

**LEGISLATIVE COUNCIL**

Friday, 6th April, 1951

The Council met at 2 p.m., His Excellency the Governor, Sir Charles Woolley, K.C.M.G., O.B.E., M.C., resident, 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. C. V. Wight, C.B.E. (Western Essequibo).

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

The Hon. Dr. J. A. Nicholson (Georgetown North).

The Hon. T. Lee (Essequibo River).

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

The Hon. V. Roth (Nominated).

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. John Fernandes (Georgetown Central).

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. L. A. Luckhoo (Nominated).

The Clerk read prayers.

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

**PETITION**

Mr. THOMPSON presented, on behalf of inhabitants residing in rural areas of the Colony, a petition seeking an improvement of the dental facilities available in those areas.

**ORDER OF THE DAY****INCOME TAX (IN AID OF INDUSTRY) BILL**

On a motion by the ATTORNEY GENERAL, seconded by the FINANCIAL SECRETARY and TREASURER, Council resolved itself into Committee and resumed consideration of the Bill intituled :

"An Ordinance to encourage the establishment or development of industries in the Colony and to make provision for relief from Income Tax to persons establishing or developing such industries and for purposes incidental to or connected with any of the foregoing purposes; and to make provision for relief from Income Tax in aid of certain industries and the provision of workmen's homes."

The ATTORNEY - GENERAL : Clause 1 as printed in the Bill, with a few amendments, has been passed, and the Schedule to the clause is now to be taken.

*First Schedule.—*

The ATTORNEY-GENERAL: Before the Schedule is put I wish to add as item 9 "Rice".

Mr. ROTH: With regard to paragraph 3 of the Schedule I would like to know exactly what is meant by "*The working of any mine (other than a mine operated by a gold or diamond company)*". Does it embrace the technical definition of a mine or mining operation? There are very few of the former and a great many of the latter in this Colony. I would suggest that the words "mining operation" be substituted for the word "mine".

The CHAIRMAN: The paragraph reads "The working of any mine'."

Mr. ROTH: There are very few true mines, I grant, that are working in this Colony, and I suggest that the expression "mining operation" be used. The next point is that I would like to know why gold and diamond companies are exempted in the same paragraph.

The ATTORNEY-GENERAL : With regard to the exception of gold and diamond mining companies, it will be seen on reference to the Objects and Reasons of the Bill that paragraph 3 (2) reads:

"Gold and diamond mining companies have been excepted as they are already

eligible under the provisions of the Income Tax (Amendments) No. 2) Ordinance 1949. (Ordinance No. 3 of 1949) for the benefit of—

- (a) very generous wear and tear allowances;
- (b) carry forward of losses without limitation; and
- (c) reduce rate of tax for a period of years."

I think I explained that to Members yesterday. So far as the suggestion with regard to mining operations is concerned, that would need a certain amount of recasting of the paragraph.

The CHAIRMAN : I do not see that the change makes any difference. There is no particular significance in it. The paragraph is perfectly clear as to what is meant.

Mr. ROTH: I accept that. With regard to paragraph 6 of the Schedule I would like to suggest the addition of shingle mills and the milling of rice.

The FINANCIAL SECRETARY & TREASURER: I think there is a little danger in trying to specify for this generous treatment. It would include all the activities of the nature the hon. Member mentions. If we put just those two particular processes we would find ourselves excluding other processes connected with it that should be put in. I think it is best to leave it as it is.

Mr. ROTH: What about "Saw-mills and kindred industries."

Mr DEBIDIN: I am absolutely opposed to "milling of rice" being included here. Certain aspects of it may be included by the Governor in Council, but so far as this head is concerned I am opposed to its inclusion, because of at least one important fact, and that is, we know that it is proposed that the C.D.C. should join the Government in establishing central rice mills. We are told that the agreement will be presented

to this Council for approval, but so far nothing of the kind has been done, though we are aware that very exhaustive investigation is being done by officials of the C.D.C. In my own opinion it is not fair to the present millers in the Colony for the C.D.C. to have the complete right to establish central mills and to have the present mills wiped out of existence, because that may be the effect of this and other action of Government. So far as the C.D.C. are concerned, they should not be allowed to establish central mills in this Colony when, as far as are told, they will have a very free hand and the almost exclusive right to export rice to markets of their own choice.

The CHAIRMAN: The hon. Member is anticipating a matter which has not been decided and will have to be decided by this Council. It is quite futile raising a point of that nature at this time when we do not know whether the C.D.C. are coming in. When we do know they are coming in, then we can consider the terms of their coming in. I suggest to the hon. Member to leave it until we know what the position is.

Mr. DEBIDIN: If that is the view I am asking that this item "rice mills" be not included in this particular Schedule, as it does involve very important matters. We do not want to be wiser after the event any more in this Council. Too much of that was done in the past. Companies were allowed to bring machinery, and then we were told the position was hopeless, and we were bound to do something we would not ordinarily have done. I do not want to find myself in that peculiar position at any future time. I do not think we should wait until we know what is the programme in respect of rice mills or factories in this Colony. Whether Government is going to pass legislation to wipe out the existing mills; whether we are going to enter into negotiations with the C.D.C., or whoever is going to build new mills, I feel this is the time to

move. It is something still reeking of suspicion where I am concerned. I see nothing wrong with the present mills; they may not be able to provide the by-products, but they are producing better grain than can be produced by central mills. I am saying this, and I challenge any amount of criticism or any attempt to refute what I am saying, and that is, to wipe out some of the rice mills of this Colony is to create a position of widespread dispossession of peasant rice farmers. There is no question about that in my mind. I am not so particular about the rice millers as I am of a large number of people, because the rice millers on being told to remove their factories or to sell them out may want their lands to develop them themselves, whether by mechanization or not, and may resort to giving notice to all their tenants to remove from their plantations. The tenants would then have to find some other means of existence or beg for lands in some other areas. That is the form of dispossession I am thinking of.

The CHAIRMAN: Why suggest that there should be dispossession of the kind? The hon. Member anticipates a position that will not arise. I have told him simply and plainly that any agreement with the C.D.C. is subject to the approval of the Legislative Council. If he reads the law that has been passed, he will see it there. Why bring this up? Who says the rice millers are going to be dispossessed, and that the tenants will be thereby dispossessed when I said categorically that no tenants will be dispossessed? As the result of development it is the tenants who are going to benefit more than anyone else. Why bring matters like that up now? Does the hon. Member want the rice industry to be developed in this Colony? Do we all want the rice industry to be developed? Do we all want to give every facility to the millers, whether small or big, to develop the industry? If we do not, let us say so and drop this Bill. I really cannot understand what the hon. Member is getting at.

Mr. DEBIDIN: The answers to your questions are—We want rice development. We want the industry to be developed to the advantage of the peasants of this Colony. We know and quite agree to differ on the points that have been raised by you. I know perfectly well what C.D.C. spells for in regard to the rice peasants of this Colony. Until I am fully disabused of what I feel about it, I will say what I have to say about the C.D.C. If they are going to take up lands cultivable by the ordinary peasant, I do not know what that is.

The CHAIRMAN: The hon. Member is still begging the question.

Mr. DEBIDIN: If you feel—I think it is my best argument—that this whole matter ought not to be discussed as I am discussing it at this moment, I am asking that this item be not moved in. That is why I asked yesterday, though it was lost by a few votes, that whenever any additional item is put into this Schedule we should have full opportunity to check up on it in this Council. Maybe we have other means which are more tedious. I am certainly not in agreement, taking this whole Schedule by a large. I am going to refer to item 4 of this Schedule.

I fail to see, if we are going to give a stimulus to industries of a developmental nature, why we should give any assistance to those industries which are fully and well developed and have capital behind them to develop them. Take, for instance, Limacol. According to this, that will be given the fullest opportunity for assistance which it does not need. Why give it under the head of “perfumed spirits”, when we have matches not included? The match factory is not asking for help because it is declaring dividends. Unless we feel one factory is inadequate to supply local needs and we want to establish another, then we can move in a specific item to be given all the facilities from Part II to VIII of this Bill. There are items mentioned which I cannot see for the

moment why they should be there. For instance, “concrete block for building purpose.” It is true that we want to see buildings going up fast, but we know that concrete blocks are very expensive, more expensive than wooden ones. That is an industry which is fully established as it were. Are we going to grant Fogarty’s complete remission of all these things to the disadvantage of British Guiana?

The CHAIRMAN: Do they manufacture concrete blocks in the Colony? I was not aware that they were being manufactured here.

Mr. DEBIDIN: For years Mr. Nurse has been making them and selling them quite well. He has had no assistance but he has been supplying all the concrete blocks required. This is not a type of industry which requires a large outlay, except that it will stimulate the building of houses, which is a different question altogether. It is an industry which requires cement and sand, all of which we have. It is an easy industry, for the average carpenter is making cement blocks.

There is the hollow tile business, but I do not know if it comes under this head. If it does I feel that it is something which does not require assistance. Much as we would like to give a stimulus to the development of industries we cannot deprive the Colony of necessary revenue, and that is something which we have to take care of. We must not deprive the Colony of necessary income in the interest of those who do not require our help, or do not fully merit the help which is now sought to be given.

With regard to soap making and oil making I say that those industries are ruining the coconut industry of this Colony. It was suggested that the Copra Board be abolished, and that legislation should be introduced to provide certain safeguards, but I have lived these few months more to see what I said come true. Everybody is making

copra and the small group of crude oil makers are now struggling for existence—people who have played an important part in the economy of this country. They have now perforce to pay \$24 for 1,000 coconuts. Some of them have begun to close down their business, and there is to be a large meeting to demonstrate against what has taken place. That is the effect of soap making, and we are to give the soap manufacturers more assistance.

This Bill far exceeds its object when it takes in the manufacture of tobacco. I asked yesterday why the provisions of the Bill should relate back to January, 1949. It seems to me that the Tobacco Factory and all these factories will get benefit as from January, 1949. I am going to ask that we take this Schedule item by item, because I propose to move the deletion of certain items.

Mr. FERNANDES : I see no reason whatever why a rice miller should not enjoy the same benefits as those who manufacture sugar or any of the other items in this Schedule, and I said yesterday that I would ask that rice milling be added to the Schedule even if it was not the Attorney-General's intention to do so.

There are two items in the Schedule which I do not quite understand. When the question of shingle making was mentioned we were told that we should not be too specific, and I agree with that view. Shingle making really comes under the heading of sawmilling, because shingles are made with a saw. But I see in paragraph 4 of the Schedule items like bolts and metallic and plastic fasteners. I consider that a little bit narrow, particularly where plastic is concerned. I think all plastic manufacture should be included, and not merely fasteners, and I would suggest that it be amended to include the manufacture of all plastic goods, because plastic is an article of the future and can be manufactured in British Guiana. It is no use leaving it out and giving

people the trouble to approach the Governor in Council to have it added to the Schedule.

The item "dairy husbandry" also seems to me to be a bit narrow. I think that any machinery used in connection with animal husbandry should be included. I am not going to oppose the other items but I would like to ask why Government has not seen it fit to include machinery used in logging. Sawmills are to be granted concession, but logging is left out. I know that the firewood and charcoal industries have long been considered part of the timber industry, but I am sure that if those industries were included the housing conditions of the workers in those industries would be considerably improved. I do not know what is Government's reason for omitting logging. Perhaps there is a good reason, and if there is I would like to hear it.

The FINANCIAL SECRETARY & TREASURER: There is no specific reason for it; it is just an omission. This list was prepared by the departmental officers, partly based on the Trinidad list, with such modifications as were thought fit, but in view of the fact that the Governor in Council is being given power to vary the Schedule we assumed that from time to time the necessary additions would be made. I accept the hon. Member's suggestion that logging should be included, and if the Attorney-General agrees I would move to that effect.

I also agree with the hon. Member that to limit plastic manufacture to fasteners is extremely narrow, and perhaps a better word would be "commodities" or "goods".

As regards the point raised by the hon. Member for Eastern Demerara (Mr. Debidin) I suggest that he has betrayed some confusion of thought as to what this is about. The Objects and Reasons of the Bill were very carefully prepared in order to provide a concise summary of what is intended, and if the

hon. Member would look at paragraph 3 he would see a summary of the principal objects. First of all sub-paragraph (a) refers to the granting of exemption from income taxation for five years to industries of a developmental and risk-bearing nature. That is an essential feature of the Bill in so far as pioneering industries are concerned, but another very important aspect of the Bill is that which is set out in sub-paragraph (b) which states:

“(b) assisting industry to modernise, re-equip, and extend industrial buildings and plant and machinery by the grant of generous immediate allowances and thereafter annual allowances in respect of such expenditure.”

All those items included in the Schedule are the types of industry which most of us, I feel sure, would like to see attempt the modernisation and re-equipment of their plant. The hon. Member referred to matches. I have a box in my pocket now which has collapsed. There are many things in the match plant which require modernisation, and it is of course an inducement to the proprietors of that plant to use the facilities of this Bill to enable them to do so. Similarly with regard to the other item. The proprietors may require modernisation of their plant. Why shouldn't they be encouraged to do so?

As regards the hon. Member's comments about rice milling I was horrified at his suggestion. Why should the ordinary rice miller in the country be deprived of the concessions which are going to be applied to other industries, merely because the hon. Member dislikes the idea of the C.D.C. participating with the Government in the expansion of that industry? Why, because of his suspicions, must rice millers be omitted from the provisions of the Bill?

Mr. DEBIDIN: Wasn't it the hon. the Financial Secretary who said on a previous occasion that, if necessary by

legislation, the present small mills would be wiped out?

The FINANCIAL SECRETARY & TREASURER: I never said anything of the sort. Will the hon. Member refer to the occasion when any such statement was made by me?

Mr. DEBIDIN: I would have to refer to Hansard.

The FINANCIAL SECRETARY & TREASURER: Rice milling being an essential part of our industrial economy it would be wrong to omit it from the Bill, even if it is possible to include it afterwards by means of an Order-in-Council. If, as I hope, there is established in this Colony a Rice Development Co., with Government and the C.D.C. participating, of course any mill set up by such an organization would be entitled to this particular machinery depreciation concession, like any other rice miller, and like any other industry, and I do hope that Members will accept that as being the correct procedure. We are trying in this Bill to be impartial to industries coming under this section of the Bill which require assistance and concessions of this nature.

Mr. WIGHT: I think we should all welcome a Bill of this kind, and any inducement which might be given to the investment of capital, whether from abroad or locally, for the main purpose of creating employment in a Colony where unemployment is rife. If we could by this method induce companies to come in and develop industries, or existing industries to re-organise and improve, we may hope that it would provide a considerable amount of employment.

There is one point I would like to mention. It has been referred to by the hon. Member for Eastern Demerara (Mr. Debidin) and the hon. the Financial Secretary. I refer to the question of matches. We know that manufactured matches get some relief in the form of a rebate of Excise duty, but it seems to

me strange that while the local Company claim that they are not making sufficient profit, and that their export trade is declining, they should be declaring dividends out of the small profits they are making. If we from income tax, and this Excise rebate would deprive this Colony of necessary revenue for the purpose of putting money into the pockets of the Company's shareholders. There is that danger. The Financial Secretary says "No," but there is that danger. One would have thought that if the shareholders were really interested in the Company they would have put those small profits back into the business for a couple of years in order to improve its machinery. The Financial Secretary has said that a box of matches is falling to pieces in his pocket. We all know that the matches burn our trousers, and if you smoke a pipe you smoke matches instead of tobacco. What would have happened to the Company if this Bill had not been introduced? Would they have allowed their machinery to remain in the same condition without improving it, and continued to declare dividends out of the small profits they are making?

The FINANCIAL SECRETARY & TREASURER: I do not want to introduce the Match Company's affairs into this debate, but I think that it is known that a great deal of the profits of some companies come from their investments and not from actual trading. That, however, is by the way. There is one point I should have emphasized when I spoke, and it is that these concessions, although generous in a way and operating as an inducement, are normally what the concerns are entitled to anyway. By that I mean that depreciation allowances would be granted on new machinery in any case for the period of the life of the machinery. That is the normal method of doing it, but so as to encourage and stimulate this re-equipment, what we are trying to do is to give them in a lump sum a larger proportion of that depreciation to which

they are entitled to now in the first year. By that act we improve the cash position of the concern. We are not in the long run giving away more from the revenue than we would normally give, but we are giving the benefit in advance, which in terms of business improves the cash position of a company and stimulates expenditure on new capital equipment. So I hope the hon. Member does not think that the revenue is being superlatively generous.

Dr. JAGAN: From what the hon. the Financial Secretary has just said I would be inclined to draw the conclusion that we might as well amend this Schedule to include any trade or industry. I remember that not many days ago, when we were discussing the questions of Customs duties and tax remissions in respect of certain goods imported into the Colony, Your Excellency remarked that we had to draw the line somewhere. It seems to me that that should also be the determining factor in making up this Schedule, otherwise we might include everything. I can name some items which are not listed, such as hosiery, radios, leather and shoes. Those are industries which should be encouraged in this country. Apart from laundries there are many other small businesses in this Colony for which equipment may be imported, and in respect of which it is necessary to grant the same concessions.

It seems to me that while we are trying to encourage new industries to be set up in this country we are at the same time making very large concessions to industries which are already established here, and established for a long period of time. The danger is that those industries which we are trying to induce to come to the country may not come, and at the same time we may lose in revenue what we are trying to give by way of concessions to industries already established. There is that danger and it must not be overlooked.

The hon. Member for Eastern Demerara (Mr. Debidin) referred to the question of rice milling, and the hon. the Financial Secretary dealt with the question of protection for the ordinary rice miller. We must keep in mind what is likely to happen in case certain things take place. This Council must exercise some foresight in passing legislation, and must keep in view what is likely to happen in the future. If we make provision by law which will entitle companies to become monopolies which may later stifle small enterprises and kill them, we must be very careful in passing such legislation. I suppose that is what the hon. Member had in mind, because when the Rice Marketing Bill was being debated in this Council the point was made that if a company with large capital behind it was able to purchase modern machinery and thus get the various concessions by way of remission of Customs duties and taxes, and now by way of plant depreciation and income tax remissions, one can see that such companies would be able to operate more economically than smaller concerns. In the case of rice, for instance, a large milling company could induce the farmers to send their padi to their mill and thereby close down the small mills. There is definitely that danger which we have to keep in mind.

I definitely will object to the inclusion of many items in this Schedule. For instance, the very first two items—the manufacture and refining of sugar and its by-products. I do not see the necessity at the present moment to include those items in the Schedule. As I said yesterday, sugar production in this country is increasing, but at the same time we must keep in mind what is likely to happen in the future. We have to keep in mind the cost of production in this country as compared with other countries, and if there is an open market, what is likely to happen to the sugar industry in British Guiana?

The next item is “distilling of rum” That has been going on in this country for a long period, but we find that facilities are being granted to increase production. There are other items which the hon. Member mentioned—tobacco, cigarettes and so forth. I also see bay rum and perfumed spirits. We know that in the case of Limacol it is well established and is being exported to the West Indies and other countries. I see no reason why industries which are already established should be granted concessions while we are trying to encourage other industries to come in.

The reason why I mentioned hosiery, leather and cement is because Prof. Arthur Lewis in his report on “Industrialisation in the West Indies” stated that we should try to encourage industries into these Colonies which would utilize a great deal of labour, and which would necessitate the spending on capital equipment of a small amount of money per individual worker, and many of those industries which I have noted are in that category. By that I mean that a large sum of money would be spent on labour and a relatively small sum on capital equipment. When the time comes I will move the addition of those items. At the same time I would like to move the deletion of items 1 and 2 from the Schedule.

Mr. DEBIDIN: May I again ask you to permit us to take these items one by one?

The CHAIRMAN: I will put the Schedule item by item.

Mr. DEBIDIN: I see.

Item 1— *The manufacture and refining of sugar and its by-products.*

Dr. JAGAN: I beg to move its deletion.

The CHAIRMAN: I put the question “That the item stands”.



Question put, and the Committee divided and voted as follows:—

For—Messrs. Luckhoo, Smellie, Peters, Fernandes, Farnum, Thompson, Roth, Wight, Capt. Coghlan, Dr. Nicholson, Dr. Singh, the Financial Secretary and Treasurer, the Attorney-General and the Colonial Secretary—14.

Against—Messrs. Phang, Kendall, Debidin and Dr. Jagan—4.

Did not vote—Mr. Carter—1.

Item passed as printed.

Item 2—*The distilling of rum.*

Question put, and the Committee divided and voted as follows:—

For—Messrs. Luckhoo, Smellie, Peters, Fernandes, Farnum, Thompson, Roth, Wight, Capt. Coghlan, Dr. Nicholson, Dr. Singh, the Financial Secretary and Treasurer, the Attorney-General and the Colonial Secretary—14.

Against — Messrs. Phang, Kendall, Debidin and Dr. Jagan—4.

Did not vote—Mr. Carter—1.

Item passed as printed.

Item 4—*The manufacture of—glass, nails, screws, bolts and metallic and plastic fasteners of all kinds, fertilisers, bricks, tiles and concrete blocks for building purposes, packages and crates, ice, edible oils, fats, soaps and allied products, spirit compounds, bay rum and perfumed spirits, methylated spirits, furniture, matches, fibre, gas and flavouring extracts, tobacco, cigarettes and tobacco snuff.*

Mr. DEBIDIN: I beg to move the deletion of the following—"ice", "edible oils", "fats", 'soap and allied products', "spirit compounds", "perfumed spirits",

"methylated spirits", "furniture", "matches," "tobacco" and "cigarettes". I would like to make one point about "furniture". I feel that there is too much now in the air as to the Technical Institute and what is proposed, and I would not like to know that the furniture trade is going to be dislocated because any particular concern is able to import and get all the facilities under this Bill to the detriment of this small but very important trade. I would ask hon. Members to consider this very carefully in the light I am putting it. Ordinarily one would say he would like to get modern machinery, and Parts II to VIII of this Bill allow such for the furniture trade, but because there is such a large army of furniture-makers in this country it is in the nature of a hindrance to the trade and those who are making their livelihood from it. This facility, given in the initial stage, will be taken advantage of by a person who has the capital to start. When he is given all these facilities under this Bill, he will be in a better position to do furniture-making at a much cheaper rate than those engaged in the trade.

I am one who has been clamouring for industrial development, and I am also doing so in behalf of the masses, the people who matter a great deal. Their interest is going to be disturbed in this particular instance. There are too many of them who will, to my mind, have their interests trampled if this particular item is granted now. I know that the Technical Institute is going to turn out skilled tradesmen. When that is done and we see development along certain lines, this Council could, with the powers under clause 1 of this Bill, move in such an item. We would then be in a position to say whether it is reasonable or not to move it in. At the present moment, on the ground that this Colony is in its developmental stage, just at the beginning in certain branches, we should not neglect those, such as the crude oil makers. Whenever we are going to embark on

something big we should consider the people who, through circumstances, are sticking to a certain industry in a small way.

The CHAIRMAN: I will put each sub-item in the Schedule. That is, I think, the proper way.

Dr. JAGAN: Before you do so I would like to make some comment at this stage. While we are trying to encourage development and the modernising of these industries, I find there is one thing particularly omitted in this Bill, and that is the question of protection. Let us take the case of "furniture". We know that chairs and tables can be brought into this Colony from abroad. Only a few weeks ago chairs purchased cheaply from Czechoslovakia, which is behind the Iron Curtain, came into the Colony. It seems that if we are to encourage the development of industries in this country we should protect such industries as "soap", "edible oil" and "furniture".

Let us take "edible oil", "fats" and "soaps". At the present time we have two oil mills in the Colony—Wieting & Richter's and Maharajah's—and they have not enough copra to make oil. They are modern but cannot get the raw material. Soap is being made in this country of a very comparable standard, mostly laundry soap, nevertheless only a few days ago we read in the papers that one individual was thinking of shutting down his factory because he did not have the crude oil or the coconuts to make the oil. That is a problem for which this Bill does not provide a solution. I feel that the protection being sought by this Bill will only be given to the big concerns. Right now I would like to see this Government include a comprehensive programme of protection so that small industries might be protected. I want to add other items.

The CHAIRMAN: The hon. Member can. I will take all the items men-

tioned, and then the hon. Member can ask to move in the additions he desires.

Mr. SMELLIE: The hon. Member has made a great ado about protection, but I think the accent should be on production.

The ATTORNEY-GENERAL: With regard to the point raised by the hon. Member for Central Demerara about "furniture", I think if the sub-item "bolts and metallic and plastic fasteners" be made to read "bolts, metallic fasteners of all kinds and plastic goods" it would meet the hon. Member's point.

Question put, and agreed to.

Sub-item amended accordingly.

The retention of "ice" put, and the Committee divided and voted as follows :—

For—Messrs. Luckhoo, Smellie, Peters, Farnum, Thompson, Roth, Raatgever, Wight, Dr. Nicholson, Dr. Singh, the Financial Secretary and Treasurer, the Attorney-General and the Colonial Secretary—13.

Against—Messrs. Carter, Phang, Kendall, Fernandes, Debidin, Lee, Dr. Jagan, Capt. Coghlan—8.

"Ice" retained in Schedule as printed.

Mr. DEBIDIN: I object to "edible oils".

The retention of "edible oils" put, and the Committee divided and voted as follows :—

For—Messrs. Luckhoo, Carter, Smellie, Phang, Peters, Kendall, Fernandes, Farnum, Thompson, Roth, Raatgever, Lee, Wight, Capt. Coghlan, Dr. Nicholson, Dr. Singh, the Financial Secretary and Treasurer, the Attorney-

General and the Colonial Secretary—19.

Against—Mr. Debidin, Dr. Jagan—2.

“Edible Oils” retained in Schedule as printed.

“*Bay rum*” and “*perfumed spirits*”—

Mr. DE IDIN: I am opposed to this sub-item because it relates to Limacol, which is an established industry.

Mr. FER ANDES: Bay rum is manufactured in this Colony and is used very largely by people who are ill. I was just wondering whether there is any necessity to have the two items separately, because “bay rum” and “Limacol” are perfumed spirits.

Sub-item passed.

“*Methylated Spirits*.”—

Question put, and the Committee divided and voted as follows:—

For—Messrs. Luckhoo, Carter, Smellie, Phang, Peters, Kendall, Fernandes, Farnum, Thompson, Roth, Raatgever, Lee, Wight, Capt. Coghlan, Dr. Nicholson, Dr. Singh, the Financial Secretary and Treasurer, the Attorney-General and the Colonial Secretary—19.

Against—Mr. Debidin—1.

Did not vote—Dr. Jagan—1.

“*Methylated Spirits*” retained in the Schedule as printed.

“*Furniture*.”—

Question put, and the Committee divided and voted as follows in favour of the retention of the word “furniture” in the Schedule:—

For — Messrs. Luckhoo, Carter, Smellie, Peters, Kendall, Fernandes,

Farnum, Thompson, Roth, Raatgever, Lee, Wight, Capt. Coghlan, Dr. Nicholson, Dr. Singh, the Financial Secretary and Treasurer, the Attorney-General and the Colonial Secretary—18.

Against—Messrs. Phang and Debidin and Dr. Jagan—3.

“*Furniture*” retained in the Schedule as printed.

“*Cigarettes*”—

Question put, and the Committee divided and voted as follows in favour of the retention of the word “cigarettes” in the Schedule:—

For — Messrs. Luckhoo, Carter, Smellie, Phang, Peters, Kendall, Fernandes, Farnum, Thompson, Roth, Raatgever, Lee, Wight, Capt. Coghlan, Dr. Nicholson, Dr. Singh, the Financial Secretary and Treasurer, the Attorney-General and the Colonial Secretary—19.

Against— Mr. Debidin and Dr. Jagan—2.

“*Cigarettes*” retained in the Schedule as printed.

“*Tobacco Snuff*.”—

Mr. ROTH: I would like to enquire why this was put in. I thought snuff had gone out of use. It was used by my grandfathers. Is it coming back into fashion?

The CHAIRMAN: It is reviving an ancient industry!

Mr. WIGHT: I do not know if it is of interest to the hon. Member; I hope not.

Mr. FERNANDES: The only point is that I cannot see a concern manufacturing tobacco snuff and not manufacturing tobacco. I thought it would be included in the manufacture of tobacco.

The ATTORNEY-GENERAL: That is why we have the three — “tobacco, cigarettes and tobacco snuff.”

The CHAIRMAN: I do not see the necessity for any objection to it.

Mr. LEE: Only a certain class use this stuff and they should pay for it.

Question put, and agreed to.

“Tobacco Snuff” retained in the Schedule as printed.

Dr. JAGAN: I beg to move the insertion of — “hosiery, textiles, hats, leather, leather goods and footwear, cement, cans, radios, condiments.”

Mr. DEBIDIN: I beg to second that. I want to suggest to the hon. Member that he put “cans and canning”. Maybe an industry may be developed and we will have both.

The ATTORNEY-GENERAL: Perhaps the hon. Member may deal with that as a special item, just as you have the canning industry which will be all embracing. When we come to the question of “sawmills”, I am going to put in “logging.”

The CHAIRMAN: The hon. Member may leave out “canning” for the moment.

Mr. RAATGEVER: The making of cans is an entirely different thing from a canning industry. You make cans and then put the fruit into them. They are two separate and distinct things.

Mr. DEBIDIN: I wish to add two very important items. I was thinking when this Bill was introduced that it would have been related almost exclusively to industries to be developed in the future and to a small extent to the renewal of machinery in certain industries in this Colony. But now I see, and I must agree with the hon. Member

for Central Demerara, that we are singling out industries in this Colony, and in that way giving particular partiality to those concerned with those industries. The principle is entirely wrong, and the spirit of this Bill has been moved away from. There is a divergence and, if that is the intention, I do say that before long we would find ourselves with a lot of concerns appealing to the Governor in Council for help under this particular Bill when it becomes law. I am thinking of the particular industries which have been referred to, because I can only see a few of them would be deserving. I would like to add “plywood” as an important industry which should be encouraged in this Colony. We have to remember that unless we mention those industries people in this Colony would by-pass them or would not think about engaging in them because they would conclude that they would not be given any consideration. I feel that we should mention all those industries in the Schedule. I have in mind plywood and veneer as being very important industries. I see nothing in the Schedule which would embrace woodpulp which is one of the most important schemes put forward in this country. The Financial Secretary seems to disagree, judging by his conduct.

The FINANCIAL SECRETARY & TREASURER: I was not disagreeing. I was thinking that if anyone would care to start a woodpulp industry he would be entitled to concessions under Part I of the Bill, because it would be an undertaking of a wholly developmental nature. I think the Governor in Council would decide at once to grant it special concessions under Part I, and if there is any item in the Schedule which does not cover it, it would be put in.

Mr. DEBIDIN: Why are we wasting our time when, according to the hon. the Financial Secretary, all that would be needed in the future would be to put these things in? I would like to see them mentioned now so that those who would embark upon those industries

would know that they are included in this Bill. Let them appear in the Schedule now and not leave it to the Governor in Council to consider them later.

On the question of woodpulp I have had the privilege, while in England, of visiting a paper mill where I saw woodpulp which is imported into Great Britain in large quantities from Scandinavia. I had a discussion with the Managing-Director and told him about our woodpulp. He said he regarded it as an excellent material for paper making. It seems to me that a woodpulp industry can be embarked upon independently of paper making. We could prepare woodpulp for export. I think woodpulp should be included in the Schedule and not left to the Governor in Council to be added. If the draftsman of the Bill thought of glass and paper why did he not think of woodpulp? I propose that we add to the Schedule plywood, veneer and woodpulp.

Mr. FERNANDES: There is one suggestion I would like to make. Among the items suggested by the hon. Member for Central Demerara (Dr. Jagan) were leather, boots and shoes. I would suggest that the items should be listed as leather, leather goods and footwear.

Dr. SINGH: I would suggest that we add condiments, for which there is a large demand. I know of an American firm which is prepared to purchase thousands of bottles of our condiments.

Mr. WIGHT: What about pepper-pot?

Mr. FERNANDES: I suggest the inclusion of "preserves" after "condiments". We already have a preserves industry in mind, and if I can forecast the future I think it is likely to develop.

The Committee agreed to the inclusion of item 4 of the following items—

hosiery, textiles, hats, leather, leather goods and footwear, cement, cars, radios, condiments, preserves, plywood, veneers, wood-pulp.

Item 6—*Sawmills.*

Mr. DEBIDIN: I would like to know whether the existing sawmills are going to get full benefit under the Bill. I happen to know that the sawmill business is a paying one. It is not of a developmental nature, and I am certainly against its inclusion, because I happen to know of the enormous profits being made by the existing sawmills.

The CHAIRMAN: How does the hon. Member know of the enormous profits they are making? Maybe one or two of them. Perhaps the hon. Member can tell us if they are all making profits.

Mr. DEBIDIN: The Charlestown Sawmills and Bookers are certainly wealthy concerns. The position is that in some cases these sawmills work day and night. I do not see that sawmills need any assistance under this Bill.

The CHAIRMAN: I can tell the hon. Member that there is hardly any up-to-date sawmilling machinery in this Colony. I referred the other day to our desire to have prefabricated houses, and mentioned that we simply could not produce them because we have not the machinery. If we are to have development in this industry we must have up-to-date sawmilling machinery. If the hon. Member wants to know the state of the sawmilling machinery in the Colony he can ask the proprietors and they will tell him.

The FINANCIAL SECRETARY & TREASURER: I was just about to say that we have been held up to ridicule and scorn as a country possessing vast timber resources, and without a single mill that can be considered a respectable sawmill. What we are trying to

do is to encourage people other than our good friends, the C.D.C., to modernize their sawmills.

Mr. FERNANDES: I can substantiate the remarks of the hon. the Financial Secretary because, at the moment, I am trying to get 6 x 6 greenheart 30ft long sawn straight. For the purpose for which it is required it has to be straight but I just cannot get it. If we are ever to have a large export trade every sawmill will have to get new machinery, because the present sawing is absolutely horrible, but it cannot be helped. The sawmills could not get machinery during the war. The war has ended quite a long time but sawmilling machinery is one of the most difficult things to get today. A friend of mine has been trying to get some but he just cannot get it.

Mr. DEBIDIN: It is not machinery alone. Under Parts II to VIII of the Bill the sawmills are to get a variety of assistance in respect of housing, etc. It is not fair. At the present moment the general taxpayers of the Colony are saddled with taxation which, in my opinion, should never have been introduced. In this Bill we are depriving the Colony of many legitimate sources of income. I would like to know whether the C.D.C. will get the benefit of all these concessions. It appears to me that it will. The C.D.C. has come to this Colony and the principle has been enunciated by Lord Trefgarne that, as any shrewd businessman, it is out to make a penny on every penny invested. The C.D.C. know that the timber industry of this Colony is easily exploitable.

The CHAIRMAN: I can assure the hon. Member that he is barking up the wrong tree, and he has been saying this time and again. I must ask him to wait and see the results. Let him raise some capital and go into the timber industry. Tell your friends about it and get the money.

Mr. ROTH: Can he say why the C.D.C. is going to give up Manaka?

Mr. DEBIDIN: The hon. Member has given us information which I cannot credit. At any rate the C.D.C. is putting up a large sawmill at Ruimveld, and I know that where milling is concerned there can never be a loss when the demand for wood is so great and the cost of building so high. I think the hon. the Deputy President (Mr. Wight) said the other day that the cost of building was not going down. There is a scarcity of wood.

Mr. WIGHT: I can assure hon. Members that of all the numerous inquiries made with regard to the development of our forests and the sawmill industry the first is: "What taxation relief are we going to obtain? We know that relief is granted in your neighbouring Colonies." They usually quote Trinidad and Jamaica, and reference is made particularly to the sawmill industry and to the forest industries generally.

The hon. Member has mentioned that I remarked that the cost of building was going up, but that is not necessarily because of the price of building material. The hon. Member knows full well that it is the cost of labour which is constantly rising, therefore the cost of production is also going up.

Item 6—Sawmills—agreed to.

New item 7—*Logging*.

The ATTORNEY-GENERAL: I move that item 7 in the Schedule (Hotels providing mainly for accommodation of tourists) be renumbered 8 and a new item 7—*Logging*—be inserted in its place.

New item 7 agreed to and item 7 as printed re-numbered 8.

Item 8 as printed—*Dairy Husbandry*.

Mr. DEBIDIN: I would suggest "Cattle Industry" instead of "Dairy Husbandry", because it would be a boon to the cattle farmers if they could have their barbed wire free of duty.

Item 8 agreed to and renumbered 9.

New item 10.—*Milling of Rice*.

The ATTORNEY-GENERAL: I now move the insertion of a new item 10—Milling of rice.

The Committee divided and voted—

For — Messrs. Luckhoo, Carter, Smellie, Phang, Peters, Kendall, Fernandes, Coghlan, Farnum, Thompson, Roth, Raatgever, Lee, Wight, Dr. Nicholson, Dr. Singh, the Financial Secretary and Treasurer, the Attorney-General and the Colonial Secretary—19.

Against—Mr. Debidin.—1.

Did not vote—Dr. Jagan.—1.

New item 10 carried.

New item 11—*Canning Industry*.

A new item 11—Canning Industry—was inserted, and the First Schedule, as amended, was passed.

Clause 2.—*Relief from Income Tax*. Chapter 38.

The ATTORNEY-GENERAL: I beg to move the following amendments to clause 2.

(i) in sub-clause (1)—"Chapter 38" be deleted from the marginal note;

(ii) in sub-clause (2)—

(a) a colon be substituted for the full stop after the words "tax holiday period ends";

(b) a semi-colon be substituted for the full stop at the end of the first

proviso, and the word "and" be inserted after the semi-colon;

(c) the words "section thirty-eight" be substituted for section 38";

(d) the words "section thirteen" be substituted for section 13";

(e) "Chapter 38" be deleted from the marginal note.

(iii) in sub-clause (3)—the words "the Companies (Consolidation) Ordinance" be substituted for the words "the Companies Ordinance"; and "Chapter 178" be inserted as a marginal note;

(iv) in sub-clause (5)—

(a) the words "section thirty-five" be substituted for the words "section 35", and the word "returns" be substituted for "Returns";

(b) "Chapter 38" be deleted from the marginal note.

Mr. FERNANDES: In my opinion this is the most important clause of the Bill because it is waiving taxation in actual cash, and if it is not carefully handled it is likely to deprive this Colony of quite a tidy sum in the form of revenue. I agree that we should endeavour, as far as possible, to encourage people to come here and spend money in a trade or business which is of a developmental character and of a risk-bearing nature, but as the decision as to what businesses or parts of businesses should be given this five-year holiday from the payment of income tax will be taken by the Governor in Council, I think it is right for me, as a Member of this Council, to express my opinion on certain phases or possibilities which may arise under this clause. The point I wish to make is that businesses, or types of businesses which have been established in British Guiana for a number of years and have been carried on successfully for a number of years, should not under any consideration be included in this tax holiday period. When the owners of those businesses started out they got no relief. They are still carrying on business and have to pay income tax. New concerns coming into the Colony and

perhaps bringing quite a lot of capital to start similar businesses in competition with those already established, are to be allowed a tax holiday period because the amount of money to be invested in those businesses may involve a certain amount of risk. I however do not think that that element of risk alone should entitle such businesses to a period of five years free from income tax while their competitors are paying income tax.

I wish to make that point very clear because there are two or three types of business I have particularly in mind. One is rice, the other sawmills, and the third logging. I am in the forest industry myself but I have not tackled logging yet. Naturally, if logging concessions are granted to any new concerns and tax holiday periods, I feel sure that Government will find that they will have to be granted to me and to anybody else who is in the same type of business, even if they are allowed on a very much smaller scale. So that when I express the opinion that those industries should not be granted this income tax holiday I do so in spite of the fact that it is possible that I would benefit personally if those concessions were granted. I think I should express the opinion right away, and I am sure every Member of this Council will support me in the view that those industries I have named have been tried and have proved that they do not carry any element of risk.

Having made that point I now come to the second point. I do not see Government's reason for only granting this tax holiday to companies. An individual who puts up the same amount of money, and who starts the same type of business should, I maintain, be entitled to the same relief as if the money was put up by a company. Of course I am going to be told "Well, form a company," but that would be a funny thing to do, because we are told that it is not right that one individual should

form a company only to benefit from a law like this. I am hoping that some means will be found whereby these concessions will be granted to individuals as well as to companies in the same circumstances.

My next comment is on subclause (1) (b) relating to the date from which this holiday from taxation or income tax will commence. I see here that the provision reads:

" . . . thereupon, the income tax derived from such part of the company's trade or business for the five years of assessment commencing with the year of assessment in which such direction is issued (hereinafter called the tax holiday period) shall be exempt from income tax."

That is another point, I think, in which great care will have to be taken, because if a concern is to be free from income tax for five years, those five years, I maintain, should be the first years of production. I do not mean the time when the first article is turned out. I think it should be in all cases from the time full production of that plant has commenced. I have no doubt that the Governor in Council, or the Governor, or the Executive Council, will take good care to see that as far as possible that is done, and that the five years do not start two, three or four years after the organization is in operation. There is nothing more on clause 2 that I would like to say. I just want to make this point clear so that you, Sir, your Executive Council and all those who come afterwards will know what is the opinion of this Council.

Mr. DEBIDIN: May I just make two points? The first one has to do with the effect of this Bill. I am in complete agreement with the principle of clause 2. We all wish to see the greatest stimulus given for the development of new industries in this Colony, because we want new industries developed in this Colony and we want them badly. May I ask what step Gov-



ernment will take to make outside people, quite apart from local people, aware that these concessions are being granted, so that the maximum number of people concerned will know that British Guiana is opening up and is offering these facilities for the development of industries? I feel it is an important thing that some serious attempt be made to attract people in the outer world. But I would like to see our local people get together and invest under this Bill first, so as to show to the world that they have faith in the development of the Colony. Next I would like to see United Kingdom money, or money within the Commonwealth, come into the Colony for such development, because I feel that after giving all these concessions our wealth should not leave our Colony for other parts of the world where we get no reciprocal benefits. I am going to appeal to our own people to get together and form companies and embark on the various items for the development of the Colony.

Mr. WIGHT: The hon. Member for Eastern Demerara said that this is the most important part of the Bill. I thoroughly agree with him and I sincerely hope hon. Members will support clause 2, because it is particularly that clause which will attract, and it is a similar clause which has been enacted in the neighbouring Colonies that has caused the increased industrial development that some of them are now engaged in.

Mr. DEBIDIN: The hon. Member made the statement twice and I am going to ask: Is the C.D.C. determined to embark upon such industries as cement making and glass-making.

The CHAIRMAN: The answer is "Yes."

Mr. DEBIDIN: This Colony, like British Honduras, has the greatest opportunity for development and, I do say this, probably in the form of criticism—I would have expected the

C.D.C. to give more attention to the development of these two Colonies. In British Guiana it is rather surprising to me, and it is something for which I cannot give my complete sympathy, that the industries they are embarking upon are those which are easily exploited.

The CHAIRMAN: I can assure the hon. Member that I share his disappointment and his sense of frustration in that we have not some of these new industries being embarked upon by the C.D.C.

Mr. DEBIDIN: I hope we will have at least one or two of those mentioned developed in the very near future.

Dr. JAGAN: I do not say I am in disagreement with this clause, but I want to make one statement and it is, that almost all the Colonies in the Caribbean have these same concessions and, sooner or later, we in the Caribbean will have to think of there being a flop in some of these projects. We are thinking of our own development, but may soon find ourselves setting up cement and glass factories and not having markets to sell the goods. We are all thinking of giving concessions, but in the long run, if we are not careful, many of these industries we propose to set up would flop and the people would suffer. The hon. Member for Georgetown Central made a point which is to my mind a good one, and that is that we should not try to give undue concessions for industries already established. I may tell him that that is the age in which we live—the big dog eating the small dog. He mentioned three industries, including logging, and felt there was no element of risk in logging. I want to say that certainly when the employees made out to the employers a case for an increase of wages the latter said they were in their experimental stage of logging. But I know the day of reckoning will come.

We are making all these concessions and our revenue will be deprived

of funds as a result. Therefore we should be careful to see that if there is an industry already established in which there is no risk—the hon. Member no doubt is speaking from experience—it does not get these concessions. We have made concessions in other parts of the Bill for industrial structures, machinery, etc. We have to be careful that the individuals who are heading these companies have the necessary skill and knowledge, otherwise we will find that these concessions are given to people who have no experience. Many of these same officials who are now coming in the name of experts with high salaries, can learn a great deal from the local people by way of experience gained by them over a long period of time. Also we have to be very careful how we proceed with this matter of giving concessions. I do hope there is going to be a debate very soon on this question of Federation of British West Indian territories, because I do not think we should proceed to make separate territorial planning, whether for industries or agriculture, in these various Colonies. I do hope that matter will be discussed very soon.

Mr. DEBIDIN: May I ask for an explanation of a term? Here is a clause with five Parts of the Bill being referred to. Sub-clause (2) reads:

"The provisions of Parts II to VIII inclusive of this Ordinance, where applicable to a company to which subsection (1) of this section applies . . ."

That is why I talk of confusion and difficulty of interpretation. I would like to know—probably I will ask two questions. First of all, what it all means? With respect to Parts II to VIII for how long a period will the concessions under them be granted?

The FINANCIAL SECRETARY & TREASURER: I do not intend to reply to the hon. Member's enquiry, because it is impossible to do so.

Income tax is not a simple thing that one who runs may read. As I have said, this is copied from legislation in force in Trinidad which is moulded on the English Finance Act. It is very difficult to explain it. What I have risen to say is that—I think I should mention it for record purposes—it is not only most unlikely, but I am quite sure that industries like timber, logging and rice can qualify for the tax holiday period, but I am almost sure they cannot qualify for the tax holiday concession. It is quite obvious, as the hon. Member said, that rice is already a paying proposition in British Guiana, and it will be stretching our imagination to concede that any expansion of that particular industry can be regarded as "*wholly of a developmental and risk-bearing nature.*" I do not think the hon. Member need have any fear that in the exercise of this particular power the Governor-in-Council will grant concessions of that nature to those existing industries he mentioned.

As regards the other point with regard to the concessions being restricted to a person or company, this Part of the Ordinance envisages large-scale development and not such as would be undertaken by individual persons. The whole clause is constructed for companies. There is a very important section which allows the shareholder and not only the company itself to get the concession of the tax on dividends. So the whole structure of this is designed to provide assistance to organizations, and, I think, we should confine it to organizations which are big enough, and which must establish themselves as companies. I am quite sure that if an individual wants to go in for a wholly developmental and risk-bearing undertaking he would find it not only convenient but very desirable to have limited liability by turning himself into a limited liability company. I do not think we are doing anything wrong in

confining it to a company. I must apologize to the hon. Member for Eastern Demerara. I find it impossible to give an explanation of the various detailed words in this section. I think he ought to leave it at that, because it is word for word what appears in the United Kingdom legislation.

Mr. DEBIDIN: I think my second question can be answered. What is the period for which the concessions under Parts II to VIII will be given?

The FINANCIAL SECRETARY & TREASURER: We are dealing with Part I. The concessions under Parts II to VIII are specific—10 per cent. allowance on capital cost as an initial allowance and 2 per cent. thereafter. That involves a period of time. Then there is 40 per cent. initial allowance of the capital expenditure on machinery or plant, the usual wear and tear allowance and a balancing allowance. That also involves a period of time. I cannot give the specific answer as to how many years the concessions apply.

Mr. DEBIDIN: This sub-clause (2) refers to Parts II to VIII and a commencing period is referred to which I cannot interpret at all. That is why I am asking for an interpretation.

The FINANCIAL SECRETARY & TREASURER: I see what the hon. Member is referring to. That merely means that during the holiday period, when no tax is levied, the concessions, depreciation, etc., granted will be postponed; they will not apply during the tax holiday period but will be postponed until the tax holiday period is over.

Mr. FERNANDES: As I see it, the clause is simple. It only means that a company of a risk-bearing nature will get exemption from income tax for five years, but that should not cause it to lose other benefits which it should get under the other clause. Therefore those benefits will start immediately

after the tax holiday period ends. That shows that this clause can be interpreted by laymen who are businessmen and not lawyers.

Mr. DEBIDIN: I am certainly alarmed at the statement. We are going to have an unlimited period for the concessions under Parts II to VIII. Personally I think there should be some provision to call a halt at some particular time, because where are we going to be led to; what concerns are going to be given the particular concessions and for what period?

The FINANCIAL SECRETARY & TREASURER: I suggest that we defer that until we get to Part II, and then the hon. Member may make his point.

Mr. DEBIDIN: It is appropriate under this clause.

Clause 2 as amended put, and agreed to.

#### Clause 3—*Initial Allowances.*

The ATTORNEY-GENERAL: I move that the following amendments be now accepted:—

(i) in sub-clause (1) —

(a) the words “nineteen hundred and fifty-one” be substituted for “1951”;

(b) the brackets enclosing the words “incurred or” and the brackets enclosing the words “has been or” be deleted;

(c) the words “Initial allowances” be substituted for the printed marginal note;

(ii) in sub-clause (3) —

(a) the words “nineteen hundred and forty-nine” be substituted for “1949”;

(b) the words “section eleven” be substituted for “section II” in paragraph

(a) of the proviso; and the words “Chapter 38” be deleted from the marginal note;

(iii) in sub-clause (4)—“Chapter 38” be deleted from the marginal note;

(iv) in sub-clause (5)—the words “nineteen hundred and forty-nine” be substituted for “1949”.

Question put, and agreed to.

Clause, 3 as amended, passed

Clause 4—*Annual Allowance*.

The ATTORNEY-GENERAL: I move the substitution of the words “Annual Allowance” for the words “Annual Allowances” in the marginal note.

Question put, and agreed to.

Clause 4, as amended, passed.

Clause 5 — *Balancing Allowances and Balancing Charges*.

The ATTORNEY-GENERAL: I move the following verbal amendments to sub-clause (1) —

(a) the words “section ten” be substituted for “section 10”;

(b) the words “paragraph (a) of section five” be substituted for “section 5 (a)”;

(c) “Chapter 38” be deleted from the marginal note.

The CHAIRMAN: The important point is to see that no one gets away with it. It is to ensure that the genuine cases get the benefit of the law. That is why it is so complicated.

The FINANCIAL SECRETARY & TREASURER: I hope they will be very rarely used.

Question put, and agreed to.

Clause 5, as amended, passed.

Clause 6—*Writing off of expenditure and meaning of “residue of expenditure.”*

The ATTORNEY-GENERAL: I move the following verbal amendments:—

(i) in sub-clause (4)—the words “section thirty-eight of this Ordinance” be substituted for “section 38” and the words “section thirty-nine of this Ordinance” be substituted for “section 39”;

(ii) in sub-clause (5) —

(a) “section 2” and “Chapter 38” be deleted from the marginal note;

(b) in paragraph (b) (ii) of the proviso the words “section eleven” be substituted for “section 11”.

Question put, and agreed to.

Clauses 6, as amended, passed.

Clause 7—*Buildings and structures bought unused*.

The ATTORNEY-GENERAL: I move the substitution in sub-clause (1) (b) of “subsection” for “sub-section.”

Question put, and agreed to.

Clause 7, as amended, passed.

Clause 8 — *Cessation of wear and tear allowances*.

The ATTORNEY-GENERAL: I move that in sub-clauses (1), (2) and (3) the words “section eleven” be substituted for “section 11”, wherever the latter expression occurs.

Question put, and agreed to.

Clauses 8, as amended, passed.

Clause 9— *Definition of industrial building or structure*.

The ATTORNEY-GENERAL: I move that a full stop be substituted for the colon after the word “office” at the end of sub-clause (3) and that the proviso to that sub-clause be deleted from the Bill.

Question put, and agreed to.

Clause 9, amended, passed.

Clause 16 — *Initial Allowances (Machinery and plant).*

Dr. JAGAN: Sub-clause (2) reads. "Where, on or after the first day of January, 1949....." I wonder why this clause dates back to 1949 and not from January, 1951, as most of the other clauses of this Bill seem to start from 1951. If we are prepraed to encourage industries and to develop other industries in this country, it seems to me that the encouragement should begin now and not with something that has already occurred. Therefore I move the deletion of the year, 1949 and the substitution therefor of "1951."

The FINANCIAL SECRETARY & TREASURER: I would like to mention this: This particular measure has been not only under consideration but promised for the last two years, and it seems to us very desirable that where undertakings, anticipating this provision, have proceeded in good faith in the expectation that this provision would be brought into force, we should carry it back to 1949. All this means is that the capital expenditure incurred between 1949 and the end of 1950 will be added to any additional capital expenditure from the 1st January, 1951. There is this to be remembered. We have some of our industries which have not quite recovered from the war-time period of stringencies in relation to modernizing and expanding money on capital equipment. There is no doubt that the effects of the war, of Excess Profits Tax in its restrictions on this sort of thing—capital expenditure on modernizing equipment—have been felt by them, and we should, I think, agree that such expenditure as from the 1st January, 1949, should benefit from this provision. Again I emphasize that what is intended is that capital expenditure incurred in the period from 1st January, 1949, should be added to expenditure incurred in the year, 1951, and become a part of that capital for the purpose of this provision. I think it is quite reasonable.

Mr. KENDALL: Will the hon. the Financial Secretary take us into his confidence and give us an example of what he has in mind?

The FINANCIAL SECRETARY & TREASURER: I was not referring to any specific undertaking but to the general promise that a measure of this sort would be introduced.

Mr. KENDALL: I am inclined to agree with the hon. Member for Central Demerara (Dr. Jagan), and unless I am told of some specific cases with which I am sympathetic I have to agree that this measure which we are endeavouring to put into effect in 1951 should not be made effective as from 1949.

Mr. DEBIDIN: This is a point I talked about yesterday and also today. I have been querying all the time why this Bill should go back to 1949. I have had sufficient answer to it to show that Parts II to VIII of the Bill will operate over an unlimited period. Provision is made in Part I for a special tax holiday period of five years, and it seems to me that if we allow this to relate back to the 1st of January, 1949, we would under the First Schedule be granting concessions of a discriminatory nature to companies which are already established here and have not to be induced to do anything in the nature of a developmental business or trade. For instance I may mention the Limacol factory, and there are several buildings going up in the "fire area," some of which may be used for the manufacture of spirits and so forth, and may be granted concessions under this Part of the Bill. They may say they are modernizing their plant.

The FINANCIAL SECRETARY & TREASURER: The buildings that are going up in the "fire area", to use the hon. Member's words, are not industrial buildings, and do not come within the scope of this Bill at all.

Mr. DEBIDIN: I am not referring to the buildings but to the industries to be carried on in them.

Mr. RAATGEVER: The Town Planning (Georgetown Fire Area) Bill specially precludes industrial operations in that area.

Mr. DEBIDIN: Concessions which will be in the nature of discrimination, will be granted to particular concerns which may have started before.

The FINANCIAL SECRETARY & TREASURER: It seems to me that we are a curious lot in British Guiana. We have been pressing for a long time for the granting of concessions of this nature as our competitors in the Caribbean have done. The English Finance Act, on which all these concessions are based, was passed in 1945 and dated back to 1944. The Trinidad Ordinance was passed in 1947 but the effective year was 1944. The whole object is to grant concessions in order to encourage and stimulate industrial development, and I cannot see myself why we should be so suspicious. The hon. Member is suspicious that there is some underlying motive in regard to some particular individual. Let me put everything on the table at once. It is perfectly true to say that if the C.D.C. had spent money before the 1st of January, 1949, on plant and machinery for their new sawmill they would certainly come within the provisions relating to this particular concession of annual allowances. If there are other concerns which have made capital expenditure in the same way prior to January, 1951, they will also benefit.

If we want to be generous let us be generous, and that is what this Bill is intended to do. It is intended to benefit companies and industries that are in process of being modernized, and that is why we take it back a couple of years. It does seem a bit unfair to start on the 1st of January, 1951, and allow companies to have the mortification of having incurred a large amount of capital expenditure just before the coming into force of this legis-

lation, and seeing their competitors get the benefit of these concessions merely because they started at the effective date. It is only right that the concessions should date back a bit and not start precisely on the 1st January, 1951. We are trying to offer similar concessions to those offered in the West Indian territories. We have been pressed to do that, yet there is this opposition.

Mr. WIGHT: I am not sure whether the hon. the Financial Secretary said that the Trinidad concessions were dated back one year. I understand that the Trinidad Ordinance was passed in 1950 and certain concessions were dated back to 1946, and others to 1944.

Mr. DEBIDIN: I like a good debate and I am going to rely upon the law of compensation. It having been pointed out that we have been tardy in bringing this Bill forward, and that we have lost capital investment as a result, I do not see why we should not be compensated by seeing to it that no concern takes advantage of our lapse in the past. In other words, if the C.D.C. had in mind the question of concessions granted in other Colonies where they have embarked upon cement and glass making, and we have been deprived of the benefit of those industries by not having this legislation, we ought not to give them these concessions for that very reason.

The CHAIRMAN: I really cannot understand the hon. Member. The C.D.C. did not refuse to come and manufacture cement here because we were not offering any concessions. They did not regard the manufacture of cement here as a commercially sound economic proposition—neither they nor anybody else for that matter. I do not know if the hon. Member is confusing white cement with other cement, but there is no country in the world where commercial cement is manufactured without having its own supply of limestone, and there is not one ounce of limestone in this country, I am sorry to say.

There is a lot in what the hon. Member for Central Demerara (Dr. Jagan) has said about the need for over-all planning of the development of industries in the Caribbean Colonies. Take cement for example. It is no use talking about setting up a cement factory to supply more than our own requirements, and I am informed that it would not be an economic proposition to build a modern cement factory here merely to meet our own needs, which are comparatively very small, and unless we can obtain export markets for our cement the industry would be a failure inside five years. I am absolutely sure of that. Jamaica has got a cement factory and Trinidad has got one. Every limestone country has got one. If we had limestone here and we were able to establish a cement factory here successfully, in two or three years' time we would have had our cement needs filled, but we have not got limestone.

When we are thinking about establishing secondary industries we must first of all consider our population and the requirements of the country. If we cannot make the establishment of an industry an economic proposition by merely satisfying the needs of our own country it means that we are taking risk of failure. The establishment of secondary industries in British Guiana is not a simple matter but an extremely difficult one. People talk about Mr. Cas's schemes and ask why nothing has been done about them. There is only one of them which has proved to be a practical proposition, and that is the hollow clay tile industry, but it has gone through a very difficult period. I believe that it will eventually succeed, but do not let us delude ourselves that it is only capital we want. Do not think that because we have a lot of sand here we can establish a glass industry, for instance. It is not as simple as all that.

Mr. KENDALL: Will the Demerara Bauxite Company's calcined ore plant, established recently, come within

this category? Will the hon. the Financial Secretary answer that?

The FINANCIAL SECRETARY & TREASURER: As far as I know the plant has not yet arrived in the Colony.

Mr. KENDALL: What I would like to know is whether the Company acquired this machinery in anticipation of this Bill. They may have acquired it in 1948, but if they can prove that they acquired it in 1949 would it come within this category?

The FINANCIAL SECRETARY & TREASURER: Certainly, if the Bill is passed and they have expended capital on a new calcined ore kiln prior to 1951 and after 1949, it would come within the provisions of this Bill. As far as I know they had projected this development and placed orders for certain equipment which has not arrived here yet, and as far as I know nothing has been expended on it.

Mr. KENDALL: That is why I said in the first instance that I would like the hon. the Financial Secretary to take us into his confidence and tell us something of the things—

The FINANCIAL SECRETARY & TREASURER: I do object to that. I am getting a little tired of being asked to take Members of this Council into my confidence, as if there is something underlying this Bill.

Mr. KENDALL: Oh no, it was a statement by the hon. the Financial Secretary that certain concerns had anticipated this Bill, and because of that it was dated back to 1949 in order that those concerns may receive certain concessions. I am asking whether this particular case will come within this category. I am not saying that the Financial Secretary knew of certain things and agreed that certain concerns should bring down machinery because he was going to introduce this Bill.

The ATTORNEY-GENERAL: I think that in his Budget Statement the

Financial Secretary referred to certain legislation which would be brought forward in this connection. It is obvious that if that statement suggested that legislation of a similar nature to what is now before hon. Members would be introduced, people would naturally regard that as an indication of what Government proposed to do.

Mr. DEBIDIN: It is not good argument to say that because that was mentioned—

The CHAIRMAN: Is it really worth arguing about? What difference does it make? We have been talking about this development and this legislation for a year. I would have wished that this Bill had been passed in 1947, and that everybody had got concessions since then. We are not giving away a fortune or trying to place any person in any favoured position. Let us look at this matter from a broad point of view

Mr. DEBIDIN: Wasn't the Budget prepared upon anticipated income—upon imports which were anticipated?

The FINANCIAL SECRETARY & TREASURER: The hon. Member does not understand this Bill at all. Obviously the estimate of revenue could not be framed on the expectation of capital expenditure to be incurred with certain depreciation to be written off. All those things are quite extraneous. The passing of this Bill is not going to make one iota of difference to the revenue for 1951, although it may shorten our revenue in years to come. It means that we may not get quite the same amount of revenue which we may have got if we did not have this Bill, but we will get it at some other time. We are not throwing any money away. Let me illustrate. If a piece of machinery is put into use and is entitled to, let us say 5 per cent. depreciation allowance, it means that 5 per cent. will be allowed for 20 years. If you allow 40 per cent. to be written off in one year and the remaining 60 per cent. to be written off in 12 years it means that you have al-

lowed to be written off in 13 years what you would otherwise have allowed to be written off in 20 years, and the chances are that all you are doing is putting backwards revenue you would have got at once, and you would be allowing the organization to use its cash to better advantage.

Mr. DEBIDIN: I am grateful for the explanation but the fact remains that the value of machinery which has come into the Colony in anticipation of this Bill would be added to that of whatever comes in afterwards, and we are saying that that should not be, because it would be a form of discrimination. I do not agree with the argument that because the introduction of this Bill was mooted people necessarily knew that it would be dated back to 1949. That could not have been anticipated.

The FINANCIAL SECRETARY & TREASURER: I do not follow the hon. Member's remark about discrimination.

Mr. DEBIDIN: Discrimination in this sense—that new industries are going to come in now, and those which are already established will have their concession dated back to January, 1949.

Mr. FERNANDES: I have been trying to get in a few words but it has taken me a long time. I understand what the Bill means and I am in agreement with it. I feel that we should encourage the improvement of machinery and the modernisation of plant. I agree with it because I think we should encourage people to invest money, but I certainly do not agree entirely with its being dated back. The hon. the Financial Secretary was quite right when, in answer to the hon. Member for Eastern Demerara (Mr. Debidin), he said that the Bill will not affect our income tax returns for 1951, but it will certainly affect our revenue from income tax in 1952, because in that year we will have to carry a 40 per cent. write off in respect of machinery, plant, etc. for 1949, 1950 and 1951, and it is bound to hit us



pretty hard in 1952. There can be no question about that.

I do not agree that this Bill was meant to be generous, but to stimulate interest in the modernizing of plant and in the development of industries in British Guiana. Of course, if in order to make sure that we were not left too far behind because of the lateness of this Bill Government gave an undertaking to any concern that they would be exempted from income tax, that is a different matter, but in the absence of any statement to that effect I am afraid I cannot agree that this legislation should apply to persons who did not know of this extra relief at the time they ordered machinery in 1949. This Bill is to encourage development for the future and I do not think it is right to date it back to 1949, because we have to draw the line somewhere. Supposing a company had completed its improvement in 1948, it would not get any benefit under this Bill. We have to draw the line somewhere, and I think it should be drawn on the 1st of January, 1951, because the Bill was published on the 24th of February, 1951, on which date everybody saw it in the *Official Gazette* and expected that it would be passed. They knew that this Council would pass a Bill of this kind in order to encourage improvement of factories and so on, and having seen the publication of the Bill they would put into operation their plans for improvements in order to benefit under it.

I would like to hear the Financial Secretary on the point I have made. I concede that the concessions under this Bill will not affect our revenue if we take 12 years' revenue as a bulk, but if he tells me that the granting of this write-off in respect of plants erected or money spent from 1949 to 1951 will not cause us to have to resort to other methods of taxation next year I will agree to the concessions being dated back to January, 1949, but I do not see how that can happen, because as long as revenue is reduced in one direction it must be replaced from some other

source, unless Government is prepared to adopt the other attitude of cutting down expenditure instead of stepping up taxation. I do not agree that the concessions in this Bill should be extended back to 1949 in order to be generous, but in order to stimulate improvements of plant and the investment of money in the Colony.

The FINANCIAL SECRETARY & TREASURER: I think I must thank the hon. Member for his very clear elucidation of the point. He is quite right in saying that the effect of the Bill will be to reduce our receipts from income tax in 1952, but the whole point about it is that it applies to capital expenditure, not necessarily for modernization, but expenditure which in itself will produce more revenue. What I am trying to say is that we are surrendering something which we might not have got at all. This is new expenditure either on new development or on modernization, consequently it is not quite right to say that we are losing money. We may be giving something which we may not have got at all. The point I am making about this question of dating the Bill back to 1949 is that we have had this thing in mind for a long time, and I have an idea that I mentioned it as far back as in my Budget Statement for 1950 or 1949.

The CHAIRMAN: I am sure I mentioned it to hon. Members in my Address to this Council in which I announced Government's policy. I said then what we proposed to do, and that legislation would be introduced. I am speaking from memory, but I think it was on that occasion that I let it be widely known myself that we were going to introduce this legislation, and I think I had the full approval of Council in saying so, and of the Press, which had been saying for years that our concessions were not sufficient, and that we ought to do something to induce the investment of capital in the country. The Chamber of Commerce also asked why were we lying idle. We have been talking about

this matter for 18 months, and I had thought that everybody in this Council and outside was delighted when this measure was brought forward.

The Council resumed.

PRESIDENT'S VISIT TO U.K.

Mr. LUCKHOO: Sir, I crave your indulgence and leave, as the youngest Member of this Council, to pay the respects of this Honourable Council to Your Excellency prior to your impending departure from the Colony. It cannot be over-emphasized that your visit to England at this time is of importance to the future and welfare of the Colony. From your pronouncements it is clear that you propose to have high-level talks abroad, and that you will in reality be acting as our advocate, presenting the case for our country before the Colonial Tribunal and, if one may say so, pleading the cause of our poverty—the poverty to undertake the age-old problem of irrigation and drainage which can only be effectively tackled by a comprehensive water control scheme.

In selecting an advocate to espouse our cause we could not select any finer person; we could not imagine anyone more eminently suited to the purpose than you, Sir, because of your fund of knowledge acquired over a number of years, your very careful study of our particular problems, and your appreciation of the probable solutions to those problems. To all of that I would add also Your Excellency's patently sincere desire to work and to produce results which will benefit this land of Guiana. "Guiana", Sir, I am told, is an Amerindian word which means "the land of waters". We know that only too well. There is either too much water on the land or too little water. The only thing of which we can be assured is that we always have mud with us. Nevertheless there are few countries in the world whose history has been more greatly influenced by the hydrographic factor than ours. That is why it is so very

important, maybe, that we should give you our best wishes that your mission abroad, which we believe include talks along this level, will be successful.

If I may be permitted to strike an insular note I will say that in this Council we shall miss your esteemed presence, your tolerance, to which all Members can testify, and your statesmanlike approach to all matters — an approach which synchronizes and harmonizes with the dignity of the proceedings of this Honourable Council. We look forward, Sir, to your early return, and may I voice the sentiment which I have already seen expressed in one of the newspapers,— the hope that on your return you will remain with us for an extended period. The coming years are most important and very anxious years. They are years, Sir, in which the Colony will need your guidance to see the effective completion of the schemes commenced during your term of office. We need your ability, your vitality and your adaptability to bring those matters to fruition. We are looking forward to your return, and that you will in your high office continue to contribute your valued services to this country. Those services we shall not forget. Your term bids fair to be unapproached for progress. In wishing you a safe trip, Sir, you take with you the good wishes not only of this Council but of the entire community, wishes which bespeak a happy holiday, as happy a holiday as any busman can enjoy. Godspeed, Sir, and good luck. (Applause).

Mr. PETERS: Sir, may I just say one word. I desire to associate myself with all that has been said by the hon. Member, and to ask that the greetings of this Council be conveyed by you to Lady Woolley. (Applause).

The PRESIDENT: Hon. Members, I thank you for your kind wishes. I hope only to be away for three months, which is no longer than it took a Governor 10 years ago to make a tour of the interior of the Colony, but today we

can do it in three or four days. I make no secret of the fact that while I am in England I shall most certainly discuss our problems with the Secretary of State for the Colonies and his advisers, and I hope thereby to find a solution, or at least to expedite their solution. We have a great many problems but the No. 1 problem is development, and we know that we want money, men and materials to carry it through. It is a difficult time to raise money. There is, unfortunately, the rearmament programme in England, but I feel confident that we shall be able to raise our

£3 million loan this year, and I hope I shall be able to find ways and means of obtaining more money to get on with our development schemes on a much more rapid scale. I naturally make no promises, but you can be sure that I shall do everything I can, and on my return I shall give the Council an account of what I have done. I thank you again, hon. Members, for your kind wishes, and I look forward to being back very early.

The Council was then adjourned until Wednesday, April 11, at 2 p.m.