

## LEGISLATIVE COUNCIL.

*Wednesday, 24th December, 1941.*

The Council met at 8 a.m., His Excellency the Governor, Sir Gordon Lethem, K.C.M.G., President, in the Chair.

### PRESENT.

The Hon. the Colonial Secretary, Mr. G. D. Owen, C.M.G.

The Hon. the Attorney-General, Mr. E. O. Pretheroe, M.C., K.C.

The Hon. F. Dias, O.B.E. (Nominated Unofficial Member).

The Hon. J. S. Dash, Director of Agriculture.

The Hon. E. G. Woolford, K.C. (New Amsterdam).

The Hon. E. A. Luckhoo, O.B.E. (Eastern Berbice).

The Hon. E. F. Mc David, M.B.E., Colonial Treasurer.

The Hon. F. J. Seaford, O.B.E., (Georgetown North).

The Hon. M. B. G. Austin, O.B.E. (Nominated Unofficial Member).

The Hon. W. A. D'Andrade, O.B.E., Comptroller of Customs.

The Hon. N. M. Maclellan, Director of Medical Services.

The Hon. M. B. Laing, O.B.E., Commissioner of Labour and Local Government.

The Hon. G. O. Case, Consulting Engineer.

The Hon. F. Ogle, Director of Education, (Acting).

The Hon. B. R. Wood, Conservator of Forests.

The Hon. Percy C. Wight, O.B.E. (Georgetown Central).

The Hon. J. Eleazar, (Berbice River).

The Hon. J. I. De Aguiar (Central Demerara).

The Hon. Peer Bacchus (Western Berbice).

The Hon. E. M. Walcott (Nominated Unofficial Member).

The Hon. H. C. Humphrys K.C. (Eastern Demerara)

The Hon. C. R. Jacob (North-Western District).

The Hon. J. W. Jackson (Nominated Unofficial Member).

The Hon. F. A. Mackey (Nominated Unofficial Member).

The Hon. T. Lee (Essequibo River).

The Hon. C. V. Wight (Western Essequibo).

### MINUTES.

The minutes of the meeting of the Council held on the 23rd December, 1941, as printed and circulated, were confirmed.

### ANNOUNCEMENT.

**THE PRESIDENT:** I desire to greet hon. Members of Council at this inopportune hour. I notice there is a very substantial Official majority present. We will proceed to the discussion of the motion on the organization for the cost of living. I would like to call on the hon. Conservator of Forests not later than 8.20 o'clock to reply to any question raised.

**Mr. JACOB:** May I draw Your Excellency's attention to the Order of the Day. There are some notices of questions.

**THE PRESIDENT:** That is quite true. I have omitted to take the preliminary business.

### UNOFFICIAL NOTICES.

**Mr. JACOB:** On behalf of the hon. Member for Essequibo River (Mr. Lee) I give notice of the following questions listed in the First Schedule of the Order of the Day:—

#### APPOINTMENT OF MR. BOYD.

1. Will Government state who were the persons recommending the said Mr. Boyd for his post (a) on his entry in the Civil Service and (b) for Warden, Leprosy Hospital?

2. Will Government obtain the birth certificate of the said Mr. Boyd and lay it on the Council table?

3. Will Government state whether this promotion was considered by the Promotion Board and when; and whether it was an unanimous decision of the Board?

4. Will Government state what were the duties of Mr. Boyd (1) as a Clerk, Out-Patients department, Public Hospital, Georgetown, and (2) as Warden of the Leprosy Hospital?

#### COMPLAINT BY MOULDERS AND MECHANICS' UNION.

1. Will Government state what policy is being adopted with respect to the Moulders and Mechanics Union's complaint of 26th November, regarding two of their Members who were relieved of their appointments by the responsible Officer of the Canadian National Steamship "Lady Nelson" on Thursday, 22nd November, 1941, on account of representations by a local firm of Engineers?

2. Is Government aware that after these men were relieved of their employment by the Canadian National Steamships, the local firm refused to re-employ them?

3. Is Government aware that these skilled men were and are being deprived of better wages, and further, they and others are anxious to serve the Empire in the Mercantile Marine Service?

#### ORDER OF THE DAY.

##### COST OF LIVING AND PRICE CONTROL.

The Council resumed the debate on the following motion:—

THAT, with reference to the Statement made to the Council on the 19th December, 1941, by the Chairman of the Supplies Control Board on the subject of cost of living and price control, this Council recommends that Government take immediate steps to provide the additional machinery and organisation for the Control Board with a view to improving and widening the scope of control and controlling as far as may be possible the rising cost of living; the necessary charges to be met from the provision for Colonial Emergency Measures.

Mr ELEAZAR: The hon. Conservator of Forests (Mr. Wood) in moving his motion made some remarks which, I think, call for some comment. He said in one instance that the men to be appointed to this task of trying to check profiteering must be men of extraordinary calibre. I do not know where you are going to find those men. According to the late Sir Gordon Guggisberg, we were to get supermen for the District Commissioners' job, but we have only got two, the rest are very far below zero. These men are to be given as a

commission a portion of the fine when they happen to make a case. That sort of thing has caused any amount of scandal in certain other directions. Men made cases to get a portion of the fines and any amount of perjury was committed in the cases of those departments which carried on that practice. The men should be above reproach in that respect. They should be paid for their work, and let that be all they should expect to get. To say that a man will not do a job properly unless he is given a portion of the fines, is in the nature of an inducement to the man to be dishonest. I hope Government will not entertain that suggestion at all. From my experience, in a matter of this nature a few Customs clerks seconded for this job will be better able to discover this profiteering business. They will know the goods brought in since 1938 and are being sold now at 300 per cent. above the normal price. They will know the invoices to call for and make their examination. They will see when the old stock was disposed of and when the new stock came. I cannot sit down and hear persons telling Government that this is a laudable attempt to keep prices down to a certain level, to check profiteering and assist in a fair distribution of the goods; but, as I said yesterday, the man who has nothing fears nothing. This is an attempt to control prices. The standard of living is wretchedly low, and Government cannot escape its own responsibility to cause major operational works to be carried on in the various districts, and money to be thereby circulated so as to raise the standard of living. When it is raised to a normal level then control prices. Anything that is to be done now should be done nearly in the same way as in Great Britain. Great Britain has a worse condition than we have, and why should we have something different. Why should there still be lack of fairplay in the interest of labourers? We still have the price of work below what it should be normally. We still pay the labourer 4 and 5 cents per hour, and if a man asks for another 2 cents he is cashiered as being discontented. As long as we continue to hold the scale unevenly balanced it will always tilt to one side. What I mean is that the merchants and industrialists, those engaged in major industries, are identically the same. They are the people holding the scale. I think Government while levelling up prices should also

do something and that quickly to raise the standard of living to what it ought to be.

You can only get excess profits from people who have money. You cannot get any from people who have no money, and those are the people in the majority. I do not know if it is the intention of Government to confine the activities of the four Inspectors to Georgetown. What about Berbice, are you not going to send them there? Profiteering is going on there as much as anywhere else and, perhaps, moreso. The man who takes goods from Georgetown and carries them up to Berbice does not do that for his health. He puts on his little bit too to the cost. You do want to consider New Amsterdam and Berbice generally while you are considering the City. Who is there to check the man in the country? You want another Detective Force to do it effectively. You are very much too late in bringing forward this motion.

Mr. LUCKHOO: I do not wish to detain this Council any length of time. I think this matter should be proceeded with cautiously. I think that every Member of this Council should assist Government in a practical and helpful manner. Speaking on this motion yesterday, the hon. Conservator of Forests referred to the number of Inspectors to be employed to carry out in its entirety the regulations that may be made for the control of prices. The first thing I have to observe in that connection is the qualification of those Inspectors. They should be men of wide business experience and of some commercial training. I think that such men can be obtained in this Colony and be attached to this organization, if the vote is carried through. One hon. Member referred to the fact that it is a very delicate matter taking men from certain business houses and placing them on the organization, because secrets in certain directions could be divulged and used to the detriment of those particular business places. I take it that in the selection of these men extreme care will be taken to have men of independent judgment—men who will exercise their discretion and not be partial to any particular business house in this country. Overnight this matter has worried me a great deal as to what will be the best selection, and I am going to put forward

my conclusion for what it is worth without fear of criticism by any Member or from the Government side.

The proposal I desire to put forward for favourable consideration is: Let Government import large and sufficient stocks of essential commodities and periodically sell them to business houses. The point was made that there is some difficulty in getting essential goods for the community. Orders are sent in and licences are issued, but let Government be the actual importing agent for these essential goods. It might be a question of storing those goods in some particular place, but it is not beyond the ability of Government to find a warehouse. My view is that Government itself should handle and do the importation, Government bearing all the administrative expenses in connection with that organization. I do not think it is a suggestion that is not a practical one. In such a case Government can distribute, say flour, on a quota basis to the wholesale dealers who in turn will distribute to the retailers, allowing a margin of profits on the cost of the goods which they will purchase from Government. Otherwise, I am afraid this whole matter will lead to great confusion. There are great loopholes here and there, and the organization is not sufficiently strong to cope with the different points that may arise. As far as luxuries are concerned, those will take care of themselves, but as far as essential commodities for the consumption of the people of the Colony are concerned, let that be controlled by Government. Importing in bulk, perhaps, they may be obtained at a cheaper rate as there will be a very large quantity ordered. A margin of profit can be allowed and the merchants will be able to say: "We are buying at so much, we are allowed so much as margin of profit and we can only sell at so much." That seems to be a way in which the matter may be got rid of.

In respect of the appointment of Inspectors you may have to employ not only four but other subordinate officers who will be able to check up and go about collecting information and seeing that the law is being carried out. In these times of stress and hardship every effort should be made to lower the cost of living and by the means I have suggested there might be a chance of achieving that

object. Licences issued to individual importers may create a great deal of hardship and anomalies may arise, but if all importation is to be done through Government and the goods kept in Georgetown for distribution it may be a way of obviating many difficulties. I do suggest that a phase of the matter be considered. With regard to the cost of living we all know what is going on. Complaints have been made to me from time to time about articles being sold at 12 cents and several days later at 16 cents and the following day at 20 cents. We wish to eliminate all those things by getting prices controlled. I do suggest that is a means of overcoming this difficulty.

Mr. JACOB: In order to save time I would like to move an amendment to this motion. I have read the motion very carefully over and over and it does not provide to my mind the control that is so necessary should be in the hands of Government to effectively control essential articles consumed and used by the working man. A portion of this motion reads as follows—“Government take immediate steps to provide the additional machinery and organization for the Control Board with a view to improving and widening the scope of control and controlling as far as may be possible...” These words “as far as may be possible” are too elastic to be used at this time. I have in mind that up to the present time there is a large section within the Government who feel that they are doing all they possibly can at the moment. Two years have gone and the cost of living has gone up tremendously. The margin of profit on some goods has been as much as 300 per cent. I wish to say as briefly as possible that this motion should be amended and the words “as far as may be possible” deleted and after the word “controlling” the word “effectively” be added.

THE PRESIDENT: I have no objection to that change.

Mr. JACOB: The position is very alarming. I do not wish to go over all the grounds, but I must state that about two years ago I recommended at the Chamber of Commerce and wherever I had an opportunity that the system that is now to be put into force should have been adopted long ago and that we should have fol-

lowed the Trinidad system and not that of the Mother Country. It is true that there are weak spots in every possible system, but after experience is gained that weakness can be strengthened or removed entirely. I understand the weakness in the Trinidad system is the method and the persons engaged in the control of prices. In this Colony I do not know that our difficulties may not be greater than those in Trinidad. If you have a strong Board and a strong Advisory Committee to that Board representing the consumers, I think it would carry this position a long way towards the ideal we have before us. I recommended that an advisory committee representative of the consumers be appointed. The merchants and middle men are all very well fortified and well represented. I was not surprised when I heard the speech of the hon. Member for Central Demerara (Mr. De Aguiar) supported very ably by that of the hon. Member for Georgetown Central, (Mr. Percy C. Wight,) who has just come into the Chamber. I wondered after I listened to the speeches of those two hon. gentlemen what they were suggesting. In fact, they suggested that nothing should be done. I say that something must be done and that effectively.

The list of articles to be controlled should be compiled,—and it should be compiled with the assistance of certain outsiders. The idea, this Council has in mind, is that the prices of all articles used by the working man should be controlled. Unless that is done you cannot effectively control the rising cost of living. I do not know what is the present cost of living and what is the rise since the War began, but I have in mind—I think it was mentioned in Government circles—that the rise is at least 40 per cent. It may be 50 per cent. or more, but it has gone up quite a lot. I think that if effective steps are taken it may remain stationary or be reduced. I think the idea is to have the cost of living reduced. There are various ways in doing that, as not only merchants, middlemen and retailers have been profiteering but one or two Government concerns as well. I refer to the Rice Marketing Board and the Government Produce Depot. The Rice Marketing Board buys rice at \$3.60 per bag for No. 3 and 3.80 per bag for No. 2 and sells these two grades blended at

\$4.50 per bag, a margin of over 25 per cent. I cannot understand why the Board should charge 25 per cent. margin of profit. It is far too high. Rice being one of our staple articles of food, I think, the price should be 2½ cents per lb. instead of 3 cents per lb. Government is buying at 2 cents per lb. and selling at 3 cents per lb. There are other articles of food—sugar and ground provisions—on which the margin of profit is too high.

THE PRESIDENT: The hon. Member is repeating himself. I must ask him to sit down.

Mr. LEE: What I would like to say is this: The Trade Unions are behind Government to have the cost of living fixed as early as possible and they desire to give Government all the powers necessary in order to see whether the cost of living can be reduced. In seconding the amendment I am asking that Government should have entire control to prevent the rising cost of living. You would have the working-man behind you if this matter is fixed as early as possible.

Mr. WALCOTT: I think that the references made to essential imports are amusing. I listened with great interest to the hon. Conservator of Forests when he put the *pros* and *cons* to the Council. From my experience there are very few articles of food that may be considered essentials in this Colony. We can grow practically everything that is needed for our consumption with the exception of flour and salt, and so we need not import anything. Everything can be grown here, and I have proved that by my personal efforts. I had an estate where when I took over I found the people growing nothing but rice. They were taught how to grow other things, and after a few years they grew everything they required for themselves for food. As regards English potatoes which I have heard talked about as an essential import, that is too ridiculous for words. After a couple of years the people never thought of English potatoes and used yams, eddoes and things of that kind. There is no reason why that cannot be done again. I think the sooner we make the people realize that if they want to reduce the cost of living in this Colony they must produce their own food, the better it will be. The people in George-

town should have plots of land and should grow their own food thereon instead of doing as in England, to leave the land lying waste and expect Government to provide food for them when they can grow it in their own backyard. I think the idea of continuing to import foodstuffs for ordinary consumption is ridiculous when we can grow them here. We are not helping the War effort. I produce a fair amount myself. Every square foot of land available that I have is under food cultivation and, I think, if everybody did the same we would not have to import anything to speak of. Flour and salt we must import as they cannot be produced here, but everything else in the line of foodstuffs can be produced here. I would ask Your Excellency to think seriously along these lines. You will have to allow a short time to get things going. It is ridiculous to pamper the people here at a time when our friends and relations are sweating their blood to keep the Empire alive. I think it is a most disgraceful gesture on the part of any Member of this Council.

Mr. WOOD (Conservator of Forests): There are not many important points raised which seem to call for any lengthy reply.

The PRESIDENT: I would just like to ask if you have any objection to the change in the form of the motion.

Mr. WOOD: I have no objection. To start off with what was said this morning, the hon. Member for North-Western District (Mr. Jacob) suggested a Consumers' Advisory Committee. We discussed that on Saturday and the Control Board was not only perfectly willing that there should be such a Committee but rather welcomed the idea, provided it is a constructive Committee and will produce factual evidence and not hearsay evidence. We have advice from traders and, as we are there primarily to safeguard the consumers, we will be glad for advice from consumers. Another suggestion the hon. Member made was that to reduce the cost of living is to reduce the cost of rice. Let us by all means start to reduce it by no longer paying commission to those agents who no longer have rice. (Voices: Hear! Hear!)

The hon. Member for Eastern Berbice (Mr. Luekhoo) made a suggestion as to

how supplies may be handled. That suggestion amounts to this—bulk purchases by Government and distribution to trade. We have reached that position in respect of iron and steel but, I think, it will be very difficult to spread bulk purchase over all articles. It certainly will have to be gone into very carefully before we can tackle it.

The hon. Member for Berbice River (Mr. Eleazar) is afraid that his beloved ancient county will be left out of the picture again. He is afraid that the Inspectors will live in Georgetown and his friends in Berbice will get away with it. I can assure him that will not be, because though the Inspectors will be stationed in Georgetown they will travel all over the Colony. He will find two of our officials visiting Berbice when he gets back there. One may ask, why have them all stationed in one place and send them out inspecting? We prefer that to having an Inspector stationed in New Amsterdam, who will be isolated there and only dealing with that area and can possibly become friendly with some of the people up there. We are in a position to send one Inspector now and a different one the following week which, we think, is the better way. He is worried over the reward system. It is not for the benefit of the Inspectors, and while we dislike informers just as much as the hon. Member does we do want to encourage the ordinary member of the public to come forward and give evidence, without feeling that if he did so he would have to spend many days hanging around the Court and lose his days' pay thereby, as in such case he will not bother as it is not worth his while.

The hon. Member for Georgetown North (Mr. Seaford) gave a little first-hand information about what goes on in Trinidad. I certainly welcome first-hand information about what goes on in Trinidad. We have here a few importers who watch Trinidad and other Colonies with the utmost care, not from the point of view of seeing whether we are allowing things which are prohibited there. It is entirely on the other side. We have for instance cases in point at the moment. A ship coming out had been sunk and certain goods lost. We had to state what the policy is in regard to goods lost by enemy action. Trinidad in one particular has adopted a different policy.

Different people have different views about it. Importers here finding difficulty in getting whisky from the United Kingdom are allowed to get it from Canada, but if we were to say that the supply is not necessary it would be considered scandalous. But they forgot to say that Trinidad prohibits the importation of whisky altogether. There are differences, small differences, in interpretation but that does not mean we have got to follow blindly somebody else. The hon. Member for Georgetown North mentioned that certain firms had released some of their best men to enable us to carry on. I do wish to express my appreciation about that. In one case a most useful man was released from a department whose staff was already halved or nearly so by the men being called up and kept in barracks, and I desire to say that we do appreciate that.

We come down to the greatest charge made yesterday, and I am very sorry the hon. Member for Central Demerara (Mr. de Aguiar) is not in his seat this morning. He spoke yesterday in a rather weary tone of voice, which was most unusual for him. There was not the customary exuberance and washing of his hands with invisible soap. I think that weariness was due to the fact, either that what he said felt icy or it was somewhat thin. The words used were that the Supplies Control Board and Prices Control Committee did not work together, that they were not co-ordinated, that no attempt has been made to strike at the root of the matter and that no attempt has ever been made to ensure a sufficiency of supplies. That is definitely a grave charge and one which we flatly deny. The hon. Member also said that if people want to get something from Canada no explanation would be considered on account of the Exchange.

At the beginning of the War the whole of our supplies of soft flour which previously came from the United Kingdom was shifted to Canada by a stroke of the pen. Forward purchases were made to take advantage of the low rate of prices. The hon. Member shared that advantage with the other firms who carry flour, but I would like to say this: The hon. Member is head of one of the large importing firms in Water Street and also head of the Match

Factory, which we do not realize is a pretty big advantage to us. In England matches are rationed down practically to two boxes a week, and we can get practically any quantity of matches out here. We make them ourselves and there is no rise in the price. Matches are still one cent per box, practically speaking the cheapest in the world. Early in the War the hon. Member for Central Demerara, as chairman of that Company, came to us and said that the outlook was definitely grave owing to the impossibility of obtaining paraffin wax to keep the factory running, as they could no longer get it from England and Canada and had to get it from the United States of America, and that we should help them. We got it where they could not. So quickly and easily the Supplies Control Board obtained paraffin wax for them which they were unable to obtain themselves. Later in the course of the War the question of supplies of chlorate of potash came up. While in Barbados the Match Factory cabled me and asked if I could do anything as the factory was running short of its supply and the outlook was not too good. The Supplies Control Board got that chlorate of potash for the hon. Member who said no attempt was made to ensure the continuity of supplies. When Holland was over-run we were very fortunate in one way especially. We managed to get out at the last moment a supply of condensed milk, and we have not gone short of it for some time; but we had to look elsewhere for it, and we are now obtaining it from Canada as best we can. Stocks were low and there were the prospects of a rise in price. I discussed the situation with the milk people and the hon. Member for Central Demerara, who said we were not allowed to consider any explanation given on account of the Exchange, said at that meeting he could get 2,000 cases of condensed milk from the United States of America and, if granted a licence, he could get it down by a "Lady boat." He got the licence and sent cables and the milk came down. Later on he gave as an alternative that in order to get the goods with more despatch, one should get them from anywhere one could, as getting it from the United States of America only would affect our pull in Canada. Therefore when there are no supplies to be had, it is no good buyers who are unable to obtain goods coming back and saying it is

the fault of the Supplies Control Board. The question was raised by the hon. Member outside this Council as well.

I will give another instance. Dry goods are very difficult to get. Our instructions in regard to those goods were that we should issue monthly quotas. We, however, agreed that it is impossible for us out here to do so and, therefore, we have said that we cannot do so but will issue quarterly quotas and, where the necessity appears to arise and it becomes urgent, we will vary that rule. In the case of dry goods, articles costing  $\frac{1}{2}$  (40c.) per square yard (c.i.f.) were consumed in peace time to the extent of 7,000,000 square yards, we have reduced this to 6,000,000 sq yds. We have given the trade the whole of their 6,000,000 square yards for the whole of 1942 by quota for the whole year, and we have told them they can have import licences now and not have to wait until January 1st to place their orders for the whole of next year, because our information is that supplies are going to be difficult from all sources and it is open to them to get theirs anywhere they can.

There is only one thing further I desire to say, and that is to set at rest the hon. Member for Georgetown Central (Mr. Percy C. Wight) as regards the house he is building. I admit that we have asked him some questions about his house, and I admit that it is very irritating to him to be asked those questions. If it is any satisfaction to him, I am willing to apologize to him for asking him those questions about his house if he apologizes for saying on Friday that the speech I made is the kind of thing meant for a "D.C.L." which is all wrong. To no extent could he expect that I would not tell our Inspector never to visit the site of his building. There is reason for that, and the hon. Member knows what is the reason in his own heart of hearts. The hon. Member for Georgetown Central is a great man in this Council. In the property line of business he is a very great man outside this Council. He is pulling down a very large house and I know the sound condition in which it is. I have seen the carpenters pulling it down and straightening the nails to be used again. That has not been seen by the general public. The

moment this order came from a really big property-owner to move a really big house and it was not refused, we know there would be a storm of talk that as he is a great property-owner we will "cock" our eyes and look the other way. We, therefore, have the answer ready that we have watched him. I know he is not going to deny that. I can assure the hon. Member that there is no ill-feeling in the matter. I do not think it will come to that.

THE PRESIDENT: Before I put the motion with the amendment as recommended by the hon. Member for North-Western District (Mr. Jacob), I would just like to add one word to the discussion, and that is we are trying to tackle a problem which has not been effectively solved in any country except, perhaps, in some degree those in which the most dictatorial and oppressive methods have been used. We have to tackle this problem nevertheless. There will be mistakes and errors and I will be deluged with complaints, but at the same time we have to go on and do our best quickly. In the United Kingdom control has been to some degree effective but it was effective only by tremendous subsidies and by a most comprehensive system of control, the like of which we could not look at in this Colony. For instance, clothing rations came in overnight. It was drawn up with absolute secrecy and placed before the public in the morning at the breakfast table. In July I myself had to go for a ration card at an enormous art gallery and there I found hundreds of people of all sorts struggling to get their ration cards. That is what the public has to put up with in order to secure effective control. That is what we will have to put up with to get this system of control. I say that because there is the necessity for taking decisions and I have to be prepared to take that responsibility. I am prepared to take it and to stand behind the Board. That cannot be helped.

We have had the suggestion made that the Board should eliminate suspicion, the suggestion that eight out of ten representations made to the Board by private persons were right and the Board was wrong. Another hon. Member made the comment, "how much better if importers did not try to fool the Board." I have had almost two years' personal experiecen

of the system in another Colony and my experience was that if you give an inch an ell is taken.

As regards merchants I would not like to use the word "dishonest" but you have things brought to your notice and you see definite proof that takes your breath away. I have simply been astounded elsewhere since the War started at the kind of representation put up sometimes, and I have also been astounded in that respect in this Colony. In another Colony we had evidence of a merchant who had been infringing the Regulations in a manner which was nothing less than criminal, and we had no alternative rather than to prosecute him at law but to refuse to allow him a permit to import that particular commodity. That is the kind of things that faces the Board but that does not apply to everybody of course. It must be realized that the unfortunate Board has to handle that very difficult question. It has not been a question of suspicion but simply one of despair that a perfectly clear policy of importation, stated over and over again and with regulations published and printed, is simply forgotten within a matter of days after they have been seen.

The hon. Member for Eastern Berbice (Mr. Luckhoo) after advising us to be cautious promptly asked Government to plunge in on the wholesale trade and bring almost all supplies of commodities in bulk. I think that point has been well answered by the hon. Conservator of Forests. We cannot make a plunge of that kind. There are cases, however, in which it may be necessary for Government to become the purchaser of essential commodities and may possibly do so.

I would like to say how much I appreciate the remarks made by the hon. Members for Georgetown North (Mr. Seaford), Georgetown Central (Mr. Percy C. Wight) and the hon. Nominated Member (Mr. Walcott) on this question of self-support and self-sufficiency. That is a long-range view to take. We are not going to starve here. That is the position. We are immensely more fortunate than many other Colonies. Let us carry that behind our minds, as we have got to go without a lot of things more and more in 1942, and we have got to make the best of those substitutes we can find in this Colony.



I would also like to thank the hon. Members for Georgetown North and for Eastern Berbice for stating how the community would be prepared to assist and co-operate and back Government in this very difficult matter that lies in front of us. Again I would like to say we cannot expect entire success. It is going to be very difficult. We are going to have errors, but we have to put the matter to the test and see what we can do. I again thank you for the assurances I have received from many quarters in this Council, the public, the Trade Unions and the consumers, whose interest must come first, and for supporting Government in this difficult move.

Question, that the motion as amended—substituting the word “effectively” for the words “as far as may be possible” after the word “controlling”—put, and agreed to.

Motion passed as amended.

#### BILLS—FIRST READING.

Motion made, and question put and agreed to that the following Bills be read the first time :—

A Bill intituled an Ordinance further to amend the Income Tax Ordinance, Chapter 38, by increasing the rates of tax payable by persons and companies, other than Life Insurance Companies, and for purposes connected with the matters aforesaid.

A Bill intituled an Ordinance to amend the Excess Profits Tax Ordinance, 1941, by increasing the rate of the tax; by making certain alterations in the method of computing excess profits and by repealing the provisions relating to relief in respect of deficiency of profits. (Mr. McDavid, Colonial Treasurer).

Bills read the first time and notice given that at a later stage the suspension of the Standing Rules and Orders would be moved to enable their second reading at this meeting.

#### SUSPENSION OF STANDING RULES AND ORDERS.

Motion made, and question “That the Standing Rules and Orders be suspended to enable the two Bills (read for the first time earlier at the meeting) to be read the second time” put, and agreed to.

#### INCOME TAX (AMENDMENT No. 3) BILL, 1941.

Mr. McDAVID (Colonial Treasurer): I beg to move that a Bill intituled “An Ordinance to amend the Income Tax Ordi-

nance, Chapter 38, by increasing the rates of tax payable by persons and companies, other than life Insurance companies, and for purposes connected with the matters aforesaid,” be read a second time.

Hon. Members of Council would recall that in his Budget Address for the current year delivered in November, 1940, the hon. Colonial Secretary informed the Council that Government proposed to increase the rates of Income tax on individuals by imposing a surtax of 50 per cent. and also to increase the rates of tax on companies up to 25 per cent. Hon. Members of Council would also recall that the first of those proposals was not adopted although His Excellency the Governor gave a very clear warning that if our financial circumstances make it necessary, the proposed surtax of 50 per cent. would be introduced during the current year. Events have moved very swiftly since that time. It is quite true our financial situation at the present time is rather more satisfactory than we had any reason to anticipate when the Budget for 1941 was originally framed, in that we now have a fairly substantial surplus balance upon which we can draw for our immediate emergency needs.

Hon. Members of Council are also aware that the Budget for 1942, which we are now considering, calls for a deficit of over \$400,000. Further, the hon. Colonial Secretary has informed the Council that it would be necessary to add certain items of expenditure which had not been included in the Draft Estimates and which would increase the deficit by more than \$100,000. You, sir, have also informed the Council that it would be probably necessary for you to propose certain items of expenditure additional to those contained in the Budget in order to improve and maintain certain public institutions in a fit and proper state. It is also abundantly clear that we may have to face very heavy additional expenditure on war measures and on services directly or indirectly arising out of the War. In all these circumstances, it is of course very difficult to make any true assessment of our financial situation. It therefore behoves us to do the utmost we can to improve our revenue.

But apart from all these we have had the benefit of a very clear enunciation of financial and economic

policy in the recently published despatch from Lord Moyne. His Lordship was at pains to point out that it is essential that income tax should be increased even in those cases where an increase may not be absolutely necessary, for budget needs. I would only illustrate this by referring to our neighbouring Sister Colony of Trinidad, which has been mentioned many times this morning and at previous meetings of this Council. Everybody knows that Trinidad is in a very strong financial position; so strong indeed, that Trinidad has been able to advance, free of interest, loans to the Mother Country of over \$11,000,000, a sum representing one-half of this Colony's total public debt. Trinidad has also got a surplus on this year's working of something like \$2,000,000, and yet Trinidad proposes to advance its Income tax rates for 1942 to a point even somewhat higher than is proposed in this Bill, particularly in regard to tax on companies.

This Bill introduces a new schedule of rates for individuals and also seeks to increase the rate of tax on companies from 20 per cent. to 25 per cent. I shall deal first with the rates of tax on individuals. The new rates represent an increase of precisely 50 per cent. on the existing rates of tax on individuals in respect of chargeable income up to \$6,000. Therefore, in so far as the large majority of Income taxpayers are concerned, the effect of the Bill is to impose precisely the surtax which was originally proposed as far back as 1939. In regard to chargeable income above \$6,000, the Bill goes further and, in effect, introduces what is a surtax with respect to the excess of chargeable incomes over \$6,000 up to \$8,400. The present rate is 15 per cent. and the new rate will be 25 per cent., an increase of  $66\frac{2}{3}$  per cent.; on that portion of chargeable income in excess of \$8,400 up to \$13,200 the present rate is 20 per cent. and the new rate will be 40 per cent.; on the excess over \$13,200 and up to \$22,800 the present rate is 25 per cent. and the new rate will be 50 per cent. an increase of 100 per cent., and on any excess over \$22,800 the new rate will be 60 per cent., an increase of 100 per cent.

I do not propose to give examples of how these rates apply to specific amounts but

perhaps, it will be well to quote one or two instances in order to show the effect of the increase. I would cite the case of married men, ignoring for the time being any personal allowances for children, insurance, dependents, *etc.* A married man with a gross income of \$1,200 pays nothing. A married man with a gross income of £300 (\$1,440) now pays \$9.60, but under the new Bill he will pay \$14.40. Taking it a little higher, a married man with an income of £1,000 (\$4,800) now pays \$216 but under the new Bill he will pay \$324. A married man with an income of £3,000 (\$14,400) now pays \$1,778 but under the new Bill he will pay \$3,204. A married man with an income of £5,000 (\$24,000) now pays \$4,176 but under the new Bill he will pay \$8,964.

It is not always helpful to compare Income tax rates between one Colony and another, but in this particular case I think it is of some interest to do so because all the Colonies are attempting to apply the same uniform policy. The Income Tax Officer has prepared a very interesting chart in the form of a graphical representation of the tax as it applies in British Guiana, Trinidad, Jamaica and Barbados to a married man and I shall lay that chart on the table so that in case any hon. Member who is interested wishes, he can examine it at leisure. I will just say one thing about it. It shows that when this Bill is passed the rates of the tax in British Guiana will be slightly higher in the lower range. What I will call the second range, £1,000 to £3,000, will be slightly lower than that of all the other Colonies but the higher range, £4,000 upwards, will be higher than that of all the other Colonies. None of the rates in these Colonies is ideal, and all can be improved; but that is a task for the expert and we have no time for that at the present moment.

I would like to digress for one moment in order to refer to the remarks of the hon. Member for North-Western District (Mr. Jacob) when speaking on the Budget Statement. I think he suggested a scale of rates somewhat higher than those in this Bill, but he also went further and suggested that the salaries of Senior Officers should be cut by 20 per cent. In other words, he suggests that a special Income tax of 20 per cent. should apply to Senior Government Officials. We all know

that the hon. Member does not love Senior Government Officials.

Mr. JACOB: If those remarks are intended for me I cannot hear them.

Mr. McDAVID: I am sorry I cannot invite the hon. Member to sit next to me.

Mr. JACOB: They do not worry me because I do not hear them.

Mr. McDAVID: I would repeat what I said. The hon. Member went on to suggest that the salaries of Senior Government Officials should be cut by 20 per cent. That in effect meant trying to impose a special Income tax on Senior Government Officials. He does not love Senior Government Officials, especially some of them, and that is a good way to get at them. I want to say that in the early days of the War the Secretary of State for the Colonies himself invited Government's attention to the very gross iniquity of this particular form of levy. He pointed out that Income tax is a fair tax and has to be applied fairly in order to place the burden fairly, and he set his face against any tax against a special set of people. I just make these remarks in passing.

We come to the tax on companies. The present rate is 20 per cent, and it is proposed to increase it to 25 per cent. For reasons I have explained on many occasions in this Council, it is desirable that the rate of tax on companies should be always one-half of the United Kingdom's rate. As everyone knows, the United Kingdom's is 10/- in the £, therefore it is proposed that our rate should be 5/- in the £. That is not an unduly great burden on companies for the reason that the rate only applies to that portion of a company's profits not distributed in dividends. On that portion that is distributed in dividends the company is able to secure a refund by deducting the amount of the tax from the shareholders' dividends. I may here compare the proposed rate in this Colony with that in the other Colonies. Trinidad has proposed and already passed a Bill which will increase the company rate of Income tax to 7/6 in the £. In Jamaica the rate is 6/- in the £, and in Barbados it is 4/- in the £. I have reasons to believe that Colony will very shortly bring theirs up to the same figure proposed here, that is 5/- in the £.

There is much more I can say about this Bill but the time is short and I will not go any further. I think all hon Members around this table are Income taxpayers. None of us likes to pay Income tax. It is very unpleasant, and more unpleasant when it is increased. It is irritating, but we all have a duty and responsibility to perform which we cannot escape, and in moving the second reading of this Bill I hope that it will be passed without much opposition.

Mr. ELEAZAR: This Bill is sure to go through because Government has a cast iron majority. What I deplore in the introduction of this Bill is this oft-repeated comparison with other places, and if I may quote a hackneyed expression, this is what a man who has to do a thing at any price will do. For example, you have some people saying "Honesty is the best policy." That is not the whole quotation. It is, "Honesty is the best policy, but he who has not is not an honest man". St. Paul says: "Take a little wine for the stomach sake." But that is not all. It is the same with this Income tax. You always hear that Income tax is the fairest tax, but they do not say "but for a fully developed country." Therefore to impose Income tax in British Guiana, however you put it, you are doing wrong. At the time it was done by Sir Cecil Rodwell and, strange to say, he mooted to me at the moment of his leaving the Colony on the occasion of the dinner at the Park Hotel which the Electives of this Council gave him to show our good-will: "When we have Income tax the country will begin to go ahead because we will withdraw all the other charges (Customs and the others which are so numerous)." His immediate successor came and I told him I had not a very high opinion of it. I said to him: "Sir, the higher the monkey climbs the more his tail shows," because he was going to bring this thing in to show the weakness of this country. There is no country in the world as half-developed like this one, so undeveloped like this one, with an Income tax. Barbados is not half-developed or undeveloped and is not the same as a poor country. A poor country may be free to develop and yet poor. You cannot have a comparison at all. Barbados is supposed to be a poor country because the people

get very little wages, but nearly every square inch of land in Barbados is cultivated. It is fully developed and, as a matter of fact, so well developed that they are selling land by the square foot. In British Guiana, the Government at one time said you cannot get less than 100 acres. Every man in this country carries the weight of this Government and when you have all the other taxes and then bring Income tax on top of that you cannot compliment yourselves for so doing. The comparison between this and other countries is very odious indeed.

I must say I deprecate the reference to what Lord Moyne said or to what anybody else said in England, because I find that they are trying to run British Guiana and thinking of England all the time. It is like a Governor coming here from West Africa and thinking and acting as if he is in Africa.

THE PRESIDENT: I desire entirely to resent that. Please do not say it again!

Mr. ELEAZAR: Very well, sir. I meant to cast no reflection. We should always consider local conditions in dealing with all cases. It does not mean in dealing with a suggestion from the Secretary of State that you must follow him to the letter because he says so. He expects from the man on the spot to hear whether his suggestion is feasible or not and not to bind himself to that suggestion only because it has come from this or that quarter. Local conditions must be taken into consideration all the time. That is what I am trying to suggest, Your Excellency.

Income tax was brought into this Colony as a panacea for our ills, but taxes have gone up so much, that whereas you had put a tax on a dog six months old you are now putting the same tax on a pup two months old. So if you have a bitch on your premises and she gets a litter of six pups, after two months you must take out seven licences. That is what we are getting. Instead of getting taxes removed, this is what we get since Income tax is imposed. Let Government impose this tax but not to pat its lid on the back, as we are so much below Trinidad and Jamaica where you have a really fully developed country as against this country undeveloped. I think the time has arrived when, Your Excellency, most of our taxes, even

now, should be reduced in view of the Colonial Development and Welfare Act, because there is no question of telling us we cannot get money to carry on. Several taxes we have here must have surprised Your Excellency since your arrival here. You have made a survey of the country and conditions faster and more accurately than has been done in this Council for some time. The bicycle on the road is taxed \$2 a year, a motor car in some cases \$70, \$80, \$90 and our buses \$300 and in some cases even more. Our taxes are simply overwhelming, and when you bring Income tax in and continue to increase it is only to add to our misfortunes.

I think that in this Council, if I remember rightly, only two or three of us opposed this Income tax when it was first introduced. One hon. Member has gone to the Great Beyond since then, but the majority of hon. Members here are new and do not know how it came in. That is my reason for referring to it from the beginning when the promise was made so that it will be seen how fair they were acting. They were never acting fair at all, because although we had the tax all these years and are still having it increased our position is no better. That is my excuse for speaking as I have done on the second reading of this Bill. Not that I am going to oppose it, because I see it is no use opposing it and, perhaps, when you come to think of it, the other taxes are so high and many like this one, are iniquitous, but it is the least of those we have in this Colony, as it means that if a man has no income to be taxed you cannot take anything from him. The majority of the people of this country have nothing at all, notwithstanding that those who have a little, Government seems to be taking it from time to time. Government is fulfilling the Scriptures: "From him that hath not even that which he seemeth to have shall be taken." Government does not consider the man who is at the bottom.

Mr. HUMPHRYS: Unlike the hon. Member who has just taken his seat, I do not feel that one should not oppose a measure because one thinks it is hopeless. I desire to oppose this increase on general principles which I shall endeavour to explain. Your Excellency, it has been said that Income tax is a just tax, but in my humble opinion, it is just only in re-

spect of three classes of persons and those persons feel it is very just—those who have no taxable income, those who have a taxable income but escape or avoid taxation, and those who have a very small taxable income. Your Excellency, as regards those who have no taxable income, one has to look at it this way. It is not very often the fault of the person himself that he has no taxable income. All these points about the tax have been argued in much higher places than this Council over and over again. The consensus of opinion is that it is a just tax. But not because of that one should agree with it if one could show reason to the contrary. In this country, and I am saying so without fear of contradiction, the people who have taxable income are not taxed. The reason they are not taxed is because an assessment is not placed upon them peremptorily. There are many people in this Colony whose actual cash it is hard to find, whose actual income it will be difficult to discover. If those people are taxed peremptorily and if it is known that one would pay that until it became known what should be paid, they would send in their returns. I am satisfied that those people are few and far between, but on the other hand, I feel that there are many whose income tax would be considerably increased if those people were taxed. There seems to be an idea that because a man has a large herd of cattle and that herd increases by 200 in one year that is not income, it is an increment on his capital. That is clearly not so. In this way people who do not keep books and have cattle and other sources of income from which they get a living and in which they put their money, if taxed peremptorily would pay income tax.

I am going once more to ask the Income Tax Commissioner to take into his confidence those people who can assist him in that respect and to act on the information received. Income tax has been imposed now about fourteen years and these people are still untaxed. It is very often shown where such persons are taxable when they die and their estate is declared. It is only then that the Income Tax Commissioner realizes that for years they had been escaping taxation. It is, however, not often disclosed at death what their incomes were because they dispose in their lifetime of the capital which had been earning

income. If you peremptorily assess them the tax would be paid, and eventually it would get so high as to be on their real income. So much for those who are taxable and are paying nothing.

As regards the smaller incomes, if the tax is a fair one why should not the man with the small income be taxed? It is for this reason that there is an allowance of \$720 for the taxpayer and \$480 for his wife. Why should a man earning £300 (\$1,440) a year be entitled to the same allowances for himself and wife as the man who has an income of \$1,500 or \$1,600? That man has far greater expense than the man with an income of £300 a year. Every man getting an income of £300 obtains similar allowances as the man with the large income, who should get a bigger allowance. That, I protest, is manifestly unfair and I do submit that is a matter which should be gone into. The allowances should be graded on the basis by which a man is paying Income tax.

Income tax is a fair tax only to those three classes—those who pay no tax, those who avoid the tax and those who pay a very small tax. I am asking Government to bear this in mind because Government is going to see a great repercussion as a result of this impossible increase. Those who pay heavy Income tax are comparatively few in number and Your Excellency is going to see it reflected in this heavy increase and a hardship created on all charities in this Colony. They are going to suffer considerably. The result of this increase, I am afraid, is going to be that contributions to charities and to the Churches are going to go down. I also have no doubt that domestic servants are also going to be hard hit, in that taxpayers are going to reduce the salaries of their domestic servants and where formerly they employed three, four or five servants only two will be retained so as to find the money to pay the increased tax. The only way to meet it is to cut down your living expenses considerably and on your contributions to charities. Whom then is it going to reflect on?—The poorer classes among whom there will be more unemployment. I have an idea that Government has been already warned that this is likely to happen. We must have money and we must go about it the way we can best get it. I think the “have uots—” those

who pay no Income tax—will be much better off with half a loaf than with no bread. I am warning Government that if this proposal is carried through it is going to have a serious effect on the domestic class and on charities.

There is another aspect of this matter. Looking at the rate of income tax in England you see how high it is and, I agree, that we are paying nothing like that, but the people in England have this satisfaction: They feel rightly that every ha'penny is going towards the defeat of the enemy at our gate. We feel here that our Income tax or its increase is not going towards that purpose but is going to be spent in the Colony in many instances, we feel quite satisfied, in a wasteful manner. I feel that this proposed increase is not going towards helping the War Effort. We were told it is going to be used to increase Primary Education—building more schools and getting more teachers. I repeat that during a time like this those services should not be curtailed but they should be made to remain *in statu quo* until the War is over. I feel confident that every £ sent to England means the sooner comes the end of the War, and whatever contributions we may make from this Colony will be much appreciated by the Mother Country. We feel that we will be doing our bit in making every endeavour to bring the War to a speedy end if these increases are to be ear-marked for that purpose and we will cheerfully pay them, but to suggest the purpose is otherwise and think the taxpayer is going to pay cheerfully is foolish because we have a feeling that the money is going to be wasted.

I have indicated to Government what course will be pursued by the people in order to find the necessary money to pay. Finally, I wish to say that Government will be well-advised before passing this Bill to have a revised scale of allowances in respect of the Income tax to be paid by the respective taxpayers. I cannot see how it is fair to give the same allowances to a person paying the larger tax as to a person paying a small one. It is understood that only 1,792 persons in this Colony are paying Income tax. That is an absolute disgrace. There are far more people in this Colony who could pay and should pay. The tax should be made applicable to the smallest income. Even

if a person pays \$1.00 a year as Income tax it is something. Let the allowance for himself and for his wife be less than that in respect of the man earning £1,000 a year with a wife. As far as I am concerned, I am opposed on general principles, to the increase as it stands, and I submit that Government will be well-advised to reconsider the proposals as the repercussion will be greater than Government thinks.

Mr. MACKEY: The hon. Member on my left (Mr. Humphrys) has spoken very fully on this Bill before the Council and I desire to endorse all that he had said. He has covered all the points I have in view and I do not propose to prolong this debate. As far as I am concerned, I consider this an indirect tax on charities, the Churches and domestic servants. I do admit that Government has to find revenue and this, to my mind, is a very easy way of doing so. Government has the returns of the Civil Service and all it has to say is: add on 50 per cent and we will get so much. It is an easy way of getting additional revenue without additional cost to the Government. I am not going to oppose the Bill in its entirety, but when the proper time comes—when we are in the Committee stage—I will take the opportunity of suggesting some amendments to the Bill.

Mr. C. V. WIGHT: I am supporting this Bill. I agree with certain statements made by the hon. Member for Eastern Demerara (Mr. Humphrys). I would like to point out one or two matters. The first point the hon. Colonial Treasurer made was that at the inception of the tax His Excellency said it would be permanent. If he did not say so, I believe there was an undertaking or statement to that effect. I think it will be realized by every hon. Member here that the tax has come to stay, and whether it is going to reach the ceiling or the floor does not matter. While I deprecate references to neighbouring Colonies I will draw the hon. Colonial Treasurer's attention to this fact: that in some of the neighbouring Colonies the Income tax is at a lower figure and in some it is as low as £50. In those Colonies the Customs duties are less than in this Colony. The hon. Colonial Treasurer did not inform this Council of that when making his comparison of the tax in this and those Colonies. The Secretary

of State has distinctly found in his statement that we are heavily burdened, and therefore I would advocate some measure of relief.

With regard to the remarks of the hon. Member for Eastern Demerara as to the effect of this tax, I agree with him *in toto*. I would suggest that this money would not be wasted if it is used to relieve those persons who are going to be out of employment or are out of employment through old age. I have taken this matter up with the hon. Colonial Secretary.

I feel sure that there is a lot of income tax we can collect, which goes out of the Colony and which is really the property of this Colony. There is the anomaly that while double relief is given in the United Kingdom it is not given in Canada. In Canada, on certain securities they adopt the principle of deducting a percentage, and this Government collects a further sum here from whatever is the balance. You must either adopt the Canadian attitude or the double relief so as to bring the tax in line. A life policy is to some extent interrelated with the encouragement of thrift or the making of provision for old age. But I see no provision where one can insure one's child. No allowance is made for that. I have not taken this matter up personally, but it was taken up by one Member that he has not been given an allowance in respect of that. Insuring the life of your child you are providing for it in later life, and you are paying a premium on it. I think that with these two amendments—providing relief where it is not given in other parts of the Empire and an allowance for the life insurance policy of a child—the Council will agree with the Bill in its entirety, in view of the object stated.

Mr. SEAFORD: One gets up to speak on this subject with a certain amount of diffidence because it is a matter that affects our pockets directly. As pointed out by the hon. Colonial Treasurer, it is always an unpleasant task we have to do. I am quite satisfied that no one in this Council and in this Colony would mind paying an increased Income tax if he felt that the money is going to be put to the very best advantage, if it is going to be used as an effort towards the successful

outcome of the War. It has been pointed out what the people are paying in the United Kingdom, but the people there have the satisfaction, as has been pointed out by the hon. Member for Eastern Demerara, of feeling that the money is used primarily in the prosecution of the War; but I am sorry to say that is not the feeling in this Colony. I am inclined to agree with the hon. Member when he says that the increase will, to some extent, affect domestic servants. The reason for that is that here the people have a habit of living on their income up to the very last penny. There are very few people who put aside any money. This is a poor Colony and not as the other Colonies, such as Barbados, Trinidad, and Jamaica, which are very much richer with people who have big capital behind them. We are not so fortunately placed, and it is for that reason I believe there will be a certain amount of ill-will. I deprecate a comparison of our income tax with that of the other Colonies. If you are going to bring up that question you have got to bring up the whole question of taxation. You have other taxes as well, which in the other places are not like as in this Colony. I think, sir, I heard the remark from you yesterday that you consider the Budget favourable. I regret I cannot assure you that is my opinion. I consider the Budget unfavourable and will always consider it unfavourable when you have to draw on your reserves to meet expenditure.

THE PRESIDENT: I pointed out that we had to draw upon our surplus but not to meet the Annually Recurrent Expenditure. That is distinct. The Annually Recurrent Expenditure is more than covered by the Annually Recurrent Revenue. I do not think that distinction is recognized by hon. Members generally. If I had to frame the Budget I would have taken out quite a number of items from it and there would be still a favourable balance. I admit that one draws on his surplus where it is reasonable for capital expenditure. That is my argument.

Mr. SEAFORD: That may be so, but at the same time we are drawing more from our reserves to meet current expenditure than to meet extraordinary expenditure.

THE PRESIDENT: We are not. Our

annually recurrent revenue is substantially above our annually recurrent expenditure. Our deficit is due entirely to extraordinary and not recurrent expenditure.

Mr. SEAFORD: What I want to point out is that what is included in your revenue, the continued increase of excess profits tax and other taxes of that kind, is taxing our reserves in this Colony. I feel that these reserves should be held for the time when we feel the strain very much more than to-day. The time is coming when these reserves will be exhausted and we are going to have to curtail expenditure very considerably. I feel that it is, perhaps, better to make a start at once to economize and to try and build up a very substantial reserve to meet what we know is ahead, otherwise we are going down a sharp decline to bankruptcy. The hon. Colonial Treasurer pointed out that it is stated by the Secretary of State that it is essential for Income tax to be increased, but he did not say on what grounds. It is essential as a War measure to give to the Mother Country, but to say it is essential in order to carry on the country I am afraid I cannot agree. I was born and have lived all my life in this Colony, and I know conditions more than anyone who has just spent a week or two in this Colony. I am sorry he has not given the reason why it is essential to increase Income tax. I feel that where you have surplus money in hand, Government and others as well, you are always ready to get rid of it. One feels, however, that surplus should be guarded as carefully as every farthing raised by revenue. I do feel that whatever revenue Government has, or is likely to have, from the tax should be set aside for a rainy day. I believe the hon. Colonial Treasurer said our financial position is more favourable than anticipated. In view of what Your Excellency said yesterday that you would watch expenditure, I think you should decide on the urgency of the works rather than dissipate your surplus.

With reference to Trinidad and the large surplus they have, it must be borne in mind that it is the direct outcome of the unfortunate position in which the world finds itself to-day and the very large amount of money spent there, and that Colony is reaping the benefit of it. I do think that under such conditions it is

only right that most of that money should go back into the War effort to bring this war to a successful end. We have no objection; in fact we welcome the tax as long as it is realized that the money is being utilized for the War.

Mr. PEER BACCHUS: I am supporting this Bill, but I do ask that the point raised by the hon. Member for Eastern Demerara (Mr. Humphrys) be given serious consideration. If it is thought that the tax should be increased, then following the same line of thought I think that the allowances should be made according to one's income tax. I have risen particularly to inform the hon. Member that it is not true to say that cattle owners are not taxed. I think those interested should welcome the information from the hon. Member for Eastern Demerara as to where the tax can be collected. I do not know if the hon. Member has in mind a legacy left to a person from which an income is derived. I think he has in mind such legacy, but I cannot say whether that comes under the tax.

Another point made by the last speaker (Mr. Seaford), and the hon. Member for Eastern Demerara, is that they would have no objection whatever if the money is earmarked for war purposes. I think it is a war policy that in respect of certain social services in a Colony which cannot afford such conditions provision should be made for those services to be carried on. We have passed in this Council a resolution guaranteeing that all such services will be carried on.

Mr. HUMPHRYS: To a point of explanation! I did not say social services should not be carried on. I said they should not be increased.

Mr. PEER BACCHUS: I am glad for the correction. I do not think it has made the situation any better. It is the same point involved whether there are social services or none at all. We have got so entirely out of social services that if this money is earmarked for war purposes we may still use it, as it is a war policy that these social services should be carried on. I have only risen to correct the hon. Member for Eastern Demerara in so far as the cattle owners and the earmarking of the tax are concerned.



Mr. PERCY C. WIGHT: I had no desire when I entered this Chamber this morning to join in the discussion on this subject. I am in favour of this tax, but I do feel and desire to ask the hon. Colonial Treasurer, as he did not say so in his opening remarks, whether he is going to permit grants or gifts to the Home Government by taxpayers. Personally I feel that should be permitted. I am of the opinion that the scales given us should be revised and that a small committee may be appointed to go into the question with the hon. Colonial Treasurer. The position is very clear. With these new rates no one is going to make new ventures that are likely to make increased profit as he is going to lose still, and it is going to be found that people will be putting their money on the Bank at 1 per cent in order not to make this large contribution under the tax. That is the expression of opinion every Member has in mind. What useful purpose will be served by industries making money to hand it over to the Income Tax collectors?

I am going to make a comparison of the situation. We have heard about the tax being 10/- in the £ in the United Kingdom. Here the poor man is taxed on everything. The poor man when he spends on clothing is paying the highest duties in the West Indies. Since Income tax has been introduced in this Colony there is such a thing as a Trust, I observe, introduced in this Colony. It was brought in so as not to pay any Income tax. I know one case where one man has three Trusts and so he has avoided Income tax in that way. I think the question should be gone into very carefully. I would impress on Government the appointment of a committee to go into the question of the revision of the scale; otherwise Government is going to regret this increase which is being put on to-day.

Mr. DIAS: The subject of Income tax is one which arouses a certain amount of debate, not because people are disinclined to pay the tax but because, as the hon. Member for Eastern Demerara said, you have so many people clamouring for Income tax amongst those who do not contribute one cent. Still Income tax is fair provided every man makes his just contribution towards the collection, but

in this Colony, in spite of what the hon. Member for Western Berbice (Mr. Peer Bacchus) has said—and if he does not know it lawyers do,—there are quite a number of people who can pay and do not pay anything as they make no returns.

Mr. PEER BACCHUS: I have not disputed that.

Mr. DIAS: I have a suggestion to make in connection with this matter. It is being adduced in this Colony that people will escape payment of this tax. We were discussing this morning the question of controlling prices and the cost of living, and in that connection this Council supported the appointment of certain Inspectors. We know the Income Tax Branch of this Government has a very small staff. I suggest that we should have a few Inspectors attached to that department so that they could investigate these various complaints that we make here. Most of these people should not escape payment of Income tax, live out of the City and there is nobody to trace them. The Department has no staff to send anybody there, but if Inspectors are appointed, it would be discovered whether these statements made here have an element of truth in them or not.

What is unfair about Income Tax is that all those who should contribute are not contributing, and are escaping their liability. In that way they make payment of the tax repulsive. There are two methods of escaping payment of the tax. One is not to account at all, and the other is to falsify the accounts. In connection with the falsification of accounts, it has been brought to my knowledge that the Commissioners not getting returns from everyone receiving an income of \$60 per month and above has led to abuse on the part of certain people. A man is known to get an income of \$60 per month and the Commissioners regard it as unnecessary for him to account at all as he has an allowance to that extent. But you have people whose salaries go up to \$100 per month not sending in any returns and accounting for it by saying that they have relatives to maintain and claiming allowances for them, whereas none of those relatives lives with them. Nothing is done in respect of those individuals. What the Department needs is to be strengthened

not necessarily in the in-door staff but the out-door staff. If a man says he has a sister or a mother to maintain, some investigation should be made into that and the Commissioners would not merely have to accept his word. If there is no verification of claims, people would be induced to put down other persons and get deductions to which they are not entitled. I think Government would be well advised to engage some responsible people to act as Inspectors and to go into the country parts of the Colony and hunt out those hidden individuals who make no disclosure of their earnings, with the view of seeing whether they are liable for Income Tax or not. I am sure that if those people were discovered and their proper contribution to the tax extracted from them, it would not be necessary to seek to increase the tax as is being done at the moment. There are, however, some people who feel that they are in honour bound to honour the law and who disclose everything, but others do not and by their ingenuity easily escape payment of the tax.

I would like to contribute a word in support of the statement made as regards charities suffering as a result of the proposed increase of the tax. As a matter of fact I know it has started already. Some people are saying they have to pay Government increased Income tax and so cannot give to this or that charity as they used to originally. I hope it will not be to the extent of driving those unfortunate people to come to Government for support but, if it does, I think many of the people who have to pay the tax will very much prefer to tighten their belts. I have heard such a lot about tightening the belt that I hope it will not be limited to the poorer classes only but to all.

The hon. Member for Western Berbice rather challenged the statement made by the hon. Member for Eastern Demerara that people are not accounting for legacies received. Perhaps he is confusing himself with those people who are beneficiaries under the will. I may recall that reference has been made in this Council on previous occasions about the loss of revenue which Government suffers by lots of people not having their wills recorded. People have died

in the country districts and left wills bequeathing cattle, but those wills never reach the Registrar and Estate Duty is not collected, the heirs just taking possession of the bequests. I suggest that in the case of such deaths in the country districts the Police should report to the Registrar who would then call on the relatives for a report on the estate and, if it is valuable, Estate Duty be collected. I know that a great many such cases have escaped payment of Estate Duty. I think the sooner that is done the better.

Mr. LEE: I would like to support the views of the hon. Nominated Member (Mr. Dias) as to the Income Tax Office having Inspectors, as from what I know of the country districts if there are such Inspectors there would be a better check. Those Inspectors can deal with returns of Estate Duty in respect of the estates of deceased persons. I know many of them have not paid that tax when they should have been contributing towards the Colony's revenue. I am supporting this Income Tax Bill.

Mr. DEAGUIAR: I certainly cannot congratulate Government on introducing this measure at this time, especially in view of its controversial nature. I have no doubt that Your Excellency has been impressed that there are divergent views in this Council in regard to a tax of this kind, and I respectfully submit that up to the present the majority of the Council are opposed to the Bill in its present form. I support them by entering my opposition, and I respectfully refer Your Excellency to the Budget Statement of the Colonial Secretary, in which he dealt with this matter. He said:—

“It is proposed to levy additional taxation in the form of an increase in the income tax, and a Bill for this purpose will be introduced into Council after the examination of the estimates has been concluded.”

We have not concluded the examination of those estimates and, therefore, we are not quite satisfied that the deficit, which the Colonial Secretary refers to in the preceding paragraph of the Explanatory Memorandum, will involve a sum of over \$500,000. It is hoped by this Bill—and again I quote the words of the Colonial Secretary—that “the balance of the deficit together with any shortfall in revenue not allowed for in the revenue

estimates will be met by drawing to the extent necessary on the surplus balance." I must assume, therefore, that the primary object of this Bill is to provide revenue to balance our budget, and as we have not yet concluded that examination of the estimates it seems to me we are taking premature action by bringing forward this Bill to-day. That is only a preliminary objection.

I wish also to invite Your Excellency's attention to the report of the Committee which was appointed by one of your predecessors, Sir Geoffrey Northcote, "to examine existing taxation and to make recommendations of any changes which, in the Committee's view, offer reasonable hope of effecting a gradual improvement in the general economic position of the Colony."

Mr. JACOB: Will the hon. Member give the names of the members of that Committee?

Mr. DEAGUIAR: I do not think that is necessary. I may tell the hon. Member that the report is contained in Sessional Paper No. 18 of 1939. Yes, I will give the names of the members; they are not many. The personnel of the Committee comprised the Colonial Secretary, the then Hon. E. J. Waddington, C. M. G., the Colonial Treasurer, the Hon. A. G. King, Mr. S. Heald and Mr. J. N. E. Sanderson. I submit that that was a very strong Committee. The report contains a memorandum which amplifies paragraph 24 of the report, and I wish to quote just a few lines of it to show that the Committee considered what was then the surtax on income tax. It says:—

"Like the other forms of emergency taxation referred to above, the surtax on income tax was imposed in the attempt to balance the Colonial budget. Its introduction arose out of the visit to the Colony of Messrs. Gaskell and MacGregor, the Commissioners appointed on the 9th of December, 1930, by the Secretary of State for the Colonies to investigate the financial situation of British Guiana, and to make suggestions for the improvement thereof."

It went on to say that it was hoped that all these emergency forms of taxation would be removed. The surtax on income tax and other forms of emergency taxation referred to in the report are still with us, and some of them have been increased to a considerable extent. I think Your Excel-

lency will be satisfied from the remarks on this phase of the Bill that we are not opposing the principle of it. It is admitted that income tax is a direct form of taxation. That has been the experience in other parts of the world, but it cannot truthfully be said that the introduction of income tax in this Colony has been a direct form of taxation, for the reason that it is not reaching anything like a fair and reasonable percentage of the population. That argument cannot apply in this Colony in the same manner as in other Colonies where a larger percentage of the population pays income tax. It has been pointed out that of our 350,000 inhabitants only 1,700 send in income tax returns, and only a small number of them pay any income tax at all. The minute we try to imitate other parts of the world we find ourselves floating in a sea of difficulties.

While it is true that the existing rates of income tax in Trinidad and Barbados are possibly higher than ours their import duties are less, and I submit that if we are going to continue to tinker with our income tax rates in the manner we have been doing within recent years the time has come when we should carefully examine our existing methods of taxation. Every time we have tinkered with those methods of taxation we have only hampered the progress of the Colony in one way or another. I think the time has come when such a controversial subject should be carefully examined in the light of the various criticisms offered here this morning. We cannot go on raising the rates of our income tax without affording relief in other directions. It is false pride, for even without the proposed increase it is admitted that the rate of taxation per head in this Colony is greater than in many other Colonies within this area, and in fact greater than in many other British Colonies. I am not against this form of taxation but there must be relief in other directions.

In regard to the remarks by hon. Members about people who do not pay income tax, I want to clear the air by explaining that the statement was not made by way of a charge against the Commissioners of Income Tax of not carrying out the duties imposed upon them by law. That is not the point hon. Members have made. They feel that the Commissioners are carrying

out the duties imposed upon them, but that there are several people in this community who should fall within the scope of this tax but do not pay for one reason or another. The hon. Mr. Dias has referred to two reasons; there may be several others, but it is not a matter which can be gone into very carefully in the course of a debate here. As I mentioned just now, if income tax is going to be adopted as one of our stabilized means of obtaining revenue we should settle down to it and examine it carefully from all its aspects and rope in those who do not pay and those who should be made to pay. It is all very well for some Members to say that it is an equitable method of taxation when they do not pay at all or adopt means of evading payment.

In that connection I support the suggestion that the outside staff of the office should be strengthened. We might learn a lot even if we did not obtain any direct benefit in the first year or two. I submit that Government would learn a lot about people who should pay income tax but do not, because an opportunity would be afforded Government to find out first hand how, where, and when those people existed. There are lots of them roaming about the country. There are various means of keeping money besides putting it into the bank. Some people have their money buried in the earth. Those are the people we want to try to get at. When I refer to money being buried in the earth I do not mean hoarding. They only hide it from the Income Tax Commissioners. They go to the hiding place when they want to put more money in or to buy something.

I do not know why this Bill has been brought up to-day, because we have not yet finished the estimates, and I am not really convinced that increased taxation in any form is quite necessary at the present time. It seems to me that consideration of this Bill might be put off for a few days until we have finished our estimates, so that we will know where we stand; how much money we want and where we are to get it from. Merely to come to the Council and say that we anticipate from the figures we have prepared that there will be a deficit and therefore it is our duty to bring in new revenue in the form of income tax or excess profit tax, or any other form of taxation, is a wrong procedure. That is

where Government has always erred. Government frames its estimates first and then tries to see where it can get its revenue.

I desire to support what was said by the honourable Member for Eastern Demerara (Mr. Humphrys) on the question of allowances. It is something which should be gone into very carefully. There are numbers of suggestions which one can put up but they cannot be made in the course of a debate, because it is a matter on which we have to speak one to another so as to arrive at some workable figure. I submit that we should get down to it gain and go into the question very carefully, and I have every confidence that when we go into the question of revising the scale of allowances and of bringing down the rates of chargeable income we may perhaps hear a definite psalm in this Council. If it is the intention of Government to proceed with the Bill to day there is only one other request I can make, and that is to put the matter to a free vote.

Mr. LUCKHOO: We are all agreed that the estimates should be so framed at least to show a small surplus balance. That is really in conformity with the statement made by the Colonial Secretary on the first page of his Budget Statement that—

“.....it must be emphasized that it is essential to maintain a substantial surplus in reserve if the Colony's financial position is to be properly safeguarded.....”

There has been a great deal of criticism as to the method of collection but I do not think any blame can be attached to the Income Tax Commissioners for not doing what they should do. It may be a case of strengthening the staff of that Department in order to permit them to widen the scope of their activities. The suggestion has been made that Inspectors might be appointed to go into the country districts and make investigation as to the means of evasion. That might be one way of going about it, but I think the District Administration Department might be used for that purpose. The District Commissioners move about the districts and know the people and the cattle they own, and should be able at least to give some indication as to the income of the people resident in their districts. That would

be a way of assisting the Income Tax Office in assessing those persons liable to pay income tax. It might be necessary to employ special officers for that duty, but provision will have to be made in the estimates for strengthening the staff of the Income Tax Department. There is no question that there has been some evasion of this tax. I believe that in all forms of taxation there is evasion, and not only as regards income tax.

It has been suggested by the last speaker that we might suspend the consideration of this Bill until we have gone through the estimates. That course might be advisable, but at the same time, looking at the estimates of expenditure under Public Works-Extraordinary, there are one or two items which might well stand over for better times. I think that in making the statement that there will be a deficit of \$400,000, the Colonial Secretary took into account that all this extraordinary expenditure will be carried out. I think great caution should be exercised in respect of expenditure on any work unless it is absolutely essential that it should be carried out. We do not know yet what will be the returns from Customs duties. With all the restrictions on imports it would be difficult for the Comptroller of Customs to give an approximate figure as to what he expects to receive under that head. The war is going on and will probably continue for some time. We must be prepared to make provision for emergencies, and the only way is at least to provide a surplus balance in our estimates. In order to achieve that, new sources of taxation will have to be found. It has not been suggested by any hon. Member in what way new taxation could be imposed. I think we have reached our taxable limit, but it has been pointed out that duties in respect of certain Departments are not fully collected.

Reference has been made to estate duty. The hon. Mr. Dias has fully gone into the question and I think he speaks with a certain amount of authority on account of his professional business and the fact that he comes into contact with all classes in the community. In that respect I think myself the efforts of the Head of that Department might be directed with a view to getting full particulars in order to ascertain whether legatees are paying their

full share of estate duty. There may be a chance of getting more estate duty payments. In some cases people allow their estates to be sold at execution and then buy them in. It was never contemplated that those people should escape their liability. They must bear their share of taxation.

We have already recognized the principle of income tax. We have to provide for emergencies and it might be necessary for us to provide a larger surplus balance, therefore works which are not essential should be held over. It should be the duty of Government to exercise a rigorous scrutiny of expenditure and see that money is properly spent. We have reached our taxable limit and I do not think we can suggest any other means of increased taxation. That this Bill should go through and take effect should not involve any difference of opinion, but whether the amount raised should be earmarked for war purposes or not I am not in position to decide.

I think we should put our house in order first, and the only way to do that is by collecting the necessary revenue in order to carry on the administration of the Colony. There have been leakages here and there, and better supervision will have to be exercised by Heads of Departments. I have no desire to hamper the efforts of Government. Your Excellency has actually penalized yourself by convening this meeting of the Council at 8 o'clock this morning. I take it that it is your desire to get rid of the business with expedition, and while some Members may think that they should be allowed some time away from the Council I think it is a sacrifice we should make. Your Excellency suggested that the Sub-Committee should meet to-morrow, and I think members of the Committee will take advantage of the opportunity to go into various items of extraordinary expenditure with a view to providing a surplus balance.

Mr. JACKSON: I desire in a very few words to give my unqualified support to the Bill before the Council. Personally, despite what the hon. Member for Eastern Derbyshire (Mr. Humphrys) has said, I am satisfied that income tax is direct taxation in the truest sense of the term and I do not think anyone can doubt that it is equitable. I am satisfied that the effort that

is being made to assist in carrying out the work of this Government is one that should receive our whole-hearted support. I have no doubt that the income of some of the Members of this Council will be affected thereby, but it ought to be a satisfaction to them to know that they are contributing to the Government of the Colony.

I do not for one moment understand the mentality of the hon. Member for Eastern Demerara who suggested, I think vehemently, that the amount realized by this Bill should be earmarked for war purposes. I can quite understand that as an excuse for not wanting to agree to an increase of the taxation of income. If I understand the policy of the Imperial Government at this time I think it is that every effort should be made for the improvement of the Colonies generally in order that they might assist in the war effort, but that those efforts should not impinge on the working of the Colonies concerned. I do not think the proposal to earmark the revenue to be obtained from this increase in income tax is proper or the best thing to do. There is no doubt about it that there is extreme difficulty in balancing our budget, and whatever revenue can be obtained from legitimate sources should be used for the purpose of balancing our budget and carrying on our work. I am quite loyal enough to feel that whatever can be done in the interest of the Mother Country should be done, but I repeat that I think the policy of the Imperial Government is that such efforts should not be made to the detriment of the Colonies. I therefore regard the Bill as not only reasonable but justifiable.

The proposal to grade the allowances according to the salary of the individual seems to me to bring about what might be regarded as class legislation. I do sincerely believe that a man should certainly contribute according to his income, but that the allowances for himself, his family, wife and children, should be general. I do not think this Council should agree to anything else. I support the Bill with all my heart.

Mr. AUSTIN: It is inevitable that a Bill of this nature should be introduced at this particular time and I intend to support it, but I should also like to refer

to the remarks of previous speakers who suggested that the staff of the Income Tax Office should be augmented in some way in order that persons who now avoid the tax should be compelled to pay. I recollect when this tax was first introduced into this Council by the late Mr. Millard that it was intended that Government should be very firm in its collection. Later on Members told Government that all the money was not being collected, and we were told that Government had not the staff, and it did not pay Government to go into the byways and hedges to find out who should pay. I maintain that that time is now over and every effort should be made to apportion this tax fairly and squarely on all those who by their incomes, earnings and property can pay.

I would also ask you, sir, to look into the question of estate duty. I feel that the matter should be further probed, but although I have spoken about it on several occasions in other places Government does not seem to take the interest in it that I think it merits. Although nothing can be done at this particular time I ask you to bear it in mind for further consideration.

Mr. WALCOTT: I am sorry that I had to miss one or two of the speeches but I would like to say that I entirely agree with income tax. Like the hon. Member for Eastern Demerara (Mr. Humphrys) I feel that Government has not collected all of the income tax that it should collect. I do not put the blame on the Colonial Treasurer because he may not know as much about the ins and outs of certain elements of the population here as one who has had to mix with them over a long period would know. If I could be of any service to him in that direction I would be very pleased to help.

I am perfectly certain that there are another 900 persons in this Colony who should be contributing to the income tax, some in a greater and others in a lesser degree than the Colonial Treasurer may imagine. I came across one case yesterday when a man came to see me about a mortgage. He had a property and wanted to buy another, and in the course of my examination he pointed out to me that on the one property he had he was making a profit of about \$1,000 a

year. I asked him what income tax he paid. He had never heard of the word. He is an East Indian. That is only one of several hundreds, and I think it might be in the interest of the Government and the revenue if the Treasurer and I could get together and have a few words on the subject.

One more word on the question of allowances. Everybody is agreed that the cost of living has gone up. The hon. Member for Eastern Demerara (Mr. Humphrys) remarked that a person who earned £300 a year did not have as much expense as one who earned £2,000 or £3,000 a year. I agree that the man with a larger income had a bigger establishment to maintain as regards servants, and it would be very unfortunate if he had to reduce it. As regards food I think if they bought local foodstuffs they would find that the cost of living would be lessened. We are all agreed that the cost of living has gone up, and I would ask the Colonial Treasurer whether he does not think the allowances in respect of income tax should also go up. I think greater allowances should be made not only for a man but for his wife and dependents.

Mr. JACOB: I have listened with considerable interest to the speeches made this morning and I have taken a note of the speakers. In addition to the hon. mover, 14 hon. Members have spoken on the Bill. My views on income tax are very well known; I expressed them when the Budget Statement was being debated, and my friend, the Treasurer, was good enough to refer to them this morning. I am not going to say anything more but to make reference to what I said then and to invite my hon. friend to reflect 30 or 40 years ago and let his conscience direct him as to what is right and what is wrong.

Mr. McDAVID: This debate, as I expected, has ranged over a very wide field, and I find it a little difficult to reply in detail to each Member's points. I have tried in my own mind to classify some of the various heads under which their remarks might be put forward. The first head I put on my paper is a curious one—promises of Government. I have heard in this Council that Governors should always keep a record of promises made so that their successors would know

exactly what promises had been made. The hon. Member for Berbice River (Mr. Elcazar) referred to a promise made either in this Council or at a dinner party, that when income tax was introduced practically all the indirect taxation would be removed. I do not know what promises were made at that time but I would ask hon. Members to be a little realistic about it. When income tax was introduced the anticipated yield was about \$250,000. What possible hope could there be at that time of fulfilling a promise of that nature?

Mr. ELEAZAR: It was suggested to the Council that if it introduced this form of taxation it would eliminate all the other forms of taxation.

Mr. McDAVID: I will pass on to what another hon. Member suggested. I think it was the hon. Member for Western Essequibo (Mr. C. V. Wight) who said that a promise was made that income tax would not be permanent. I have never heard that before. I will give my own idea of what the tax is. I was associated quite intimately with the introduction of the tax. My late chief, Mr. Millard, was Colonial Treasurer at the time and moved the Bill in this Council, although I had quite a lot to do with the framing of the Bill itself. I know that the first idea of income tax was that we were attempting to get at what I may call the upper strata of incomes in this Colony. It was not the intention to tax the lower level of people because it was felt that they were already contributing their share in indirect taxation, but there was an upper level of people who could afford to pay more, and we introduced the tax for that purpose. We knew at the time that they were few in number, as was proved to be the case. One other reason was that we wanted this Colony to get its full share of income tax collected on business liable for taxation in the United Kingdom. At that time the United Kingdom had passed an Act which permitted relief up to one-half of the United Kingdom tax. That is to say, that the United Kingdom Government was willing that the Colonies of the Empire should impose income tax so as to secure their one-half, and it was felt that this Colony should at once take advantage of that. I repeat that the idea was to get at the cream of our population, who had incomes to spare, and tax them, and also to tax profits which

were going out of the Colony into the United Kingdom.

I think most of the remarks in this Council dealt with one particular point—evasion of the tax. Let me say at once that I profoundly sympathise with all that has been said about tax evasion. I would be the last person to say that everybody who can and should pay income tax does pay. I also would be the last person to say that everybody who submits a return includes in that return all that he should include. Evasion of income tax is not singular to British Guiana: it exists in the United Kingdom, the U.S.A., and, in fact, wherever it has been introduced. I want to go a little further and to be quite frank and candid in what I say. I have had several discussions with hon. Members who have spoken on the subject, and with prominent members in the community on the question of evasion of the tax, and it is quite clear to me that most of their remarks and their criticisms were directed at what they think is an omission to tax a certain class of people in this Colony. What they mean is that the Indian landowner, the Indian cattle-farmer, rice-farmer and rice-miller are not being taxed. Those are the people to whom they refer. I would like to repeat what Mr. Wood said when he spoke. I have explained over and over again that income tax is what it purports to be,—a tax on income and not a tax on capital.

The hon. Member for Central Demerara (Mr. De Aguiar) actually referred to people who buried their money in the earth. He seemed to suggest that an Inspector of income tax should go around, dig into the earth, and take some of that money away. We are not introducing a capital levy at all. If we did I am afraid that some of the Members who have spoken would feel it much more than some of the people who, they think, ought to be taxed in that way. Income tax in this Colony does not apply to the lower range of people. A single man must have an income of \$720 before he becomes liable at all. A married man has to get \$1,200 before he is taxed, and a married man with one child has to get £300 a year; a married man with six children has to get \$2,340 or practically £500 a year before he becomes liable to pay income tax. I want to ask hon. Members whether they

really think that going through the country districts one can find a large number of people who will fall within the scope of the tax under those conditions? I have taken the trouble to look through a few of the returns which we have got from the class of people I mentioned. The first one on my list shows an income of \$2,994. It is that of an East Indian and a fairly respectable income for a man of that class. His deductions for personal allowance and allowances for his wife and children, etc., amount to \$3,019. He is not taxable. The next on the list is an income of \$2,604; deductions for personal allowance, etc., amount to \$3,060. He also is not taxable. We know that the East Indian agriculturist usually has a wife and a large family, and under our scale of allowances he is for the most part not taxable.

As to the method by which the Income Tax Commissioners and their staff go into the question of who is taxable, the hon. Member for Eastern Berbice (Mr. Luckhoo) recommended that we should use the District Commissioners. We have been using the District Commissioners ever since the Ordinance was passed. Each year every District Commissioner is sent a form by the Income Tax Commissioners and he and his staff are invited to report to the Commissioners the name of every person in his district who, in his opinion, gets an income which we should tax. He goes down as low as £100 a year. We collect those returns every year and sometimes they comprise about 600 names. Each one is carefully investigated and in many cases they are sent for re-examination, and we put on our list "Call for returns" from those whom we consider should pay. So much for the question of evasion. I want to repeat again that income tax is income tax: not capital levy.

The next point is the use of the proceeds of this particular increase in income tax. I omitted to mention when I was speaking on the second reading of the Bill that the yield from this increase of tax is only expected to be \$100,000. One hon. Member suggested that he would be perfectly happy if it were being used for war purposes. This Council has definitely passed a Resolution relieving the United Kingdom Government of any obligation to assist us in balancing our budget. Surely if it is necessary in balancing our



budget to impose an increase of income tax, it can be said that we are assisting the war effort. In our budget our expenditure on war services is \$133,000 and it may easily rise to about \$200,000. It has been said that this particular increase in income tax will yield \$100,000. Why can't it be said that the proceeds of this tax are being used for war purposes? I submit that they are.

A good deal has been said about my having had the temerity to compare taxation in this Colony with that in other Colonies, and perhaps I now regret that I did so. I know that it has been said in this Colony that we are perhaps the most heavily taxed in the Empire, if not the whole world. I have never seen proof of that statement. Undoubtedly, it is perfectly true that indirect taxation in the form of Customs duties is very high, but I know that we are very fortunate compared with the degree of taxation which exists in the United Kingdom to-day, both direct and indirect. It is absolutely necessary. I was astonished to hear one hon. Member refer to the Secretary of State's despatch and tell Government that it should pay less attention to the policy outlined in that despatch which has been widely published. I was astonished. Here we have a careful outline of policy drawn up by the Secretary of State and sent for our guidance, yet we are told that we pay far too much attention to it, and we should ignore it.

Mr. ELEAZAR : I said nothing of the kind. What I want the hon. Member to understand is that we are often told here that so and so has been said by the Secretary of State and we cannot change it, yet it is subject to the consent of the Legislative Council.

Mr. McDAVID : I take it that we are now seeking to get the consent of the Legislative Council. What the Secretary of State said was that the Colonies should endeavour to bring their income tax rates to as close as possible a level comparable with that of the United Kingdom. We are doing nothing of the kind here; we are doing it in accordance with our local conditions. I hope it will never be necessary to raise our income tax to the same level as that in the United Kingdom.

A few specific points were raised by hon. Members. One was that personal and family allowances should be varied upwards so as to give an advantage to people with large incomes. I am astonished to hear that because I have studied many income tax laws and I have never seen anything of the kind. In fact, I have seen the reverse. I think in Barbados where a person's income is above a certain figure he gets no allowance at all. I have never seen it stated that because you have a large income you must be given greater family allowances. In actual fact what happens is that a person with a larger income does get a larger personal allowance in effect because the deduction of the personal and family allowances is really applied at the highest rate of the scale. If a person has a large income and goes up in the scale of income tax to say 15 per cent., by deducting \$720 for himself and \$480 for his wife he is really getting 15 per cent. of those allowances; whereas the ordinary individual who comes lower down in the scale, paying 4 per cent., is only getting an allowance at the rate of 4 per cent. That is perfectly true. As a matter of fact, I had a proposal from one of my staff that I should submit to Government an amendment of the Bill in order to do just that—to prevent the deduction being applied at the higher rate in the scale. He wanted the deduction to be applied only at the lowest rate in the scale. In actual practice the person with the larger income gets a larger deduction.

One hon. Member referred to cattle. I have a very good staff in my Income Tax Office. It is very rare that a Head of a Department has an opportunity of saying anything good about his staff. I think hon. Members will agree with me when I say that in that Department we have two very experienced and efficient officers in Mr. Uchlein and Mr. Potter. They are both experts at their job and go into the question with a great deal of care. I have in my file a most exhaustive analysis of the cattle industry and what we might expect to get from it. I am surprised to hear the Member say that we could get a lot of money out of itinerant cattle-owners. On the list there are three cattle-owners who might provide about \$1,000 each. It seems very strange to me that cattle should be mentioned at all.

Another Member referred to gifts to charities and suggested that we should allow a deduction for gifts. That, of course, is quite impossible. We could never undertake to allow a deduction for gifts as between individual and individual. Some people give away large amounts while others give small sums. Who is to assess the value of the gifts?

The hon. Member for Western Essequibo (Mr. C. V. Wight) referred to tax relief within the Empire. I think he was referring specially to Canada. There is, at any rate, provision for tax relief within the Empire, but that law states that the other countries must reciprocate by introducing reciprocal legislation. That has been done in all the Colonies of the Empire, but there is nothing I can do or even Government can do which would make the Government of Canada introduce reciprocal legislation. A person who invests money in Canada is naturally subject to income tax. When his dividend arrives in this Colony we tax him on the net amount. He only pays on the dividend less the tax. If there was a reciprocal arrangement he would pay less, but action must come from the other side; Canada must be prepared to reciprocate. I do not think the subject covers so wide a field that it is necessary for us to take any action, but if the hon. Member makes a recommendation I will submit a report to Government on the subject.

The hon. Nominated Member (Mr. Walcott) referred to an individual who was making \$4,000 a year and had never heard of income tax. I have had several examples quoted to me of cases where income tax should be collected but was not being collected. I have not had a single case which has proved to be right. I have heard of individuals who were reported to me by Members of the Council as having \$30,000 in the Bank. I looked them up; it was quite true but they were not taxable. Nevertheless, if the hon. Member would be good enough to give me the name of the individual he referred to I would make every endeavour to bring him within the scope of the tax, if I can do so.

Lastly, I want to refer to the question of arbitrary assessments. There is power under the Ordinance to assess arbitrarily,

It is a very wide power but it cannot be used capriciously. It is true that the Commissioners have the right to assess at what they think fit but I should be the last person to wish to walk around this countryside looking at people's houses and cattle and telling them afterwards that they should pay so much tax.

With reference to the appointment of Inspectors I should be very pleased if Government wishes to do so, to accept the proposal to appoint an Inspector of Income Tax, but my own personal view is that he would not earn his keep. Of the 1,600 individuals who pay income tax 1,200 pay \$20,000 out of a total revenue of \$876,000, most of which is derived from Companies. Even with the most intensive drive I doubt whether we would collect another \$2,000. The efforts of the Income Tax staff have been concentrated, so far, on the larger issues; that is where the money lies. I think I have said enough to convince hon. Members that they ought to pass this Bill.

Mr. C. V. WIGHT: The hon. Member has not dealt with the point raised about insurance on children.

Mr. McDAVID: The hon. Member asked whether we should not allow deductions in respect of insurance premiums paid on the life of a child. It is not provided for in the Ordinance, which provides for insurance on the life of the taxpayer and his wife.

The PRESIDENT: It is precisely the same as in the United Kingdom.

Mr. McDAVID: We have to stick to the form.

Mr. PERCY C. WIGHT: Did the hon. Member deal with the question of trusts? I do not quite catch all he said, but I think he asked if I could give names. That information is obtainable at the Registrar's Office; it is not for me to go into. I have been informed that those trusts do not contribute towards income tax.

Mr. McDAVID: My answer was that we do collect income tax on certain trusts to my own knowledge, and I asked the hon. Member if he was aware of any that were not paying he might let me know so that I might go into the matter and see that none escaped.

The PRESIDENT: Before putting the question there are one or two points touching general policy which I propose to answer. One is that several Members have said that they would be delighted to pay extra taxation if they knew that it was money which would be well spent and that it went towards the war effort, and as far as I gathered, even if it went to the United Kingdom. My answer to that is: that in view of His Majesty's Government's policy such a gift would not now be accepted. The policy of His Majesty's Government is that the first duty of a Colony that is not rolling in money is to the Colony itself, and that is my own policy. This Council made a practical gesture last year by surrendering any claim to certain grants from the Imperial Government, and agreed to carry on on its own resources, I do not think it went so far as to suggest any actual contribution to the United Kingdom. If I had been in the Colony at the time I should have taken such action as I took in another Colony to put forward that Resolution as a gesture, but with a covering note from myself that that should be deferred until we had seen our way clearer.

The point has been raised about our expenditure on the war effort. From a casual look at the budget I should put the amount we are spending directly or indirectly on the war effort at no less than \$200,000, but a very substantial amount is being contributed by the Home Government towards war emergency measures, and expenditure on the defence of the Colony is even now being borne by His Majesty's Government. We have agreed to considerable expenditure on a number of special social services, and one of the implications of that policy is precisely the raising of income tax. This Council can reject that principle by rejecting the Budget and this Bill.

Another matter of general policy was raised as to the character of the Budget. I did not give it an unqualified blessing. I do not think I used the word "splendid" which was attributed to me, but what I did say was that I thought it was not a bad Budget. It was certainly a great deal better than the Budget I expected to find when I came to the Colony in November. I said that because I found that annually

recurrent revenue substantially exceeded annually recurrent expenditure. That is the first essential of a sound Budget.

We now come to the question of expenditure from surplus funds above the margin of recurrent expenditure and revenue. It is then a question of principle. In principle I must agree with the hon. Member for Georgetown North (Mr. Seaford) when he said that a sound business firm would go on building up a reserve and would not draw on it except for capital expenditure. That is an excellent policy. It is a matter for us to consider whether our reserve is enough for us to draw upon. In normal times I should say "No"; but we have in front of us one very special war expenditure, and there is the policy of H.M. Government. Should we reject that policy as we are entitled to do? I have already offered to reduce this Colony to a recurrent expenditure of \$5,000,000 if you give me two years. On the contrary, what do I find in this debate? I have listened to every word; I have taken a number of notes and I have seen the same old story—each Member pressing for increased expenditure on his own particular baby. I have heard the lawyers asking for better salaries for Magistrates. I have heard the doctors asking for more doctors and the mercantile gentlemen asking for a better salary for the Comptroller of Customs. I have heard the hon. Member for North Western District (Mr. Jacob) press for extra expenditure on behalf of the people whom he represents; the hon. Member for Essequibo River (Mr. Lee) pressed for a perfectly gratuitous contribution to Aggrey House, and the hon. Member for Central Demerara (Mr. De Aguiar) pressed for a more extensive policy in connection with the Carnegie Trade Centre for Women. The Missions have asked and in principle we have agreed to give them \$19,000 per annum. I have also outside this Council seen papers pressing for an Old Age Pension Scheme for \$180,000, and for a school for bad girls.

If income tax and direct taxation can be brought up to the high standard we would like I would gladly see a reduction of other taxation, particularly such as would help the community as a whole, especially the lower classes, in reducing the cost of essential articles. I agree in principle

with that, but it is a little too early to consider that. By the same token I agree that Estate Duty, which is a form of direct taxation, should be brought up to a proper standard. I served in one Colony where it was most beautifully arranged—a high percentage on the very small estates with a diminishing percentage on the very high ones.

The hon. Member for Berbice River (Mr. Eleazar) stated—if I understood him correctly—that I was administering this Colony with my experience in West Africa at the back of my mind. I warmly resent that suggestion. I have a wider knowledge and experience of colonial administration than anyone in this Colony, and I am perfectly capable of applying that administrative knowledge and experience in other Colonies, even West Africa which, incidentally, I left eight years ago. I trust that suggestion will not be made again.

Mr. ELEAZAR: I have never in my wildest dream referred to Your Excellency in that respect. I distinctly said that I remembered one of your predecessors who thought that way, but Your Excellency knows that I always preface my remarks by saying "Present company excepted." I am asking you to accept my word on that.

THE PRESIDENT: I am very glad to accept that apology but your words were "West Africa," from which you have come." I will now proceed to put the question.

The Committee divided and voted:—

For—Messrs. C. V. Wight, Lee, Jackson, Jacob, Walcott, Peer Bacchus, Eleazar, Ogle, Wood, Case, Laing, D'Andrade, Austin, Seaford, McDavid, Luckhoo, Dias, Dr. MacLennan, Prof. Dash, the Attorney-General and the Colonial Secretary.—21.

Against—Messrs. Mackey, Humphrys, deAguiar and Percy C. Wight.—4.

Bill read the second time.

THE PRESIDENT: I will not now call on the mover to proceed with the Bill in Committee. We will now take the second

reading of the Excess Profits Tax Bill. I will ask the Council to excuse me and the Director of Medical Services for a short period at 12 o'clock as we have another engagement.

#### EXCESS PROFITS TAX BILL.

Mr. McDAVID: I move that "A Bill intitled an Ordinance to amend the Excess Profits Tax Ordinance, 1941, by increasing the rate of tax; by making certain alterations in the method of computing excess profits and by repealing the provisions relating to relief in respect of deficiency of profits" be read a second time. When I introduced in this Council the Excess Profits Tax Bill which is now Ordinance 1 of 1941, I made certain observations which I would like to repeat to-day. I said then that the making of excess profits in the sense in which that term is used in the Ordinance was not necessarily an inherently vicious thing. Profiteering at any time is a wicked thing, but in time of war profiteering is profound treachery, and the State is entitled to appropriate the whole of any ill-gotten gains derived in that manner. Excess profits may arise quite legitimately. It may arise from increased turn-over normally, or from better or more skilful management, and in that case the State does not normally appropriate or wish to appropriate the whole of such profits.

I made those observations in explaining the rate of 60 per cent. which was introduced in that Bill at that time. I said then that that rate had to be fixed more or less arbitrarily. In Canada the rate was 75 per cent., while in Trinidad it was 33½ per cent. and here 60 per cent. to start with. The time has come when we must appropriate to the fullest extent, and it is now proposed to raise the rate from 60 per cent. to 80 per cent. I want to forestall any criticism or any suggestion that the rate should be 100 per cent. or a figure above 80 per cent. In the first place the tax in England is 100 per cent., but by the Finance Act of 1941 20 per cent. of the 100 per cent. is reserved by the State in a fund which will be used after the war for reconstruction purposes.

At this stage the President withdrew and the Colonial Secretary, (Mr. G. D. Owen) took the Chair.

Mr. McDAVID (continuing): In other words the State is itself creating a reserve fund to be returned to the taxpayers after the war. In this Colony we do not propose to do anything of that kind. We have fixed our tax at 80 per cent, and the taxpayer is supposed to make his own reserve out of the 20 per cent. of excess profits that is left. In considering the rate of tax as proposed in this Bill the Council must also consider the other proposal which is contained in clause 3, that is the removal of the provisions allowing relief in the case of insufficiency of profits. I explained originally what those provisions meant. They mean that where profits fall below instead of above the standard, the taxpayer has the right to come back to the revenue and claim a refund of tax already paid. That is rather hard because it is quite obvious that if we collect excess profits in one year and spend the money and then two or three years hence we have to pay it back as deficiency relief we should probably have to impose another tax in order to find that money, and I shall probably come back here to increase income tax in order to refund excess profits tax. I think this Colony and other Colonies like this cannot afford to have in their Ordinances a provision such as deficiency relief. It is all very well for the United Kingdom where they are more or less guaranteed.

The last provision in the Bill is a measure of relief to small businesses. In the existing Ordinance small businesses are entitled to claim an allowance of \$3,000 for each working proprietor with a maximum of \$12,000, and it has been found that that allowance is much too small, and that there may be cases of extreme hardship. It is now proposed to introduce the same allowance as has been provided in England, that is \$4,800 for each working proprietor with a maximum of \$19,200. Those are the main provisions of the Bill. I move that it be read a second time.

Mr. LEE: I would like the Colonial Treasurer to explain why the exemptions include individuals and companies engaged in mining operations.

Mr. SEAFORD: One or two points arise in this Bill which arose in the Income

Tax Bill, and I do not propose to deal with them again. Dealing with the Bill as a whole I do not think there is or can be any objection to paying excess profits tax, but it is not clear to me what is meant by excess profits. The Treasurer has quoted Trinidad quite a lot. A similar Bill was brought up in Trinidad raising the tax to 80 per cent, but I understand it has been withdrawn. I would like to know the reason why it was withdrawn.

The Treasurer has pointed out why we have not fixed the tax at 100 per cent. but I would like to take that matter a little further. Companies are not allowed to increase their reserves for depreciation, I understand. At present the sugar estates are unable to keep their machinery and other things up to mark; they are unable to get replacements, and therefore the depreciation is very much greater than it would normally be. Under the Income Tax Bill and this Bill there is provision for a normal rate of depreciation which will have to be changed considerably because, with the materials at our disposal, we are unable to maintain our machinery in the condition they should be maintained. We are unable to carry out any improvements at present, and Government should allow a certain amount to be placed on reserve to allow for replacements after the war. If that is not done and Government takes 80 per cent. of the excess profits (those profits are not true profits but merely due to our not being able to replace) we will find ourselves in the same position as we were after the last war when several sugar estates went out of existence. I do not say that was Government's fault.

The same thing occurred in the case of business firms. I feel sure that after this war is over some of the firms are going to be stocked with goods which will be unsaleable. They will probably have large stocks of goods which they will be able to replace at very much lower prices, and unless they are allowed to put something by for that day which is bound to come we are going to have businesses going into liquidation. It happened in the United Kingdom to a very large extent after the last war, and we felt the effect of it here. Unless something is done in that way we are going to feel it again.

As regards clause 4 of the Bill the

Colonial Treasurer pointed out that it means that at the present moment if there is a loss in any one year it can be written off against the profits of the previous year. I quite see the difficulty Government may be placed in, but a similar situation arose in the United Kingdom on which the Chancellor of the Exchequer made the following statement:—

“The matter may be put bluntly in this way, that although a business may have paid excess profits tax in the first year it would be entitled when another year had gone by to ask that the calculation should be made in respect of the whole period, so that if its profits in the first year had been followed by severe loss or a drop it would not be treated unjustly. Otherwise injustice would be done.”

I am in favour of Government getting all it can without doing harm to business or industrial enterprise in the Colony. That is a point we must consider very carefully. I do not think it is a matter which Members should pass over without very careful consideration.

There is one other point as regards clause 3. The Treasurer said he has brought it up to the same position as in the United Kingdom, but I would like some explanation on one point. If I started business with somebody else about four years ago and instead of making profit I endeavoured to build the business up until the capital was four or five times what it was (the interest on the true capital would only be about 1 per cent.) I think there should be some relief in a case like that. I do not know how the Treasurer would afford relief in such a case.

Mr. ELEAZAR: It is true that everything is possible, but I cannot conceive how the hon. Member can find it possible to provide an excuse for a Bill of this nature. From my point of view Government should take away every cent of excess profits, for the simple reason that a merchant is allowed a fair margin of profit. The war comes along and he takes advantage of it to make a tremendous amount of profit above that. The position is that he should not have made excess profits at all. Great Britain has introduced an Excess Profits Bill which enables the whole of the excess profits to go back to the people in increased wages. Excess profit is certainly a dishonest form of

trading and nobody should profit by it at all. Excess profit is everything above what is a fair return which Government has itself fixed. In England wages have been increased as the result of the war, and the working people have been able to make national savings of millions of pounds. In British Guiana the cost of living has gone up while the wages have gone down—just the reverse.

Government will not agree to increase the excess profits tax to 100 per cent., but has fixed it at 80 per cent., which means that the merchant gets another 20 per cent. above what is a fair margin of profit. Some merchants have increased the prices of some articles from 10 cents to 40 cents per yard. Some companies make swimming pools and erect pretty buildings in order to secure deductions from excess profits. In the last war many sugar estates which were on their last legs became new estates before the war was over. During the last war a bag of padi was sold for \$5 and nobody suffered. To-day it is being sold at 5/—, and the poor man in the field can hardly see his way, although it is said that he is getting more for his rice. Where has the money gone to? I support this Bill with all my heart, but I wish the tax was 100 per cent.

Mr. LEE: I would like to find out from Government why exemption was made in section 4 of the Principal Ordinance, No. 1 of 1941, of individuals and companies engaged in mining operations? There is no reason why mining companies making excess profits should not pay excess profits tax. The workers employed by those companies do not share those excess profits. If Government is going to adopt a system of marginal profits then there will be very little excess profits.

Mr. C. V. WIGHT: There seems to be an omission. I see no provision in the Bill for deficiencies. Surely there should be some provision made for companies which have paid no dividends to their shareholders for years. What about loss suffered in the past two years on account of thefts or otherwise?

Mr. Mc DAVID: I do not think the hon Member need labour that point. Loss by theft is allowable,

Mr. de AGUIAR: I spoke at considerable length on February 19 this year when the principle of imposing an excess profits tax on this community was first introduced, and if there was sufficient time I would like to repeat every word I said on that occasion. In other words, looking back after 10 months at the experience we have gained since the introduction of this tax, I have no cause whatever to regret anything I have said. My only regret is that I am not in a position to-day to develop some of the points I made on the last occasion as the result of the experience I have gained since the introduction of the tax. The hon. Members who have spoken belong to a noble institution of professional men who are specially exempted in this Bill, and I submit that everything they have said lacked sincerity in every degree.

Mr. ELEAZAR: I rise to a point of order. The hon. Member has no right to charge other Members with insincerity in this Council.

Mr. LEE: We are professional men. We pay income tax which is an oppressive thing.

Mr. de AGUIAR: If the hon. Members had allowed me to develop my argument they would have heard what I meant by a lack of sincerity. A good deal has been said about profiteering by merchants, but nothing has been said about the professional man who charges one individual a fee in dollars and when he comes to deal with another individual on a similar matter he charges him in pounds or guineas. That, of course, is not profiteering and is not subject to any excess profits tax at all. He is specially exempted from this Bill, and that is what I referred to when I spoke about lack of sincerity.

Mr. C. V. WIGHT: I do not think the hon. Member can be referring to me, but at the same time I would like to point out that the hon. Member and I have often crossed swords on the question of merchants and professional men.

THE CHAIRMAN: I think you will allow the hon. Member to proceed.

Mr. de AGUIAR: I am glad for your ruling, sir, but I would have given the

hon. Member a chance to excuse himself. I did not refer to any particular Member. All I said was that all the hon. Members who have spoken so far belong to that noble profession which is exempted from this Bill, with the exception of the hon. Member for Georgetown North (Mr. Seaford). There can be no question about it that whether there is excess profit or not it is a good thing for this Government to collect something out of it, or all of it as some Members have stated, but they have no knowledge of the subject at all.

The whole subject is full of intricacies and there is a conflict of views even among the experts in England. Those of us who are interested in it have gone to the trouble of reading the various expressions of opinion by responsible individuals in England among whom there is a conflict of opinion on various points. The principal point is what are excess profits? In our law excess profits are anything over and above the standard profits over certain periods prescribed in the Ordinance, or alternatively a percentage of 8 per cent. in some cases or 10 per cent. on capital. Anything that is above those earnings or standard profit is termed excess profits.

At this stage the President re-entered the Chamber and took the Chair.

Mr. de AGUIAR: Sir, I was just developing the point as to what are excess profits, and I pointed out that in our local law excess profits mean any profits over and above the standard profits fixed by the Ordinance. I prefer to accept the interpretation of excess profits given by the Colonial Treasurer. It surely cannot be argued that if increased profit is earned as the result of an increase in turn-over those profits can be termed excess profits. I would like to be informed where there is provision in our existing law to meet such a case. As far as I know there is none. The only way in which perhaps relief can be obtained in such a case is if the necessity arose to bring fresh capital into a business by calling for additional contributions from the shareholders. That is perhaps one way in which it might be done, but no other provision, in my opinion, exists in the Bill that will afford relief in such a case.

I submit with confidence that some of the profits that have been, are being, and

will be earned in future are the result of increased turn-over. I do not think there is any Member of this Council who will dispute that fact. Trade generally is receiving the benefit of an increased turn-over through many causes. There is increased turn-over as the result of the arrival here of our American friends who are giving us undoubtedly a good bit of trade. There is increased turn-over as the result of increased spending power in certain industries and general activities as a whole. Those are the things that are called excess profits.

There is one other point I wish to make. It is a point which I could not make in February, 1941, because it had not appeared on the horizon as forcibly as it is appearing to-day. The policy has been to avoid as far as possible inflation in one form or another, inflation in regard to prices instead of in regard to increased wages, expenditure, and things of that kind. That was the policy then. We know now, perhaps to our regret, that inflation is something that cannot lightly be brushed aside. It may be true that it has not risen to the same extent as it did during the 1914 war, but the fact remains that inflation is with us, and so long as it has appeared it is going to be extremely difficult to restrict the general rise that I feel sure will take place all round. If inflation has come upon us and it is going to rise we must exercise prudence. I speak as a citizen, as a colonist, and as a representative of the people, and if I may be permitted I also speak on behalf of Government as well. If it is accepted that inflation has come upon us, the time has come for us to remodel our ideas as to the future, and therefore we must make provision for periods of depression that will undoubtedly come afterwards, because we all know from experience that a period of inflation is immediately followed by deflation, which means depression.

The question which this Government must be satisfied about if it has the industrial interests of the community at heart, is whether it is a sound policy to take away from industry 80 per cent. of its profits—not of excess profits because it is extremely difficult to find out what are excess profits and what are not—for the purpose of carrying on our expenditure in the way we are carrying it on.

I say at once that Government must have given some thought to that phase of the matter. If not the Government as a whole, then the responsible officers of Government must have given some consideration to that phase of the matter because already we begin to see the necessity for removing from the previous Bill the provision for deficiency of profits.

I am led to ask the question: what has been the experience this year in so far as that particular clause in the Bill is concerned? It may not have been a sad one so far, but nevertheless I submit that the experience was an indication of what may be expected if the war came to an end suddenly and depression followed, as it might reasonably do. Under that clause Government would have to pay back some of those profits that have been collected. It goes beyond the year the Treasurer referred to. The question of giving back goes beyond a year, unless, of course, it is intended that as soon as everything is over we are going to cancel all our existing emergency taxation. I am afraid we will not be able to do that because the necessity might be all the greater for us to continue some of our emergency taxation. I submit that the mere fact that the mover of the Bill has advised Government to remove the provision with regard to deficiency of profits is an indication of his fear of what may happen in the future, and that fear has been brought about as a result of the changed conditions I have referred to.

Conditions in the entire world have gone through revolutionary change. We can never hope to prevent inflation, and I submit that so long as inflation has forced itself upon us in the way it has done it is prudent for us to make the necessary provision for the deflation period and ample reserve for depreciation referred to by the hon. Member for Georgetown North (Mr. Seaford). I entirely agree with him, and my only regret is that when that depreciation was first mentioned he did not give it his support. The need for increased reserve for depreciation is due to the increase in the value of replacements. That again has been forced upon us, and is proof of the inflation that has taken place since these schemes were formulated. These forms of taxation have been based on the principle that we must



carry on and avoid inflation as much as possible. We have failed. I do not think there can be two schools of thought on that question. We are still trying and we hope at least to keep it where it is, but nevertheless world conditions have brought about the change, and no matter what artificial means we devise to suppress inflation I personally feel that we have no hope of doing so. I have no desire to give any instances at all. Those Members who have had the experience and have had to deal with trade generally will know that what I am stating is absolute fact, and therefore the need for making ample provision is greater now than it was when these schemes were formulated.

One more word. I do not want to prolong the debate any longer than I can help. One hon. Member referred to hoarding of materials. I have never heard a more surprising statement. What I have heard is fear of a possible shortage. Our interest in this community has been to see that we have enough to go around, and every effort is being made in that direction. Perhaps the hon. Member knows where hoarding is done so that excess profits can be made. If so he might be good enough to inform the Council. I personally think that nobody would hoard in order to earn excess profits tax. I cannot see any merit in the suggestion. The general feeling is that we have to spend all of our efforts to see that we have enough to go around.

Do not let us imitate what is being done in England by increasing this rate. Excess profits tax in these Colonies is not the same as in England where one of the principles is that the State should obtain revenue from industrial activities directly arising out of the war conditions. I think I am right in saying that that is one of the fundamental principles. I do not think we can say that in this Colony. We are not as fortunate as we were in 1914 when the export prices of sugar and rice rose to phenomenal heights and the sugar companies earned what was then described here as handsome profits. We are not so fortunate in any other industry that I can name. Therefore it cannot be said that in so far as this Colony is concerned the imposition of an excess profits tax at a rate equivalent to the rate that is in force in the United Kingdom is justified.

There is a lot more one would like to say but I know that time is short, and I have no desire to continue. I think I have said enough to convince the professional Members of this Council of their lack of sincerity when they spoke in the way they did.

Mr. WALCOTT: The hon. Member who has just taken his seat made reference to the price of sugar during the last war. On that point I must tell him that he is absolutely wrong. During the last war the price of sugar was not allowed to rise, Sugar was controlled by the British Government in the same way as it is to-day, and during the war the price of sugar was kept down to a point which only allowed the sugar estates to make a small amount of profit. As the labour conditions rose, the British Government increased its price over a period of three years, but the price of sugar never got beyond 8 cents per lb. for export and less for local consumption during that period. Immediately after the war the price rose to such an extent that sugar was actually being sold at 24 cents per lb. Several local syndicates were formed and everybody was buying sugar shares at ridiculous prices. A million dollars was paid for Pln. Schoon Ord, but people like myself who had been in the sugar business for years realized that they were on the wrong side. Eventually in 1920 contracts made at 24 cents per lb. were paid for at 7 cents per lb. There is no possibility of contradiction of that fact.

Mr. C. V. WIGHT: The hon. Member for Central Demerara (Mr. de Aguiar) made reference to professional Members. I would like to point out to the hon. Member that the Chancellor of the Exchequer particularly exempted profession I men from this tax. There is therefore no question of insincerity because professional men have had the protection of the Chancellor of the Exchequer.

Mr. HUMPHRYS: I am in favour of an excess profits tax on excess profits. I have listened carefully to the hon. Member for Central Demerara and it seems to me that one should hear more from the Colonial Treasurer as regards the question of deficiencies. There are companies here to my knowledge which have not paid dividends for years and carry a profit and loss account of thousands of

dollars. Is nothing going to be done as regards that? I submit that those are things which should be taken into consideration. Whether 80 per cent. is too much is another question which I do not propose to enter into, but I think the question of deficiency should be fully dealt with by the Treasurer as to his reason for giving it up.

I entirely agree with the hon. Member when he raised the question as to what are excess profits. Can it be said to be excess profits when they are due to increased turn-over? I would like to hear from the Treasurer whether it can be called excess profits if an article is sold for far more than it would have been if there was no war? I would like to be enlightened on that point because I can do with a little bit more education on this question.

Mr. JACOB: This Bill has my whole-hearted support. I have already expressed my views on it and I am not surprised to hear the reasons—if they can be termed reasons at all—advanced by the hon. Member for Central Demerara (Mr. de Aguiar) as to why the Bill should not be put through. On February 19 when the original Bill was passed I expressed the view that by levying only 60 per cent. tax on excess profits Government was in a way encouraging profiteering. I think that statement should be substantiated to some extent. I see that Government intends to make it 80 per cent. in this Bill. There have been suggestions that it should be 90 and even 100 per cent. In view of the fact that the standard profits are 8 and in some cases 10 per cent. I think 90 per cent. would not be an unreasonable percentage to fix. I would like to be advised as to what are the standard profits in Trinidad where the excess profits tax is 80 per cent. I saw a statement in the *Daily Argosy* recently that the excess profits tax in Trinidad has been increased.

Mr. SEAFORD: For the information of the hon. Member I can say that that Bill was withdrawn.

Mr. McDAVID: I will try to reply to the various criticisms in the few minutes that remain. I am afraid that the hon. Members for Central Demerara (Mr. de Aguiar) and Eastern Demerara (Mr. Humphrys) are playing with words when

they ask what are excess profits? They took rather unfair advantage of a statement which I made when I tried to distinguish between profiteering and the making of excess profits in the sense in which the term is used in the Bill. I did so because a profiteer bears a very bad name in this community. I said that a person who earns excess profits may have got those excess profits in quite a legitimate way, but I did not mean to infer that a person who made those excess profits in that legitimate way should not be subject to tax.

The allowance in the local Ordinance is rather more generous in some respects than it is in England. We allow a margin of 10 per cent. on capital in the case of privately owned companies, and 8 per cent. on public companies. That is the standard of profit where a business does not select as its standard the profits of the previous year. Now 8 per cent. is an extremely reasonable allowance for business in this Colony, and I do not agree with the hon. Member for Central Demerara that a tax on profits above 8 per cent. on capital can be said to hamper business or restrict development in any way. This is a time of war and the State is justified in appropriating something out of the larger profits over a reasonable standard even where those profits are derived from turn-over which, undoubtedly, in most cases has increased as the result of the war.

The hon. Member for Georgetown Central (Mr. Percy C. Wight) raised a very important point about depreciation. An allowance for depreciation is within the discretion of the Commissioners. The greater use of machinery during the war in connection with the war effort, and the replacement of articles or equipment which in some cases cannot be got are matters to be taken into consideration. It is a very difficult matter, as the hon. Member knows, but it is no reflection on the Bill itself

The hon. Member for Berbice River (Mr. Eleazar) mentioned unhappy cases of capital expenditure such as expenditure on swimming pools and pretty buildings. I can assure him that things of that sort are never allowed as deductions from profits.

The hon. Member for Essequibo River (Mr. Lee) wanted to know why mining companies were excluded from the Bill. When I moved the original Bill in this Council in February I carefully explained the reason, and I will do so very briefly again. Gold was specially taxed at the beginning of the war by increasing the export duty in a special form. The diamond industry, as we all know, is in a very unsatisfactory position at the present time, and it is useless to impose an excess profits tax. The reason for the exemption of bauxite is that we have also applied a special increased export duty on bauxite at the beginning of the war when the rate was increased from 9 cents to 20 cents per ton. I must explain further that that industry is being extended at the moment at a very great rate. The company is making the industry expand, develop and produce in two years what normally it would have produced in ten years. They are pressing into one year the trade or turnover of ten years, and they are doing that at the instance of the Government for international interests and at greater capital expenditure. It obviously would be most inequitable to take the earnings which would be spread over a long term all away as excess profits and leave the concern with the heavy capital expenditure. I can develop that point much more, but I think what I have said meets the point. The hon. Member for Georgetown North (Mr. Seaford) did mention a specific case, but it is much too intricate for me to deal with across the table.

**THE PRESIDENT :** I have no comment to make myself. There are certain questions which will come up in Committee with regard to the clarification of standard

profit. It may be that certain Members desire to move an amendment increasing the rate of tax from 80 per cent., and I will say here that Government would not oppose that. In other words it would be an open question. I now put the question that the Bill be read a second time.

Question put, and agreed to.

Bill read a second time.

**THE PRESIDENT :** To-morrow is Christmas Day and I am told that Boxing Day is also a statutory holiday. I think we should therefore adjourn until Tuesday next at 11 o'clock when we will proceed with the second reading of the three Bills mentioned, and with the Committee stage of the last two Bills.

**Mr. ELEAZAR :** At this stage, sir, I ask you to permit me to wish you on behalf of the Council all that you wish for yourself at this the first Christmas you will spend among us. We wish you a very happy Christmas and that you will be relieved of any anxiety about your family and friends abroad.

**THE PRESIDENT :** I would like to express my very sincere thanks for your Christmas wish, and particularly the touching words with reference to my family at Home. Again I thank you and I take this opportunity to reciprocate that Christmas wish for all Members of the Council.

The Council adjourned until Tuesday, December 30, at 11 a.m.