL SECRETARY & TREASURER:** Sir, it is not an easy task to reply to a debate of so comprehensive a character, where so many Members have spoken, but I shall endeavour to deal with all the major points and as concisely as possible. Much of what I shall have to say will be of a personal nature, of some personal significance, and I am sure hon. Members in their generosity will excuse that aspect of my reply. Naturally, I want first of all to express my very sincere thanks indeed for the commendation which fell from the lips of so many Members, and also for, shall I say, the commiseration which has been expressed by some other Members. I really do not need their commiseration. It is true, as one hon. Member said, that the task of preparing and presenting the budget does involve sleepless nights, nevertheless that is all part of the job and a job which I very much love. I was delighted at the very apt quotation which fell from the lips of the hon. Nominated

Member, Mr. Luckhoo. I think he quoted from Burke in these words:

"To tax and please no more than to love and be wise is not given to man."

In my experience I have found no insuperable difficulty in the latter part of the quotation, that is "to love and be wise," but the first part, "to tax and please", — is impossible. (laughter). If a Finance Secretary or a Minister of Finance is popular, beware, there is reason for suspicion, and I say that because I feel that at least one Member of this Council is generating the ambition to be a Finance Minister, and I would like to tell him that if a Finance Minister sticks around long enough his eventual defeat at the polls is certain. (laughter). I was paid the most charming compliment of all by the hon. Member sitting on my right (Dr. Singh) who has exalted me into the position of Speaker of the new Council. For that promotion I would, of course, be deeply grateful and highly honoured but, nevertheless, I would sincerely prefer to continue in the lower position on the floor of the Council, whether as a public officer or not, and continue to do my bit to guide, as well as I may, the affairs of this my own country.

Although I said that I do not need commiseration and sympathy I want to claim a little bit of sympathy over one aspect of this Budget debate. My Budget Statement was prepared with care and it deliberately had a theme. In two places I took care to refer to the Constitution Commission which is now in our midst. I said that I was taking a great deal of trouble to outline the financial position of this Government and of this Colony in great detail so that hon. Members may be fully aware, at this important juncture in the affairs of the country, of its financial and economic situation, and I ended deliberately on this note. I said that hon. Members would no doubt wish to declare their determination that the stability and financial integrity of this Government and this Colony shall be assured for the immediate future. That was a text deliberately inserted. I did it because I wished Members to take the opportunity of this particular public forum, this sounding board, to declare and to pro-

claim their great faith in this country and in its financial stability; to undertake that, come what may, they would secure its finances, and in such a way as would secure what we all desire—an improvement in our constitutional position. No Member has really done that. No Member has taken that opportunity, and I feel like doing it for them. I want to say that, notwithstanding the shading and the lack of precise optimism in the Budget Statement, we can rest assured that for the immediate future, with careful management, our finances are such that they do not preclude a measure of constitutional advance. I say that because, as I said, no Member took this opportunity to make that public declaration and proclamation.

What did Members do instead? They contented themselves with a number of general criticisms, and except in the case of one particular Member with whom I shall deal in a separate category, they contented themselves with the assertion of a number of general ideas, most of which, when analysed, cancel each other out. They contented themselves too with concentration on a very minor aspect of the budget—the tax on aerated waters. I shall deal with that fully later on. I think it is most unfortunate that Members should, as on a previous occasion, almost commit themselves in Council to a line of thought and action before they had heard the facts. They have only heard the proposal, not the background. That was to come when I introduce the Bill for the second reading. Yet, by reason of what has gone on in this country during these last few weeks through what the hon. Member for Central Demerara (Dr. Jagan) has himself referred to as "this mésalliance" some Members have possibly been unduly influenced in coming to conclusions before they had heard the whole of the story.

What are those contradictory general criticisms to which I refer? The first speaker I listened to emphasized the need for curtailing our Development Plan. "Abandon the Bonasika scheme," said the speaker, "at least for the time being." That is what he said. I do not quite know how we could do that. Then I listened to the hon. Nominated Member, Mr.

Smellie, who with that caution and prudence which I so much admire, counselled care in expenditure from our reserves on our Development Plan.

Then came the turn of the hon. Member for Georgetown South (Mr. Carter). He began by advocating greater acceleration of our economic programme and the development of our social services, but he also wanted Government to introduce a minimum wage rate of \$2 per day—things of course which involve heavy expenditure. The hon. Member for Berbice River (Mr. Ferreira) also used the word "accelerate." He suggested that we should accelerate development because of the condition of the times. The hon. Member for Eastern Demerara (Mr. Debidin) concentrated on a reduction of public expenditure and mentioned certain heads of public expenditure for reduction, with which I do not agree. I shall deal with that later. His theme was reduction of expenditure. So also was that of the hon. Nominated Member, Mr. Farnum, who spoke about reduction of expenditure, and curiously enough, one of the items he selected was an item to enable this Colony to participate in the establishment of a Farm Institute for the Eastern Caribbean, to which this Colony is invited to make a contribution of some \$40,000 towards the capital expenditure. There we have it. It is a most important item in our agricultural development, and the hon. Member is the acting Chairman of the Legislative Council Advisory Committee for Agriculture. He advocates cutting that item out. I have forgotten that the hon. Member for Essequibo River (Mr. Lee), who spoke a few minutes ago, also pointed out that we did not have in the budget sufficient money for development, and he counselled Members on no account to delete expenditure which had a developmental aspect.

I wonder what a detached and careful listener to this debate would consider. Speaking for myself, if I were to steer myself by all these discordant and inharmonious voices and this contradictory advice I would be like a lost soul wandering in Hades, and when I got back I would go mad. Quite obviously, we cannot have agreed action where every advice cancels the other out. One aspect of the criti-

cisms was the vexed question of the cost of living. That was touched on by the hon. Member for Demerara River (Capt. Coghlan), the hon. Member for Western Berbice (Mr. Peters), and the hon. Member for Georgetown South (Mr. Carter). The hon. Member for Georgetown South was most delightfully vague. He said that Government should take steps to reduce the cost of living. He did not say how—

Mr. CARTER: I did suggest subsidization as one method, and I did suggest that a Grow More Food Campaign would reduce the cost of living as regards foodstuffs at least.

The FINANCIAL SECRETARY & TREASURER: That is refreshing, to use the words of the hon. Member for Western Berbice. There again we have this contradiction. This Member suggests a reduction of the cost of living and advocates that we should do so by indulging in that very expensive method—subsidization. Where is the money to come from? How can anyone act on advice from various quarters which so contradicts itself? The hon. Member for Demerara River (Capt. Coghlan) propounded an interesting equation. Put in algebraical form his proposition was H.C.L. = L.P.M. High Cost of Living equals Lower Purchasing Power of Money. His solution of his equation was that Government should "peg prices". How? — If we take that proposition a little further I am quite sure we shall arrive at the answer which many of us who did Euclid know—it is impossible, or it is absurd.

As regards the suggestions for a reduction of expenditure, I listened with surprise to the hon. Member for Eastern Demerara (Mr. Debidin). What were his proposals? He suggested that we should abolish the B.P.I. the one channel which is available to Government to put across to the people the truth of its policy, proposals? He suggested that we which has proved its usefulness on more than one occasion—during the General Elections, most certainly yes, and at the present time of this constitutional inquiry, most certainly yes. Which organization has done more than the B.P.I. to stimulate and organize public interest in the

Constitution Commission and in inviting people to come forward and say what they want to say? But the hon. Member suggests that we should abandon the B.P.I. It was also suggested that we should abandon the post of Development Commissioner which was formerly styled Economic Adviser and Development Commissioner, a post which obviously we require. We are at the point where we require that particular office almost more than any other. The hon. Member was good enough to say that, having a trained Financial Secretary we do not need a Development Commissioner. I can assure him that I do have sleepless nights and I cannot possibly cope with all the matters requiring attention. There is an immense amount of work to be done, not only on development works inside the Administration but in industries, and if we did not have such an officer it just would not be done through sheer physical impossibility. I do ask the hon. Member to reconsider that particular suggestion.

Then there was the Commodity Control. I am afraid we have to put up with that organization for a long time. At the moment it is still doing quite a lot in controlling the distribution of some items, in price control and in disbursing the rebates on items which qualify for freedom from Customs duty; and of course as long as this currency difficulty is with us we must have a Commodity Control organization.

Lastly, I was horrified to hear the hon. Member refer in scathing terms to the British Guiana Airways, because if there is one institution or organization more than any other in British Guiana which has scored a magnificent achievement it is the B.G. Airways. From the financial point of view the present five-year contract under which this Company works, on its expiry in September, 1951, will have cost this Colony on the average about \$50,000 a year. That is all. At the present moment the accounts for the period up to September 30, 1950, are available, and they show the Company will have worked within the provision of the subsidy of \$45,000 which was estimated at the beginning of the contract as being a possible annual subvention. But I have very good news. For the year

ending September, 1951, I expect that B.G. Airways will work at a profit — that is to say with no subsidy — covering all its expenses and covering its depreciation charges as well. That is what the figures I have seen in this last month indicate. If that prospect materializes it will be a wonderful achievement.

Apart from the financial aspect what has B.G. Airways done? I have said in this Council before that by reason of this air service we have recaptured our interior. We have brought the interior back into the administrative fold. It was gradually slipping away south into Brazil. Now it is Brazil that is coming to us. I am quite sure hon. Members know that we have had people and traders from the Rio Branco coming through to Georgetown. Would that have occurred without B.G. Airways? Oh no. Ancillary to the operations of B.G. Airways we have been able to construct about 200 or 300 miles of interior trails. I speak subject to correction, but it is possible in these days during dry weather to drive in a jeep from one airfield to another. It is a common thing for the ranchers of the Rupununi to come to Georgetown and for people from Georgetown to go to the Rupununi. I do not want to labour this point but I do wish the people of this Colony to realize that B.G. Airways is an achievement, and that they owe a lot to that indomitable airman, Major Art Williams.

The hon. Member for Berbice River (Mr. Ferreira) referred to the question of the deficit of the Transport and Harbours Department, a subject which will be debated when his motion comes up for the abolition of the railways. I know he hinted at it as a means of reducing expenditure, but I fear that there is no possibility of that. Let us forget it. If we do find that it is economically sound to abandon our railways (which I do not think it is) even then for the time being we will have to spend a lot of money. We have to improve our roads and do all sorts of things, so we cannot count on immediate saving in expenditure by any means by the abolition of our railways.

Mr. FERREIRA: Must I gather from that that it is Government's determination not to abolish the railways?

The FINANCIAL SECRETARY & TREASURER: Government's policy in connection with the railways has been stated more than once. It is that a certain measure of rehabilitation has been embarked upon so that the service can carry on for another 15 years. Two years have already expired, and within six or seven years it will be decided whether it would be economically wise to abandon the railways and go over to a complete road transport system. It is an enormous subject; it is not an easy matter at all. There are very many important factors to be taken into consideration, and I know full well that we cannot decide it on the facts as we know them now.

On financial matters generally the hon. Nominated Member, Mr. Smellie, with his usual care made an analysis of the results, and I entirely agree with him that we must be very cautious in maintaining an adequate reserve. In fact the Budget Statement says as much. It says that we should not spend more than would leave us with \$3 million in hand as an insurance, and I agree with him that we should be very cautious not to dip too far into our reserve beyond that figure. He also referred to the loss which has been suffered by depreciation of the investments of the Post Office Saving Bank. That is unfortunate. It is a matter which was beyond our control. He wanted an assurance that if there was appreciation similar credit would go back into general revenue. I cannot give him that assurance for the simple reason that the Post Office Savings Bank has to build up an internal reserve, and such reserve as it has has been used up. So that I should say that if there is appreciation the first thing that would happen would be that the amount would go to reserve. It would be some time before we could take credit for any profit from our Savings Bank. But I did refer to one matter in the Budget Statement which no Member touched on. I disclosed what was up to then a secret, and that was the substantial profit which we expect to accrue to general revenue from the excess in the Note Guarantee Fund when the new British Caribbean Unified Currency is instituted. I hinted that we should get in capital profit about \$700,000 from that particular fund.

At this point, Sir, I would like to make a brief reference to the Bonasika and Torani Schemes which have been mentioned by a few Members. The position about the Bonasika Scheme is, large sums have been expended and we are not quite certain yet whether the Scheme as designed will fulfil the objective in view. No expenditure is being incurred at the moment. As hon. Members know, the Consulting Engineer has put forward more than one proposal for extension of the Scheme and, as far as I understand, the last proposal is extremely good. I do not know whether he has completed his investigations and if it would be possible to extend the Scheme with very little cost. Government does not propose to abandon the Scheme, but certainly His Excellency will not permit any further expenditure on it until he is fully satisfied as to what can be done to achieve the best results. As to the Torani Scheme, that is going on. I have often in this Council referred to that Scheme as one of the most urgent necessities in this Colony. His Excellency Sir Gordon Lethem was very keen on it and pressed it on this Council — I use the word "pressed" advisedly — because he foresaw what was happening — the great increase of the population of this country, particularly in that area — and he wanted to have the actual assurance of the provision of more land. Notwithstanding the fact that he knew the Scheme had not been completely planned in every aspect, he urged this Council to go ahead with the initiation of this Scheme, and I for one am very glad it has been started. There, too, we are awaiting expert advice on certain aspects of the Scheme, but I feel sure from reports I have seen that the Scheme will be a success.

I am afraid I have taken a great deal of time already and have not covered the speech by the hon. Member for Central Demerara. I have on previous occasions complimented him on his ability to put his views across, but I also have had to tell him that it is a great pity that he uses this wonderful debating skill of his in some cases to distort the truth, to obscure the truth and promote fallacies. So often has he adopted that method. So often has he got away with it not only in

this Council but outside. I think it is most unfortunate he does so. I think I shall have to leave him for a later stage as I have to get on to the other side of the Budget which seems to have excited so much attention and on which hon. Members devoted so much of their time, that is the Taxation Proposals. I would ask the close attention of Members to what I am about to say in regard to this much disputed aerated water tax proposal. I would like to disclose just how it came about and why I put forward this proposal to the Government and secured approval of the introduction of this Bill in the Legislative Council.

Some time last year it came to my knowledge indirectly that the principal manufacturing firms were considering an increase in the prices of their drinks. That is to say, a further increase, because there had already been an increase some time ago. I was a little concerned about it for the reason that, although there was some excuse owing to the rising costs particularly from Devaluation, from my own knowledge, I did not think that an increase (which would have meant an increase of at least one cent per bottle on the retail price) was justified. Then a little later on I received a letter from a person of some standing in this Colony and of whose benevolence to the people of this Colony there can be no question. I received this letter somewhere about July, 1950. I do not want to read the letter and I am not fond of quoting as frequently as the hon. Member for Central Demerara, but I would say this letter informed me that the Parliament of Dutch Guiana was about to pass legislation to put a tax on aerated drinks at the rate of two-and-a-half cents per bottle. The letter went on to say that in Surinam his tax is estimated to produce \$350,000 during the first year, and that the Government felt that if the consumption of these aerated drinks still continues to increase as it had been doing for the past ten (10) years there would be an even greater income. The writer further pointed out to me that the tax had several advantages: (1) that it would be widely spread over the population; (2) that it was a tax on a luxury — with that I do not agree — and (3) that it was easy to collect. Then

he said: "It is proposed in Surinam that the tax should be collected by way of a charge on the patent stoppers which are fixed on the bottles", and he ended by saying that if at any time I am looking around for some means of assisting the economy of the Colony by additional taxation, perhaps, I would consider it.

In conjunction with that it came to my notice in September, 1950, in a communication from the Canadian Trade Commissioner enclosing a Supplementary Budget Statement submitted by the Minister of Finance of Canada that a duty on bottled soft drinks in Canada was proposed. In that Budget Statement I saw three things: (1) a 5% increase in Companies' Income Tax; (2) \$1 increase per gallon on the Excise duty on spirits; (3) a 30% tax on bottled soft drinks. That was September, 1950. Then I had a conversation with a person from which I elicited confirmation that the manufacturers had indeed been considering an increase in their prices of these drinks.

With that information I went ahead and I got legislation drafted after discussing with the Public Officers concerned in confidence how much could be derived. I discussed it with the Head of the Income Tax administration in order to find out what his estimate of the consumption of aerated drinks in the Colony was. I discussed it with the Comptroller of Customs in order to find out how he would estimate it. The latter estimated it by getting at the number of bottle caps which are imported. By cross-checking those two sources I came to the conclusion that the number of drinks manufactured was between 20 and 25 million bottles per annum. Therefore, Sir, with the object primarily of depriving the manufacturers of an increase in the price of aerated drinks to which I felt they were not fully entitled bringing that money into the Public Treasury in order to meet the rising cost and particularly the payment of increased wages, this tax was introduced. The rate which was fixed was 10 cents per dozen bottles. I knew there would be criticism of that rate by the manufacturers. I knew there was room for reduction. That is to say, it is reasonable that the cost of breakages and

other losses should be fully met; it is reasonable too that some of their additional costs, should be met. So there is room to reduce the rate from 10 cents down, and I may say, Sir, that when the second reading of the Bill is taken possibly I shall be authorized to propose such a reduction which will mean that that the increase which the public would be paying would go partly to the Public Treasury and partly to the producers; and I hope that whatever rate is agreed will provide a fair and reasonable distribution of the proceeds of the increased price.

Many criticisms were made as regards this particular tax. I have heard it said that it is a food for little children. I want to say this: From my information, 80 per cent. of all the bottled aerated water in this country is consumed in bars, restaurants and other places where it is mixed with alcohol.

Mr. FERREIRA: To a point of correction! I refuse to accept that figure. I do not think it is correct.

The FINANCIAL SECRETARY & TREASURER: I do not know. I have no proof. But that is the figure I was given. Let us examine it from the point of the little children. It is true that aerated drinks are very nice things for little children. But what prudent mother would ever try to feed her children or to quench their appetites on aerated drinks? A tin of condensed milk costs about 30 cents. Surely a tin of condensed milk diluted with water and sugar added would provide several drinks and is better as a food? Surely it is better for the parents of children to take an orange and squeeze it in water with sugar, and so make what is a better drink? I am not saying aerated drinks are not to be used for parties, but do not let us pretend that it is good for the children or that it will give any nutritional result at all. Those are points we should bear in mind. When I come to the second reading of the Bill I intend to emphasize this fact, that the public of this Colony might have been made to pay and still may have to pay another cent for these drinks, whether this tax is put on or

not. I maintain it is better that a part of the yield of such increase should go into the Public Treasury and be used to meet public expenses, particularly to meet the increased wages costs. That is as far as I wish to go on this aerated water proposal at the moment.

Criticisms have been made about the increase in the rum duty on the lines that the Government has failed on this occasion to propose an increase in the other spirituous drinks, notably whisky and gin, and I have heard mention made of champagne. It is unfortunate that those who voice these criticisms have again distorted the truth not only in this Council but outside this Council — in public places where speeches are made. It has been made to appear to the people that whisky and gin and champagne do not bear a tax. There is nothing further from the truth. It is nonsense. Whisky is sold at the average retail price of \$5.25 per bottle, and out of that \$2.06 is duty. I want to tell hon. Members at this stage that in 1948 Tax Proposals were put forward and approved in this Council which increased the duty on all imported spirituous liquors at such a rate as made them saleable at an increase of two shillings (2|-) per bottle. Let us suppose we increase the price of whisky by even another shilling, what would happen, assuming that the same amount of whisky is consumed? That is to say, there is no reduction in the consumption at all. What would we get out of that?—\$7,500, and if we increased it by \$1 we would get about \$28,000. That is assuming that the consumption remains the same. Let us take gin, which is sold at an average of about \$6.75 per bottle. Out of that amount the duty is only \$1.73. But let us increase it by one shilling (1|-) a bottle, and all we would get is \$1,800. I do not want to prolong all this. If we increase the duty on whisky and gin and the duty on liqueurs and champagne by about one shilling a bottle we would only collect about \$15,000.

What I want to bring to the notice of Members is this: There is nothing in this Budget that is intended as a gesture. We are looking for money. If you increase the tax on these things, you run the very serious risk of reducing their

consumption and losing money. I think we all know what happened about whisky. Up to a few years ago whisky was hardly seen in public places and houses where they drink. When we put up the increase in 1948 in this Council I was warned it would have the effect of reducing the consumption. It did for a time, and then very gradually the use of whisky crept back into favour. The people are spending more in having a bottle of whisky now and then. I am convinced that if we put an increase on whisky the people would be only too glad to go back to rum and Government would lose money. This is not an attempt to show something, it is an attempt to get money. There is no gesture in it.

Dr. GONSALVES: To a point of question! May I ask the hon. the Financial Secretary to say what is the taxed cost in Great Britain of a bottle of rum?

The FINANCIAL SECRETARY & TREASURER: That is a very difficult question. As far as I remember, when I was in England in September last I must have paid about 30/-.

Mr. RAATGEVER: The price is thirty-three shillings and six-pence (33/6) per bottle for both rum and whisky in the United Kingdom.

Mr. MORRISH: It was 36/9 the last time I was there.

The FINANCIAL SECRETARY & TREASURER: It is very rotten rum, very inferior in quality and strength. Let me give you my own experience. I always take a couple of drinks of rum per day. When I was in England I bought my bottle of rum and treasured it. As it was I had to make it last two weeks, while it would not last half as long in British Guiana. That is the effect of a severe tax. In England the tax is not wholly a revenue measure. It is deliberately intended to keep down consumption. That is the truth of the matter. They are not anxious for the people to drink much, and here we are not anxious too, but we are not taking our medicine as far as that. Let us take rum. Before the Budget Statement rum was sold at \$1.50 per

bottle on the average, and on that the duty was something like 80 cents. We propose to put the duty up by a rate which I expect will give an increase in the price by 14 cents per bottle. But by that small increase we are going to get \$365,000 in revenue. That is the kind of revenue we are looking for. I am strongly convinced it is right to tax rum in that way. I hope it will have some effect in reducing the consumption, but I do not think it will. So I hope, Sir, there will be no more talk of taxing the drink of the poor and leaving the drink of the rich alone.

I now come to Postal Charges. We have heard criticisms that we ought not to impose an increase on our Postal Charges. But why not? The Post Office, it is true, is a utility service; but it is a utility service of a special kind which should, as in other countries, pay its way. Even with this increase it will not pay its way. I have with me a comparison of the rates of postage which have been introduced in Jamaica, and I can assure hon. Members that our rates even with the increase are lower. In Jamaica, Barbados and Trinidad the local rate is four cents (4c.). The Empire rate in Jamaica is five cents (5c.), which is so now in British Guiana. The foreign rate in Jamaica is ten cents (10c.) and in British Guiana it is only eight cents (8c.). I need not go into the details further. I can assure hon. Members that there is no reason why British Guiana should subsidize the postal service further than we do. We should have increased these rates long ago.

With regard to Telecommunications. It is a little unfortunate some more time was not available for the preparation of the schedules which were published. It is quite obvious there will be some anomalies. The hon. Member for Demerara River (Capt. Coghlan) pointed out one or two. Government is going to consider certain amendments to the Regulations which will remove those anomalies.

Queen's College fees — here again I do not really understand the arguments. Again there has been a distortion of the truth in public statements. It has been said that this is a tax on Education. What is the public to believe about a



comment like that? What are they to understand? They have been told in the open places that Government is taxing Education. Our great desire here in this Council is that primary or elementary education should be completely free, and hon. Members know that we have attempted to introduce into our Estimates new items, like "Free School Books". We have put down in this year's Estimates \$50,000 for free books and nearly \$40,000 for free meals in Georgetown, New Amsterdam and other places. Secondary education in the Government schools is confined to 700 or 800 pupils who receive their education partly at public expense. But there are limits to the extent to which that subsidization can go. Is it reasonable to think that \$5 per month is too high for education in the Lower Forms of Queen's College and Bishops' High School? Is a fee of \$6 per month too high for a school that can take its pupils up to Inter-University degrees in Arts, and Science? I submit if that subsidization is taken too far, then it is the masses who would suffer; the masses would be paying the subsidization for a privileged few.

Here I will mention something of interest to the hon. Member for New Amsterdam (Mr. Kendall). In a conversation with me he pressed me to use such little influence as I possess to get an increase in the grant or subvention to the Berbice High School, which is an institution run by a Missionary Body in that town. That school deserves help; it cannot pay its way. The Missionary Body is unable to supply it with any more funds, so Government was appealed to for help, for a further grant, and the reply from Government was that the school should first try and raise some more money by increasing its fees. The school has really done so. It has put up its fees by between 25 and 33.13 per cent., thus bringing its rate of fees practically to what was the rate at Queen's College before this proposal. Now I ask the hon. Member, is it fair that the children of New Amsterdam should have to pay that for admittedly an inferior type of education than what can be obtained at Queen's College and Bishops' High School? That school, good as it is, is not as well equipped as the Government schools. Why should the children of New Amsterdam not get the

same benefits as are given at Queen's College? Why should the hon. Member object to this small increase in the College fees?

Mr. KENDALL: I would like to make this explanation. The hon. the Financial Secretary knows fully well that the recommendation coming from that Committee was that Government should give \$10,000 extra in order to fit that school with certain amenities which will give the children in New Amsterdam or in Berbice similar educational facilities as given at Queen's College. If this Government is prepared to give the amount to provide those facilities, I see no harm putting it on a par or nearly as much. That will obviate the necessity of those children coming to Georgetown to attend Queen's College and their parents having to pay for their boarding and lodging in Georgetown. It will afford better supervision of the children and a better kept staff. If the parents have to pay a little more to get the same facilities as at Queen's College I have no objection to that, as long as Government pays its portion.

The FINANCIAL SECRETARY & TREASURER: I thank the hon. Member for that: All it means is, if there was a Queen's College in New Amsterdam he would be prepared to have the fees the same in both places, provided the amenities are the same.

I would now like to deal with bauxite. I cannot speak at great length, as I have very little time left. There is one point about the bauxite industry which I must make. The bauxite industry is now a very heavy contributor to the public revenue of this Colony. The last estimate which I made showed that the industry contributed directly to the revenue of the Colony about 15 per cent. of the total revenue of the Colony. Now if we put our revenue around \$20 million that would mean \$3 million in direct contribution to revenue. Comparison is always made with the sugar industry. I heard the hon. Nominated Member, Mr. Morrish, say that the sugar industry is the largest taxpayer in the country. That is not so. I would like to say that the sugar industry is a vital factor in the life of this

community. It supports by far a greater number of the population, and it contributes thereby to the general economy of the Colony, but not that the sugar industry itself as an industry pays into the public till —

Mr. MORRISH: May I ask if Income Tax is taken in that connection?

The FINANCIAL SECRETARY & TREASURER: Unfortunately I am taking that as well. I sincerely wish the sugar industry can pay a little more so as to come up to the level of the bauxite industry. As I am referring to the hon. Nominated Member, Mr. Morrish, I will answer a straight question which he put; he said this: "You are increasing the rate of export duty on bauxite, what if the company retaliates by reducing the value of the bauxite exported?" That is his question, and it demands a straight answer. That answer is this: It does not matter what the principals of the company choose to put down as book value of the transaction between themselves and the subsidiary company. I am perfectly sure that the Income Tax administration would not accept it and would proceed to arrive at a fair value by reference to what was the value in the preceding year and all the circumstances connected. That is the important point, not what they say. It is what is put in their accounts and what the Income Tax administration would accept. They will not accept a deliberate reduction in the price which is not justified by the facts and circumstances. So it would not matter so far as our revenue is concerned: we would proceed to use an arbitrary figure. This Council may in its wisdom also decide to retaliate. It may consider further increasing the export duty. However, I would say that in all relations between Government and the company they have played the game. I do not know what is their reaction to this proposal but I do not anticipate any action such as that to which the hon. Member refers. I do not feel that the company would attempt by reason of the increased duty to do any such thing as automatically and arbitrarily to reduce the price value of their output. I certainly consider that the increase which is

imposed — from 30 cents per ton to 45 cents on the export duty and \$1 per ton on calcined bauxite — is fair and reasonable.

The hon. Member (Dr. Jagan) challenged and criticized me for not having paid sufficient attention to his remarks on this motion in 1947. But you do not want to kill the goose that lays the golden eggs! If the company was producing calcined bauxite as a kind of sideline, why should we at that stage attempt to interfere with it? The hon. Nominated Member, Mr. Morrish, has pointed to the coincidence of putting a tax on calcined bauxite just when the company is going in for it on a comprehensive scale. Surely it would have been very inopportune for us to tax it when the company was working it up, and it is right that we should have deferred action until now. While I am on bauxite I shall again refer to this question of Royalty. The Royalty was 10 cents per ton on bauxite which came out of Crown Land but not freehold land. It is now 25 cents per ton for new leases of Crown Land. I know the hon. Member is very keen that the constitutional rights of the subject be changed so as to enable the Government to put a Royalty on bauxite from freehold lands. I do hope that would be avoided. We will be getting by these proposals what we think is fair and reasonable. Let us get it. The hon. Member referred to Surinam. I know that one of the companies operating in Surinam closed down when they felt they were unfairly treated. We are not entirely out of the wood. I am not suggesting we have not one of the best bauxite ores in the world, but there is the point whether the company can establish itself on a large scale elsewhere than in British Guiana.

The question of the Income Tax on Life Insurance companies — here again I cannot understand why this solicitude for Insurance companies. You, Sir, asked the question as to why the Insurance Companies Tax is so low — 5 per cent. — whereas other companies pay 40 per cent. In reply the Income Tax Administration said that as far as they were aware discrimination in favour of insurance com-

panies only existed here. In Trinidad and Barbados, however, it has been 15 per cent. for a long time, whereas ours remained at 5 per cent. Hence our proposal. The hon. Nominated Member, Mr. Farnum, must have embarrassed the Demerara Mutual Life when he suggested that this small increase in their expenses would cause a reduction in the bonus paid to the policyholders.

Mr. FARNUM: May I ask if the Insurance companies do not pay a tax of \$1,000 a year in addition to the 5 per cent.?

The FINANCIAL SECRETARY & TREASURER: That is so, but what I am saying is, this increase will not have any effect whatever on their bonus distribution. It is a fact, of which we are very proud, that our mortality rate has fallen by some 39% which will result in financial benefit to the Insurance companies. I cannot see why the Demerara Life should pay 5 per cent. on its income in British Guiana and 15 per cent. on its income in Barbados and Trinidad or why the Barbados Life should pay 15% in Barbados and complain about paying 15 per cent. in British Guiana.

Mr. ROTH: Is it not a fact that the Insurance companies pay a \$1,000 licence here but in Barbados they do not?

The FINANCIAL SECRETARY & TREASURER: That is so. I may say, the companies liked that so as to secure themselves from unnecessary competition from outside.

The PRESIDENT: They wanted to secure themselves from the petty little companies arising around. You get these mushroom companies springing up without any substance at all. That \$1,000 licence was proposed by the Insurance companies themselves, I believe, and it was a good move.

The FINANCIAL SECRETARY & TREASURER: I would now like to deal with a few of the suggestions made for alternative taxation. The suggestion to tax land — either by way of a tax on all lands or a special tax on lands which are not put to beneficial use — is an old one

made over and over again. The hon. the Colonial Secretary showed me a report by that eminent economist, Dr. Benham, formerly Economic Adviser to the Comptroller for Development and Welfare in the West Indies, in which he said there was so much infertile land here not worth working that even a small tax would result in the land going into the possession of the Government and without any idea of what the Government would do with the land. As regards a Land tax I have now heard it supported strongly. Two years ago in my Budget Statement I ended with the announcement that Government was introducing a tax on the improved value of lands which had been improved by virtue of public expenditure on drainage and irrigation. That was a tax not on the land but only an attempt to secure a proportion of the annual increase in value brought about by the expenditure of public funds. But what an outcry there was? Hon. Members of this Council expressed their horror. There was an outcry in the country districts. Landlords were up in arms even at the possibility of this small tax. Now we are told quite easily "Put a tax of \$3 an acre on land". Who would pay it? The sugar estates may pay it, but there are about some 32,000 acres of land held not by the sugar estates but by small people, villagers. They would have to pay it, and they cannot pay even their drainage rates and have to be subsidized. Let us be careful how we talk about taxing land.

Mr. THOMPSON: Is it \$3 an acre or a charge of 24 cents?

The FINANCIAL SECRETARY & TREASURER: I am sure the hon. Member for Central Demerara mentioned \$3. The hon. Member talked of our deceased colleague, Mr. McDoom. He was the man who leased land in the Mahaicony-Abary area at 20 cents an acre and rented it to Government at \$3 an acre. Why should he not? He had spent money in developing that land and was actually making \$3 an acre out of it when Government came in and by virtue of the Defence Regulations took it away. When he talks about the sugar estates' lands, it is true they are paying some 5 cents per acre on Crown Land held under lease or licence,

but when they got those lands they were swamps and they had to spend money on them. I do not want to justify the sugar estates' position because they can do it themselves, but let us be fair. When the sugar estates took over those lands they could not be used for cultivation, and they spent immense capital to bring them into beneficial use. At this stage must we go and increase unduly and unreasonably their rental merely because we want to get some money? We have to be fair.

Then there is the suggestion that we should tax moneylenders. I have had that looked into and I have found that there are probably about 600 registered moneylenders. I have written one Department about it and curiously enough that Department has made out a case for the moneylenders. They said it was quite true that moneylenders charge an exorbitant rate of interest and are in some respects a blight on the community, but they take their losses now and again. I have no doubt, however, that is a good suggestion which will be followed up. So is the suggestion about an increase in Court Fees.

As regards the suggested increase in the stamp duty on receipts, I personally do not favour it. First of all, you can never calculate what it would yield. Now and again you find receipts not properly stamped. I doubt myself whether a sliding scale would produce such an amount of money as to make our adopting that suggestion worthwhile.

No Member touched at all on that part of my Budget Statement which dealt with concessions. There were very important statements in that part of the Budget Statement dealing with concessions to approved industries, concessions of free Customs Duty on gasoline and concessions for new development undertakings, etc. I shall not touch on that now. If hon. Members had referred to it, I would have said something about it.

I must again refer to the relief which is afforded by the removal of the Customs Duties on several of our essential items of foodstuffs — flour, salt fish, condensed milk etc. — at a cost of nearly \$1,000,000. I am sure that these things should be taken alongside the suggestion of an increase in the price of aerated waters. Surely it is better to have these reductions which are really of value than to press for relief on a non-essential item. I do ask hon. Members to bear that in mind — how we propose to spend nearly \$1,000,000 in what is a form of subsidization by the removal of Customs Duties on these essentials.

I think I have taken up quite enough time, although I have unfortunately not covered all the ground. Hon. Members would, I am sure, appreciate what I had in mind when this Budget Statement was prepared and presented. I would conclude by again thanking them for their expressions of commendation, and also again say that I am a little disappointed that in the face of our Constitution Commission and in the face of the public desire that we should have an advance in our Constitution, and in the face of the terms of reference of the Commission which suggest that they should make their recommendations in the light of our financial and economic situation and our ability to carry ourselves, I do regret Members did not use this opportunity to affirm their determination to champion as far as they can the financial ability and integrity of this Colony. The next step Sir, is to refer this motion to the Finance Committee and await the report of the Finance Committee on their examination of the Estimates.

The PRESIDENT: The Estimates are referred to the Finance Committee and the Council will adjourn until the Finance Committee reports, when we will continue the debate.