

# SECOND LEGISLATIVE COUNCIL

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

Thursday, 24th September, 1959.

The Council met at 2 p.m.

## PRESENT :

**Speaker**, His Honour Sir Donald Jackson

**Chief Secretary**, Hon. M. S. Porcher, acting

**Attorney-General**, Hon. A. M. J. Austin, Q.C.

**Financial Secretary**, Hon. F. W. Essex, C.M.G.

*ex officio*

The Honourable **Dr. C. B. Jagan**

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

**B. H. Benn**

*Member for Essequibo River*  
(Minister of Natural Resources)

**Janet Jagan**

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

**Ram Karran**

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

„ „ **B. S. Rai**

*Member for Central Demerara*  
(Minister of Community Development and Education).

Mr. **R. B. Gajraj**

*Nominated Member*

**W. O. R. Kendall**

*Member for New Amsterdam*

**L. F. S. Burnham**

*Member for Georgetown Central*

**S. Campbell**

*Member for North Western District*

**A. L. Jackson**

*Member for Georgetown North*

**E. B. Beharry**

*Member for Eastern Demerara*

**S. M. Saffee**

*Member for Western Berbice*

**Ajodha Singh**

*Member for Berbice River*

**R. E. Davis**

*Nominated Member*

**A. M. Fredericks**

*Nominated Member.*

Mr. I. Crum Ewing — Clerk of the Legislature

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

## ABSENT :

Mr. R. C. Tello — indisposed.

Mr. F. Bowman — on leave.

Mr. J. N. Singh — on leave.

Mr. H. J. M. Hubbard — on leave.

Mr. A. G. Tasker, O.B.E. — on leave.

The Clerk read prayers.

## MINUTES

The Minutes of the meeting of the Council held on Wednesday, 23rd September, 1959, as printed and circulated, were taken as read and confirmed.

## ANNOUNCEMENTS

**Mr. Speaker:** I wish to announce that the hon. Nominated Member, Mr. Tello, will not be able to attend today, as he is ill.

## ORDER OF THE DAY

GEORGETOWN ELECTRICITY  
SUPPLY FAILURE

**Mr. Speaker:** At this stage today we will resume the debate on the following Motion:

"Be it resolved: That this Council views with alarm and concern the recent electricity failure and calls upon the Government to take measures immediately to remedy the grave situation."

Yesterday at the adjournment, the speaker was the hon. Member for Georgetown North.

**Mr. Jackson:** In the course of my remarks yesterday I said that the Government was as much to be blamed for the present crisis as the Demerara Electric Company. I repeat that accusation today, bearing in mind that the Minister of Trade and Industry admitted that since 1957, after the People's Progressive Party took office, an order was placed for a diesel engine to be installed on the property of the Company, and that when the makers had completed their task the Company refused to have the engine installed.

Was the Government satisfied that the installation of that engine or plant was of great urgency or necessity, something which would have helped the Company to provide efficient service for all consumers of electrical energy? I am assuming that the Government was convinced that the installation of this diesel engine was of vital importance to the

efficient running of the Demerara Electric Company's service, and I can only assume.

With your permission, Sir, I would quote from Chapter 237 of the Laws of British Guiana, which states at section 7(1):

"The undertakers shall be subject to the regulations and conditions inserted in any licence, order, or special Ordinance affecting their undertaking with regard to the following matters—"

Two of those matters are in paragraphs (b) and (f):

"(b) the securing a regular and efficient supply;

(f) the enforcement of the due performance of the duties of the undertakers in relation to the supply by the imposition of penalties or otherwise, and the revocation of the licence, order, or special Ordinance, where the undertakers have, in the opinion of the Governor in Council, practically failed to carry the powers granted to them into effect within a reasonable time or have discontinued the exercise of those powers; . . ."

I submit that Government did not act in accordance with its powers when the Company refused to install the engine which would have been a factor in the efficient running of the plant and the supply of electrical energy. I am submitting that the company refused to install that engine at a time when the Company was unable to fulfill the conditions under which it was given the franchise and Government had to come to its assistance by ordering the machine to which reference has been made.

If the Company refused to install the engine, then it was Government's responsibility to come here and proceed by way of legislation, imposing a penalty or withdrawing the conditions under which the Company was made to operate. Indeed, if the Government were alive to its responsibilities and the interest of the people, instead of waiting to throw the blame upon the Company and trying to shelter itself; if the Government had ceased looking at the Company in terms of "junk" and regarded the matter as one of expediency, then this situation would



never have resulted. We know that in times of expediency one is even compelled to deal with people in terms of "junk". Members will recall that "junk" was referred to yesterday.

It is clear that Government did not take into account the sufferings of the people, the losses which other Companies would suffer, and the extent to which people would be put out of work.

I would also like to quote from Section 30 of Chapter 237:

"If at any time, from insolvency or other cause, the undertakers are unable to continue to supply electricity to any area for which they are authorised to do so, the Governor may enter upon and take possession of all the works of the undertakers, together with all wires and electric plant belonging thereto, and may, if he thinks fit, maintain them in working order for the time necessary for their sale or other disposal."

It is clear, Sir, that the Government had recognized, as late as June this year, that the situation had developed to a point which made it compulsory for them to appoint a Controller of Electricity and Supplies, for at that time the Company was not in a position to offer the full supply of energy to the consumers with whom they had a contract; and it is clear that the Government should have taken a sterner measure than the measure taken in June with respect to the appointment of a Controller. It ought to have entered upon the premises and taken over the Company for the period of time stated in the Ordinance. It ought to have gone in there and worked the Company's business so that the consumers would have been receiving a supply of energy today. They are entitled to this in the terms of the contract under which the Company is operating.

What is the cause of the failure on the part of the Government to take action which it should have taken in June last? One Member accused them yesterday of being sectional in their approach to the problem. Of course, the Government deprecated the observations made by that Member. But since the

Government had failed in its task and responsibility anyone is entitled to come to conclusions, and if those conclusions are wrong then the Government have no other person to blame but themselves. There is no excuse for the present crisis.

I asked yesterday whether anyone ever inspected the Company's instruments; whether there was any expert who could have examined the boilers at the Company's premises; whether the Controller of energy was an expert and could have so advised the Government as to the condition of the plants from which power is distributed. I see that there is provision in the law and one must ask why the Government has not appointed a person who may be an expert to advise it on the condition of the plants there from which power is distributed.

I shall ask your permission, Mr. Speaker, to quote from Chapter 238 of the Subsidiary Legislation, Section 23 (1) or Clause (1).

"Whenever the Undertakers make default in supplying energy to any owner or occupier of premises to whom they may be and are required to supply energy under this order they shall be liable to a penalty not exceeding five dollars in respect of every such default for each day on which any such default occurs."

Is the Government saying that it has not suffered as one of the consumers of electrical energy?; or is it saying that in none of its offices there has not been a disruption in service. Is it saying it has not suffered any inconvenience since this crisis came upon us? What is the responsibility of the Government to itself and to the consumers? Why has not the Government taken action against the Company? Why it has not yet taken the course it ought to take, being a consumer, and have the Company prosecuted?

It seems to me that action ought to have been taken and can be taken, for the Company has failed to supply energy to the Government — it has broken its contract with the Government inasmuch as it has done so to any other consumer

[MR. JACKSON]

—and rather than placing the consumer in a position to take this action, it seems appropriate for the Government to take the first step against the Company in a Court of Law. For unless the Government does this the Company will continue to treat the public of Georgetown and its environs in the way it is doing at the moment. The whole of Section 23 provides for such a course of action. I am advising Government, in spite of my accusations, that it takes such action against the Company. We have the Attorney-General here, and I am accusing him for not advising his colleagues on this course of action.

Perhaps some might argue that this is something which is inevitable. The last provision says:

“Provided also that in no case shall any penalty be inflicted in respect of any default if the court having cognizance of the case shall be of opinion that such default was caused by inevitable accident or *force majeure* or was of so slight or unimportant a character as not materially to effect the value of the supply.”

I am submitting that this cannot be an accident. I am submitting, layman though I am, that this crisis cannot be the result of an accident from the fact that there has been load shedding from June to this date. This can be no accident — no inevitability — and I must agree with those who accuse the Company of black-mail, for there can be no other conclusion at which one can arrive. If the Company is operating the plants — perhaps here the Government will have itself to blame — the Government is entitled to send inspectors into the Company's offices or premises to read the instruments, and I am expecting to hear from the Government that inspectors have inspected the building periodically and have reported to the Government that the reading of the instruments is quite in order so as to ensure not only the safety of those working there but the supply of electricity to which the consumers are entitled.

Section 34 of the same Chapter 238, reads:

“The Undertakers shall keep in efficient working order all instruments which they are required by or under this order to place set up or keep at or on their premises and any inspector may from time to time examine and record the readings of such instruments and any readings so recorded shall be receivable in evidence.”

Perhaps, the learned Attorney-General may find it difficult to present such evidence because I am still to learn that there has been any inspection made of these instruments and I presume the instruments include boilers and other equipment. If the Government have not done that, then they are culpable. Section 35 says:

— “Any inspector shall have the right to have access at all reasonable hours to the premises of the Undertakers for the purpose of testing the electric lines and instruments of the Undertakers and ascertaining if the same are in order and in case the same are not in order he may require the Undertakers forthwith to have the same put in order.”

I am submitting that since the Government has not done this, the Government cannot excuse itself or cannot escape blame, and the people of Georgetown and its environs are entitled and do demand from the Government an answer to this present situation. An enquiry will not remove from them, at the moment, the inconvenience they are experiencing; it will not replace the losses suffered by any Company which claimed that it lost hundreds of thousands of dollars as a result; it will not remove the accusation that there is discrimination in the distribution of supply. An enquiry is like locking the gate after the horse has escaped. That is not going to be the answer to the problem. It is not going to satisfy the consumers who are forced to go to bed early at nights, who are forced to go to sleep with their hearts and minds unsettled and who live in fear. If Government was satisfied that this diesel plant was essentially necessary, then it had no alternative but to act under



Section 53 of Chapter 238, subsection (1), which says:

"(1) If in the judgment of the inspector the Undertakers make default in observance of any of the obligations imposed by this order or by the Ordinance and the Undertakers on their attention being called in writing by the inspector thereto shall not forthwith remedy the defect or omission to the satisfaction of the inspector the inspector shall forthwith report the matter to the Director of Public Works and it shall be lawful for the inspector on the direction of the Governor in Council and after giving ten days' notice in writing to the Undertakers out of any moneys legally available for that purpose himself to hire workmen and procure materials and to repair all defects and supply all omissions and it shall be lawful for the Attorney General to make application by summons to the Supreme Court on notice given to the Undertakers and upon the production of the inspector's certificate to the Supreme Court judgment shall be entered for the amount so expended by the inspector and shall be enforced accordingly and unless such judgment is forthwith paid the Attorney General on behalf of the Government without prejudice to any other remedy shall be entitled to have a Receiver appointed by the Supreme Court to receive all the tolls and earnings of the Undertakers and to pay and satisfy the said judgment and all costs of and incidental thereto . . ."

Therefore it is clear that no statement about not having funds at its disposal could have prevented Government from entering the property of the Demerara Electric Company in the circumstances and doing repairs, or installing the plant after it had given full consideration to the factors involved which have produced the crisis with which we are faced today. That is as far as the Government is concerned, and I challenge the hon. the Attorney-General and the Government to allow this matter to remain as it is. I demand from them action such as is competent for them to take, and I presume that is what the hon. Mover of the Motion has in mind. These are not the days when people who act as the Demerara Electric Company acts, should be allowed to get away with "murder". They should not be led to believe that they can do as they like. If Government does not take action then

Government should be linked with the Company which should not be allowed to continue to operate, because it is clear that nothing which is said or done by the people of this country has any effect upon the Company. The Demerara Electric Company seems not to care one jot whether there is loss of money, personal injury or loss of life, or whether there is more unemployment in this country.

Personal injuries are provided for in the law. There is provision for compensation if the Company operates a system which brings about injury to anyone, but it does not provide for injury resulting to anyone from the visit of an intruder to his home during the black-out. The Company has demonstrated that it is irresponsible. No other Company operating to provide service for the public would ever behave as this Company is behaving. If the workers of the Transport and Harbours Department were to behave in this manner I am sure the people would cry out a whole lot more than they do at the moment.

When I say "the people" I mean the bigger people and the Government too, because the Government would have taken action against the workers concerned. If the Transport workers had behaved in a manner which caused disruption of the utility service I am sure I would have heard more from the Government than I hear now. If the Post Office Department had found itself in an awkward position because of the action of its workers I am sure much more would have been said by the Government than has been said about this Company. But this Company, being a private Company, has no less responsibility; rather it has a greater degree of responsibility to the community than any other Company operating in the Colony, because it enjoys a monopoly.

Since the Company has been from time to time robbing the people of their rights, and in view of the fact that the situation has grown worse since June, 1959, what other conclusion can one arrive at than that the Company does not

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care one bit whether the present conditions continue for another 10 or 20 days? The Controller of Electricity is unable to say when the situation will improve. In the meanwhile some business places have had to close down. I read today that the Standard Cash Grocery has had to close its business in spite of representations made to the Minister of Trade and Industry, the Minister of Communications and Works, and the Controller of Electricity, and there are reports that many persons have been put out of employment because the machines they operate cannot be operated because of lack of electric power. As far as one sees, the Company is dumb, deaf, blind and heartless in its approach to all these experiences.

I said earlier that the present situation could not be the result of a sudden breakdown. Was the Company examining its own plant, and if it examined it within the last three or four months or once a year, did it know that the tubes in those boilers were not working efficiently, and if so, did it take action to prevent this crisis? I am convinced that nothing was done. The Company cannot say that because Government proposed to purchase, it would not put in new plant. If the plant was kept in efficient working order by the installation of new parts the cost of such parts must have been taken into account when the price was arrived at for the take-over. It is the responsibility of the Company to keep its machinery in proper working order, therefore there can be no argument of that sort as an excuse for the present crisis.

I say in conclusion that both the Government and the Company are at fault, but that does not preclude the Government from exercising its right to take action against the Company which, I say without fear, ought not to be allowed to continue to operate in this country.

**The Attorney-General (Mr. Austin):**

The hon. Member for Georgetown North has made a very spirited contribution to this debate, and except for the last few words he has spoken, it was useful for the various points to be aired. On the other hand I think one must consider carefully what he has said, and the practical implications of it. As I understand it, his line of thought is that the legislation under which the Demerara Electric Company operates provides remedies for a failure to provide or maintain a supply of electricity. He referred to Section 23 of the Georgetown Electric Supply Order which provides for penalties up to \$20 per day for failure to supply, with a maximum of \$100, and he read the proviso that such penalties should not be inflicted if the failure to supply was caused by accident or *force majeure*.

The hon. Member also drew attention, quite rightly, to Section 30 of the Electric Lighting Ordinance which, I think, covers the Demerara Electric Company, to the effect that if through insolvency or other cause the undertakers are in default of supplying electricity, the Governor may enter upon and take possession of all the works of the undertakers, and so on.

Now the Government is well aware of these provisions and is ready to take action under them, if it considers that a good case can be brought. As the hon. Member must know, with his considerable experience of public affairs, no Government would rush into Court in a matter like this without being very sure of its position. The first thing is to find out exactly what happened, and that is why the Government has announced that an inquiry would be made as to the exact extent of the breakdown, what caused the breakdown, whether reasonable precaution could have been taken against the breakdown, and so on. Just because a breakdown occurred with admittedly wide repercussions, it does not mean that the Government should rush into Court the next day and institute legal proceed-



ings, or enter into and take control of the premises the following morning.

I think this Council will realize that the business of running an electric power station and supplying electric power over a fairly wide area is a service which requires expert knowledge, and that not everybody can do it. It is carried out by electrical engineers, some highly qualified and who have specialized in public utility undertakings. I myself would be very chary of suggesting that the Government should go in and take over the undertaking unless I was certain that such control would enable the supply of electricity to be run smoothly. Indeed, if the machinery of the Demerara Electric Company were handled in its rickety state by persons who were not expert in knowing how to repair quickly and what is required, we might yet find ourselves in a worse position than we are today: we might wreck the whole station.

The hon. Member for Georgetown North said that as the Government had appointed a Controller of Electricity, why could they not take action under the franchise and go in and operate the generating station, do the repairs and install more plant. A firm of Consulting Engineers have been advising us in this matter for a considerable time, and we are dependent upon them because there is no firm of engineers in the country of the required experience who can do the work.

The question of appointing a Controller of Electricity is, of course, a different matter; he is there in order to ensure that such electricity as is available is fairly and equitably distributed. I have heard many favourable comments on the way the Controller has been discharging his difficult functions, and I think it is a matter for congratulation, rather than for the casting of aspersions on him, as he is doing the best he can under difficult circumstances; and I think it must be remembered that there a difference between load-shedding and a breakdown of electricity.

It has been said that the Demerara Electric Company has not got the adequate reserves of generating capacity, but the capacity it does have is naturally used to sell as much electric power as possible. It is unthinkable that the Company should have intentionally caused this breakdown which has affected a wide area and so many people, particularly those in the humble walks of life.

The remarks of the hon. Member for Georgetown North are welcome because they throw a bright light on the position, and his remarks must be considered in the context of some of the remarks I have made. I have said that the Government will act when it ascertains its legal position, based on the facts. The hon. Minister of Communications and Works has given an undertaking that an inquiry will be made. For my part, and that of my Staff, we are not sitting back and doing nothing: I can assure the hon. Member and this Council that we are carefully considering our legal position, and this necessarily takes some time; and I have no doubt that the Demerara Electric Company has taken legal advice as to its position. We are finding out the facts and assessing our position and what our rights are under the franchise, and I can assure this Council that the Government will not fail in making full use of its powers.

**The Minister of Community Development and Education (Mr. Rai):** I beg to move the following Amendment to Motion under debate: the deletion of the words

"calls upon Government to"

in the third line and the substitution of the words

"recommends that Government"

therefor. So that the Motion, if so amended, will read:

"Be it resolved: That this Council views will alarm and concern the recent electricity failure and recommends that Government take measures immediately to remedy this grave situation".

[MR. RAI]

I shall not be long on this topic, except to say that Government appreciates very much the feelings of Members of this Council, but one cannot call upon one's self to take immediate measures to remedy the existing situation, except upon recommendation from this Council that such measures be taken.

**Mr. Fredericks:** I would like to second the Motion for the Amendment. Members on both sides of the Council have covered the ground fully and there is very little more that can be added. Yet I think there are certain points arising from Members' speeches which might create some misconception if they are not qualified.

First of all I would like to congratulate the Mover of this timely Motion, the hon. Member for Georgetown Central, on the manner in which he has stated his case. Much criticism has been levelled at the Controller of Electricity and it has been said to me that it is good politics; but I feel that criticism should be tempered with justice and honesty. The Controller of Electricity has done a fine job, and he has done it conscientiously and well. I feel that his duty is to apportion available electricity and not to examine boilers and it would be impossible to foretell accurately when a boiler would go out of order. Therefore I feel we should be charitable in our comments and give him every assistance as he is trying to do his job courageously, impartially and fearlessly.

It is rather depressing that in the face of the acute electrical crisis which has resulted in chaos, destruction, distress, hardship and inconveniences to all, some Members cannot rise above party politics and act in a united manner to see what could be done to remedy the situation. This is not the time to apportion blame or determine who is responsible. This is the time for constructive action. A large number of factories and establishments which had been dependent on electricity as a source

of energy have been cut off thereby throwing the workers out of employment. Millions of dollars of machinery are now idle and thousands of dollars are being lost every day as this situation continues. Some of us with overseas contracts would not be able to meet the specified shipping dates and local commitments cannot be fulfilled. Perishable commodities have had to be destroyed because of the lack of refrigeration. But what cannot be readily assessed, however, is the damage which will ultimately be done to the economy of the country. Future expansion plans will have to be shelved until the electricity situation improves, and there seems no likelihood that this will improve in the near future. How long will this industrial cancer be permitted to continue? How long will the Demerara Electric Company be allowed to be the cause of our sufferings, moreso when there is no guarantee that there will not be a recurrence of what is taking place now?

The hon. Member for Central Georgetown and the hon. Nominated Member, Mr. Gajraj, have given the assurance to Government that this side of the Table will fully support the Government in any measure they choose to adopt to remedy the situation. I do not know if the hon. Members intended to include expropriation as one of the means.

The Minister of Trade and Industry has told this Council that arrangements to take over the Demerara Electric Company will be accelerated, that small packaged plants are available in the U.K. and that the Government is investigating the possibility of purchasing these plants. I submit that the Minister of Trade and Industry should have been fully advised before that small self-contained plants of one-and-a-half megawatts were always available over the past four or five years, and they could have arrived in British Guiana within eight weeks after the confirmation of the acceptance of an order. These plants would have filled the gap admirably and would have paid for themselves while the new machinery is



ordered and installed for the bigger layout. I say to the Minister of Trade and Industry that these packaged plants should be ordered immediately and in the interim period the necessary foundations should be prepared so that when the machinery arrive they can be put to use immediately. With proper planning, within three months of today's date these packaged plants can be in operation.

We have been told by the Minister of Communications and Works that despite the removal of any barriers, the Demerara Electric Company had refused to install the 2.5 megawatt diesel plant. No valid technical reasons have been forthcoming for the non-inclusion of this plant into the derelict Demerara Electric Company's plant. Does the Company prefer the unnecessary suffering of the community to continue by their lack of providing adequate generating facilities? I feel that their callous indifference cries to high Heavens for redress as it does not appear that any justice could be meted out by the properly constituted legal authority here.

The Minister of Communications and Works has omitted to tell this Council how much the 2.5 megawatt plant cost and how much it costs the taxpayers to keep it in storage, and also the interest on the initial cost. It is difficult to understand why this plant should be allowed to remain idle when there is a shortage of electrical power. What is Government waiting for? Why is there this procrastination? I say to Government to commence immediately on this installation, find some alternative site—whether it be the Ruimveldt stone-crushing site or any other suitable site—and start putting up this plant. At the same time, I feel that the small packaged plants can be accommodated within the same layout so that afterwards they can be utilized in the rural electrification scheme. This is the time for action, not an enquiry or an examination and I suggest that a start be made immediately.

**Mr. Burnham :** Mr. Speaker, before I reply, I desire to say that I agree with

the hon. Minister of Community Development and Education. There are certain constitutional proprieties that prevent the Government from calling upon itself and in the circumstances I accept his amendment and with my seconder's approval will have it embodied in my Motion which will consequently be changed.

It is true that from all quarters of this Council there is the realization that urgent action is necessary, but I think a reply is still necessary because I find some strange ideas, so far as I am concerned, seeping in.

In the first place, of course, I desire to congratulate most heartily, the hon. Nominated Member, Mr. Fredericks, for making such an excellent self-contradictory speech. He began by suggesting that we should be charitable in our comments about the Controller and Government and that we should act in a united manner, then ended up by asking 'why is this procrastination?'; this is the time for action.' Who but the Government has been procrastinating? May I say that charity is not one of my virtues in this Council. Why must I be charitable to Mr. Frampton or anyone else? If there is something to be criticized it must be criticized. Charity begins in our dark homes not in this debate on the electricity failure. I asked what is the Controller controlling and all the authoritative statements made in this Council have proved that I was right in asking the rhetorical question — 'what is the Controller controlling?' He is controlling electrical power of which there is an insufficiency of supply. I was not accusing or throwing any aspersions at Mr. Frampton; and furthermore, I cannot agree with the hon. Nominated Member, Mr. Fredericks, who believes that we should come here and hold hands around the Table and say 'this is not the time for party politics, this is the time for action.' But who but Government should take action? If my good Friend, the hon. Nominated Member, does not agree with the asperity which is a recognised part of the debates in legislative bodies, perhaps other climes and places are his proper habitat.

[MR. BURNHAM]

The hon. Minister of Trade and Industry refused to accept the accusation of indecision levelled against this Government. I agree with him because so far as I am concerned I am not accusing this Government of indecision. I am accusing the Government of incompetence and/or callousness. This Government has been in office for two years. Now we hear the Attorney-General saying that we have to go quietly and investigate. Two years for them to see the necessity of an investigation?

Of course I agree that there is necessity for an investigation; I said so. But what I criticize about the Government is its dullness which has caused it to sit down for two years before recognizing the necessity for an investigation. I am not talking about indecision; I do not know about any indecision. I know that the matter should have been investigated, and that we should have had plans operating by now for remedying the situation.

I do not understand the reasons given by the hon. the Attorney-General for not taking advantage of the powers provided by Section 30 of Chapter 237. I do not understand yet what the Attorney-General means when he says that he has been unable to see anything appropriate about the powers and penalties under Regulation 23 of the Subsidiary Legislation to Chapter 237, and that is typical of this Government. It has power but it will not use it. It is afraid of the Demerara Electric Company, but it has come here under the privilege of the Legislative Council and said that the Company is to blame. The Company is to blame, yes, but this Government is to blame for not manhandling the Company earlier.

The hon. Nominated Member, Mr. Fredericks, spoke about expropriation. There are more ways of handling the situation than by expropriation. We are not recommending expropriation, but Government can use its power of control; it can use the law to control the Company. The Company refused to put in

new machinery, but what does the Government do? It sits down and waits until a boiler bursts on Sunday. It appointed a Controller to control a non-existent electric supply. If the Company was impertinent and intransigent, Government should have come to this Council for the necessary power. If it considered, on the advice of the Attorney-General, that Section 30 of Chapter 237 and Regulation 23 are insufficient, it should have come here for the extra power. That is what I am criticizing Government for.

I am not unaware of the fact that the Company has been callous; not at all, but I feel that the Government has not been aware of its responsibilities. It is not party politics. That is my conviction, because if we allow Government to get away with it at this stage we shall have some other public service disrupted in this country and we will be told again that we must be above party politics and join hands. We know what the situation is, but the remedy is in the hands of the Government. Government knows of the conditions under which it can decide to buy the plant or not to buy the plant. It is only our duty to bring to Government's attention the enormity of the situation, but it is for the Government to remedy it — not to come here and say "Do not have party politics". What are we here for — Sunday school?

The Minister of Trade and Industry has accused the hon. Member for New Amsterdam (Mr. Kendall) of using agitational slogans — a professor lectures his youngest pupil. He has spent years in and out of this Council using slogans at the street-corners, and recently he has been telling rice farmers in the country that he will not give civil servants one penny more on their salaries. This, indeed, is the time for agitational slogans, and the time when the incompetence of the Government should be brought to the attention of the country. I am happy that in their age they have seen wisdom, and I thank them for accepting the Motion.

**Mr. Speaker:** The Amendment having been accepted by the Mover and



the seconder of the Motion, I shall now put the Motion as amended —

“Be it resolved: That this Council views with alarm and concern the recent electricity failure and recommends that Government take measures immediately to remedy this grave situation”.

Motion carried unanimously.

ORDER IN COUNCIL NO. 37 OF 1959  
DUTY-FREE GASOLENE FOR  
RUPUNUNI DISTRICT

**The Financial Secretary** (Mr. Essex): I beg to move that it be resolved

“That this Council in terms of Section 9 of the Customs Ordinance, Chapter 309, confirms Order in Council No. 37 of 1959, which was made on the 30th day of June, 1959, and published in the Gazette on the 11th of July, 1959”.

This debate, I think, will not be as heated as the last. This Order is to assist the people of the Rupununi. Under the law as it stands duty-free petrol is allowed for various activities, such as balata production, mining, wood-cutting, ranching, and for food production. This covers most of the activities in the Rupununi, but despite that, there is some inconvenience to the people of the Rupununi in that there is a certain amount of red tape involved in getting duty refunds.

There is also a bond which farmers have to give in order to take advantage of the concession. Having looked at the matter in relation to the position of the Rupununi, Government has considered that for the small revenue involved it is much better to exempt from duty all petrol which goes to the Rupununi. It seems to us that it is a perfectly safe thing to do. Because of the vastness and fastness of the Rupununi there is no possibility of petrol coming out of the district, and the cost of freight would not make it economic. This is therefore designed, at very little cost to the revenue, to relieve the people who use petrol in the Rupununi from regulations and red tape. I beg to move the Motion.

**The Minister of Natural Resources** (Mr. Benn): I beg to second the Motion.

**Mr. Speaker:** As no one desires to speak I shall put the question.

Question put, and agreed to.

Motion affirmed.

ORDER IN COUNCIL NO. 39 OF 1959

PROTECTION FOR LOCALLY  
MANUFACTURED DRINKING  
STRAWS

**The Financial Secretary:** I beg to move that it be resolved

“That this Council in terms of Section 9 of the Customs Ordinance, Chapter 309, confirms Order in Council No. 39 of 1959, which was made on the 23rd day of June, 1959, and published in the Gazette on the 18th of July, 1959”.

This is another help to the industries of British Guiana. The Order seeks to raise the duty on imported drinking straws. This may not sound very important to British Guiana but there is a small drinking straw industry and we have a small market for drinking straws. We use about 600 cartons of drinking straws a month, and there is a small local company which is endeavouring to fulfil all the requirements of the local market for this desirable but not essential article, and it also hopes to build up an export trade. The present rates of duty on imported drinking straws are 20 per cent. Preferential and 36 per cent. General, and this Order proposes to raise these rates by 10 per cent. Having looked at the economics of the local industry, we feel that a little additional protection is desirable, and that is the purpose of this particular Order.

I may mention that also to help the local industry we have passed Regulations which do not need to come to this Council for ratification and which allow the industry to obtain a full drawback on imported materials when it exports its drinking straws. Further, Members will see that there is another Order down for today which proposes to reduce the rates of duty on paper which is imported for the manufacture of drinking straws. This particular Order before us now seeks to

**[THE FINANCIAL SECRETARY]**

raise the Customs duty on imported manufactured straws. I beg to move the Motion.

**Mr. Benn :** I beg to second the Motion.

Question put, and agreed to.

Motion affirmed.

ORDER IN COUNCIL NO. 40 OF 1959

**CONCESSION TO AIRCRAFT AND PARTS FOR AGRICULTURAL AND INDUSTRIAL PURPOSES**

**The Financial Secretary :** I beg to move that it be resolved

"That this Council in terms of Section 9 of the Customs Ordinance, Chapter 309, confirms Order in Council No. 40 of 1959, which was made on the 2nd day of July, 1959, and published in the Gazette on the 18th of July, 1959".

This Order is necessary to correct an ambiguity in the existing law which exempts from import duty aircraft and component parts which are imported for agricultural and industrial purposes, or by recognized airlines or flying clubs. Airlines and clubs have to be recognized by the Governor in Council. It was, however, never the intention that aircraft and component parts imported for agricultural and industrial use should in each case be approved by the Governor in Council. It was intended to be automatic, subject, of course, to the Comptroller of Customs being satisfied, but under the law as it is, whenever any aircraft is imported for agricultural and industrial purposes it has to be approved by the Governor in Council to qualify for the duty-free concession. The purpose of this Order is to remove the ambiguity and make it clear that only aircraft clubs and airlines have to be approved by the Governor in Council to qualify for this concession for their imported aircraft. I formally move the Motion.

**Mr. Benn :** I beg to second the Motion.

Question put, and agreed to.

Motion affirmed.

ORDER IN COUNCIL NO. 62 OF 1959

**DUTY CONCESSIONS FOR LOCAL MANUFACTURING INDUSTRIES**

**Mr. Speaker :** There is another Motion standing in the name of the Financial Secretary.

**The Financial Secretary :** I beg to move that it be resolved

"That this Council in terms of section 9 of the Customs Ordinance, Chapter 309, confirms Order in Council No. 62 of 1959, which was made on the 14th day of August, 1959, and published in the Gazette on the 5th of September, 1959".

This Order in Council has the same basic principle attached to it as in many others, that is, to reduce the rate of duty on materials imported by local industries for manufacturing purposes. The first part of this Order deals with ingredients which are used here for the manufacture of medicinal tablets and capsules. This industry imports this type of ingredient at 20% preferential and 36% general duty, and the materials imported form quite a large part of the cost of the capsules and tablets. We do not want to protect this industry by putting up the price of imported things by raising the duty, so Government decided to assist the industry by instituting the low rate of duty on the ingredients, 2% preferential and 5% general.

For similar reasons, that is, the high element of imported material in the finished product, the Government has decided it would be fair to reduce the rate of duty on paper which is used by the local industry in the manufacture of drinking straws. Here again, the proposal is to reduce the duty from 20% preferential and 36% general to 2% preferential and 5% general. I am sure that this Order will find favour with hon. Members as a further example of the Government's desire to encourage local manufacturing industries.

**Mr. Benn :** I beg to second the Motion.



Question put, and agreed to.

Motion affirmed.

### LAND BONDS BILL

**Mr. Benn:** I beg to move the Second Reading of the Bill intituled,

"An Ordinance to make provision for the satisfaction of the whole or any part of the purchase money or of the compensation payable by the Government of British Guiana in respect of the purchase or compulsory acquisition of any land by the issue of bonds, and for the issue, negotiability and redemption of such bonds, and the payment of interest thereon and for matters incidental to or connected with any of the foregoing purposes".

From time to time it becomes necessary for any Government to take steps to secure land for certain purposes. In more advanced countries than ours it may be that Governments need to secure lands in order to accommodate certain structures, like public utility undertakings, but in under-developed British Guiana the need and the problem are of a deeper nature. This country is faced with the problem of unemployment, and successive Governments have made efforts to secure lands by various means in order to settle people and help them to find a better means of livelihood. We all know that today in the sugar industry a large number of people are being put out of work as a result of the stabilization of the labour force and mechanization.

In his learned treatise on Land Utilization Professor W. Arthur Lewis dealt with this subject. The 1949 Report on the Sugar Industry in British Guiana recommended that the industry should push forward as rapidly as possible with the mechanization of the industry and the reduction of the number of persons employed, so as to make it possible for the employees to receive higher wages and for the industry to increase its profits.

Many years before, the question of the need for land in British Guiana was looked into. In 1931 the Small Farmers Committee examined the question of the

need for land for the landless, and paragraph 5, Part I, of its Report read :

"A report upon peasant farming necessarily involves a study of the land, the people inhabiting it, and the uses to which it is and is capable of being put by the peasant population... Included in the population are 25,144 persons who possess in their villages no cultivation land whatsoever, so that, approximately speaking, the whole cultivated acreage is looked after by 65,431 persons... They represent a fairly large portion of the Colony's peasants who are expected to earn their livelihood from agriculture. They have become the owners of house-lots around and between the sugar-estates, the front lands of which were laid out and sold in order to attract population to the vicinity of the plantations. Time and circumstances have, however, deprived them of full-time employment on the sugar-estates, and as they possess no cultivable lands, their condition is parlous and unprogressive".

The position has become more acute since then, because the sugar industry, just before 1949, and after, had been speeding up the process of mechanization. What is this Government attempting to do in the meanwhile? One or two areas have been secured for land settlement, but since the problem has become more acute and more people are making application to Government for land, Government finds itself unable to satisfy all the needs of the community as quickly as possible. It is necessary to undertake drainage and irrigation on a large scale, and the schemes devised for these take a long time to finish.

We have been working, as hon. Members know, on the Black Bush Polder, and the works there are not estimated to finish until 1961. It may be possible in a few months' time to call upon people to apply for land in one small section of the Polder. Government has been concentrating its efforts on the Boerasirie Extension Projects for a number of years, but in the meantime the population is increasing by leaps and bounds and people are thrown out of employment from time to time. As a result a greater number of people are making application for land, and if hon. Members would examine the Report of

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the Lands and Mines Department for the year 1956, which I laid on the Table yesterday, they would notice that applications for land have gone up considerably over the past two or three years.

I said a moment ago that Government has been taking steps to find land. Some time last year the hon. Minister of Trade and Industry set up a Land Utilization Committee of which several Heads of Government Departments and the hon. the Chief Secretary were Members. This Committee was endeavouring to examine lands all over the country, with the aid of a Working Party, in order to see if it would be possible to settle people in various places. All these things are being done, but the old creole saying still applies, "While the grass is growing, the horse is starving". Things have to be done quickly, and the Government has thought it fit to attempt, by means of this Bill, to secure lands by bonds to settle people on more quickly than has been possible in the past.

This Bill seeks to enable Government to spread payment for land which it proposes to acquire, either compulsorily or otherwise, by the creation and issue of interest-bearing bonds called land bonds. A similar law was enacted in Jamaica, the Land Bonds Ordinance, No. 48 of 1955. The practice of financing capital works by means of a loan is well-known, and I do not think that it needs any explanation, but the special feature of this Bill is that it gives to Government the power in certain circumstances to require people to give up their lands and accept payment in the form of land bonds. Of course, this amounts to giving Government the power to compulsorily raise a loan; but, as hon. Members will see, on examination of this Bill, this power which we are seeking is not one which is to be lightly conferred and lightly used, and so there are many safeguards for the person whose land we hope to acquire.

Clause 3 of the Bill provides that when land is to be acquired by Government for any purpose, payment should

be made to the vendor in bonds, to whom compensation is payable if he agrees to accept them. Now this provision is purely voluntary. The ordinary owner, as long as he has land in beneficial occupation, need not fear that Government will take over his land and compel him to accept bonds.

As I have said, the Bill is merely a copy of the Jamaica Land Reform Law of 1955. If the person agrees, he might accept part or even the whole of the payment in the form of land bonds.

Another feature of the Bill is the power which it would give the Government to acquire land if the person does not beneficially occupy it. If a person has land which he is not beneficially occupying for a long time—land is very useful—then it is inconceivable that any Government would allow him to continue whilst thousands are starving for employment and for a means of livelihood. Land which is not properly used will be compulsorily acquired by the Government and the owner will be required to accept payment in bonds. It is important to notice, therefore, that the conditions which have to be fulfilled before anybody is required to accept bonds for any land are: Firstly, that the land is required for a land settlement scheme; and secondly, that the land is not being beneficially used by the owner.

Another portion of the Bill deals with the investigation of the land by commissioners before the land is acquired by Government. The Bill, in Clause 14, provides that the commissioners will make a report and if it is necessary to take over the land, the commissioners will report what portion of the land is beneficially occupied and what is not. It further provides that no person may be required to accept land bonds for his land unless the commissioners have reported that that portion of the land or the land as a whole is not beneficially occupied or utilized. He is not required to accept bonds unless the commissioners have made their report which is to be published in the Gazette before any further step is taken.



There is also another portion of the Bill which deals with mortgages. Some persons who own land, knowing that Government has such power or knowing that Government intends to use the provisions of the Bill on land which they own, may attempt, at very short notice, to mortgage the land. On the other hand, a person may mortgage his land in good faith, but the mortgagor would not like to know that the land is acquired compulsorily after he has loaned money on this land. The Bill in various sections makes provision for these two aspects. It is proposed, in the Bill, that the bonds will be of three kinds.

Section 7 of the Bill describes the various kinds of bonds—fixed-date bonds, drawing bonds and annuity bonds. I hope the hon. the Financial Secretary, who is more capable of describing and speaking on these bonds will do so. However, the third type of bond which is called the annuity bond will be paid off in half-yearly instalments covering both principal and interest. The bonds will be for a period of not less than 20 years.

A very important part of this Bill deals with the manner in which the rate of interest is to be fixed. It is well known, under the General Local Loan Ordinance, that the rate of interest on bonds must be fixed by the Governor in Council at the rate at which debentures of a similar tenor are likely to bear when issued under the Ordinance. Provision is made that if the persons to whom bonds are to be paid are dissatisfied with the rate of interest, they have recourse to the Supreme Court.

Clause 9 deals with the procedure for the fixed-date and drawing bonds and the likely surrender of those bonds. It is proposed that the total value of existing bonds, at any one time, should not exceed \$2 million. The bonds will be registered in the names of the persons and will be transferable in the ordinary way.

Finally, it is proposed that all sums payable by way of interest or redemp-

tion on capital will be charged to the general revenues of the Colony. It will be seen, therefore, that this is a very important measure. It attempts to satisfy the urgent need in this country for land for those people who do not have employment, as quickly as possible.

There are many other reasons for which land can be acquired by bonds. Government hopes as time goes by to examine its land policy, to look at the type of holding each person has and to agree that so much land is necessary for him and his family to live on. I should like in recommending the acceptance of this Bill to hon. Members of this Council again to impress upon them the very urgent necessity for such a measure.

I had the pleasure this morning of flying over some of our lands and saw the lands which the farmers who live in the Mahaica area organised themselves into a co-operative and subscribed over \$13,000 in order to take over—land which the Director of Agriculture and all the technicians have described as not suitable for any type of cultivation. I looked at those lands myself this morning and even in this dry weather the lands are under six inches of water. I also flew over the Boerasirie and Hogg Island and noticed large tracts of land which could easily be taken into cultivation but which are not beneficially occupied. I noticed large portions of land which Government need to take but which require a tremendous amount of clearing. Land problems in this country are numerous.

There are problems of fragmentation like in the Canals Polder to the problem of non-utilization like in the Charity and Bourda area; and while this goes on thousands of people who would help themselves to secure a piece of land go without land. I shall therefore recommend to hon. Members that they support this measure which will go a far way in satisfying the urgent needs of the people who are trying to help themselves and the Government which is anxious to help solve the unemployment crisis. I beg to move the Second reading of this Bill.

**The Minister of Labour, Health and Housing** (Mrs. Jagan) : I beg to second the Motion.

**Mr. Davis** : I heard the Minister say that he hoped that the Financial Secretary would make certain remarks, and I thought that perhaps he would have done so before ordinary Members of the Council spoke. I was glad to hear the Minister speak about a land policy, because I can assure him that many Members would be very interested to be able to study that policy, if and whenever it is released. I do not think the Minister was right when he said that this Bill was not new because, as far as I am aware and I have been able to find out, the only other unit of the Commonwealth which has introduced any similar measure is Jamaica, which adopted it a few years ago, as the Minister himself has said.

There are certain features of the Bill which I feel should be brought to the notice of the Government. When Government speaks of acquiring land for certain utility structures or amenities it must be borne in mind that the hard core of the situation is that much of the land is under-developed because of the tremendous amount of money it takes to provide amenities. In my opinion that is the main reason why some lands remain untouched.

On the other hand Government has attempted to make some of those lands ready for use, but in my judgment the cost has been most fantastic. We need not go very far beyond Mara where the cost per acre is said to be in the vicinity of \$410. In the case of large areas of land one can visualize what it would cost private individuals to prepare and make such lands as workable and productive as the lands are at Mara.

I would like to ask the Minister of Natural Resources whether it would not be a better proposition to make credit facilities available to those people who have lands but have not been able to obtain the necessary capital to clear and put them under cultivation. If people

are settled on those lands and they are not given facilities for obtaining credit—I am thinking now of small lots of 15 or 20 acres per person—and if drainage and irrigation works are not provided as a further assistance I can only see chaos and ruin being the ultimate end of those small persons. The Minister mentioned that only this morning he flew over a certain area in the Mahaica district and was surprised to see it under six inches of water in this dry season. In cases of heavy rainfall there might be 16 inches of water instead. What would be the position of small men who were working in such an area?

Another point which I would like to bring to the attention of the Council is the question of assessing the areas which are not beneficially occupied and become liable to acquisition. I think Government would get greater support from the people if there was some clear-cut system of arriving at a decision that land was not beneficially occupied. There are many people in the country who are very chary about accepting this method of assessment at present employed. As a matter of fact it is unknown, and they are very anxious about it, and I feel that if Government would lay down some schedule as the basis on which the problem will be tackled it would allay a lot of the fear that exists.

Government has committed itself to a policy of leasehold rather than freehold title to land, which is also causing a lot of uneasiness in the country. I would suggest that after lands have been leased for a period of 10, or perhaps seven years, and beneficially occupied, Government should give the occupants an opportunity to acquire freehold title to those lands. Surely seven years is a long enough period for Government to make up its mind whether "Mr. X" or "Mr. Y" is a desirable farmer. The granting of freehold title to land in such circumstances would be in keeping with the Land Registry Bill recently passed.

I think the whole question of providing more land for beneficial use among



small cultivators is one of urgency. I could not agree with the Minister more when he said so, but I also feel that credit facilities should be more specifically available to small people who want to develop their lands. The great problem of the small man at the moment is where he can get credit facilities. In Jamaica there is a very virile society, the Jamaica Agricultural Loan Bank, which makes provision for just this type of credit, and I commend the idea to the Minister and his Government.

Credit facilities need not be provided in cash. There are Machinery Pools at present from which the average farmer is supposed to obtain the use of machinery for certain types of work, but experience has shown that those Pools are not giving the service they might. The arrangement presupposes that the small farmer has money available to make a deposit so as to avail himself of the hire pool facilities. Apart from that, I am saying that the hire pool is not providing farmers with the best service, for several reasons which I do not propose to go into at the present moment.

But I would like to relate an incident which occurred early this year when I had the good fortune to take around a representative of the Credit Bank, Mr. Craig Martin. I took him to a certain portion of Mahaicony where some people were engaged in clearing land. There was a bulldozer making the necessary clearances and Mr. Martin, a well travelled man, spoke of his experience in India where he handled and cleared many thousands of acres of land. He suggested that the best way to clear bush such as that being cleared at Mahaicony was to use two bulldozers instead of one, and use a chain between the two machines, because the bush in that particular area could be considered light. He said he had seen such work done successfully and expeditiously, and it was a much more economical proposition than the use of one bulldozer.

I think that if the Government can set up units such as those to undertake

clearing the bush, in particular, at some cost and make credit facilities available to farmers concerned a lot of the land hunger now experienced would be alleviated. People are anxious to get their lands cleared, but they have not in many cases the facilities to do so. Some of us who try to use some of the means of clearing land find that the ever-recurring question arises next, that of drainage and irrigation. It is frustrating to people with the best intentions to know that progress is always checked indefinitely because of the lack of drainage and irrigation.

I would like to find out whether the bonds to be issued will be negotiable. I recall the Minister saying that the Financial Secretary would deal with the details, so perhaps the Financial Secretary will tell us. There is nothing in this Bill to suggest that the bonds will be definitely negotiable.

**Mr. Gajraj:** There can be little doubt that in a country which is little developed as this is, or under-developed as British Guiana, that there is and will continue to be for some time to come a great need of land for those people who would wish to make a living from the land, or those people who would like to make their contribution towards continuing and improving the agricultural economy. Therefore when we find the Government proposing a measure of this kind one cannot help agreeing with the object behind it. One must agree that the principle is sound, that is, the principle whereby the Government would be able to acquire land and—at a time when cash is not easily available to the Government to buy lands—pay those persons who own the land partly in cash and partly in bonds. Up to that point I agree with the Government.

But when we come to the mechanics of the proposal, that is where perhaps we may part company for a while. One must appreciate that in British Guiana the Government is by far the largest land-owner, for 90%, at least, of the land space in British Guiana is owned

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by Government and called Crown land. The small proportion which is owned by private citizens is to some extent freehold property, and one wonders whether in the pursuit of this idea we will find in the course of time Government bit by bit acquiring all of the freehold land, because from all we have heard in the past this Government maintains that land should be under the leasehold system generally. If this is to be the result, then I say the passing of this measure will not be a step in the interest of the people as a whole.

I hope that the point that arises, that is, whether land that is now freehold will become leasehold, will be taken into consideration not only by the Minister and his colleagues but by the people of this country as a whole because, as has been said in this Council more than once, there is no greater incentive to a person working hard to improve his property than the knowledge that it is his and that no one can take it away from him.

There is adequate provision in this Bill that if land is acquired on the basis of freehold ownership and the new owner fails to cultivate the land or occupy it beneficially, it can be taken over by Government and passed on to someone else who will occupy it beneficially. So there can be no fear that land so distributed or acquired will not be properly and beneficially used. That is something which people, nearly everyone in this country will agree with, but we must not attempt to increase the holdings of leasehold property at the expense of what is already freehold.

One sees that there is a distinction drawn in the Bill in the matter of payment. It is claimed that where Government needs an area or part of an area for the purpose of land settlement and it is so declared; and if the land is sold by the owner to the Government, naturally at a negotiated price, the option is to be given to the vendor either to take payment in cash or to accept bonds. I may be corrected if I am wrong, but where

the land has to be acquired (that is where the Acquisition of Land (Land Settlement) Ordinance will be brought into play) the Governor in Council will have the sole right of deciding whether payment should be made in land bonds.

Theoretically it is a good argument, but I like to view these things from a very practical angle and see what would be the result. One knows that when the Acquisition of Land (Land Settlement) Ordinance is brought into play the land owner may not get a price that is satisfactory to him or reasonably commensurate with the price paid for similar lands on the market. So it must be assumed that right from the start the owner of the land will be penalized in getting less. His loss, or fear of loss, does not end there, because if payment is to be made in land bonds, would he be able to negotiate those bonds at face value? I think it was the hon. Nominated Member, Mr. Davis, who asked the Minister if the bonds would be negotiable. I did hear the Minister say that the bonds would be freely transferable, and therefore I gather that they are negotiable.

Negotiable at what price? Do we have a Stock Market in this country whereby the price of stocks and bonds are fixed by the law of supply and demand? Is there any way we can guarantee that these bonds would be able to get their possessors face value? It seems to me that the answer is, no; and if a person is dispossessed of his land and he has to accept bonds which he has to keep for 20 years or more, and which are negotiable perhaps only at far less than face value, he must lose.

Then comes the question of the interest rate that will be paid on these bonds. One has been told that the rate will be fixed in accordance with the Public Loans Ordinance, and one can easily see that the rate can be less than the current rate.

**The Financial Secretary:** I do not like to interrupt the hon. Member but



must point out that there is a mistake in the Objects and Reason of the Bill. Number 5 of the memorandum of Objects and Reasons says:

"Clause 8 seeks to authorise the Governor in Council, by regulations to prescribe the rate of interest on any issue of land bonds, but to require that this rate shall not be lower than the rate at which Government debentures under the General Local Loan Ordinance were last issued."

This is not a correct interpretation of what Clause 8 says. Clause 8 says that interest shall be fixed by the Governor in Council having regard to the rate which it would have to offer for debentures of a similar tenor issued under the Local Loan Ordinance and the recipient of the bonds, if he is dissatisfied, has the right of appeal to the Supreme Court; so that the memorandum of Objects and Reasons is wrong for which the Government must apologize. It is not the fault of the hon. Member.

**Mr. Gajraj:** Although the memorandum of Objects and Reasons in this particular case does not bear out fully what is stated in Clause 8 of the Bill, nevertheless, Clause 8 does say 'it shall bear interest at such rate as debentures of similar tenor issued under the General Local Loan Ordinance.' May I say that the position is not improved by reference to that because it does not speak of the rate of interest, which should be the market rate that can be obtained. It merely speaks of the rate of interest which the Governor in Council might fix in accordance with the General Local Loan Ordinance. The Governor in Council might possibly, in order to curb the inflation of interest on loans, fix the interest at such a low percentage irrespective of what the market calls for.

So however one might look at it, the holder of the bonds might be subject to a reduction in the value of his security which bears a lower rate of interest than the current market rate, as everyone knows. The face value of the security goes down if the interest rate is going to be less than the market rate. I merely

point that out because, as I said, from a realistic point of view, it would seem that the theory of paying the full value on a man's land is not going to be fulfilled in the practice of payment.

We find again that there is a provision in the Bill—Clause 10, I think it is—which says that the Accountant General may authorize the immediate redemption of land bonds to be surrendered in satisfaction of any statutory claims upon the land for the purchase or acquisition of which they were issued and may make arrangements therefor. That seems reasonable. If the rates and taxes are outstanding on that land, then those very bonds can be used for the payment of that debt. Yet one would have liked to see this Bill go further and not merely limit the redemption of bonds for a Government debt. If a man owns a tract of land, and that is all that he owns, and it is not beneficially occupied then one must ask the question 'how on earth has he been making a living all this time?' In actual practice one might find that the non-beneficial occupation of land merely refers to a portion of the holding. In such cases one would have liked to have seen an extension of the principle whereby all debts owing by the person from whom the land is being compulsorily acquired, like income tax can be liquidated by the sale of this very land. Quite possibly our Friends on the other side of the Table have not considered that, but I believe that now it has been explained and expressed it is deserving of their serious consideration.

There is one other observation that I would like to make, but before I do so may I reiterate the statement I made at the opening of my contribution. I consider that the idea behind the Bill—the principle of the Bill—is a good one but just that these adjustments should be made and these considerations should be given. It is a very very important thing when we find that land which, throughout the ages, has always been looked upon by man as being one of his most precious possessions is to be taken com-

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pulsorily away from him in order to be put to, let us say, just as good a use as he has; nevertheless it is land for which man has created enemies and fought wars, then by all means every consideration should be given to the problems which might arise from the proposed action.

The observation to which I referred is this: Land for public purposes has been acquired by Government for some years now. Most of it is paid for, I believe, in hard cash. It is perhaps a pity that this measure whereby land bonds may be used as payment has now been introduced because, as I see it, companies registered abroad which have large land holdings in British Guiana, part of which had been sold to Government over the years, would hardly be affected by this legislation. The people who would probably be affected more than ever are the Guianese people. They will have to bear the brunt of this measure. They who could least afford to tie up their holdings in a 'bit of paper' would be called upon to face this situation. If it were possible that their bonds could have been easily sold on the market to bring them back the face value then there will be no trouble at all, but the fear has been expressed of the inability of people to buy them as negotiable security and that is going to act as a very great drawback upon people voluntarily giving up their land. I hope when we reach the Committee Stage of this Bill we will be able to incorporate some of these ideas of mine. I know it will be passed but if it does without these little adjustments then it will end up as being a millstone around the necks of the owners of lands.

**Mr. Kendall:** Many years ago a leader of thought came to this country and made the observation that 'he who owns the land owns the country'. I do not know whether by this Bill Government would like to reduce the incentive of persons trying to be responsible citizens by owning a piece of land and knowing it is his and not having to work

on other land that is regarded as lease land.

This Bill, however laudible it might appear on the surface, has behind it something which is not going to be approved by our citizens. There is much talk about land hunger. As one speaker said, if Government appreciates that there is a land hunger then we have thousands of acres of Crown lands not utilized, still undeveloped, owned by Government. If it is the policy of the Government that land should be gainfully occupied then it is the business of Government to put its own house in order before attempting to make laws whereby people may be dispossessed of their holdings—holdings which may have been in their names for nearly a century and may be the only means of their having some stake in the country. I would like to see the Government utilizing all of its Crown lands which are not beneficially occupied by giving them to those people hungry for land which is one of the means of reducing the unemployment situation in which they are supposed to be so interested.

I say that the main object of this Bill is to confiscate certain lands, and however much Government may try to hide it in various forms in the Bill, that is the underlying motive. Because of that I feel that the time is not opportune to introduce legislation of this nature when Government has sufficient land for development. When Government has developed all the lands at its disposal and there is still this phantom talk about land hunger, then I will agree to the introduction of legislation of this sort.

I have had my own experience and I know fully well that in 1953 this type of legislation was one of the planks of the Majority Party, and to bring this Bill now is to carry out the promise they made to their supporters then. I am not in support of this legislation because it is not as urgent as is implied, and I am satisfied that the real object behind it is to confiscate lands owned by people who cannot afford to put them under cultiva-



tion, but which may be their only legacy to hand over to their children and grandchildren. I am not in favour of this Bill and I am sorry I cannot support it as it stands.

**The Financial Secretary:** I intended to say just a few words on the financial aspect of this Bill. Actually, of course, it is very much a financial Bill. The hon. Member for New Amsterdam (Mr. Kendall) in attacking this Bill has rather misdirected his aim. The Ordinance he should have been attacking when he spoke about confiscating land, is the Land Acquisition Ordinance which was passed early in 1957. This Bill merely caters for the method of paying for land which is acquired for land settlement purposes under the Land Acquisition Ordinance of 1957. It does not put any more teeth into the land acquisition part of the Ordinance. Indeed, one of the provisions is that where land is beneficially occupied the vendor can, at his option, and only at his option, take land bonds instead of cash.

It is only where the land is prescribed under the Land Acquisition Ordinance as being not beneficially occupied, that this proposed legislation gives any power to the Government to insist that the previous owner of the land should take bonds instead of cash. Indeed, it goes further and says that where a parcel of land is partly beneficially occupied and partly unbeneficially occupied in the terms of the Land Acquisition Ordinance, which has all its safeguards of Commissioners and so on, it is only the part which is not beneficially occupied in respect of which the vendor can be made to take bonds instead of cash. In other words, for the part of his land which he is using he can get cash if he so wishes.

The general status, principle and idea behind the land bonds is very much the same as that which is behind a bond issued under the General Loan and Stock Ordinance. The safeguards are the same as those attached to any bond issued in the market by the Government under the General Local Loan Ordinance. The fixed interest bond is

the one in normal issue, where the Government undertakes to pay, at the end of a term of years, usually at the end of 20 years, the principal, and in the meantime pays interest, and accommodates a sinking fund to redeem the principal.

Drawing bonds can also be issued under the local Loan Ordinance, but actually we never use them now. A drawing bond is what it implies — the Government each year votes an amount of money which, if voted annually, would at the end of the life of the loan wipe off the principal, and then each year a draw is made from the numbers of the bonds held by the bond holders, and they are paid that amount of money. It is a sort of lucky dip. Some people get their money back earlier and others later, literally depending on the luck of the draw.

The other sort of bond which is added is this Bill, which is not in the ordinary local Loan Ordinance, is the annuity bond. Everybody knows what it is. From the first year the owner of a bond gets part of his principal back, and as you go on to the term of the bond the payments of principal get more each year and the payments of interest get less, so that each annual payment is equated.

As I said earlier, these bonds have exactly the same sort of status as the bonds issued under the General Loan Ordinance, but there is one basic difference or rather difficulty. When Government issues normal loan bonds it fixes the interest according to market rates, that is at such a rate which it expects will attract the size of loan it requires. But in this case Government is compelling the vendor to take bonds. When he subscribes to a local loan issue it is of course purely voluntary. He either does or does not, depending on whether he regards the investment as sufficiently attractive. In this case he has to take it. Obviously, the difficulty is fixing the interest, which might be made an artificial interest, on the compulsory bond. An unscrupulous Government in giving a person a security instead of cash might say "We will pay you one per cent. in-

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terest", whereas if it is a voluntary issue it may have to offer 5 or 6 per cent. interest.

After a good deal of careful thought that has been taken care of in the Bill in two ways. First of all the Bill says that the Governor in Council shall fix the rate of interest, having regard to the interest rates which it would have to offer on a bond of similar tenor issued under the Local Loan Ordinance. That is, if it is a 20-year bond or a 15-year bond, so much. The safeguard is that if the vendor is not satisfied with the rate of interest which the Government says it would have paid on an ordinary voluntary market issue, he can appeal to the Supreme Court. The purpose of that is that the Supreme Court, in deciding whether the rate of interest which the Governor in Council attached to the bonds is adequate, will take into account just those factors which the Governor in Council should rightly have taken into account—what are the prevailing rates of interest and any other relevant factors, including the interest given on a recent local loan issue by Government, changes in the Bank rate subsequently, and so on.

It is quite obvious that if, for example, the Government had issued its own bonds a few months earlier at 6 per cent., and there had been no violent change in long-term interest rates in the meantime, that the Bank rate has remained the same, but the Government had prescribed 2 per cent. on land bonds, the Supreme Court should say it was not reasonable, and that it was not the rate which the Government would have attached to voluntary bonds of the same tenor. That seems to me the fairest way it should be done. The alternative is the way it was done in Jamaica; that is, that the rate should be not less than that of the last issue made under the Local Loan Ordinance. That seems to me to be potentially less fair than our way, because the last loan under that Ordinance

here may have been made two or three years earlier, and rates may have gone up or gone down in the meantime. So it could be operated less than fairly either for the Government or the bond-holders.

So the purpose of Clause 8 of the Bill is to ensure that the Governor in Council shall fix a rate of interest which it would normally attach to a market issue, but also that if the vendor feels that the Governor in Council has been unreasonable he can take it to a Judge who will say whether the rate of interest was a reasonable one or not, taking all relevant factors into account.

There was one point raised about the negotiability of the bonds. These bonds will, of course, have the sort of status which any bond issued to the public by this Government would have. The Bill says that they will be registered bonds, which are those normally issued. The fact that these bonds are not bearer bonds does not prevent them from being negotiated. B.G. bonds are in fact sold, not as much as one would like, because one would like to see a local money market developed here, and I hope it will be. Nevertheless, the registered bonds can be transferred from one holder to another. It only means that the next holder gets his name registered in the books. But they are not bonds which the holder necessarily has to hold for 20 years. In any case the Government might decide to pay off by annuities, in which case the holder will be getting back his principal annually.

If there are other points of detail I think it would be better to deal with them in the Committee stage.

**The Chief Secretary** (Mr. Porter, acting): I move that Council adjourn to next Wednesday, as the Financial Secretary is going to Trinidad.

*Council adjourned until Wednesday, 30th September, at 2 p.m.*