

SECOND LEGISLATIVE COUNCIL

(Constituted under the British Guiana (Constitution) (Temporary Provisions) Orders in Council, 1953 and 1956).

Wednesday, 11th March, 1959

The Council met at 2 p.m.

PRESENT :

Speaker, His Honour Sir Donald Jackson

Chief Secretary, Hon. M. S. Porcher (acting)

Attorney-General, Hon. A. M. I. Austin, Q.C.

Financial Secretary, Hon. F. W. Essex.

} *ex officio*

The Honourable Dr. C. B. Jagan

—Member for Eastern Berbice
(Minister of Trade and Industry)

„ B. H. Benn

—Member for Essequibo River
(Minister of Community Development and Education)

„ E. B. Beharry

—Member for Eastern Demerara
(Minister of Natural Resources)

„ „ Janet Jagan

—Member for Western Essequibo
(Minister of Labour, Health and Housing)

„ „ Ram Karran

—Member for Demerara-Essequibo
(Minister of Communications and Works).

Mr. R. B. Gajraj

—Nominated Member

„ W. O. R. Kendall

—Member for New Amsterdam

„ R. C. Tello

—Nominated Member

„ F. Bowman

—Member for Demerara River

L. F. S. Burnham

—Member for Georgetown Central

„ A. L. Jackson

—Member for Georgetown North

„ B. S. Rai

—Member for Central Demerara

„ S. M. Saffee

—Member for Western Berbice

„ Ajodha Singh

—Member for Berbice River

„ R. E. Davis

—Nominated Member

„ H. J. M. Hubbard

—Nominated Member

„ A. G. Tasker, O.B.E.

—Nominated Member.

Mr. I. Crum Ewing — Clerk of the Legislature

Mr. E. V. Viapree—Assistant Clerk of the Legislature.

ABSENT :

Mr. S. Campbell

Mr. Jai Narine Singh

Mr. A. M. Fredericks—on leave.

The Clerk read prayers.

MINUTES

The Minutes of the meeting of the Council held on Tuesday, 10th March, 1959, as printed and circulated, were taken as read and confirmed.

ORDER OF THE DAY

CUSTOMS (AMENDMENT) BILL

Mr. Speaker: The Council will resume the debate on the Second Reading of the Bill intituled

“An Ordinance to amend the Customs Ordinance”.

At the adjournment yesterday the hon. Nominated Member, Mr. Gajraj, was still speaking.

Mr. Gajraj: When the adjournment was reached I was referring to two types of Trade Agreements to which British Guiana is a subscribing member. I had pointed out that in the Canada-West Indies Trade Agreement we had undertaken on our part to give preference, based on certain percentages, to products of Canada entering the British Guiana market. On the other hand, the Canadians had undertaken to give preference to our export products, particularly sugar, thus enabling the producers of these goods to enjoy higher prices than those at which the Canadians would be able to buy similar goods from other parts of the world. The General Agreement on Tariffs and Trade (GATT), to a great extent, was initiated by the United States for the purpose of bringing world trade within reasonable limits—in other words, so that there should be multi-trade among nations and the rejection of preference after a period of time. The important point there is that existing preferences should not be increased.

The position is that while in one case it is based on percentages, in the other the margin is absolute. Because of the existence of these two Agreements it has been found that whenever the Government of British Guiana wishes to increase its customs levy principally for

revenue purposes it is bound to infringe one or other of the two Agreements. If one were to adjust the new rates of preferential and general tariffs to conform to the conditions of GATT then one would have to reduce the percentage of preference under the Canada-West Indies Trade Agreement. So one is left to wonder whether the proposals which have emanated from Government to alter the existing pattern of customs duties were made after the Government had taken the Canadian authorities into their confidence and had obtained a waiver from them in regard to these particular products.

I do not say this out of a desire to teach the Government how to do its job; the Government knows its job. Nevertheless we have to bear in mind that even though waivers may be obtained from the Canadian authorities, giving preferential treatment can have a disturbing influence on the Canadian authorities.

I think it is sufficiently well appreciated among the trading community that the benefits we obtain under the Canada-West-Indies Trade Agreement are so vital to this country's economy that we must make sure at every step which we take that we do not endanger those benefits.

Now if I may return for a short while to the different groups of articles which are proposed for additional taxation; I find that the Financial Secretary has estimated for additional revenue from tobacco imported for smoking as well as for cigarette manufacture. But I will not refer further to that now because it is dealt with in another Bill before this Council.

In the luxury group we find: perfumes and cosmetics, \$36,000 for the whole year, and cameras and watches merely \$34,000 — small sums indeed, and one is left to wonder why for such a small gain or increase in revenue so much dissatisfaction should be created in the minds of those whom it will penalize.

In the case of private motor cars, motor cycles, etc., one finds in the Budget Speech the statement that Government feels that some slight curb should be placed on the importation and consequent use of the large number of such vehicles, in view of the congestion on the roads. Yet, on the other hand, it would seem to me from an examination of the amount of additional revenue which Government expects to collect by the increase in Customs duty, that it has not in any way calculated on a reduced volume of imports under this particular head.

It would therefore appear that either the statement is not correct or that an error has crept in in the course of the calculation of the additional revenue anticipated, because any curb on importation is bound to affect the revenue from that particular group. I hope that Government's calculation will not be found short at the end of the year.

I made the point yesterday that so far as vehicles of this type are concerned it is wrong policy to curtail the use of them, because in a country like this we need motorized vehicles in order to cope with the increased demand for transportation.

In the case of furniture and ready-made clothing, from which there is an expectation of increased revenue of \$80,000 on furniture and \$30,000 on ready-made clothing, one wonders whether it was right for Government to estimate an increase in the collection of duty even though the rate has been increased, because Government has indicated that one of its aims is to encourage the use of more locally manufactured furniture, and to see that less ready-made clothing is imported, so as to assist skilled persons in British Guiana who are able to produce clothing as good as any that can be imported.

So that if on the one hand we want to see our people more gainfully employed and their products used more widely in this country, we should not, I submit, in preparing our estimate of

revenue, count upon an increase unless Government feels that habits are so well fixed that, in spite of the fact that prices are going to be higher for imported articles, people are not going to use the locally manufactured articles.

Turning now to the general picture—the need for this additional taxation—one finds that in justifying the Budget the Financial Secretary started off by saying :

"The short-term financial position is a difficult one but the longer term much more hopeful".

I am prepared to base my contentions on that statement. We all admit that having passed the Appropriation Bill calling for an expenditure of a certain sum of money, and having approved of the Development Estimates for 1959, this Council must agree upon the means whereby an additional sum of about \$2 million has to be found. How are we to find it? Government has submitted its proposals, but I say that the proposals contained in the Bill before the Council do not meet with my approval. We are told in the Budget Statement

"The two main external influences in late 1957 and 1958 have been, firstly, the world industrial recession which has had an effect on the demand for calcined bauxite, aluminium and consequently metal grade bauxite, and, secondly, the shortage of capital for investment, particularly for underdeveloped territories."

That was for 1957 and 1958. The Budget Statement continues :

"We have reason to hope, however, that after 1959 the position will be easier."

We are told, and I believe we can take it for granted as firm knowledge, that the outlook for bauxite is brighter this year, and we hope to see the alumina plant go into production without any further postponement of the target date. That target date, we understand, is 1961, and in paragraph 12 of the Budget Statement we have been told that if it starts in 1961 it will go into full produc-

[MR. GAJRAJ]

tion by 1963. Likewise we are told that the manganese industry is hoped to be started in 1960 and to go into at least adequate, if not full, production by 1962. So that the statement that the future position is more hopeful is borne out by these hopes. In other words, from 1960 to 1963 we may not find ourselves in the same tight financial position as we find ourselves now in 1959.

Going further, one is tempted to suggest that if the conditions of fulfilment in the 1960-63 period were present today, there would not be the need to go in for these additional forms of taxation in order to raise the \$2 million of which we are short. The fact is that we have to bridge over a difficult period, starting from 1959 and possibly extending into the early 1960's, and let us not forget that the \$2 million that we need for this year is required for the Development Programme, so that the developmental schemes that have started will be proceeded with during 1959 and will carry us on to 1960. My feeling, then, is that what we need is not a permanent addition to our taxation but a temporary increase to tide us over this period when we are short of \$2 million for development finance.

It must be appreciated that when taxation of the nature proposed, that is increases in both Excise and Customs revenue, is imposed, such increases are not temporary; they form part and parcel of the permanent pattern, and as has been proposed in this Council it will not affect everybody who is going to benefit from the development schemes, but certain groups and items have been chosen for the increased taxation. This is where I am led to the suggestion that the proposal which has been put up, admittedly rather late in the day, by the Chamber of Commerce to the Financial Secretary is worthy of consideration in the light that the money is required to bridge us over a temporary difficulty until such time as these major industrial enterprises bring us our reward in additional revenue.

It is suggested a Bill of Entry Tax similar to that which was imposed many years ago on imported articles to bridge the deficit between revenue and anticipated expenditure, is the kind of measure we should think of because, firstly, it would be a small percentage added to the cost of all articles imported, and would be spread over the whole range of goods that are used by everybody in British Guiana. It would not mean a higher impost on the users of certain classes of goods, but it would give a fair chance to every citizen in this country to bear his small share of the cost of development finance.

Not merely should we put it on but in doing so we should earmark the revenue for development and decide that it is a temporary measure which would be needed for the period 1959 to 1961. I go so far as to suggest that we should decide upon it for five years so that within that period of time the long-term improvement which the Government itself envisages will come to our assistance and enable us to revert to the present rates and pattern of taxation, and not impose taxation which is going to create a considerable amount of dissatisfaction amongst the people of this country.

I was not in my seat all day yesterday and, therefore, I did not have the opportunity of hearing the hon. the Financial Secretary when he spoke on another measure. I, however, read an article in the newspapers today, and I hope the report is correct, that the hon. the Financial Secretary told this Council that he felt that the estimates of revenue are rather on the low side. He said that income tax, for example, was—

The Financial Secretary: I did not say so. I said that the income tax estimate was likely to be on the low side, but I was equally convinced that the customs duties estimates were on the high side, and they would balance out.

Mr. Gajraj: I am grateful to the hon. the Financial Secretary for clarifying the position. The point which struck

me is the one which he has confirmed : that he thought the estimate for income tax was a little on the low side. I, myself, having looked at the figure felt that the Government has been too conservative in suggesting that that amount of income tax would be collected. I am not a prophet, but I believe that when the final figures for 1959 are available you will find that the revenue under the head of Income Tax will be anything between \$¾ million and \$1 million more than what has been estimated. That will be to the good of the Budget, and it will ease the position in the following year.

It is also equally interesting to hear the hon. the Financial Secretary say that it is possible that the estimate of revenue from Customs is a little on the high side, because it bears out my contention that the estimates that have been worked out for these increases in taxation may be high and may not be realized in the end. If, however, we cannot realize what we set out on paper to collect, then, again we must ask ourselves, is all of this worth the amount of disgruntlement, disagreement, illwill and things of the kind that will be created in the minds of our people?

In para. 14 of the hon. the Financial Secretary's statement one finds him saying :

"The requirement is that the prosperity of the basic industries on which we so largely depend, in agriculture and mining should continue. We must also have political stability and settled conditions generally. It is clear from an analysis of our economy that as far as agricultural development is concerned we shall need considerable assistance from overseas capital . . ."

I want to suggest that another basic requirement for continued prosperity or increased prosperity is the happiness and contentment of our people. That is why I keep urging upon the Government that it should reconsider the proposals which are enshrined in this Bill, and, rather than having these small stabs at the matter, look for another way of bridging this financial gap.

Our position here as Members of this Council is one wherein we have to be realistic. That is why I have attempted, in making my humble contribution to this matter, to weigh the pros and cons most carefully. It would appear that Government, having decided upon certain expenditure, feels that the revenue must be provided. I do not think we should give our approval to these proposals unless we are sure that there is someone on the Government side who can satisfy us that there would not be a reduction in the use or the consumption of many of the articles taxed. I do not think there is anyone on the Government side who can tell us that.

Indeed, some Members of the Government have indicated that it is part of their policy to see less of such articles coming into the country. If that is so, then the intake is bound to be reduced, and we would not, at the end of our period of accounting, have achieved what we have set out to achieve on paper. If we fail in the start, we will have failed our people in many ways because, as I have suggested, they would have been made to pay for things which they needed.

Lastly, I find that there has been created in the minds of our people an aversion to Government and Government revenue. We want to make the people happy and keep them in a happy frame of mind, so that they will be willing to pay their way and assist Government in the problem of improving British Guiana. I am afraid, however, from my knowledge and experience of the people in this country, the proposals enshrined in the Customs (Amendment) Bill will not achieve in the sum total what we all expect such a measure to bring about.

Mr. Burnham : I rise on a point of order. I have just observed that the Bill we are considering does not comply with Standing Order No. 46 (3), because it does not have a memorandum setting out its objects and reasons. I will ask Your Honour to rule on the question.

Mr. Speaker : You are familiar with what happens when objections are taken late, we have been discussing and participating in the Debate on this Bill for some time. The Standing Rules and Orders say that there should be objects and reasons to a Bill, but we have gone so far that I think you can take it, in this instance, that the objects and reasons have been sufficiently made clear in the Budget Speech. This is not a ruling for all time, but merely because we have gone so far with the Debate. You will notice in the Budget Speech that the whole matter has been amply covered. We will proceed because this objection has been raised too late.

Mr. Burnham : I never argue with the Chair. I am grateful for Your Honour's ruling, and your ruling is final. I, however, see no provision for waiving the Standing Order in this case.

Mr. Speaker : This is not a precedent but, in the light of the special circumstances in this matter, I rule that we proceed.

Mr. Burnham : As Your Honour pleases.

Mr. Tasker : It is clearly a truism that Customs policy is or may be a considerable factor in our trade relations with overseas customers and suppliers, and I would like to speak briefly on the subject which the hon. Nominated Member, Mr. Gajraj, has already touched on.

I wish to refer to our trade relations today and for the future with our Commonwealth partner, the Dominion of Canada.

I do so with particular feeling because, as hon. Members know, I recently had a brief but none-the-less stimulating visit to that country. I was there only for a few days and I was able to visit only the two main commercial cities of Montreal and Toronto, but in spite of that short period, and the extremely inclement weather, I could

not help being struck — even with the temperature at fifteen below zero — by the incredibly vigorous, expansionist feeling in Canada, and by the Dominion's very strong Commonwealth consciousness.

Now these two things seem to me of particular importance to British Guiana in our present age of development. Canada is a country that is quite definitely going places and going fast. Not even the Canadians know precisely where they are going, but they are certainly proud of the fact that they are on their way. Secondly, they have what, for the lack of a better phrase, I have called a "Commonwealth consciousness". In other words, they are anxious to assist other States in the Commonwealth to the maximum extent possible. But — and I think this is a fair proviso — they are essentially a practical people. They believe in a free enterprise system, and they do not like Government interference in commerce, trade, and industry, except in periods of national emergency, as in war, when such things are necessary. Therefore their whole approach to The West Indies and British Guiana in terms of development capital and of aid, whether technical or otherwise, is going to be in practical, hard-headed terms.

We recently had the privilege of entertaining here the strongest Trade Delegation that has ever left Canada; some 40 leading representatives of a wide variety of Canadian businesses, accompanied by one very senior civil servant, the Deputy Minister of Commerce and Trade. I do not think that any of us who had the opportunity of attending the opening meeting of the trade talks, or of meeting individual representatives of that Mission, could be in any doubt of their desire to give assistance to The West Indies and British Guiana in practical measures.

Coming as they did almost immediately after the presentation of the Budget, a good deal of play was made with the potato tax, and it was indeed

suggested that this was in fact an embargo on potatoes from Canada. Whether or not our trade relations with Canada are likely to be affected by a single duty like that, I think the Canadian reaction is nevertheless important—the fact that people are sensitive to decisions that may affect their interests is perfectly understandable.

We had here an example of the way in which people can get together and discuss specific problems. For such opportunities, people are inclined to take up a position where face and prestige, both national and personal, are important, and it can become very difficult to get them out of that position.

The flour situation is another case in point. I do not think anyone would argue the fact that Canada has very good reasons for being thoroughly disappointed over her flour exports to British Guiana. From the position of having 75% of our market she has dropped to 25%; and although I understand that in recent days the price of Canadian wheat flour has dropped appreciably, and that there has also been a change in the exchange rate, Canada's position in the market is far from satisfactory; and this is a time when the United States is faced with a surplus of foodstuffs approaching \$9 billion.

The United States Government, or more specifically the Department of Agriculture, is obviously not going to do much to help the Canadian case, and the only thing it can do is to reduce the farm subsidies which bring about these surpluses.

From the British Guiana point of view we have two vital existing industries in which Canada is interested. One, of course, is the bauxite industry which has been founded, expanded and maintained by Canadian capital; and which has never given cause for anybody to doubt Canada's faith in that sphere of our economy.

The other one is the sugar industry which, as the hon. Nominated Member, Mr. Gajraj, pointed out, enjoys a substantial preference in the Canadian market, over and above what it enjoys elsewhere in the Commonwealth; and a preference, moreover, which was not affected by the devaluation of the pound. The retention of this preferential market is in the interest of Guianese simply because increased production of sugar must help employment and wages.

We have therefore at the present moment a great deal to be grateful for in respect of what Canada has done in the past; and we are most anxious to expand and develop our trade opportunities which are limited by the fact that our balance of trade with Canada is very much in our favour. We are selling her very much more than we are buying in return.

Now all of this has been brought very much into focus by the recent visit of the Canadian Trade Mission, and I for one feel it is important that we should not allow the impetus from that Mission to die.

I see from today's "Argosy" that Senator Pratt was talking recently in Ottawa about the possible steps that can be taken by Canada to increase her trade with The West Indies. But in so far as Canadians are thinking about the West Indies at all, let us be clear that they are thinking in terms of the Federation, and not in terms of British Guiana. One of the penalties of our failure to join the Federation in the early days is that we are continuously at a disadvantage in these matters. That is something we shall have to correct at a later stage, but it does seem to me that now would be a very good time for British Guiana to try to make abundantly clear to Canada what our position is. To what extent can we provide new opportunities for trade with Canada? To what extent can we afford to increase our present trade with Canada?

[MR. TASKER]

Flour presents one case. A quota system has been suggested, but I do not see how one can impose quota restrictions on items that are already under open general licence. I am told that other territories have overcome this problem by legislation against dumping. Yet here in British Guiana, when we are looking for capital from any source, any Government must be chary of legislation which might appear to be discriminatory against the U.S.A. I do not know the answer to this problem, but I feel it is high time that we explore and explain our position before the impetus afforded by this Trade Mission dies.

What, for instance, can we do about rice? Rice was discussed in the trade talks, and the hon. Minister of Trade and Industry introduced the idea of bartering rice for flour, but the answer was not particularly hopeful from the other side. I hope, as some members of the Delegation said, there may be an opportunity for finding a limited market for rice in Canada. I had hoped that by now the Manager of the B.G. Rice Marketing Board would have gone to Canada. I say the Manager of the Rice Marketing Board because this is a job for people who are trained in marketing; and if we are to do business with Canada, it will have to be done on the basis of businessmen talking to businessmen.

Should we not consider the possibility of a Trade Mission to Canada? I do not mean anything elaborate or expensive; but a small, representative Delegation to go and talk to the Canadians in their terms and in their territory about matters as they affect us here.

Finally, there is the question of permanent representation. During the visit of the Canadian Trade Mission here it was reported that the hon. Minister of Trade and Industry had had discussions with Mr. Roberts, the Deputy Minister of Trade and Commerce in Ottawa, and that the question of Canadian repre-

sentation in British Guiana was considered. I understand that under the terms of Canadian Technical Assistance to The West Indies, Canadian experts are to be loaned to the Federation; but they will be restricted to the units of the Federation, and so I do not think we should waste any time wondering whether we can get any help in British Guiana from these technical officers.

What interests me far more is the fact that there is a Trade Commissioner for Canada, not only in Jamaica but also in Trinidad, and it would seem much more feasible to approach the Canadian Government on the basis that the Trade Commissioner in Port-of-Spain should have his authority extended to cover British Guiana, so that at least we should get two, three or four times a year—whatever is required—visits from a man whose job is to represent Canadian trade and commerce in this area; who could have discussions not only with Government but also with representatives of the business community with whom he might have specific topics to discuss.

I make these points in a wholly constructive way. I have no criticisms whatever to offer on the way in which the Government has handled, up to now, our Canadian affairs. All I am saying is that I do hope that we shall not let grow cold the enormous wealth of goodwill which has been generated, I believe, by the Mission, and by the long and friendly business association between Canada and ourselves. Now, it seems to me, is the time when we should do everything possible to start building vigorously on that basis, and I hope that we shall hear from the Government that it has firm and practical plans to that end.

Mr. Jackson: In defending Government's taxation proposals yesterday the hon. the Financial Secretary said he had been advised that the increases, when put into effect, will add only .9 of one point to the Index of consumer prices, that is with respect to the urban area, and one point with respect to the

rural areas, and from the manner in which he treated the situation one gathered the impression that the increase would impose no tremendous hardship upon consumers, for we are reminded of the fact that the tax proposals are on consumption primarily. It is quite all right for the statistician to say that these increases will add only .9 of one point to the Index, as far as it relates to the urban areas, and one point as far as it relates to the rural areas, but will the statistician and the Financial Secretary say what that means in terms of cash?

A .9 of one point rise in the Index must in some respects be related to the expenditure of money, and if an increase in the Index by the point system must involve an increase in the expenditure of money, then it is clear to us that our experts should say what is the amount of money to be spent on those items on an overall basis. Is it an indication that the food sub-index would be increased by .9 of one point, or will it be that this .9 of one point is the total increase in the whole Index? If it is .9 of one point of the whole Index it will not give a true reflection of the effect it will have upon the pockets of consumers, for that is the average taken for the broad pattern, and since the tax proposals mainly concern foodstuffs it will be seen that the hardships which will be created will be greater than indicated by the mere figure which has been quoted by the statisticians.

To give an idea of how these tax proposals will affect the consumer I crave Your Honour's indulgence to refer to the Survey of Family Expenditure of 1956 to show that even before the present increases in the prices of commodities or foodstuffs the situation of the worker was extremely bad. The survey revealed that the average expenditure of a family of five for one week was \$26.77. Of that amount \$13.86 was spent on foodstuffs alone. When we relate the wages which are paid with this expenditure (for this purpose I am taking into consideration the minimum wage of \$2.52 per day set by the Government)

and calculate an entire week's earnings at 5½ days per week, the worker would be in receipt of \$13.86.

In spite of the fact that in 1956 the survey revealed that that sum of money was spent on food alone the worker's wage has remained as it was in 1954. A week's wage of \$13.86 placed alongside the sum of \$12.89 for food, leaves 97 cents for expenditure on other items. The survey also indicated that with respect to clothing the average expenditure was \$3.55, rent; school fees, etc. took \$3.35 of the worker's earnings, and medicine and other items took the expenditure to \$7.87. The average weekly expenditure based upon the figures given left the worker at that time with a deficit of \$14.67.

Therefore it is clear, or it ought to be clear to the Government, that any increase in the cost to the consumer of any commodity which the Government is imposing by these tax proposals, must create additional hardship upon the worker and his family. But even if it is argued that that is the average, and that in specific cases the situation would not be the same, one is willing to halve the deficit of \$14.67 and make it \$7.34. It means that the worker will have to live on credit which he will not be able to repay because of the fact that his earnings are below what it takes to maintain a family.

Even if you calculated a man's total earnings on a six-day week, you will find a large amount of money unaccounted for in so far as his weekly earnings are concerned. It is also known that a large number of workers is not in receipt of the minimum wage acknowledged by the Government. Some people get \$2 a day and others less than that, so it is clear that the people who are regularly employed at a wage rate below that fixed by the Government must feel this burden far greater than the people who are receiving the correct rate of \$2.52 per day.

That is not the entire picture. There are thousands of people who are either unemployed or underemployed. How

[MR. JACKSON]

do they make out at the moment? How did they make out before these tax proposals were put into operation? How did they maintain their families and themselves?

On a previous occasion I had to refer to the extent of unemployment and under-employment in this country. I have again to refer to the Report to the Government of British Guiana on Employment, Unemployment and Under-employment in the Colony in 1956. Page 47, para. 22 reads as follows:

"22. The number of unemployed persons registered at the employment exchanges was only 2,500 as against a total unemployed labour force of 29,600, of whom 11,100 were in the urban areas."

Para. 24 of this Report should make some of the hon. Members who are sitting around this Table realize that something is radically wrong with the new tax proposals, and that they should change the stand they are taking on them. I will read para. 24 :

"24. Just over 21,000 households out of a total of 81,000 households experienced some unemployment during mid-July 1956, and in 5,000 of these households every worker-member was unemployed. Thirty-six per cent. of all unemployed males and 28 per cent. of all unemployed females were married or were partners in common-law unions."

How can this Government, in the face of these figures, proceed to increase the cost of food to these people who are living under the circumstances set out in the Report? Is it that the existence of these people is of no concern to this Government? Is it that Government, taken as a whole, is unmindful of this situation? Is the Government unmindful of the fact that the people are at the moment unable to supply their children of tender age with the things they need for their existence? Is Government closing its eyes to the fact that many a father cannot secure employment to provide the necessary essentials for his family? Is Government so unconcerned about this matter that it does not care

whether the cost of living goes up and fathers cannot find money to feed their children?

Mr. Ram Karran: What are you talking about?

Mr. Jackson: A Government which seeks to develop the country must have as one of its objectives not only the question of putting schemes into operation, but the fixing of the standard of living which can be maintained. Government must endeavour to add to the number of people who are employed and raise the level of wages from time to time. If Government proposes to increase the tax on certain items before it has reached the stage I have referred to, then Government must be accused of not giving enough consideration to the overall picture to the well being of the inhabitants of the country.

This is not due to the fact that the people in this country are lazy. It is not due to the fact that there is work to be done and the people do not want to work. It is a fact that there is no work for them to do. If there is no work for the people to do, how can they earn money to spend on food and other necessities of life? The present circumstances do not warrant the increase of the tax proposals which have been put before us for consideration.

With your permission, Sir, I would like to refer to para. 20 which states:

"20. Nearly all of the unemployed were able-bodied persons, less than 6 per cent. being partially disabled."

These tax proposals will affect the people who are consumers very severely. If, before these increases were proposed, there was a big gap between their earnings and expenditure, then the situation must be worse today than it was yesterday. It is essential to point out that the Government, in taxing certain consumer articles, can successfully interfere with the habits of our people. We have been told in this Council and elsewhere that the proposal to increase cus-

toms duties on certain articles is designed to be a protective wall for locally produced articles. I am not aware of any condition where the Government has in the past increased customs duties on any item by 1200%. The increase on the tax on imported potatoes is 1200% for in his speech the hon. the Financial Secretary mentioned that the duty was 25c. per hundred pounds. Having increased the amount by \$3.00, it makes the duty \$3.25 on every hundred pounds of potatoes imported into this Colony. Is it not ridiculous? Other items have been increased by between 12% to 15%.

But the tax on potatoes has been increased by 1200%. Is it to be wondered at that the Canadian Trade Mission considered it as virtually placing an embargo on Canadian potatoes?

As I had cause to say on another occasion, if we are taking this attitude then we must expect the repercussion which will follow it. I am afraid in this case the repercussion is going to be far greater than Government expected. We are not accusing Government of deliberately trying to kill something, but one is saying that the picture was not seen in all its aspects and given the fullest consideration which it was entitled to receive.

Government has regarded certain things used by the people of this country as items of luxury, and included in these items are watches and clocks. Now I sit here exactly opposite the clock in this Council Chamber. I notice that since yesterday it has not been working, and I feel hopelessly lost when I am here because I cannot be guided by the time that clock is supposed to give to Members of this Council. I am sure other hon. Members feel the same way.

But clocks have been classified as items of luxury. Of course, the Ministers of the Government will not have our experience because their backs are turned to the clock, and they may not know that it has stopped. It is significant of the times that they cannot read the signs of

the times, and I am afraid they may find themselves behind the times at all times.

Watches and clocks can never be a luxury in these days when people live so far from their work-places and have to get about under modern conditions of increased activities. An employer may accept an excuse for lateness on one occasion from his staff, but not on several occasions. I think in no other part of the world, even when additional taxation is imposed of necessity, would one find watches and clocks classified as luxuries and taxed accordingly. But this Government goes even further.

We have been told in this Chamber that a motor car is a luxury, and therefore the intention is to prevent the users of this type of vehicle from enjoying a life of luxury. No one has been able to show in this Council what percentage of cars in this Colony is used solely for pleasure, though thousands of hire cars are on the roads—the hon. Nominated Member, Mr. Tasker, belongs to a firm which operates a number of hire cars. We must take the whole picture into account and remember that hire cars ply the streets of Georgetown and the country districts by the hundreds.

How false is the premise that a motor car is a luxury! In the Report to which I referred earlier, there is a very significant passage which I now ask permission to quote :

“Just over 9,000 workers without means of conveyance travel upwards of 3 miles to work; 4,000 with transport travel over 10 miles to work”.

If that is the case, is not a motor car a necessity? And if it is, then one must ask the question, why does Government seek to impose additional burdens upon people who must use this mode of transportation between their homes and their work-places over all these distances.

It is true that Government has not proposed to tax vehicles used as buses, which are used to transport people from their homes to their work-places or

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during their normal period of activity in any one day. If Members of the Government or their spokesman in this matter, the hon. the Financial Secretary, had to travel in 'buses in the Georgetown area they would find that they might have to spend much more time waiting for a 'bus than it would take them to walk to their destination. It is a thousand times worse for people who live in the country districts, especially now that they are forced to use the 'buses anyway.

Is it not a fact that the number of 'buses which ply between Georgetown and the West Coast of Berbice is restricted, and a large number of people find it difficult to get to their various destinations in that area? Would it not create greater difficulty if 'buses became the only vehicles they could get about in? Many persons would not be able to travel at all.

Some may argue that we have a rail service. That is true, but the railway was laid down at a time when there was no extensive development of the country such as we have now, and consequently the railway stations are often far removed from the habitation of the people who use the railway service. If the railway provided feeder services, then the people would have no grouse, but the use of hire cars becomes inevitable for them, and if Members of the Government ever had the occasion to travel by 'bus in the country districts they would see that a passenger can do no better than sit near a fish basket, a basket of mangoes or other commodities.

I feel we are going to see a vicious circle arising out of the increased duty on cars. The purchaser will say, "If I am going to pay more for my hire car, I am going to charge more for my fares".

I am sure the Financial Secretary himself has by now realized, and that Members of the Government have realized that since this tax has been imposed upon the people, not only have the prices of commodities gone up but the

prices of other things have been increased. It is the normal practice in our economic structure, so that it is not difficult to see how far this will go.

The Financial Secretary referred to the profits of people engaged in distribution. How can he stop people making a margin of profit which is reasonable? If the Government itself starts this process of spiralling, it is only natural that people engaged in business will follow the pattern, because in order to raise revenue Government increases the duty on commodities. It is therefore clear that the premise which has been used to declare that motor cars should be included in the number of items labelled "luxuries" is based upon a misconception and misunderstanding of the entire situation.

The same applies to bicycles and motor cycles. I am familiar with a number of persons who use bicycles and motorized cycles in the performance of their daily duties. Some of them travel 12 miles or more along the country road. There was a time when they did so on an ordinary pedal cycle, and possibly Government wishes to go back to those days. How can Government class these vehicles as luxuries when people use them in the performance of their duties? Anything that is used in the performance of one's duties for efficiency and effectiveness cannot be regarded as a luxury.

Therefore it is to be hoped that Government will re-examine these matters and alter its stand with respect to the proposals for increased duty which, given effect to, will create hardship upon the people who use these motorized cycles, not for pleasure but for work. Eventually those who work with Government will ask for increased travelling allowances with respect to motor cars, motor cycles and motorized bicycles. Of course, Government is all-powerful and need not budge. Sometimes Government is accused of adopting a take-it-or-leave-it attitude. It need not yield to pressure until it reaches a point where it is bound

to take cognizance of a situation, but it should heed the will of the people whom some of us represent in this Council.

I said that there is restriction on the number of motor cars, and that if that restriction was removed I am sure that Government would get the revenue required as a result of having more cars, than by trying to get it in the manner proposed.

Government says that there are great potentialities in the production of wooden furniture and other items which it has in mind. The Financial Secretary speaks in terms of the potential, but what is the potential worth to us in our present position? A potential is not the actual thing, and what we want to deal with is the actual position. It is true that Government has in mind an expansion of minor industries so that more brooms and brushes may be made locally, but what is the position? There is not at the moment a sufficient number of brooms made locally to supply the people of this Colony. The Minor Industries Department cannot at the moment say that it can supply the local demand for brooms and brushes, so it follows that Government is putting the cart before the horse to say it is offering protection to an industry which does not exist or, if it exists at all, is only in a stage of research and infancy.

It is wrong for Government to impose additional taxation upon imported articles in the circumstances. Perhaps Government and the Financial Secretary remember that many people use the ribs of a coconut leaf as brooms, and perhaps until the Minor Industries Department can supply the type of brooms such as are imported, Government feels that we ought to tell the people to go back to the general use of what are known as "pointer" brooms. Government might even consider the manufacture of such brooms. But even if one were to be a bit funny in one's observations, it must be admitted that it is wrong in principle and in practice for Government to impose additional taxation upon

imported articles when it cannot supply local substitutes.

I am no expert or scientist but in its taxation proposals Government has increased the duty on tinned vegetables which will include tomatoes. It is known that tomatoes cannot be successfully grown in all parts of this country, and that there are farmers who have lost almost their entire crops because of unsuitable soil conditions. Is there any justification, therefore, for imposing an increased duty on tomatoes when Government cannot guarantee an adequate supply at any one time? Does Government say that there is an abundant supply of tomatoes with storage facilities to preserve supplies against the time when they are out of season?

The same applies to grapefruit and other fruit juices. We know that when grapefruit and other citrus fruit are in season there is an abundant supply, but there is no means by which they can be kept for any long period of time. There are no storage facilities, and we have not yet got canning facilities which would ensure a purely local product for consumption.

Government's entire taxation proposals are likely to cause repercussions which this country would not like to experience, and I feel very strongly that it should yield to the wishes of the people and take cognizance of the views expressed by their representatives in this Council. There has never been, to my knowledge, such a reaction to taxation proposals in this country as there has been to the present proposals.

Does one ever take into account the will of the people? If there was ever an occasion where the will of the people has been expressed, this is it. Despite the Government's propaganda machinery which has been put into operation; despite the number of posters which have been put in several parts of the Colony, the people still feel that the taxation is unfair and unjust. Therefore Government should give consideration to the views of hon. Members in this Council who represent the people as a whole.

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Whether a Member is Nominated or Elected he represents somebody in British Guiana.

I trust that the views which have been expressed by Messrs. Gajraj and Tasker with respect to the international situation will be carefully considered by the Government.

Mr. Tello: I desire to express my views on this Bill, and I propose to do so very briefly. I think it will be correct to say that this Bill can be regarded as an anti-farmer, anti-peasant one. I will have to think of it as a measure diametrically opposed to the consumers in British Guiana and, finally, it seems to have as its unwritten object the cramping of the standard of living and the way of life in so far as the working man is concerned.

A lot has been said about trespassing on the eating habits of the people of British Guiana. It has been mentioned that his type of diet is one that spreads right through the homes of average Guianese. I want to remind this Council, and I want it to be placed on record that it is positively true that our people have been brought up on potatoes from their cradle days. Our infants have been taught to look forward to the reinforcement of their liquid diet by potatoes. I doubt that anyone in this Council can say that as yet we have found a substitute for the potato that would be acceptable to the infants in their post cradle days. Neither can anybody say that Government has yet, in spite of the activities of the Minister of Natural Resources, found a reasonable acceptable substitute for the potato.

Further, there is a confession or an admission on the part of the Government that its distribution system is far from being adequate, or has any claim to perfection. It is true that while there is a superabundance of seasonal, local produce the items do not reach the people as early as they should. The system of distribution of potato makes it difficult for people to secure the article.

The imposition of this tax can have two serious effects: it can force people, reluctantly, to change their eating habits and give some of them dyspepsia, etc.; and secondly, it will force upon them an increase in the cost of living.

I think the hon. Member for Georgetown North has certainly emphasized the point that it is unfair, unjust and wicked to force people to buy a commodity despite the fact that you have not yet provided easy access to it.

The Co-operative Union has expressed the view that it has co-operated with Government and has succeeded in producing certain things abundantly. It admits, however, that the produce cannot be distributed throughout the Colony because of the lack of sufficient vision on the part of Government to provide the necessary distribution centres and a lot of produce has to be dumped.

This Government is asking the people in this Colony to deprive themselves of a commodity that they like. Government has not only failed to provide a proper substitute, but even when it tries to sell the produce it cannot reach enough people. I understand that quite recently it cost the Government as much as £10 a day to distribute the value of \$20 of local produce. I also understand that when the produce reaches the housewife the price is prohibitive. The comparison between the price of the local produce and the imported potato is known to everybody. It is like comparing precious jewels and precious stones with the regular commodity on the market. There is a big difference in price.

As far as I see it, whether it is the intention of Government or not, it has certainly succeeded in working out a measure that will force the working man to raise his cost of living. It will also make it more difficult for him to carry the extra burden of his unemployed friend. I take the view that this Bill is anti-farmer and anti-peasant.

I am glad to see that the Minister of Natural Resources has resumed his seat, because I believe that in his anxiety to serve the Government he did not notice the point made by the hon. Nominated Member, Mr. Gajraj, that while he is anxious to observe proper trade relations with our international friends an embargo had been placed on potatoes; it was Government's intention to obtain more revenue from that source and at the same time protect local produce; he had forgotten that tannias, potatoes and yams are only taxed 20c. per hundred pounds and plantains at 5c. These items are in direct competition with the local producer.

However, the Minister, in his anxiety to co-operate with his colleagues, has not recognized that, and he has associated himself with the question of raising taxation of potatoes. The result is that he has made the competition much keener between the producers of potatoes in the Islands and the producers of potatoes and tannias, etc., in British Guiana.

This Bill is a very unkind blow to the farmers whom we seek to protect. This Bill is doing no real service to the community; it is doing no real service to British Guiana, because I doubt whether very much revenue will be derived from this measure. While I agree that it will not change, or remove, the eating habits of our people, it will jeopardize the future of our local farmer. While we are producing no potatoes to speak of we are trying to protect our farmers against competition. On the other hand we produce plantains, eddoes and tannias, etc., and we are not giving sufficient protection to them.

I really do not know what is the true object behind this Bill, because it is opposed to the interests of the customer, peasant farmer, and to the working man it is a deliberate financial blow. To introduce increased taxation at a time when the unemployment problem is rather difficult, when Government is still searching for ways and means of solving the unemployment problem is bad timing. It is

bad, at this stage, to introduce new taxation on our most popular diet — a diet that is as popular as rice is to certain people.

Taxing potatoes in British Guiana is like taxing corn meal in Barbados. If the Government of Barbados attempted such a tax it would cause a small riot there. In British Guiana the people have shown their protest against this measure in several forms. They have passed a resolution against this taxation, and they have employed every constitutional means of opposing it.

Let us examine the position at the moment. The workers are feeling the squeeze by the introduction of this tax, and they are crying out against the high cost of living that has been forced upon them. The working man has complained about this tax because his wages are not always the best. He must complain about it because there is a tremendous amount of unemployment and under-employment in this country, and he is looked upon as the most vulnerable person to absorb the new tax.

In this particular case we find commercial people and everybody against this tax. Several people have said that the tax on the potato is detrimental to this country, and we must present a united front in opposing it. The employer on the other hand, speaking through the Chamber of Commerce, has also condemned the tax because everybody realizes that it will result in the raising of the cost of living. Some Members of the Government are saying that this is intended to protect the farmer, but even the local producers themselves are saying that it will cost them more to live nowadays. Government must have given some thought to it. As Mr. Gajraj pointed out, even if Government did, several major points seemed not to have been given consideration. The hon. Nominated Member, Mr. Tasker, made comments on this question, too.

I feel that the mere fact that a high-powered Mission singled out this tax for

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an expression of their opinion and considered it an embargo, revealed the handwriting on the wall, heed of which should be taken. We must remember that we enjoy tremendous trade benefits from Canada. If Canada were to withdraw the sugar preference and force us to sell in the open world market, what a calamity that would be. We already have the problems surrounding the sugar workers' desire for a higher standard of living. I find that this infallible Government needs no advice: once their minds are made up, nothing can change them.

I would say that they should not impose this tax because it might defeat their intention to have capital invested here, both in the interest of the Colony and of the investor. I would still say to them, "if at this early stage, when people are only visiting you and people are only investigating you and are looking on, you bear your present attitude, what would be your future attitude?" Why select this time to impose a tax on something which bears no comparison with anything produced in this country, a tax which your own people are opposed to?

I am not sufficiently in a position to warn this Government, but I am nevertheless asking Government to take time off and see the handwriting on the wall. Already the cost of living is high and already opportunities for employment are becoming scarcer. As yet we have not seen any large-scale enterprise to absorb all these unemployed people and under-employed people.

We certainly had a new approach on this occasion. The hon. the Financial Secretary, speaking for himself on this Bill and, no doubt, as spokesman for his colleagues intimated that taxation is another form of relieving unemployment, because out of new taxation we will have enough money to provide work—I would add to that: if the people live long enough in their starvation, but then, the Financial Secretary might be only voicing the opinion of his Elected colleagues.

After he said that, I took time off and read once more the "People's Progressive Party Manifesto Programme and Policy", and I found that in it a promise was made which this Bill now seeks to break. That promise was quoted in the *Hansard* of last year's Budget Debate and is precisely correct; I quote from that:

"We will raise and collect more by way of direct taxation from those who are able to pay and reduce the very high incidence of indirect taxation which falls heavily on the poor."

What other measure of indirect taxation can be more certain to reach and affect the pockets of the poor than this tax on potatoes? I do not think Government can find any other means to reach his stomach and his pockets. One of the unwritten objects of this Bill is to make life a difficult proposition for the small man, and it is regrettable that this state of affairs should exist. The champions of the downtrodden people are today the champions who seek to carry up the cost of living of the small man, and to take away from the poor man his right to decide what to eat and what not to eat. I say again that this tax is an unfortunate decision when the Majority Party went out of its way to make a promise to the electorate.

Let us now examine the generosity of this Government and see to what extent it goes. Government has proposed a reduction in the price of canvas shoes with rubber soles — the footwear of the working-man. I suppose we have to be thankful for small mercies. There is also to be a reduction on the duty on cotton fabric. I am reliably informed that the footwear spoken of will be reduced in price by a little less than four cents per pair. I understand also that it is safe to say that the average working-man uses from three to four pairs of this footwear each year. So it means that Government's generosity in this respect really means a saving by the working man of the very laudable figure of 12 to 16 cents per year. Where cotton fabrics are concerned, the effect of the

proposed reduction of the duty by 3% will be, I understand, not more than two cents per yard, and the average dress or suit takes six yards to be made up. So that a lady or a gentleman will save as much as 12 cents on each dress or suit, that is to say, about 48 cents a year.

Mr. Speaker: We can take the adjournment now: do you wish to resume later?

Mr. Tello: Yes, Sir.

Mr. Speaker: The sitting is now suspended until five o'clock.

RESUMPTION

Council resumed at 5 p.m.

CUSTOMS (AMENDMENT) BILL

Mr. Tello (resuming): At the adjournment I was trying to examine this very generous gesture on the part of the Government which can be reasonably and fairly measured to the extent of 16 cents per year as a contribution towards rubber soled shoes, and between 30 and 40 cents per year in respect of cotton fabrics. While this action must be commended we must look at the other side of the picture, and I would like to point out that one can destroy his own good intentions by instituting other measures. These reductions in duty represent about 4 cents per pair in respect of canvas shoes, and about 12 cents per suit in respect of cotton fabrics, while in the case of potatoes, a very popular article of food, we find that the increase in duty is from 24 cents per 100 lbs. to \$3 per 100 lbs., and a conservative estimate shows that the increased cost of potatoes to the average person will be about \$1 per month.

So that while the Government in its very kind gesture offers the poor working man a reduction in prices and encourages him to wear cheaper footwear and clothing, and asks him to adjust his standard of dress by wearing canvas shoes and cotton fabrics which are not

popular today, it has imposed a rise in his cost of living estimated at \$12 per year. So that while on the one hand the average working man will benefit to the extent of 60 cents per year by the reduction of the duty on canvas shoes and cotton fabrics, his potatoes will cost him \$12 more per year. His cost of living will therefore be increased to the extent of \$11.40 a year. It is true that we must face facts, and my reason for pointing these things out is to give the Government the opportunity for a second thought and to see the wisdom of re-adjusting these measures so that its good intention to assist the small man may be fulfilled.

The Financial Secretary said that this increased taxation is necessary because money cannot be obtained otherwise. He also did me the kind favour of saying that I was correct in my reference to 1932-35. He said I was correct in saying that certain palliative works were carried out by Government in those days to assist in relieving the unemployment situation, but he went on to explain that the Government of that time was successful in obtaining money to carry out those works. I understand that because this Government cannot raise money like the Government of 1932 it is necessary to impose further burdens on the population. Must we understand that because this Government failed to negotiate a loan, or to secure a grant, the alternative is to tax the already heavily taxed people and allow many people to continue to be unemployed at a higher cost of living? Must I understand that it is the duty of the masses to accept further taxation because the Government in office lacks the ability to raise money where other countries are succeeding in doing so? Is it suggested that because the Members of the present Government are so deeply interested in the constitutional progress of this country that they are relieved of the responsibility to find ways and means of raising money other than by increased taxation?

The point was stressed by one of the Ministers that it is the fault of the

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Colonial Office and the colonial system, and he did it so impressively that one would be inclined to believe that the colonial system is something to fight against, but are we going to live over other memories until such time as we are relieved of the burden of this unfortunate system? Is it true that because of the system and the attitude of the Colonial Office we cannot get money to develop this country? Let us look across at our neighbours in Barbados, a small island. I am told that we have an island in the Essequibo River as large as Barbados, but small as Barbados is we find people there demonstrating their ability to lead and to occupy the important office of Ministers. They went to the Colonial Office and were sufficiently impressive that a loan of \$2 million dollars for Barbados was over-subscribed 20 times. That is the sort of Government we are looking for — a Government that can raise money without additional taxation, a Government that realizes that it must raise money without taxation when its people are unemployed. I may be considered irrelevant but I am simply answering the argument of the Financial Secretary.

Mr. Speaker: Please keep as close as possible to the subject.

Mr. Tello: If Government pursues its present policy of taxation in a form that will create enemies when we are very much in need of friends, it will mean that we will have to pursue a long-term policy of tax imposition. I say that rather than pursue that policy let us examine the question a second time and relieve the people of this unnecessary taxation, by adopting some other means of raising money. It is on record that in almost every case when we on this side of the Table have moved a Motion making recommendations to the Government, we have been out-voted by sheer weight of numbers on the Government side. When people think they are infallible it is a waste of time trying to advise them, but I still feel that I should point

out the tiny flaws which may be so microscopic that they are unable to recognize them.

If it is Government's intention to pursue this policy of taxation until such time as this country is granted full self-government I think it is an unfair and unnecessary imposition on the working people. I think they would be more willing to join in the constitutional battle with full stomachs than with empty ones. I am not saying that these tax increases will not bring a little more money into the Treasury, but from the point of view of maintaining good international and internal relations I say that the gamble is too great, and the timing is very bad. The taxation proposals under this Bill will have very unfortunate effects. They will carry up the cost of living to a great number of people who can ill afford to pay more for things they need, apart from the fact that there is a high percentage of unemployment.

In addition to that, the people who may benefit from the increased taxation, the commercial community, have said that it is a bad thing for British Guiana as a whole, and that they do not want such profits. I am appealing to the Government to review its tax proposals sympathetically and impartially, and find some new means of withdrawing this Bill so as to give the people of this country a chance to breathe in peace and tranquillity.

Mr. Burnham: I am anxious to congratulate the hon. the Financial Secretary not only upon his ability in presenting the Budget Speech on the Second Reading of the particular Bill, but for his ability in proselytizing his colleagues in the Executive Council. Indeed he is a man of uncommon ability, for what he has done this year is the very opposite to what the Leader of the Majority Party, I am sure, would have done three or four years ago.

When the Budget for 1955 was presented in keeping with the tradition of other British Guiana Budgets, the tax on

cigarettes, rum and beer was increased. The Minister of Trade and Industry who, at that time, did not hold a portfolio in the Government, though conceding that it was possible to argue that the consumption of rum and certain other articles was unnecessary, argued that it was not for Government to attempt to criticize the consumption of articles when that consumption had become part of the life of the community.

The hon. Gentleman whom, on this occasion, I take as my original, pointed out that it was a lack of imagination on the part of the then hon. Financial Secretary to seek to raise additional revenue merely by taxing things that were in common or general use.

In an issue of a certain weekly newspaper known as "Thunder" dated 8th January, 1955, the hon. Gentleman who is now the Minister of Trade and Industry actually laid down his thesis: that sugar and bauxite were left untouched, while the poor man's drink, rum, the poor man's commodity, cigarettes, the proletariat's beverage, beer, had been taxed. That, said the hon. Gentleman, was indicative of the then Financial Secretary, perpetuating the class prejudice of his predecessor, Sir Frank McDavid. But today the tax proposals of 1959 weigh even more heavily upon the poor man than those of 1955.

May I repeat my congratulations to the hon. the Financial Secretary who has converted his colleague on his right. Are we to understand that this one-time champion of the proletariat, the champion of the working man's rights has now been infected with the class prejudice with which he credited the last Financial Secretary but one? Are we to understand that the results of this alliance between the Elected Ministers and the representatives of the Colonial Office have been so catastrophic so far as the people of British Guiana are concerned, especially the working people, that there has been a sudden change in policy?

It is, of course, for the Majority Party, through its leader, to say whether it has changed its class; whether it is now prepared to copy from Sir Frank McDavid; or whether the increase of taxation on these same items which he did not want to approve in 1955 should be approved in 1959 because they have been introduced by an allegedly Representative Government.

I charge this Government — at this point I can draw no distinction between the two sections of the Government — their faces are many, but their voices are one in so far as the tax proposals are concerned. Not only is this Government unimaginative and cynical, but it does not matter to them that these tax proposals will mean the raising of the cost of living to the working man.

We would entertain and acknowledge the statistical ability of the hon. the Financial Secretary if he can tell us that these tax proposals will not mean an increase of over 29 cents per week to the average working class family. But even if the increase were 1c. it would be an imposition on the poor worker because, save to those who live in ivory towers and do not come in contact with the working class, it is known to all that in the majority of cases the people do not get sufficiently large wages to live like human beings.

An increase of 29c. per week may mean nothing to the Members of the Government; to some people it is a mere drop in the ocean, but for the poor man an additional cent may be the last straw on the camel's back. Therefore to regale us with the statement that the increase will be a mere 29c. per week is not good enough. What we should have been regaled with and what should have been brought to us is that the working man in British Guiana gets only \$2.52 per day when he works with Government, but with some employers he gets even less. The Financial spokesman of the Government cannot assume that the worker is getting more than enough to live on, and can therefore absorb this in-

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crease which we are told is in the interest of the Colony and will create a better future for our children.

Last year with commendable sophistry the hon. the Financial Secretary was able to persuade the majority of this Council, whose support he automatically had, that the tax on rum was not a tax on the poor man's drink. I will not attempt, at this stage, to point out what I consider to be the fallacy in that argument. Not because there is no argument, as I hear *sotto voce*, but because there will be an opportunity when the other Bill comes up for Second Reading to go very carefully into the matter.

If the hon. the Financial Secretary took the opportunity to read what his colleague on his right wrote on page 2 in the "Thunder" dated 8th January, 1955, he would understand a lot of things. He is intelligent, and I am sure he will be able to absorb what is written there. However, we are not dealing with the tax on rum today, we are dealing with the new tax proposals apart from rum and sugar. These taxation proposals which are bound up with import duties and the importation of various items into the country are causing a lot of dissatisfaction.

May I offer one more congratulation to the hon. the Financial Secretary. He kept us on our toes and on the edges of our seats with 28 pages of felicitous language before he dropped the bombshell. These new taxation proposals by means of which he hopes — hope springs eternal in the Government's breast — to raise \$2 million from the collection of duties which are sought to be introduced in this Bill and which are foreshadowed in the Budget Speech are described as falling into purely revenue raising and purely protective.

Let us consider the various duties that have been imposed. Before I go further let me say this: I have not

got a quarrel with the Government on every item of taxation. Let me give the devil his due and admit that I am in agreement with the increased taxation on whisky and other imported alcoholic drink. I agree with that absolutely. He who in British Guiana, whose native wine is rum, prefers to acquire the aristocratic taste for whisky and other imported alcoholic liqueurs, must pay for them.

I have absolutely no objection to the \$1 increase per bottle for whisky and other imported alcohol. Nor do I break a lance with the Government or enter into controversy with them over the increased duty on imported cigarettes. Those who, having travelled, would prefer the English or American blends of tobacco, or whose throats are too delicate for local Clipper, Diamond or Light-house must pay for their taste or spend more money because of the delicacy of their throats. I have no quarrel there.

But, Mr. Speaker, what is it but copying from Sir Frank McDavid who was condemned by the hon. Minister of Trade and Industry? What is it but copying from that gentleman to impose a tax on tobacco and cigarettes manufactured locally? I hope that the Government will not be so naïve as to seek support from the statement by the Manager of the Demerara Tobacco Company to the effect that, as he sees it, there is no objection to the increased tax on tobacco imported for the manufacture of cigarettes, which will result in a rise in the cost of local cigarettes.

The Manager of the Demerara Tobacco Company and the sole distributors, Messrs. J. P. Santos & Co., Ltd., whose Manager agreed with the Manager of the Demerara Tobacco Company, have nothing to lose by it. They do not smoke all the cigarettes they distribute or produce. This is a tax that passes on, and since tobacco is habit-forming, one is likely to find the poor man who is a smoker sacrificing something so as to be able to buy cigarettes. I think it is wicked to tax local cigarettes any further.

We are not dealing with saints. We are discussing mores, not morals. The Government knows nicotine is habit-forming. I speak as a smoker, having perhaps more experience than the Members of the Government in that respect. People will still make an effort to buy their cigarettes, and the cost of living will go up. It is not because they want to stop people from smoking but, says the Financial Secretary, people can afford to pay for these luxuries. But where a majority of people are smokers, is smoking a luxury? Such absolute nonsense should not be put forward here. But I guess that I should not be at all surprised for this Government consists of so many non-smokers. If we were starting a new religious movement and wanted Guianese to stop smoking and stop drinking — though I would object to live in such a monastery—I would grant them the right to dissuade people from making use of these commodities.

From the tax on tobacco, Government hopes to raise \$450,000 and, says the Financial Secretary, speaking on behalf of his well-knit Government, the large revenue increase from such a small increase in duty is indicative of the large amount of cigarettes used every year. A marvellous insight into the perfectly obvious, but what he does not say is that it is an imposition on the man who smokes and whose wages are \$2.52 per day and who has a wife and children. It is no sense saying that such a man should not smoke. After all, like any other human being, he is entitled to a stimulant of some sort, and he is entitled to his minor vices.

Then following the order in the Budget, one notes that after the tax on tobacco the Financial Secretary palms off the tax on rum. More of that later. Then the excise tax on beer. More of that later. Then we come to the point where it would appear that Government, through its spokesman, has decided to redefine certain English words.

The next group of imports which the Government has selected for additional

revenue-raising is purely a luxury one, consisting mainly of perfume—all right, I accept that Chanel No. 5 is a luxury. Cosmetics. Is that a luxury? Do they want the men and women of British Guiana to go unkempt? Not Guianese: we do not go around unkempt. Cameras? English is not my native language, and I may be mistaken about certain words, their origin and meanings, but as I conceive the English language a camera is a luxury.

But what new language is this when in the 20th century, watches are being described as luxuries? Earlier I accused Government of being unimaginative. I must concede now that their imagination is in the field of new language and new definitions of words. One gets the impression that Government is scraping and picking up here and there, and they have to find language with which to adorn the whole unsavoury exercise; then they go to the verbal and financial expert, the Financial Secretary, and he discovers that a watch is a luxury — the time-piece by which a man is able to get to work early is a luxury. I have no doubt that the hon. Minister of Trade and Industry, who knows human failings, can tell me what could have happened if I had no watch.

To be serious: this Government is not being serious. The Financial Secretary does not think that the face of beauty in British Guiana will be altered by the fact that the artificial aids will cost a little more. Does he really think so when our women have to pay more for their lipstick and rouge? Mr. Speaker, I am not particularly experienced in this field. I yield pride of place to many of my colleagues at this Table, but I never thought that this Government intended to have in British Guiana a number of dowdy and unadorned women. You will have those when you start taxing what the Financial Secretary calls 'artificial aids' for these aids make a woman look more attractive. The appearance of the woman becomes a stimulant to her men-folk, and we must remember that not all those ladies who use these artificial aids

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are the wives of Members of the Executive Council and highly paid business and professional men.

They are working girls, working for \$9 or \$10 a week, sometimes. Did you know that? They are also the wives of men working for \$15 a week, the fiancées of men who work for \$13.52 a week. Did you know that? If you did, then why did you come here and tell us that the face of British Guiana will not be altered by the fact that its artificial aids will cost a little more?

Revenue-raising again and lack of imagination again—the 7% increase in the import duty on private motor cars, motor cycles and motorized bicycles. This does not surprise me. Their lack of validity or argument and their lack of imagination must find support in the fact that Lady Megan Lloyd George said this or Professor Somebody said that. They must have an original. I am convinced that this 7% tax on motor cars, motorised cycles and motor cycles came from the idea of the luxury tax that was imposed on these items in Trinidad two years ago.

I have found, from my own experience, that copying from another person's book has this weakness: that you may copy what you do not understand. As a student I have been caught; as a teacher I have caught others. That is what has happened to the Members of our Government. They saw that Dr. Eric Williams had imposed extra taxation on motor cars and motor cycles in Trinidad, but they did not note that in Trinidad motor cars not exceeding 3,000 lbs. pay \$4.80 per 100 lbs. with 10% luxury tax. But even at that level the same cars in British Guiana, before the imposition of this 7% increased tax, cost between \$500 and \$600 more than they do in Trinidad. Ask the car dealers.

The disgusting thing about this type of tax by way of import duty is that you are not soaking the rich to feed the poor;

you are soaking the poor because the rich will import and will charge a percentage not merely on c.i.f. plus duty. So there can be no question that the consumer in this case, the person who uses a car, will have to pay even more than the 7% increased duty, because it is going to be 7% plus the cost. Most people who buy motor cars cannot afford to pay cash; they are not like certain individuals who boast that they have bought everything in life cash. Most people have to pay a percentage on the unpaid balance, which has gone up already as a result of the 7% increased tax, and then they have to pay 8% on that. So that the cost of a car is going to go up much more than 7%.

Car users fall into two categories—those who own cars and those who hire cars. Around the Table most of us own cars. I suppose it can be said that certain people can afford to pay more for their cars. I agree with that, and that is why I contend that if there is to be an increase on the import duty on cars it should be an increase on cars above a certain price—those luxury cars, those American cars, those cars like the Mercedes, those expensive cars which only people of a certain affluence or notional affluence can think of buying.

I will concede that I own an American car and I must pay more import duty, but think of the little civil servant, the little clerk working for \$200 per month, struggling with a wife and children, who cannot find accommodation in Georgetown where he works and bites his nails, pinches and scrapes, like the Government is scraping now, and he gets a small house in Campbellville, New Town or Kitty, or a little further up the East Coast. We have no bus service in this country worthy of the name, to bring him to the City at regular hours and take him back home at regular hours. Our bus service is noted for its irregularity of schedule. He therefore finds that it is not a bad thing to buy a small car to ensure that he gets to work punctually.

Then there is the other category of persons who hire the cars in which they drive. Which owner of a hire car is a philanthropist; that if he has to pay more for his car he will charge the same fare to those who use it? Those who use cars in that way are poor people. In places like the Corentyne, the Essequibo Coast, Wakenaam and Leguan, the East and West Banks there is no railway, and people there have to use cars. For all such people there is going to be an increase in the cost of living because, as I understand it, the cost of travelling is part of the cost of living.

I wonder if the Financial Secretary calculated the likely increase and took it into account when he was telling us about the 29 cents per week increase. Of course he has the last word, and we will no doubt get some enlightenment as to whether or not the increased cost of transport to those who have to use hire cars had been taken into account when he was telling us about a mere 29 cents.

The Financial Secretary (Mr. Essex): No, 27 cents.

Mr. Burnham: That is what I admire in the Financial Secretary; he is so good at figures that he never takes a 6 for a 9. We come now to the tax on potatoes. I congratulate the Financial Secretary on the way he calculates the duty. He knows that the Minister of Natural Resources has been saying that we eat too much imported potatoes for an agricultural country; that we should consume more of our agricultural products, and that we would have to pass legislation to make our people understand that they must eat what is locally produced.

The tax on potatoes is partly protective and partly revenue raising. The Financial Secretary seems to be the revenue-raising man, while the Minister of Natural Resources seems to be the protective man. With that keen sense of propriety which is always his, the Financial Secretary did not say much on

the protective aspects of this tax. He saw that if he allowed his colleagues to get away with this he would have more money for the Treasury. But is this really a protective tax? A protective tax must be prohibitive, absolutely prohibitive. If the tax on potatoes had been put up to about \$12 per 100 lbs. I would have said that the Minister of Natural Resources, as is his wont, is serious about what he is saying, and therefore he wants us Guianese not to eat any more potatoes. But the present tax, although it is a heavy increase, is not sufficiently high to be prohibitive or to chase people away from potatoes, but sufficiently high to make an indent on people's pockets.

The Financial Secretary, with his usual conservatism, tells us in paragraph 78 of his Budget Statement, that, allowing for a reduction in demand, he anticipates that from the potato tax and the other small taxes he will collect additional revenue of \$550,000. Quite nice, but what is the result? I have calculated it and I find that it is an increase of \$2.76 per 100 lbs. The man who uses potatoes is going to have to pay more for his potatoes, and the sugar worker, about whose miseries the P.P.P. or the Majority Party is always crying, are going to have their cost of living further increased.

I have been told, but I will not believe it, that a certain Minister was suggesting that cassava might be substituted for potatoes in curry. I will not believe that in the ranks of the Ministers there is anyone so unfamiliar with the relative consistencies of the two vegetables.

We are told that our people drink too much; that drinking too much rum is a bad thing and not in the best interest of the country; that an agricultural country should not be importing such a large percentage of potatoes and so on. It is not necessary for Government to find a substitute for the potato which is imported; to educate the people and show them how curried cassava can be a substitute for curried ahloo. I would have suggested curried eddoes.

Mr. Speaker: What is ahloo?

Mr. Burnham: Ahloo is an English word today; I thought you were familiar with the term.

Mr. Speaker: I thought you said some time ago that a new meaning had been put to the words of the hon. the Financial Secretary. I do not know whether you are copying from him.

Mr. Burnham: I am not saying that ahloo is a substitute for English potatoes. I think it will be necessary to educate the people to use substitutes. Do not put the cart before the horse. Use your propaganda machine, the G.I.S. newspaper—

Mr. Speaker: You cannot talk about 'your propaganda machine'.

Mr. Burnham: It is the Government's propaganda machine, and every Government must have a propaganda machine. Hitler and Stalin were not the only people to discover that. Through the propaganda machinery, the Agricultural Department and every available means — perhaps a start can be made through the Home Economic Centres — Government should endeavour to show people how eddoes or cassava could be substituted for the potato, and *pari passu* endeavour to ensure that the quality of the substitute is constant.

I sympathize with the hon. Minister of Natural Resources so far as this matter is concerned, but I think in the execution of what he has in mind he and his colleagues have blundered terribly because the only result from this tax is to send up the cost of living for the poor man. I am also conceding that it means a higher cost of living to the people in better circumstances. Nevertheless, the poor man has no reserves to fall back on. In fact he starts off in the red and ends in the red. The people in more affluent circumstances can, of course, go into their savings and cut down on real luxuries.

The tax on canned vegetables, preserved fruit, jams, jellies and canned soups, etc., I have no quarrel with. I would like to find out from the hon. the Financial Secretary, however, what he really means when he states in para. 78 on page 32 of his Budget Speech which is referable to this Bill:

“ . . . as regards canned vegetables of which a comparatively small amount is imported 10% has been added to the *ad valorem* rate and the same has been done for fruit juices, preserved fruit, jams, jellies and canned soups, all of which or substitutes for them are being or could be produced in the country.”

I was not aware of the fact that we can always get a sufficient quantity of citrus fruit to supply everybody with fruit juice, nor was I aware of the fact that we were canning fruit juices. If that is so, then the Minister of Natural Resources and the Minister of Trade and Industry should have worked out plans for the setting up of a canning industry in this Colony. The Minister of Natural Resources, or rather the Minister of Trade and Industry who gives the Releases now should have informed the people through the Press that he proposed to set up a Canning Factory. This side of the Table would have read about it in the Press because we are seldom told anything in this Council regarding the plans of Government. I have no quarrel with this tax, but I find that para. 78 is rather misleading.

I feel that so far as fruit juices are concerned, no tax should be imposed on fruit juices coming from the West Indies. I would like to see imposed a 600% tax on fruit juices imported from South Africa. I think it is wrong and unfair to impose a 10% increase tax on fruit juices imported from the West Indies because we do not have a sufficient quantity of fruit juices to provide for everybody in the Colony.

We have been told — I am sorry the Minister of Labour, Health and Housing is not here, because I am sure she will agree with me — that fruit juices

are good for the health not only of growing children, but even for adults. I am of the opinion that Government should reconsider the question of increased taxation on fruit juices.

There is one other item of increased taxation which does not earn my disfavour, and it is the tax on ready-made clothing. I agree that our tailors, seamstresses and milliners in British Guiana are sufficiently competent to produce satisfactory clothing. I, myself, have never bought a suit that was not made in British Guiana. As I understand it, this tax goes even further and puts a tax on imported shirts. I agree with that.

Let it not be said that some Members on this side of the Table criticize the Government for the sake of mere criticism. Let it be understood that we criticize Government because they are naïve or unimaginative as is shown in the majority of their tax proposals. If a man wants to wear an Arrow or Van Heusen shirt when a proper Windsor shirt is available, then he should pay a little more for the imported article.

I can offer Government no congratulations for increasing the tax on motor cycles and motorized bicycles. People are now asked to pay 30% preferential tariff in British Guiana on this item, whereas in Trinidad it is only 10%. The *per capita* earning in Trinidad is higher than in British Guiana, and in Trinidad there is more capacity for absorbing employment. It cannot be said by any stretch of imagination, or even with the aid of the greatest elasticity of language that an auto cycle or a motorized bicycle is a luxury.

Have you ever seen the workers coming down from the East Coast on mornings on their way to work? They cannot find anywhere in Georgetown to live, and they have to go all the way to Plaisance and Beterverwaging in order to find housing accommodation. These people cannot afford to buy a motor car or a motor cycle, but now that they are trying to buy an auto cycle, Government

has decided to increase the tax on this item. The auto cycle is not a luxury, it is merely a quick and easy means of transport to and from work as far as the workers are concerned. It would appear that in stretching here and there in an effort to find money this Government, to use a colloquial expression, "will take a cent off a dead man's eye". Do you want to tell me that auto cycles should be taxed? The little auto cycle which the waterfront worker uses, which the carpenter uses — is it that you are going to tax as a luxury? But, says the Financial Secretary, "we hope as a result of this tax to raise \$1,870,000 approximately, and then as we are a little short still, we shall touch up sugar."

This is one respect where I think the Majority Party is a little consistent, because in 1951 it was saying, "tax sugar". But we shall deal with that at another time.

The farce of this is the belief that the "Opposition" is here to suggest to them what they ought to have done. That is to misunderstand the purpose of the rôle of the Opposition. The Opposition is not the schoolmaster. The Opposition is here to show you how stupid what you did is. Of course, the Opposition may not be successful, because with stupidity the gods themselves have fought in vain. It is not even to tell you what you ought to have done or ought not to have done — but in any case this Government is not receptive at all.

We heard the Financial Secretary saying that he does not interfere in anyone's business and he does not expect anyone to interfere in his, when Mr. D'Aguiar spoke of the Banks tax. If you cannot paddle your own canoe, get out and stand on land, or you are going to drown. But I cannot expect better of a Government that has followed a path marked out by Sir Frank McDavid and has gone to Colonial Office officials in a wild quest for a few shekels. This is not the vanguard of the proletariat but the new class into which this Majority Party has made itself.

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Has the Government considered that already there is a great deal of rumbling among the workers; that they are already complaining that they are underpaid — I say that with justification; that they are already making wage demands — I say that with justification. Does this Government not realize that it is the largest employer of labour? Does this Government not see that as a result of this increased taxation which falls on the working-class, it is going to be forced to pay more money to its employees — because I cannot imagine the P.P.P. refusing justifiable demands of the workers, and I cannot imagine so-called proletarian leaders forgetting their proletarian principles so quickly. It calculates that it will be able to raise \$2 million, but by the time it has collected that amount, it will have to pay out to its employees more money, so that it will be digging a big hole to fill a big hole.

Where is the sense of it? The fact is that under present conditions in British Guiana, it is hoped to raise enough money to make a substantial contribution, at least in 1959, to the Development Programme. That is a fact. Let us try to understand it. But why go about it by taxing the poor? More of that anon.

You will have to pay more money to the unskilled workers in the transport services, the Rice Marketing Board, and Water Street. Then there are the workers in the Unclassified Service of Government. You will have to pay them more because they are already asking for more, in particular the Post Office workers. The financial expert says that the increase of 29 cents more per week—

Mr. Speaker: Twenty-seven cents.

Mr. Burnham: I am grateful to you, Mr. Speaker. Twenty-seven cents. Where you start you end and you end where you start; running around in circles. To achieve what? To achieve what you failed to achieve when you

went to the United Kingdom last year? You included a number of impressive things in your demands and those who could assist you did not. Now you come to take it out of the poor people. Are you so deaf that you cannot hear the cries of the people? Are you so blind that you cannot see their tears? Are you so shut off from the world of the unemployed that you cannot understand their sufferings? I am not talking about the three Members of the "marriage" to the right. They will say they are not politicians — their rooms are sealed tight. But this is an increase in the burdens of the poor people, and for what?

The Minister of Trade and Industry (Dr. Jagan): We have heard a great deal this evening and the previous evening with respect to the tax proposals in this Bill. Members opposite have been talking about unemployment. They have been asking, what is the Government doing to provide work for those who are hungry? We were told there is no point in imposing taxation, because other people will have to pay it out in increased wages. We were also told that in 1955 some members of the People's Progressive Party said "so-and-so" and here it is, they are doing something else now — they are taxing cigarettes, beer and rum.

The hon. Member who spoke last seems to forget his dialectics when it suits him. He forgot to mention that in 1955 we had a different situation in this country. I need not repeat the remarks I made a few evenings ago when the hon. Member was not here, but everyone knows that the Interim Government was squandering money on the people of this country and it was the duty of any Guianese to protest against any form of taxation which was to be eventually wasted, squandered or mis-spent. If he says now that our protest then against a tax on beer, alcohol and tobacco was wrong, then we can use the argument of the 13 American colonies — "No taxation without representation". He seems to have forgotten little things like that.

True we cannot claim to say that the present situation is tantamount to a complete political freedom or independence, but even within the restricted powers we have today, we should lay the foundation so that the country will achieve prosperity in the shortest possible time.

Mr. Burnham: By taxing the poor.

Mr. Speaker: Order.

Dr. Jagan: The hon. Member should have referred to the whole article.

Mr. Burnham: I have it here.

Mr. Speaker: Order.

Dr. Jagan: Then he would have seen that mention was made in it to other things too. He failed to mention the tax on sugar, and I must remind him that it was included in that article.

Mr. Burnham: I did mention it, and I observed that that was the only consistent thing Government had done.

Dr. Jagan: Is the hon. Member suggesting that we should levy a tax on bauxite when that industry has been hit by a recession? We have heard a lot of talk. The hon. Member said he was not here to give his advice. We do not need his advice, but at least hon. Members opposite should be able to tell the Majority Party, "here, you stupid fellows; you are so stupid that you do not know how to run the country — this is the way to do it."

Not only this country but every country has to develop by taking very hard decisions, and to do it the hard way. All of the economic theorists who are now examining the problems of backward territories are today speaking about the difficulties which are encountered by the under-developed territories. My Friend, Mr. Tello, is going to an economic conference sponsored, I think, by the I.C.F.T.U. Why the I.C.F.T.U., a trade union organization, has suddenly become interested in this big question of economics in under-developed regions?

It is because it now realizes that there are going to be political explosions in the under-developed territories of the world, and that trade unions must indeed take great care and notice of what is happening in those under-developed territories. It is not a problem peculiar to British Guiana; it is all around, in Latin America, in the Middle East and in the Far East. Latin America is probably in a worse condition than British Guiana today.

Where is the money to come from? Our taxation proposals aim at taxing luxury goods and non-essentials, and protective taxes. It is a truism that a country can only develop out of its savings. This country, unfortunately, does not save very much. We have no control over profits made in this country and being exported outside. If Mr. D'Aguiar and his beer company make nearly \$¾ million profit and choose to send it out to Barbados there is no control over such capital. One can only hope and pray that it will be invested right here. This applies also to Bauxite Companies, Insurance Companies, the Banks and other industrial concerns. I do not know if hon. Members on the opposite side are going to suggest that Government should take over the Banks, the Insurance Companies, the Bauxite Companies, the Demerara Electric Company, and so forth. If not, please tell us where is the money to come from to provide employment.

We all know how many people are unemployed. There is no point in beating the air about that. We can all shed crocodile tears about it, but the time comes when something has to be done, and although the decisions may not be palatable, those decisions have to be taken. Taxes on luxuries and non-essentials—what else can we tax? As I have said, one can nationalize all the industries and tell the Banks and the various Companies that not a penny should be taken out of the country, but I leave that decision to the "Opposition".

Mr. Burnham: We are not Stalinists.

Dr. Jagan: The hon. Member referred to the purchasing power in Trinidad. Certainly the national income *per caput* is higher in Trinidad than it is in British Guiana. Fortunately, Trinidad has oil and pitch, and we know that in a country where there is "black gold" the national income is high, generally speaking. We are faced with a Development Programme in this country. Under the original estimates planned by the Interim Government there was to be expended this year the sum of \$21.7 million. Loans provided, plus loans to be raised, plus other things will only give us about \$16½ million. Is it, therefore, unjust to ask those who are employed today in this country to pay a little more so that the 20 per cent. who cannot find work may have a little bite? That is all that is suggested at the moment in these taxation proposals. It is all well and good to compare one period with another, but conditions differ at different times.

It has been suggested that we should not tax wrist watches, cameras, motor cars and so forth. In a poor country we know that the basic things are food, clothing and shelter. One does not say that the Guianese people must not enjoy luxuries or improve their standard of living, but certainly when there is starvation amongst us is it not right to ask those who are beyond that stage to pay a little more for so-called luxuries? We have heard that in the period 1930-32 a cut was made in the salaries of civil servants. We have not done that. A Member referred to the Gorsuch Report, but we have to wait and see.

A remark was made about digging a hole to fill a hole, and that in taking this decision to impose additional taxation we have made ourselves unpopular in the process. I think the hon. Member who made that observation should be very happy about that, for it should provide a golden opportunity for him. What is wrong in asking people to pay a little bit more for watches, cameras and motor cars? \$2½ million is going out of the Colony every year for the

purchase of motor cars. The same hon. Member referred to the fact that we do not have a proper 'bus service. It is not that we have not a proper 'bus service but many of our people will not use the 'buses. Whether they can afford a motor or not it is a fact. Some of them will not use the bus, and the time has come when Guianese must learn to live within their means. I see nothing wrong in trying to get something from the \$2½ million that is going abroad to purchase motor cars. The hon. Member knows that in the United Kingdom there is a larger percentage of cars on the road, and also a larger percentage of old cars than we have on our roads in British Guiana.

Mr. Burnham: Have you roads here?

Dr. Jagan: Britain is far more wealthy than British Guiana, but we want to enjoy the luxuries that our national income cannot afford. Therefore it is right that those who want to enjoy such luxuries should pay a little more, and that is why Government have taxed some of these items: rum, cigarettes, beer, whisky and so on. These items can be put under the non-essential category. I am told that we spend as much as \$2 million to \$3 million on alcoholic beverages in this country. This is certainly a substantial slice of our national income going in that direction. We will either have to spend less and defer some of our productive enterprises such as factories, manufacturing plants, etc., or increase taxation and utilize the money for providing more jobs and so on. We are unable to do anything more.

I do not regard this tax as iniquitous, as claimed by some hon. Members on the opposite side of the Table. I think the tax on beer should be reserved for another occasion, and we need not go into that at the present moment. Suffice it to say that at the present moment the Members of the Government have no other alternative than to impose taxation in order to provide more employment and so on.

What some hon. Members have failed to note is the fact that, if this country is to have a big development programme, it will be necessary for Government to find the necessary funds for financing such a programme. We should certainly like to have a larger Development Programme in order to solve the problem of unemployment, but unless we increase taxation at this stage we would not be able to do the things we have in mind.

I think the hon. the Financial Secretary referred to these things in his Budget Speech. He said that where the development is not done as a result of taxation it has to be done by way of loans. To use a common expression in this Council: "Every school boy knows that when one borrows money one has to pay interest and sinking fund charges on the loan".

Mr. Burnham: But you wanted \$200 million!

Dr. Jagan: We have been criticized for not solving the unemployment problem. When we ask for large sums of money, we are told that we are making a mistake.

Mr. Burnham: You submitted "guesstimates".

Dr. Jagan: When we seek to procure a loan from certain places, we are told we should not go there. When we try to increase taxation, we are told that we are making the poor people suffer. I mentioned some time ago that you cannot eat your cake and still have it. Experts are telling us today that even independent countries are in the same strait jacket as this Government finds itself so far as finance is concerned. It is known that those countries are experiencing great difficulties with their development plans. I feel that we should do everything possible to solve our unemployment problem.

If we are prepared to continue spending our money on luxuries and

non-essentials, and we cannot get big loans from outside of the Colony there will be no progress for the people in the community. It will be observed from the Budget Speech that we have to find \$5 million this year to finance loans which have been raised overseas. It is time we begin thinking of raising money in this country. I am sure we could get money from the savings of people in this country as well as from the profits made by investors.

This Government is doing everything possible to encourage industries in this Colony so that the masses will be provided with employment. I see no merit in the criticisms of hon. Members so far as this tax is concerned. Government is prepared to accept sound criticism which can be given very serious consideration by Government. The hon. Nominated Member, Mr. Tasker, mentioned that we should endeavour to improve our Commonwealth relations, particularly with Canada.

This, I have no doubt, will be given serious consideration by the Government, because we will have to strengthen certain ties, and more than that, we will have to explore new avenues for trade with countries with which British Guiana has had long trading relationships; and there is a great deal of value in what he mentioned about finding out what are the possibilities of extending our trade with Canada.

So far as the tax on productive items are concerned, I would have thought that we would have been praised for taking the steps which we have taken, so as to encourage the growth of industries in British Guiana—jams, jellies, sweets, ready-made clothing—all these things in their small way will certainly help to provide more employment for the Guianese people. That is what we want above all, to relieve the desperate unemployment situation at the present time.

Members: Hear, hear.

Mr. Hubbard: I will not take up much of the time of this Council on this question. Sometimes as I sit here and listen to Members speaking on economic matters, the flow of words makes it a little difficult for me to realize that I am listening to men who are conscious of the fact that we are operating under a system of free enterprise and where the economic activity of the Government is a very small portion of the economic activity of the whole country. I get the impression at times that Members feel that the Government has everything and must do everything.

In the circumstances of our existence we have to realize that the most which a Government can do is to create the conditions whereby the citizens of the country can apply their initiative and their enterprise and their resources to the development of the services and the industries which the country needs.

Mr. Speaker, we have suffered in that certain physical features of our existence, principally a small population, have inhibited our economic growth. But we are virtually at the end of that constricting period and we are now ready to advance. During last year we had the advantage of a visit from a very distinguished Economist, Mr. John H. Adler. Mr. Adler scrutinized our economic affairs and had this to say about our Development Programme:

"Development Programmes like everything else that is desirable have the unpleasant habit of costing money, and the Programme which the Government is now considering is no exception. I would hope that as large a proportion of the total as can be possibly managed will be paid for out of Government revenue because even if the grant contributions from the United Kingdom Government continue there is bound to remain a large part of the Programme for which loan funds will have to be sought. In my opinion it would be an error of judgement to burden the country's debt carrying capacity to a point at which loans—to help to pay for still another and a third and fourth 5 year Programme — cannot be obtained or cannot be obtained at reasonable terms."

That is the advice of a distinguished economist. My friends on this side of the Table continually urge that we seek advice from qualified economists. We have taken their suggestion and it seems to me that in the taxation proposals put before us the Government has taken into consideration that portion of Mr. Alder's advice, and I commend them for that.

But Mr. Adler had something else to say. He was impressed with our rate of economic growth, and he thought it could continue. He said it can happen if there is political stability at home and abroad, and if Government successfully pursues a policy aiming at a high rate of capital formation.

Now capital is savings applied in a particular way, and capital formation is made possible when savings are made possible. As I said earlier, we do not live under an economic system where the Government is everything. The Government, however, can give a lead, and the encouragement of consumer spending largely inhabits capital formation.

What the Government seeks to do, it appears to me from these proposals, is again to follow the advice of the economist I mentioned, and to take out of consumer spending by way of taxation, something approximating \$2 million, which is then to be turned into public capital and invested in the Development Programme.

Mr. Speaker: I think it is time to adjourn.

Mr. Hubbard: Well, I am not finished, Sir.

Mr. Speaker: Well, you can continue tomorrow.

Council adjourned at 7 p.m. until two o'clock the next day.