

LEGISLATIVE COUNCIL.

WEDNESDAY, 3rd MARCH, 1948.

The Council met at 8 p.m., His Excellency the Governor, Sir Charles Woolley, K.C.M.G., O.B.E., M.C., President, in the Chair.

PRESENT:

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

The Hon. the Colonial Secretary, Mr. D. J. Parkinson (acting).

The Hon. the Attorney-General, Mr. E. M. Duke (acting).

The Hon. the Colonial Treasurer, Mr. E. F. McDavid, C.B.E.

The Hon. C. V. Wight, O.B.E., (Western Essequibo).

The Hon. F. J. Seaford, C.B.E., (Nominated).

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

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

The Hon. T. Lee (Essequibo River).

The Hon. V. Roth (Nominated).

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

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

The Hon. G. A. C. Farnum (Nominated).

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

The Hon. J. Fernandes (Georgetown Central).

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

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

The Hon. C. A. McDoom (Nominated).

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

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

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

The Clerk read prayers.

The minutes of the meeting of the Council held on the 27th February, 1948, as printed and circulated, were taken as read and confirmed.

GOVERNMENT NOTICES.

EXPLOSIVES (AMENDMENT NO. 2) REGULATIONS, 1948.

The ATTORNEY GENERAL (Mr. Duke, acting) gave notice of the following motion:—

“That this Council approves of the Explosives (Amendment No. 2) Regulations, 1948.”

UNOFFICIAL NOTICES

T. & H. DEPARTMENT LABOUR DISPUTE.

DR. JAGAN gave notice of the following motion:—

WHEREAS the relationship between the Management of the Transport and Harbours Department and employees of the Transport and Harbours Department organised in the Transport Workers' Union has deteriorated to such a point that the prospect of reconciliation seems remote;

AND WHEREAS on account of the present strained relationship between the Management and staff of the Transport and Harbours Department, public interest is seriously threatened not only in this Department but in other Government Departments with organised labour;

BE IT RESOLVED that this Honourable Council strongly recommends that an investigation be held into the reasons for

the present strained relationship between the Management and the Union, and that after the investigation the report be submitted to the Legislative Council for consideration and action.

REMUNERATION FOR UNOFFICIAL MEMBERS.

MR. LEE gave notice of the following motion:—

WHEREAS it is desirable that Unofficial Members of the Legislative and Executive Councils of this Colony should be adequately remunerated for their services:

AND WHEREAS the Unofficial Members of the Legislative Councils of the Island of Trinidad and other West Indian Colonies are remunerated by their respective Colonies:

BE IT RESOLVED that this Honorable Council recommends to the Governor that Unofficial Members of the Legislative Council of the Colony be remunerated for their services as hereunder —

- (a) Unofficial Members of the Legislative Council who are Members of the Executive Council at the rate of \$2400 per annum with effect from the 1st January, 1948:
- (b) Unofficial Members of the Legislative Council who are not Members of the Executive Council at the rate of \$1680 per annum with effect from the 1st January, 1948.

ORDER OF THE DAY.

TAX (AMENDMENT) BILL, 1948.

Motion for the second reading of the following Bill:—

A Bill intituled "An Ordinance further to amend the Tax Ordinance, 1948."

The ATTORNEY-GENERAL: The motion which stands in my name on the Order Paper is intended to implement the proposals in the Budget statement of the hon. the Colonial Treasurer which was made in this Council on the 30th December, last year. The Tax (Amendment) Bill is one of the measures which are required to implement those proposals. The other measure is the Customs Duties (Amendment) Bill which stands next on the Order Paper of this day.

Clause 2 of the Tax (Amendment) Bill increases the Excise Duty on rum, taken or sold for consumption in the Colony from \$6.00 per proof gallon to \$6.25

per proof gallon. That is to say, it increases the Excise Duty by 25 cents per proof gallon. I would like to invite the attention of hon. Members of this Council to subclause (2) (a) of clause 2 of this Bill. It provides that

"the rate of duty chargeable under subsection (1) of the section shall be raised levied and collected upon all rum and other spirits within the meaning of that subsection —

- (a) entered prior to the thirtieth day of December, nineteen hundred and forty-seven, for consumption in the Colony, in any case where the duty payable in respect of such rum or spirits was not paid prior to such date;"

I understand that some persons have been in the habit of taking out what are called "Warrants" from the Customs Department for rum for consumption in the Colony when there is any possibility or likelihood of the Excise Duty being increased. Some persons pay the duty, but others do not but just keep the Warrants in their possession and claim — and they have always claimed — that so long as the Warrants have been issued before the change was made in the rate of duty they were only liable to pay duty at the rate which was in force at the time when the Warrants were issued by the Customs Department. The object of paragraph (a) of subclause (2) of clause 2 of this Bill is to provide that in any such case the Excise Duty which will be payable on rum which is referred to in Warrants shall be the Excise Duty provided by this Bill so long as the duty was not paid prior to the 30th December, 1947, that being the day on which this Bill was introduced in this Council and read a first time.

Clause 3 of the Bill provides for a new tax, a tax on gold not exported from the Colony. This tax is only leviable on gold not exported from the Colony, and it is to be at the rate of 25 per centum of the value of the gold. At the present time there is an Export Tax on gold, and that Export Tax is regulated and provided for in the Customs Duties Ordinance, 1935, and it is proposed in the Customs Duties (Amendment) Bill not to abolish that Export Tax and to levy under this Bill a tax of 25 per centum on the value of all gold which is not exported from the Colony. The hon. the Colonial

Treasurer in his Budget Statement has stated what were the reasons for the suggestion of the introduction of this tax. Those reasons are fresh in your minds and they appear in the Budget Statement which has been printed and circulated. With respect to the value of the gold on which this Tax of 25 **per centum** is levied, subclause (2) provides that the value of the gold shall from time to time be fixed by the Governor-in-Council. Subclause (3) says:

"The Tax shall be collected from every producer of gold who is the holder of a concession, or lease, or licence for a claim, on which gold is obtained by crushing ore with machinery or by means of dredging machinery; and also from every holder of a licence to trade in gold."

The tax, where payable by a producer, is to be paid at the time when royalty is paid on the gold, and where it is paid by the holder of a licence to trade in gold the tax is to be paid within seven days of the last day of every month. The holder of a licence to trade in gold is required by law to keep records in due and proper form of all transactions which he has had with respect to gold.

Subclause (7) provides that a producer of gold may with the consent of the Commissioner of Lands and Mines enter into a bond for the payment of \$20,000 if he does not export the gold within one month after the payment of royalty. If a producer of gold enters into such a bond he is not liable to pay this tax at the time of payment of royalty. One of the principal conditions of this bond is that the gold be exported. If there is any failure in complying with the provisions of the bond, the Commissioner of Lands and Mines has power under the clause to take the proper steps to recover the tax which is due to this Government.

Clause 4 provides for a tax on film rentals at the rate of 15 **per centum** upon the amounts received by distributors from exhibitors as rent for the hire as from the 30th day of December, 1947, of films for exhibition in cinematograph theatres. It is proposed in Committee to ask for an amendment of that provision to this extent: That the tax shall be leviable not from the 30th December, 1947, as stated in the Bill but as from the 1st day of April, 1948. The reason for that is that it

would be more administratively convenient to have the date commencing from the 1st April, 1948, than on the 30th December, 1947.

Clause 5 of the Bill provides firstly for a tax on sweepstakes run by the Demerara Turf Club, and secondly for a tax on sweepstakes run on the course at any race meeting in the Colony. With respect to the sweepstakes run by the Demerara Turf Club, the rate of the tax, as stated in the Bill, is 15 **per centum** upon the gross sum received from the issue and sale of tickets. It is proposed in Committee to amend that by substituting for 15 **per centum** 12½ **per centum**. After this Bill was published representations were received from the Demerara Turf Club, and it was agreed to accept the proposal of the Directors of the Club that the tax should be levied at 12½ **per centum** and not at the rate of 15 **per centum**. Subclause (I) of the substituted section 7C provides that the tax shall be levied in respect of sweepstakes run by the Demerara Turf Club where the draw for the lottery or sweepstakes takes place on or after the 30th December, 1947. With respect to that, it is proposed in Committee to ask that that date be amended to read "commencement of this Ordinance." There has been a draw quite recently in respect of a sweepstake which was run between the date of the first reading of this Bill and the present time, and the proceeds of that sweepstake have already been distributed in accordance with the law which was then in force. So it is proposed instead of "the 30th day of December, 1947," as stated in subclause (I) of the new section 7C the words should be substituted "commencement of this Ordinance." It is also proposed in Committee to move that subclauses (3), (4), (5), (6) and (7) be deleted. Representations were made by the Demerara Turf Club in this matter, and it was agreed to accept the proposal of the Directors of the Club that this tax should be abandoned, and that it should be replaced by an extension of the application of the Entertainments Tax which is imposed by section 50 of the Tax Ordinance of 1939.

It is also proposed in Committee to insert a new clause after clause 5 to be numbered clause 6, and that provides for certain variations in the rates of estate

duty. On the smaller estates there is a reduction, and on the larger estates there is an increase in the rates. In respect of estates up to \$50,000 there is a slight reduction, and in respect of estates of a higher value there is an increase. For instance, on estates which do not exceed \$2,500 in value, the present rate is 5/8%, and in the Bill it is 1/2%. There has been circulated to Members of the Council a statement showing the percentages of the present and the proposed rates of duty. Unfortunately, the second page of that Statement is not in its proper place. I think Members would find it about three pages in front of page one.

The PRESIDENT: It is the fourth page!

The ATTORNEY-GENERAL: In respect of an estate which does not exceed \$2,500 the present rate is 1 1/4%, and the rate under the Bill is 1%; in respect of an estate which does not exceed \$10,000 the present rate is 2 1/2% and the proposed rate under the Bill is 2%; in respect of an estate which does not exceed \$25,000 the present rate is 3 3/4% and the rate under the Bill is 3%; in respect of an estate which does not exceed \$50,000 the present rate 6 1/4% and the rate under the Bill is 5%; and then after that there is an increase. So the rates on the very large estates and the relatively large estates have been increased, but the rates on the small estates have been reduced. It is proposed to insert this new clause in Committee, but the hon. the Colonial Treasurer in his Budget Statement mentioned that proposals would be submitted in respect of variations in the rates of estate duty.

I also propose in Committee to ask that a further clause be inserted to be numbered Clause 7 dealing with the Entertainments Tax. The Entertainments Duty Ordinance, Chap. 104, prescribes the procedure for the recovery of Entertainments Duty wherever such duty is imposed by a Tax Ordinance, and section 50 of the Tax Ordinance of 1939, as substituted by section 3 of the Tax Ordinance, No. 8 of 1945, is as follows:—

“Entertainment Duty shall be paid in respect of all payments for admission to any cinematograph entertainment held in the City of Georgetown, or the town of New Amsterdam, or within one mile of

Municipal boundaries of the said city or town at the following rates:—

- (a) where payment does not exceed 12c.—2c ;
- (b) where payment exceeds 12c. but does not exceed 24c.—4c. ;
- (c) where payment exceeds 24c but does not exceed 48c.—6c. ;
- (d) where payment exceeds 48c. but does not exceed 72c.—8c. ;
- (e) where payment exceeds 72c.—12c.

It is proposed in Committee that section 50 be amended in this way: At the present time the duty is only chargeable in respect of cinematograph entertainment when such entertainment is held in the City of Georgetown, or the town of New Amsterdam, or within one mile of the municipal boundaries of Georgetown or New Amsterdam. It is proposed in Committee to delete the words restricting the levying of the duty to entertainments held in Georgetown and New Amsterdam, or within one mile of the municipal boundaries thereof. That would mean that the duty would be leviable in respect of cinematograph entertainments held in any part of the Colony. There was a time when the country cinema theatres were not very good, but at the present time that is not the case, and it is considered that the theatres in the country districts should also be liable to pay entertainment duty. Then there is a further amendment that where the payment exceeds 72 cents, but does not exceed 96 cents, the duty will be 12 cents, and where the payment exceeds 96 cents the duty will be one-sixth of the payment for admission.

I have already mentioned that in the place of the tax which it was proposed to levy on sweepstakes run on the race-course there will be substituted an entertainment duty, and the object of the addition to the last paragraph of this amendment is to provide that some appreciable amount should be recovered in respect of race meetings where the payment for admission exceeds 96 cents, the duty will be one-sixth of the payment for admission. It will be observed from the copy of the amendment which has been circulated, that there are some words at the end—

“in the case of horse racing, payment for admission shall, for the purposes of this section, be deemed to have been

made where payment is ordinarily charged for admission and a person is admitted without payment”.

So that if at any race meeting persons are given free tickets entertainment duty will be payable, whether or not payment is actually made for admission, but that only applies to horse racing. I should mention that it is proposed that the provisions of section 50 of the Tax Ordinance, which only apply to cinematograph entertainment, should not only be extended to horse racing entertainment but also to cycle racing entertainment.

Clause 6 of the Bill as printed will be re-numbered as clause 8, and clause 7 as clause 9. There have been several amendments of the Mining Regulations of 1931, which amendments have been made under the Defence Regulations. It is proposed that those Defence Regulations should be revoked, but the substance of those Defence Regulations which, it is intended, should remain in force is contained in clauses 6 and 7 of the Bill as printed. Clause 7 as printed provides for the issue of what is called a goldsmith's licence. It reads:

“7. The Principal Ordinance is hereby amended by the insertion, after section fifty-one, of the following new section—

52. (1) Any goldsmith who desires to purchase gold, from the holder of a licence to trade in gold, for the purposes of his business or trade as a goldsmith shall make an application in writing to the Commissioner of Lands and Mines for a licence therefor (in this Ordinance referred to as a goldsmith's licence) and shall specify the premises in which he proposes to carry on his business or trade as a goldsmith.”

The licence is to be an annual one, and the duty payable shall be one dollar. Then there is sub-clause (4) which provides that a goldsmith's licence shall be issued subject to the provisions of any Mining Regulations for the time being in force. Sub-clause (6) provides that every holder of a goldsmith's licence shall keep proper books and make a return every month to the Commissioner of Lands and Mines, showing the quantity of gold purchased during the month in question, the quantity used, and the quantity of gold in hand. Clause 6 (b) provides:

“(18) The holder of a goldsmith's licence under section fifty-two of this Ordinance, or a dentist registered under the Colonial Medical Service (Consolidation) Ordinance or any Ordinance for the time being in force amending or substituted for the same, may, without being the holder of a licence to trade in gold, purchase gold from the holder of a licence to trade in gold if such purchase is in accordance with the regulations for the time being in force under the Mining (Consolidation) Ordinance or any Ordinance amending or substituted for the same:

Provided that no gold shall be sold or purchased under this sub-section until the royalty payable thereon has been paid.”

That is an exception to the general rule that only a holder of a licence to trade in gold shall be entitled either to purchase or to sell gold, and the provision in clause 6 (b) of the printed Bill is complementary and supplementary to clause 7 of the printed Bill. I now move that the Bill be read a second time.

The COLONIAL TREASURER: I beg to second the motion and to reserve any remarks I may have to make until a later stage. However, I have a suggestion to put to the Council. Members will appreciate from the Attorney-General's speech that this Bill covers a fairly large number of separate subjects, although they are all embodied in one Tax Bill. Consequently I feel that if the discussion proceeds in the ordinary way on the second reading we may get ourselves somewhat enmeshed and may never come out. The principle of the Bill is simply to provide more taxation. Therefore I would respectfully suggest to the Council that they would allow the substantive motion to be put for the second reading without debate, and then we would go into Committee and consider each clause as a separate subject. That would enable the debate to proceed in a more coherent manner than if we took the whole Bill in a general debate. I make that suggestion because I really believe that Members would get a better appreciation of the object of each clause.

Mr. DEBIDIN: Before the motion is put may I be permitted to make a few remarks on the Bill. The proposals in this Tax Bill clearly reflect the attitude of some Members of the Council during the debate on the expenditure side of the Budget. It is my painful duty to draw

the attention of the Council to the fact that everywhere I have met people of the Colony, whether in the City or in the rural areas, the greatest dissatisfaction has been expressed regarding the proposal to increase taxation of the inhabitants of the Colony. It is true that every endeavour will be made—and I am going to support most of those proposals to raise revenue to meet the budget deficit, but that is no reason why I should not draw the attention of the Council to the feeling of the people as regards more taxation. There are measures proposed in the Bill which strike directly, and some of them indirectly, at the poor people of the Colony.

There are two types of luxuries—one which is purely luxury and the other what may be termed an essential luxury. In the same way as a man is entitled to live in a decent house, he should have the necessary comforts within that house. Luxuries like tobacco and a schnapp of rum give him the comfort he deserves after a hard day's work, and encouragement to continue his work.

There are certain proposals which will be dealt with in Committee, but as they are matters of general importance I would like to say at this stage that I fear that there will be certain repercussions from the proposed taxation. In the case of the cinema tax I fear that the exhibitors will resort to increasing the prices of admission, and as regards the proposed tax on gold used in the Colony I fear that people who find joy in wearing jewellery will have to pay increased prices for those articles.

As regards the proposed tax on sweepstakes I feel that the various charitable organizations which benefit from the proceeds of those sweepstakes will suffer a set-back. Already I observe that it is proposed to increase the price of sweepstake tickets from one to two shillings which would tend to reduce the demand for them. There can be no doubt that since the Demerara Turf Club has been given a monopoly—

The COLONIAL TREASURER: May I just intervene to say that that is exactly what I have asked the Council not to do. Wouldn't the hon. Member allow the Council to accept the suggestion I made that each of these proposals be debated

in turn? If every Member speaks on each subject of the Bill in detail and I, or the Attorney-General replied, and we then go into Committee we should merely double or treble our arguments on each particular item. So I really do suggest, if the hon. Member is going to speak on the details rather than on the principle of the Bill, as he began, he should wait until we go into Committee.

Mr. DEBIDIN: I was really speaking on the principle of the Bill; I was not going into the details. What I was dealing with last is not so much detail. I promise to deal with the whole matter in a general way, as I said before. The point I am trying to make as regards the proposed tax on sweepstakes is that the approved charities would suffer if the buying power of the public is reduced as a result of the increase in the price of the sweepstake tickets. Already we know that there is some dissatisfaction among certain charitable organizations which are clamouring for recognition, and any set-back in this respect would certainly affect a large number of people. It is very regrettable that we have to resort to taxing the people in a manner which I feel could have been avoided to a great extent. I will concede that certain items of expenditure were necessary for the purpose of the development of the Colony, but I still feel that we should have asked the various Departments of Government to tighten their belts and endeavour to get more work out of their existing staffs.

As regards the proposal to apply the entertainment tax to country cinemas, I feel that the principle is wrong because the people in the rural areas can hardly afford to go to the cinema at present, and the tax would certainly result in an increase of the admission fees. I will certainly oppose the tax in Committee. On the whole I wish to record my regret that it is necessary to increase the burden of taxation on the people of the Colony to the extent proposed.

Dr. JAGAN: I am in general agreement with what the hon. Member has just said. My fear about these tax proposals is that they will be borne primarily by the small man. Most of the emphasis seems to be on indirect tax-

ation. In his Memorandum on the financial position of British Guiana Col. Spencer states that the rate of indirect taxation is very high—in fact it is higher than in Barbados and Trinidad, and just as high as in the United Kingdom. I observe that several of the proposals made by our Economic Adviser have not been embodied in this Tax Bill. If I may be allowed to I would like to quote again from Col. Spencer's Memorandum. He writes:

"As far as Income Tax is concerned rates in British Guiana are roughly the highest of the four major Caribbean Colonies up to the £400 a year group, after which they are exceeded by Barbados and, between £800 and £900 a year, by the Jamaica rates. Above those levels both Barbados and Jamaica rates are substantially above British Guiana. Trinidad has the lowest income tax rates throughout."

That shows that as far as the low income group is concerned our rates of income tax are very high, but as regards the higher income groups they are lower than those of Jamaica and Barbados.

Mr. WIGHT: To a point of order. I would like to find out whether the hon. Member is aware that we have since amended the Income Tax Ordinance? I thought the Colonial Treasurer would have pointed out that we have increased the rates of income tax since Col. Spencer's report was submitted.

The PRESIDENT: Perhaps the Treasurer might explain to the hon. Member in order to save time. I think that report was written before the recent increase in income tax in the Colony.

The COLONIAL TREASURER: That report is a little out of date at the present time, and although I cannot speak definitely I think the personal rates have gone higher, and the company rate has gone up to 40 per cent. which is higher at the moment than it is in any West Indian Colony.

Mr. WIGHT: I had intended to interrupt the hon. Member at a certain stage. Being a member of the legal profession I hate to be interrupted myself. I would like, however, to point out to the hon. Member that although lawyers quote certain things in their favour and

omit to quote what may be against them I think he should also point out to the Council that the Economic Adviser states definitely that the tax of 40 per cent. on companies is one that cannot be continued for more than a period of two or three years. Perhaps the hon. Member will bear that in mind in his remarks.

Dr. JAGAN: In speaking a moment ago I was not referring to company taxation but to personal income tax. The company taxation has been increased to 40 per cent. because, I believe, the excess profits tax has been removed. At least I feel that that is the justification for increasing income tax on companies to 40 per cent. What I was referring to was the tax on personal incomes in respect of which the Economic Adviser has recommended certain variations, but as far as my information goes those recommendations have not yet been implemented. He has suggested that there should be no increase in the rates in the lower income group, but that there should be a 3 per cent. increase in the rates on incomes from \$1,200 to \$3,600, which he estimates would yield a revenue of from \$45,000 to \$50,000. He further suggests an increase on incomes above £1,000 which he estimates would yield revenue between \$60,000 and \$80,000.

My argument is that Government has chosen to impose further taxation on the small man while the big man who can afford to pay more at this time has been left out.

Another recommendation by the Economic Adviser is an increase in the present royalty rates. On this subject he writes:

"... In fact, the present royalty rates are generally so low that the Colony is in some cases virtually 'giving away' its natural resources."

When I look at the appended table I find that the royalty on timber ranges from 2.5 to 5 per cent. of the market value. The increase suggested by the Economic Adviser is 7½ per cent., with slight variations as regards low-cost areas and areas which are not easily accessible. We find that the revenue from royalties in Trinidad amounted to \$135,000 per annum from 1941 to 1945, as compared

with \$110,000 in British Guiana which has much greater forest industries.

Again I say that whereas other means could have been found as recommended by the Economic Adviser — that is to say, impose taxation on the rich who can stand it — we find that this form of taxation has been proposed and we consider it as taxation which will ultimately fall on the small man. Another source of increased revenue recommended by the Economic Adviser is the question of spirit shops and I think it should have been adopted. Another recommendation was an increase in the duty on transports and mortgages from 1 per cent to 2 per cent on all properties above \$5,000 in value. We know — and I have mentioned it in this Council already — that in Georgetown there is a serious housing situation and that it is being created by certain real estate dealers — buyers and sellers whom I consider to be real estate racketeers. These people are constantly buying and selling with the profits they accumulate in one form or another. If this surplus capital is taxed by increasing the duty on transports and mortgages as recommended, that might have the effect of diverting some of it into development projects. That is what we want in British Guiana — development — not buying and selling of property, and making profits out of the poor man. If the recommendation by the Economic Adviser to increase the duty on transports and mortgages has been already implemented then I am subject to correction and would ask to be pardoned. I am trying to get all the facts — as you rightly said, Sir — in order to be able to put forward a good case when I get up in this Council.

Mr. RAATGEVER: I cannot allow the remarks of the hon. Member for Central Demerara to pass without some comment. I am sorry I have not got the figures at the moment, but the income tax on companies rose from 12½ per cent. in 1939 to 40 per cent. last year. The tax on private incomes also rose considerably during the war years. The hon. Member refers to Col. Spencer's recommendations but he does not say that Col. Spencer also suggested increased personal allowances in his report. These increases would have offset the increase in income tax. The matter was fully debated last

year and we decided on certain increases which were adopted. Another thing is that in this Colony we had an excess profits tax of 80 per cent. while there was none in Barbados. The rates of private income tax there are also much lower than they are here, and in this Colony merchants have been paying through their noses. The taxation of private individuals rose, I think, from 5 per cent. to 20 per cent. during the war years and indirect taxation was also raised. In this measure before the Council there is indirect taxation affecting wealthy people; there is increased taxation on liquor — whisky, liquor brandy, and so on — and these things are not drunk by poor people but by the rich. As regards the remarks made on the question of the cinema tax, I should like to point out that the cinema tax is paid by every person in this Colony who attends a cinema and not only by the poor people. The tax on horse racing is also paid by rich people but the hon. Member speaks about this tax as being paid by poor people. If they are poor, then they have no right to buy sweepstake tickets and should use their money to buy food.

Mr. DEBIDIN: I have never complained against the tax on sweepstake tickets. I know that it is the rich people who support horse racing. What I said was that the tax on the Turf Club would affect the charities which are receiving some support from that source.

Mr. RAATGEVER: I did not hear the hon. Member say that it would affect charities. In Trinidad the sweepstake tickets cost 2/- each and the tax on each ticket is 8 cents. I am sorry Government did not put the tax in force 12 months ago because we have lost the revenue we would have got.

Dr. JAGAN: May I say —

The PRESIDENT: I am sorry I cannot allow the hon. Member to speak twice. He can only speak on a point of explanation; we are not in Committee.

Dr. JAGAN: To a point of explanation, Sir. The hon. Nominated Member said that indirect taxation has been increased in this Colony

The PRESIDENT: I am afraid the hon. Member is making a speech. If he

their money home to their wives to buy other things. With regard to the view of the hon. Member for Western Essequibo that we should not have an export tax on rum, I think the trouble with our economics is that everything produced in this Colony goes out too cheaply while everything that comes in comes in at a high price. I was somewhat amused to hear that there is no tax on rum going out of the Colony. I understand that Limacol is also being exported free of duty, but if we are to find money to run the country we cannot allow our rum, bauxite, sugar, rice and everything else produced here to go out so cheaply. We must tax these things because that is the fundamental principle of raising money to run the country.

Mr. DEBIDIN: May I reply briefly to the remarks made by the last speaker? I am positive he does not know the economics of the poor people who live in the rural areas. A labourer would earn say \$3 a week, but he does not go home when he gets that money into his hands. He goes to a rumshop, as is customary, and must consume a certain amount of rum with friends, and in nine cases out of ten you find him spending nearly all his money on rum and taking little or nothing home to his wife to run the home. If the rum is very good he would carry less money home to his wife. I know of my own experience that each man would drink a half bottle at least, and I suggest that we should tax rum very highly so that the poor man would spend less money on rum drinking which is affecting his budget so very adversely. If we are to save the poor man from destruction we should tax rum a little more — and I say so in spite of what other Members would think. I feel that if we do not have an export tax on rum the shipment of large quantities to places abroad would affect the local trade. Perhaps the hon. Member for Western Essequibo does not know that this Colony can export very much more rum but it does not manufacture all it can. Molasses is allowed to go down the sink and escape on certain estates and much more rum could be manufactured if this was not being done.

Mr. SEAFORD: Apparently there is a great deal of misunderstanding on the part of the hon. Member. Apparently he

includes everything that goes out of this Colony in the form of spirits as rum but it is nothing of the kind.

Mr. DEBIDIN: Some of it is really high wines but that, in a sense, is an overproof kind of rum.

Mr. SEAFORD: When the hon. Member speaks about rum I think he really means high proof spirits which is very largely used in the United Kingdom for industrial purposes and if we are going to put an export tax on it we would not get a market for it because people abroad would purchase it from other places. As regards rum itself, there was not a very large consumption in the world and the reason why the consumption has gone up is because whisky is not very much procurable at the present time. That has improved the market for rum. There is no export tax on rum in Jamaica or Trinidad and how are we going to compete with those places if we put an export tax on our rum? It would make the situation untenable. It is also well known that an export tax is regarded by merchants as being a vicious tax and if we want to tax anything we should tax the profits after the money has been made. That, I think, is a very well known and recognised principle. The hon. Member for Central Demerara has referred to the rate of duty here on rum as compared with other places, but I think it would be much more interesting if he told us the price of rum in those places. I think if he went into that he would find that the price is less in those places than it is here.

The COLONIAL TREASURER: I think also the hon. Member for Central Demerara has had his question answered. There is no export duty on agricultural products, and as the hon. Member who has just spoken has said, it would be a very great mistake to put a tax on spirits exported from this Colony. He mentioned Limacol, a very interesting local industry, which was able to obtain a market abroad, but unfortunately in the West Indian market it has to pay an import duty. If we put an export duty on it, then we might as well give up all hope of selling it. But that is by the way.

The hon. Member for Central Demerara speaking both on the motion and

on this clause has attempted to challenge this 1948 Budget as being in some sort of way an attack on the poor man. That amazes me and somewhat disappoints me, because as author of it I was most careful to avoid any semblance of an attack on the poor man. Look at what it means. The first item in my Budget Statement, which happens to be second in this Bill, is the tax on Bauxite. The second item is the tax on film rentals. I went out my way to explain what was there being attempted was a measure by which we should try to secure something from the distributor. I further went out of my way to say there may be an attempt to pass it on and I hope it will be resisted. The whole form of the tax was designed so that it should not be passed on but should be on the capitalist-producer. Then there is the tax on sweepstakes. That is not a tax on the poor man. It is true the poor man as well as the rich man indulges in buying sweepstakes tickets, but by no means that can be said to be a tax on the poor man. Then there is the variation of the rates of estate duty. That is designed to give relief on the smaller estates and to increase the charge on the larger ones. The next item is royalty on timber, the very thing the hon. Member expatiated on as not being taxed enough. A few weeks ago this Council passed a resolution amending the Crown Lands Regulations which substantially increased the royalties on timber. He has forgotten that and has charged us with not increasing the duty on the royalty on timber. That was exactly what we did only a few weeks ago. Then there are the Customs Duties.

I am a little irrelevant, but I want to make this point. It is quite true that rum is included in the increases, but I do not think it is fair to say it is a tax on the poor man. All it does is to make an addition to the duty which is equivalent to a price increase of four cents per bottle. I am quite aware that the price increase now charged is higher than that. But this is not on account of the duty. I do deprecate any attempt to say that this Budget is in itself an attack on the poor man. I think too in answer to that point raised on the personal Income Tax rates — as to why they were not touched — the Nominated Member in part answered it. It is not strictly relevant, and I do not

want to touch on it now. I hope hon. Members agree with me that it is entirely wrong to characterize this particular Budget and this Bill as a form of attack on the poor man. It is nothing of the kind.

Mr. LEE: I do not agree with the hon. the Colonial Treasurer in the remark he made that increasing the price of rum by four cents per bottle is not an attack on the poor man's budget. I can tell you, Sir, and I feel sure the hon. Member for Western Essequibo can verify the fact, that during the period of planting — there are two such periods in a year — the rice-growers must have a little alcohol to stimulate them after being in the water the whole day. Therefore rum becomes a necessity to the poor man and a tax of four cents per bottle is an attack on certain people who have to indulge in a little alcohol to keep them healthy. I feel sure that tax can be levied in a more direct form — income tax or otherwise. It should not have been placed on rum. What I have risen to do is to appeal to you, Sir, to consider this: If the Regulations which govern the Justices of the Licensing Board limit the number of rumshops in the Colony it would encourage, as they are doing, these rumshops to charge more so as to make profits. On the other hand if there is competition the poor man would pay less for his rum. I am therefore asking Government to set up a Committee to revise that Regulation which limits the number of rumshops in the Colony and go into the question of competition between rumshops and clubs. Later in the year I may move an amendment to the Clubs Ordinance. These clubs are permitted to sell alcoholic drinks, and if they are taxed as rumshops it would be better for the rumshops and the poor man would be able to get his rum cheaper. I ask you, Sir, to consider these two points. At the present time if anyone desires to secure a Club licence he has to get sureties. The rumshop proprietors and speculators open these clubs and, therefore, there is not that healthy competition.

As regards the export duty on rum, I think the opinion of Members is that they would like to tax rum which goes out of the Colony for industrial purposes. There are certain brands of British Guiana rum

which are recognised abroad, and if we are trying to get a market abroad for our rum I do not think there should be an export tax on it. I know as a fact that people from Canada and the United Kingdom have clamoured for British Guiana rum and we can with a small export tax gain a market in those countries though it will be in competition with the alcoholic drinks manufactured in those countries. I feel, if Your Excellency considers those aspects of the matter you would find that the export of rum in bulk is for industrial use but for human consumption we can get a ready market for it as an alcoholic drink which would be cheaper than those manufactured in those countries. I do not see why there cannot be a small export tax on that. I do not think hon. Members mean rum exported for industrial purposes because we would like as much British Guiana rum to be used for industrial purposes as possible as the returns would benefit the workers. I am asking you, Sir, to consider those three aspects of the matter if at all you want at any time to consider a further increase on rum.

Mr. WIGHT: I would just like to point out to the hon. Member that perhaps he is unaware of the effect. Is he unaware of the fact that Barbados does not charge an export tax on rum and that Barbados is now exporting rum to British Guiana for consumption? Do we desire that Barbados should not be imposing an export tax on Barbados rum to come to this Colony and compete with the locally manufactured rum? It is being done on a large scale. One merchant, I know, in Barbados is exporting Barbados rum in considerable quantities to this Colony.

Mr. LEE: My hon. friend perhaps does not want to tell this Council how much is paid for Barbados rum and how much British Guiana rum can be sold in Barbados. As far as I know, the payment here is higher than what we pay for the local rum, and similarly in Trinidad, you can sell British Guiana rum at a higher price than the local rum. I am only asking Your Excellency to consider, if we are going to try and get a market for our rum let us keep the price down. I am not saying we are to increase the

duty, but when we do get a market — and we have got a market in the United Kingdom and Canada — we should to a certain extent levy a small export tax on rum, not on rum exported for industrial purposes.

Mr. FERNANDES: I would just like to make two comments. It is said that one is never too old to learn, and I have this evening learnt two things. One is, that rum is a comfort, and the other one is that rum is necessary in the production of rice. I suppose if we increase the duty on rum it would be another case of increasing the cost of the production of rice. If this increased duty will cause the poor man to drink less rum, I would feel very happy. I have no desire and it will always be against my policy to tax the poor man, but I do not think that increasing the duty on rum to the tune of four cents per bottle or one-sixth of a cent per schnapp is going to affect him seriously. I would be glad to feel that instead of drinking ten schnapps he drinks perhaps two or three and goes home sober. If by increasing the duty it would decrease his consumption and thereby decrease the revenue which Government expects to get from it I would prefer that the deficit be met from direct taxation which I would have to bear. I would be very pleased to bear that taxation, knowing that in doing so it is caused by a decrease in the consumption of rum by the so-called poor man.

Mr. LEE: I would like to challenge the remark of the hon. Member for Georgetown Central for the reason that he lives in Georgetown and does not visit the rice-growing areas. Therefore when the statement is made that it is a necessity to the rice-growers, which he challenged, I am not saying anything that is not true. I can prove to him that it is true. I am saying that if there is competition it would reduce the profits that are being made by the present owners of rumshops. If there is competition there would not be the necessity to increase the price by four cents a bottle. If the hon. Member cannot understand that logical argument, I cannot help him.

Mr. FERNANDES: I would like to tell my hon. friend that I have learnt something new. I did not say it is not

true. I did not deny what he said. I only said I have learnt two new things — one is that rum is being used in the production of rice. (laughter).

Question put, and agreed to.

Clause passed.

Clause 3—*Tax on Gold.*

Mr. PANG: I desire to oppose the passage of this new section 7C, which proposes a tax of 25 per centum on un-exported raw gold. It is my considered opinion that if the passage of this Bill goes through it is going to kill the gold-digging industry. At the present moment the gold-diggers get between \$35 and \$38 per ounce for raw gold in the fields, and the shopkeepers in turn bring that gold to Georgetown and get \$40 per ounce for it. That gold is sold in turn to jewellers, dentists and goldsmiths at a profit also. I know the chief reason is to try to ship away all the gold to the hard dollar countries. but I am afraid it is going to interfere with the gold-digging industry. I have some figures here showing what would be the position if the gold is not sold locally and has to be exported. The dealer in gold buys 100 ounces of raw gold at \$40 per ounce for \$4,000. He smelts that gold and roughly gets 90 ounces of fine gold of .975 quality. Shipping expenses amount to roughly \$2 per ounce totalling \$180. So for that 100 ounces of gold he spends \$4,180. He gets in America for that gold \$35 per ounce good quality which is \$41.63 B.W.I. currency. Therefore he gets \$3,746.70 and therefore loses \$433.30 on every 100 ounces of gold he ships. It is obvious, therefore, that the gold dealer in Georgetown cannot continue to pay \$40 per ounce for gold and the shopkeeper will have to cut down the price he pays to the gold-digger. It will be something like \$28 of \$30 per ounce and I am afraid that will not do. The gold-diggers cannot exist on that price. Another point is this: If the gold is retained for local consumption, — I know a considerable number of people in this Colony invest their money in jewellery as a means of saving and this tax of roughly \$10 per ounce is fixed on gold, it would mean an inflation of the price of gold by \$5 per ounce which would affect those people's savings. I think it is a very

dangerous policy of Government to be increasing the price of gold. I feel, Your Excellency, this measure is very ill-advised. I would suggest the deletion of this clause.

Mr. LEE: I have received a letter from certain people in the Interior which has shown according to their figures which are similar to those supplied by the hon. Member for North-Western District, that contention to be true. They say that if the intention of Government is to obtain more production of gold, the tax as proposed would prevent them from working for gold on the pork-knocking system. They say the shops have already reduced the price in the interior, and they are not getting \$35 per ounce in the interior. If that is true, and I cannot doubt the statement, then I think Government would be well advised not to carry through this measure to-night, but to withdraw it and make further investigation as to the authenticity of their statement. If that is true then I think Government would be well advised not to carry through this measure to-night, but to withdraw it and make further investigation as to the bona fides of their statement. Since the announcement in the newspapers many persons who hold gold claims have closed them down pending this debate in Council. I think that if Great Britain wants more gold the best method would be to induce more men to go into the interior in search of gold rather than impose this tax. The prices of foodstuffs are going up, and claim-holders point out that labourers are demanding more pay — \$2 per day plus Government rations.

On the other hand goldsmiths have sent me a letter requesting me to protest against the tax. They point out that on every ounce of gold they would have to pay \$5 duty, and that they would save \$5 on every pair of bracelets if they made them outside and brought them into the Colony. Instead of taxing gold used in the Colony Government should subsidize the pork-knockers to go into the interior and produce more gold.

The COLONIAL TREASURER: Just in case there are further speeches along the line of the last speaker, I would like to point out that he has implied that this

smiths in this Colony — in the making of jewellery. The hon. Nominated Member, Mr. Farnum, has referred to that fact and he is certainly in a position to know about it. We are spending a large sum of money to attract tourists to this country, and a tremendous amount of jewellery is made for sale not only to visitors but for people residing in the country. I think we are going to kill that trade indirectly, because it is being sought here to increase the price of gold, and it might not be able to compete with the ornamental and other jewellery being brought into the Colony at a low rate of duty. I think it is most important that we should think about the people who would be affected by this tax. Further, I think this measure should be put aside, because I am strongly of the opinion that with the operation of these companies in the interior we would have sufficient gold to export to hard currency areas, and to the United Kingdom and other places, without having to resort to this tax. I think we should have a policy to guide us into more careful action.

Dr. NICHOLSON: I cannot follow the argument which has been advanced here to-night. In Finance Committee Members voted for the appointment of a Fourth Judge, another Magistrate, certain increased services and so on, and yet there seems to be a feeling that there should be no increase in taxation. I wonder where the money must come from for all these things. With regard to the question of the export of gold, I agree with the views of the hon. Nominated Member, Mr. Farnum, that the companies operating here should be allowed to export their gold, and that the pork-knockers should sell to local consumers. In that case I think goldsmiths would get sufficient gold to work, and I agree that there should be this increase in taxation, otherwise how would we get more money to run the Colony.

Mr. FERNANDES: At last I have been able to find one producer who would get more for his produce in this Colony than if he exported it. I venture to say that the pork-knocker is the only person in the Colony who is in that position today. The hon. Member for Central Demerara has stated that if the tax is passed it would be passed on to the consumer, and that the next time it would go to the producer. He also stated that if

this 25 per cent. tax is passed we might have a consumer strike similar to what happens in the United States, and in the next breath he says that if we put the tax on jewellery it would be passed on to the consumer because the price of jewellery would go up. I am not going to oppose this tax, because I do not think it would increase the hardship on certain persons if passed. I agree with the Colonial Treasurer when he said that the value of jewellery would go up. As regards the question of saving by way of investment in jewellery, I would say that when one pays \$10 for a piece of jewellery he sustains a loss of \$5 before he takes the article out of the shop because he is buying gold plus labour, plus profit. If, however, he puts that money in the Bank he would get the same amount back if he gets hard up, and I think the time has come when these people should save their money in a different way than investing in jewellery. Again I say I cannot allow the argument put forward to influence me against this measure of increased taxation. As regards the question of permitting the export of jewellery to the West Indian islands, that is a matter in which Government should act as it thinks best. As regards the sale of jewellery to tourists I think everyone would agree that they are just the people who should pay 25% more for their gold. The kind of jewellery they buy — filagree work — does not take much gold, and some of it is the finest work of the jewellers in British Guiana.

The CHAIRMAN: I will put the question that the clause stands as in the original motion, therefore if Members say "aye" they are against the amendment.

Question put, the Committee dividing and voting as follows:

For: Messrs. Smellie, Mc Doom, Kendall, Fernandes, Farnum, Thompson, Dr. Nicholson, Seaford, Wight, the Colonial Treasurer, the Attorney-General and the Colonial Secretary — 12.

Against: Messrs. Phang, Peters, Dr. Jagan, Debidin, Roth and Lee — 6.

Did not vote: Mr. Raatgever and Dr. Singh — 2

Motion carried.

The CHAIRMAN: Council will now adjourn until 8 p.m., to-morrow.