

LEGISLATIVE COUNCIL.

Thursday, 4th February, 1943.

The Council met at noon on Thursday, 4th February, 1943, His Excellency the Governor, Sir Gordon Lethem, K.C.M.G., President, in the Chair.

PRESENT:

The President, His Excellency the Governor, Sir Gordon Lethem, K.C.M.G.

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

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

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

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

The Hon. E. F. McDAVID, C.B.E., Colonial Treasurer.

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

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

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

The Hon. M. B. LAING, O.B.E., Commissioner of Local Government.

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

The Hon. L. G. CREASE, Director of Education.

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

The Hon. PERCY C. WIGHT, O.B.E., (Georgetown Central).

The Hon. J. GONSALVES, O.B.E., (Georgetown Central).

The Hon. J. I. DE AGUIAR, (Central Demerara).

The Hon. JUNG BAHADUR SINGH, (Demerara-Essequibo).

The Hon. PEER BACCHUS, (Western-Berbice).

The Hon. H. C. HUMPHREYS, K.C., (Eastern Demerara).

The Hon. C. R. JACOB, (North Western District).

The Hon. A. G. KING, (Demerara River).

The Hon. J. W. JACKSON, (Nominated Unofficial Member).

The Clerk read prayers.

OATH OF ALLEGIANCE.

THE PRESIDENT administered the Oath of Allegiance to Mr. J. A. Luckhoo, K.C., Nominated Member, who then took his seat.

MINUTES.

The minutes of the meeting of the Council held on Wednesday, 30th December, 1942, were taken as read and confirmed.

PRESIDENT WELCOMES MR. J. A. LUCKHOO.

THE PRESIDENT: I will detain the Council for a very few minutes. It is with pleasure that I welcome to this Council a new Member in the person

of the hon. Member who has just taken the Oath. I know the hon. Member has been a Member of this Legislature before, and we welcome him back to us knowing very well that the prominent and much respected position he holds in the community of British Guiana, and the very notable ability with which he follows his chosen profession of the law, will make him a very great asset in the deliberations of this Council. I have very great pleasure in welcoming the hon. Member.

Mr. LUCKHOO: I thank you, sir.

NEW ORDER-IN-COUNCIL.

The PRESIDENT: I may say that I have proceeded with the nomination at the moment pending the receipt of the new Order-in-Council. In view of the delay and other intervening circumstances, I thought it desirable to proceed with this nomination. As far as I am aware, the Imperial Government is now sitting, and the formalities touching the draft Order should be going forward, and we may expect to receive that very soon.

ANNOUNCEMENTS.

DESPATCHES ON DRAINAGE AND IRRIGATION.

The PRESIDENT: Referring to my meeting with Unofficial Members last Monday, the despatch on the subject of drainage and irrigation, an outline of which I gave to hon. Members, has gone forward and a copy has been circulated to Members of this Council. There are four other despatches in preparation and they will be forwarded in due course.

EDUCATIONAL DEVELOPMENT COMMITTEE.

I have to mention the important matter of education, Members are

aware that one of the most important recommendations of the Educational Adviser is that of the appointment of an Education Committee. I have now completed consideration of that matter along with the Director of Education and we are proceeding with the nomination of a very large and representative Education Development Committee—large in order to make it fully representative. It will, of course, work through a number of sub-Committees.

HOUSING AND LAND SETTLEMENT.

I am taking another similar procedure by way of the appointment of Committees in regard to important matters such as urban housing, rural housing, land settlement, and development of minor industries. With regard to the first three of these, we have complete reports, and I do not wish to appoint further Committees to carry on the discussion longer. But I am anxious to have practical recommendations to myself as to the practical steps to be taken straight away this year, and it is for that purpose I shall appoint small committees limiting their terms of reference to practical provisions for urban housing, rural housing, and land settlement.

INDICES OF PRICES.

I have one other announcement of some interest and that is touching representations to the Secretary of State from this and other Colonies about the extreme disparity of movement of prices as between prices of export products from this Colony and the prices of our imports. We have exports controlled in prices and largely under a system of bulk purchasing, whereas the imports show constantly rising prices. I made specific reference to this last Monday in the discussion on the question of drainage and irrigation. The Secretary of State is taking the matter up and trying to do something in order

to see whether any corrective action is possible. This will be initially by keeping indices of prices. The Secretary of State regrets the increase of work this will give the Colonial Administration, but that we must face it. Whether anything beneficial will come out of it I am unable to say.

FAREWELL TO COL. MATTHEWS

I would just like, lastly, to thank hon. Members of the Council who assisted me last Saturday in giving a very pleasant farewell to the Officer Commanding the U.S. Military Forces in this Colony, Col. Matthews, who left on Monday morning. We had the privilege of entertaining him on Saturday afternoon and in the evening. I have received a letter from Col. Matthews this morning and I would like to read it so that it may be put on record. It says:

Headquarters.
Office of the Commanding
Officer, U.S. Army.
British Guiana Base, B.G.
January 30, 1943

His Excellency Sir Gordon
Lethem, K.C.M.G.,
Governor of British Guiana,
Government House,
Georgetown, British Guiana.

Your Excellency, I have received orders from the War Department transferring me to a station in the United States, and I wish to take this opportunity to express to you my thanks and appreciation for your understanding and helpfulness, and your generous hospitality toward me, personally, and to this Command.

My assignment to establish a base far from the United States in an area to which we were not accustomed might easily have been a very difficult one, but the attitude of yourself and of every official and person of the British Guiana Government and of this country with whom we have come in contact has been such that our task has been made comparatively easy. We have re-

ceived every possible assistance and have been made to feel that we were welcome.

I shall always remember the eighteen months which I have spent in British Guiana as a most delightful period, and it is with a great deal of regret that I leave.

I am being relieved by Lieutenant Colonel Frank J. Cunningham, Coast Artillery, United States Army, who will assume command upon my departure, and I am sure that his period of duty here will be as satisfactory to him as mine has been to me.—Sincerely.

(Sgd). FREDERICK S. MATTHEWS.

Colonel, Infantry,
United States Army.

LONDON SCHOOL OF HYGIENE AND TROPICAL MEDICINE.

The COLONIAL SECRETARY: I wish to inform Council that a letter has been received from the Board of the London School of Hygiene and Tropical Medicine expressing thanks for this Colony's contribution of £100.

PAPERS LAID.

The COLONIAL SECRETARY laid on the table the following reports and documents:—

The Report of the Directors of the Public Officers Guarantee Fund for the year 1941.

The Report of the British Guiana Rice Marketing Board for the period 1st April, 1942, to 30th September, 1942.

The Post Office Telegraph (Amendment) Regulations, 1942.

The Post Office (Express Delivery) Regulations, 1942.

Mr. McDAVID (Colonial Treasurer) laid on the table the following document:—

Schedule of Additional Provision for the quarter 1st October to 31st December, 1942, required to meet expenditure in excess of the provision made in the estimates for the year 1942.

GOVERNMENT NOTICES.

INTRODUCTION OF BILLS.

The ATTORNEY-GENERAL gave notice of the introduction and first reading of the following Bills:—

A Bill intituled **An Ordinance to amend the Bank Notes Ordinances by empowering the Governor by Order in Council to direct further limitations on the amounts of Bank Notes which may be issued by Bankers.**

A Bill intituled **An Ordinance to amend the Drainage and Irrigation Ordinance, 1940, by changing the constitution of the Drainage and Irrigation Board.**

A Bill intituled **An Ordinance to amend the Mining (Consolidation) Ordinance, Chapter 175, by substituting therein a different definition of the expression "Raw Gold."**

Mr. McDAVID gave notice of the introduction and first reading of the following Bills:—

A Bill intituled **An Ordinance further to amend the Excess Profits Tax Ordinance, 1941, by extending its application to individuals and companies engaged in mining operations; and by making provision for matters connected therewith.**

A Bill intituled **An Ordinance further to amend the Income Tax Ordinance, Chapter 38, by making provision for the deduction in certain cases of amounts allowed for amortization of capital expenditure when ascertaining chargeable income.**

A Bill intituled **An Ordinance further to amend the Customs Duties Ordinance, 1935, with respect to the export duty on bauxite.**

SUPPLEMENTARY ESTIMATE, 1942.

Mr. McDAVID gave notice of the following motion:—

THAT, this Council approves the Schedule of Additional Provision for the quarter 1st October to 31st December, 1942, required to meet expenditure in excess of the provision made in the estimates for the year 1942, which has been laid on the table.

NOTICES OF QUESTIONS.

FOOD PRODUCTION ON SUGAR ESTATES.

Mr. JACOB gave notice of the following questions:—

1. In view of the increasing difficulty of obtaining ships to import peas, beans, corn-meal, vegetables, etc., which can be successfully grown and produced in this Colony within a short period of time, will Government take active steps to ascertain from workers on sugar estates in Demerara and Berbice what area each able-bodied worker can plant on each estate where he resides, and where land is available, when he is not given work by such estates, so as to supply the ever-increasing local demand for locally grown food?

2. Will Government ascertain from workers who are residing in congested villages and estates in Demerara and Berbice, how many of them require lots for building their own houses, and what areas these workers will require to plant vegetable crops and rear livestock with or without financial assistance, so as to afford these workers an opportunity to own their own plots and houses?

3. If the replies to questions 1 and 2 are in the affirmative, will Government accept the active co-operation of "The Guiana United Trade Union" which has been approached by workers from all parts of the Colony?

LAND SETTLEMENT.

4. When does Government propose to give effect to the recommendations of the Land Settlement Committee *vide* Legislative Council Paper No. 2/1939 in regard to the laying out of lands in Demerara and Berbice, so as to enable surplus workers to be removed to the Settlements, thereby allowing the remainder of workers on sugar estates to obtain a full week's work which they have not been getting regularly during the last four years, *vide* reports of the Labour Department?

WORKMEN'S HOUSES ON T.F.D. LANDS.

1. The Transport and Harbours Department having granted in 1941 to Messrs. Booker Bros. McConnell & Co., Ltd., a lease for fifty years of certain lands owned by the Department on the West Coast of Demerara, for the erection of workmen's houses, will the Transport and Harbours Board or Government grant similar terms to any other person or company?

2. Will Government or the Board consider the advisability of offering all lessees the option of purchasing the lands occupied by them, especially where dwellings, rice mills, business and other houses are erected, at a reasonable sale price or on long lease of not less than 50 or 99 years?

3. Will Government offer for sale all the unoccupied and uncultivated lands owned by the Transport and Harbours Department to the general public in well laid out plots for the erection of dwellings, business and other houses, under proper safeguards to the Department, with the object of building up a fund for the Department to pay interest and sinking fund, and possibly perpetual annuity—if not, why not?

FINANCING T & H DEPT.

4. To whom were the amounts of interest paid in 1941 and 1942 estimated at \$9,900,000 as per Draft Estimate of Expenditure for 1943, and what rate of interest was charged by the lenders?

5. Is Government or the Transport and Harbours Department prepared to continue to borrow money from outsiders when there is an estimated Colony surplus of about \$3,000,000.00, the bulk of which is lying idle?

6. If the answer to question 5 is in the affirmative, will Government refer the whole matter of financing the Transport and Harbours Department, Rice Marketing Board and other Boards to the Secretary for the Colonies by Air Mail for instructions or ruling?

7. The Colonial Treasurer having estimated to receive in 1943, \$3,880.00 less interest than in 1942, will Government state what use will be made of the large Colony surplus as indicated by His Excellency the Governor at the last Annual Session of the Council?

UTILIZATION OF THE COLONY'S SURPLUS BALANCE.

Mr. JACOB asked and the COLONIAL SECRETARY laid on the table replies to the following questions:—

Q 1.—How much of the accumulated surplus balance of \$2,440,933 as at 1st January, 1942, has been invested, and how much is held in cash as reported in the Budget Statement of 18th November, 1942?

Q 2.—What is the nature of the investment and at what rate of interest was the amount invested?

Q 3.—Where is the cash held?

A 1, 2 & 3.—Reference is invited to the relevant portions of the Colonial Treasurer's report for the year 1941, as indicated below, which explain the disposition of the cash and invested balances as on 1st January, 1942, Paragraph 11 of the report on page 4 reads as follows:—

“An analysis of the Balance Sheet and connected financial statements shows the following disposition of the cash balances “at 31st December, 1941:—

Cash Balances	\$ 710,310	
Barclays Bank,		
London	136,884	
Joint Colonial		
Fund	566,400	
Remittances (in		
transit)	642,689	
	\$2,056,283	
Investment (at		
market value)	398,735	\$2,455,018
“This comprises the following items:—		
General Revenue		
Balance	\$2,440,933	
Excess of Deposits		
over Advances	1,774	
Unexpended Balance		
of Loan Funds	12,311	\$2,455,018”

Details of the cash balances will be found in the Statement of Distribution of Balances on page 10 and in Statement IV.A—Imprests on page 47.

Details of the investments in securities will be found in Statement VI. on page 56. The average rate of interest is approximately 3.38%.

Amounts deposited in the Joint Colonial Fund earn interest at approximately 2½%.

The distribution of Cash balances varies from day to day in accordance with financing requirements in London and in the Colony. Cash surplus to requirements is deposited in London in the Joint Colonial Fund. Cash balances at the end of the financial year are usually high as the result of large revenue collections in the month of December. The position as at 31st December, 1942, will be detailed in the Colonial Treasurer's report on the transactions of the year, 1942.

Q 4.—What was the amount due to Barclays Bank (D.C. & O.) and The Royal Bank of Canada as at 31st March and 30th September, 1942, by the B.G. Rice Marketing Board?

A 4.—	At 31st Mar.	At 30th Sept
Barclays Bank		
(D.C. & O.)\$223,896	
Royal Bank of		
Canada\$183,845	

*The accounts were in credit on the date stated.

Q 5.—What were the amounts paid as interest to the two Banks mentioned in Question 4 for the periods 31st March and 30th September, 1942, each separately, and what rate of interest was charged by the Banks?

A 5.—Interest payments were—

	October 1941 to
	March, 1942.
Barclays Bank	
(D.C. & O.)\$2,777
Royal Bank	
of Canada 2,615
	April, 1942 to
	September, 1942.
	\$3,022
	3,498

The rate of interest paid is the subject of a confidential agreement with the Banks and cannot be disclosed.

Q. 6.—In view of the large accumulated surplus balance will Government consider the advisability of making immediate arrangements to finance the B.G. Rice Marketing Board and other Boards from the Treasury?

A 6.—The operations of the Rice Marketing Board are financed in accordance with the provisions of Regulation 21 of the Defence (Rice Control) Regulations, 1940, by bank overdrafts secured by a charge on rice in the possession of the Board. It is not considered necessary or desirable to vary these arrangements; furthermore no overdraft is required by the Board at the present time.

The commercial bulk purchase transactions of the Controller of Supplies are financed through bank advances where necessary. The major portion of these transactions, however, pass through the British Colonies Supplies Mission and are ultimately financed through the Government's accounts with the Crown Agents in London. The Controller has no overdraft on his banking accounts at present.

Q. 7.—Will Government consider the advisability of utilising a portion of the surplus balance to finance Land

Settlement Schemes in Demerara and Berbice as recommended by the Land Settlement Committee of 1939, vide Legislative Council Paper No. 2 of 1939?

A. 7.—The primary need at present is the initiation of drainage and irrigation schemes and Council has been made aware of the proposals which are contemplated in this respect. The introduction of Land Settlement Schemes is nevertheless an important feature of Government's policy but they must be subject to certain definite principles laid down by the Comptroller for Development and Welfare which may not be in accord with the recommendations contained in the report to which the Honourable Member refers.

BILLS—FIRST READING.

BANK NOTES (AMENDMENT) BILL, 1943.

The ATTORNEY-GENERAL: I move that "A Bill intituled An Ordinance to amend the Bank Notes Ordinance by empowering the Governor by Order in Council to direct further limitations on the amounts of bank notes which may be issued by bankers" be read the first time.

Mr. WOOLFORD seconded.

Question put, and agreed to.

Bill read the first time.

Notice was given that at a later stage of the meeting it would be moved that the Bill be read the second time. (The Attorney-General).

DRAINAGE AND IRRIGATION (AMENDMENT) BILL, 1943.

The ATTORNEY-GENERAL: I move that "A Bill intituled An Ordinance to amend the Drainage and Irrigation Ordinance, 1940, by changing the constitution of the Drainage and Irrigation Board" be read the first time.

Mr. WOOLFORD seconded.

Question put and agreed to.

Bill read the first time.

Notice was given that at a later stage of the meeting it would be moved that the Bill be read the second time. (The Attorney-General).

**MINING (CONSOLIDATION) (AMENDMENT)
BILL, 1943.**

The ATTORNEY-GENERAL: I move that "A Bill intituled An Ordinance to amend the Mining (Consolidation) Ordinance, Chapter 175, by substituting therein a different definition of the expression "Raw Gold" be read the first time.

Question put, and agreed to.

Bill read the first time.

Notice was given that at a later stage of the meeting it would be moved that the Bill be read the second time. (The Attorney-General).

**EXCESS PROFITS TAX (AMENDMENT)
BILL, 1943.**

Mr. McDAVID: I move that "A Bill intituled An Ordinance further to amend the Excess Profits Tax Ordinance, 1941, by extending its application to individuals and companies engaged in mining operations; and by making provision for matters connected therewith" be read the first time.

Prof. DASII (Director of Agriculture) seconded.

Question put, and agreed to.

Bill read the first time.

Notice was given that at a later stage of the meeting it would be moved that the Bill be read the second time. (Mr. McDavid).

INCOME TAX (AMENDMENT) BILL, 1943.

Mr. McDAVID: I move that "A Bill intituled An Ordinance further to

amend the Income Tax Ordinance, Chapter 38, by making provision for the deduction in certain cases of amounts allowed for amortization of capital expenditure when ascertaining chargeable income" be read the first time.

Prof. DASII seconded.

Question put, and agreed to.

Bill read the first time.

Notice was given that at a later stage of the meeting it would be moved that the Bill be read the second time. (Mr. McDavid).

**CUSTOMS DUTIES (AMENDMENT)
BILL, 1943.**

Mr. McDAVID: I move that "A Bill intituled An Ordce. further to amend the Customs Duties Ordinance, 1935, with respect to the export duty on bauxite" be read the first time.

Prof. DASII seconded.

Question put, and agreed to.

Bill read the first time.

Notice was given that at a later stage of the meeting it would be moved that the Bill be read the second time. (Mr. McDavid).

THE PRESIDENT: I take it that the Council will agree to our proceeding to the second reading of the Bills.

**BANK NOTES (AMENDMENT) BILL,
1943.**

THE ATTORNEY - GENERAL: I move that "A Bill intituled an Ordinance to amend the Bank Notes Ordinance by empowering the Governor by Order-in-Council to direct further limitations on the amounts of bank notes which may be issued by bankers" be read the second time. This Bill seeks to amend the Bank Notes Ordinance,

Chapter 51. That Ordinance applies to the Royal Bank of Canada only. It follows, therefore, that the amending Bill which is being enacted will also apply to the Royal Bank of Canada only. Perhaps I should explain why that one Bank has been singled out and not the other Bank which is in operation locally. The reason is that Barclays Bank functions under the Colonial Banks Act of 1925, and under that Act the Treasury in Great Britain has certain powers which include all the powers we are seeking to get under this Bill. The result is that this Government seeks powers to act at this end whereas the Home Treasury already possesses powers to act in Great Britain in respect of the other Bank, and it is proposed that action shall be simultaneous and exactly the same. The result is that although only one Bank is affected the other Bank would follow suit on the same date in exactly the same manner.

The object of this Bill is to reduce the value of the Bank notes in circulation by the Royal Bank of Canada. I may say that not only the Royal Bank of Canada but all Banks having private note issues in the British Colonial Empire are being subjected to similar treatment. I may also add that the Head Office of the Royal Bank of Canada is in full agreement with the Treasury in England about this step. It has all been arranged beforehand. As the Bank notes go out of circulation Government currency notes to the same amount will be put into circulation. Why is this being done? I am not too clear on the subject myself. It is an obscure and difficult financial transaction. The idea is that by reducing the amount of private notes in circulation all over the Empire, by substituting therefor Government currency notes, it will be possible for the authorities in England to watch any change in the amount of note issue. In other words, if any curious movement of notes takes place they would be able to note it. When private notes are handed into the

Currency Commissioners for Government currency notes a commission is charged for the exchange, but in view of this particular transaction to assist the war effort, whatever notes the Royal Bank of Canada is called upon to hand in or withdraw from circulation currency notes of the same value will be handed to the Bank without any charge.

Mr. JACOB: I do not pretend to know very much about this subject, but I do feel that this Government should have taken this step a little earlier. I realize that something has been done in the past and something is being done now. I think it is a very profitable undertaking for this Government to have begun the issue of currency notes some years ago, and to have increased the circulation of currency notes recently. I notice that the denominations are \$1, \$2, \$5 and \$10. I have seen no notes of the denominations of \$20 and \$100. I think this Government ought to issue every kind of note, and that the Banks should be advised early that at some later date Government currency notes will supersede Bank notes in this Colony, if not throughout the Colonial Empire. So far as this Colony is concerned I think we have a sufficient surplus now to lay aside for the issue of currency notes. I do not know very much about the subject but I have read something about it, and I think that since we have taken this step and are proceeding with it, the time is not far distant when the Banks here, particularly the Royal Bank of Canada, should be told that after a certain period no more Bank notes would be allowed to be issued in this Colony.

Mr. McDAVID: The hon. Member is quite correct. It had been the aim of this Government for some time to try to extend our note issue, and it is only quite recently, as Members know, that we have been able to go in for the issue of \$5 currency notes. Without going too much into the reasons why that action was postponed for so long

I think we ought to congratulate ourselves that it is now possible to supersede to a large extent the issue of Bank notes. It is quite proper business, and apart from other factors such as those mentioned by the Attorney-General as regards the denomination of the notes, the Currency Ordinance provides power to Government, and in addition to the \$5 currency note we have put a \$10 note on the market, and we have on order \$20 and \$100 currency notes. Both of those denominations are expected very shortly and will be put on issue in the process of this action of replacing Bank notes by currency notes.

The hon. Member referred to the Colony's surplus. This transaction has nothing whatever to do with the Colony's surplus. It is a financial transaction in relation to exchange. Currency notes are issued in exchange for sterling in London and have nothing to do with Colonial revenue.

THE PRESIDENT: I may say on behalf of Government that we are in agreement with the point raised by the hon. Member, and I, like him, regret that action in this matter has not been earlier. It is one I pressed very strongly before the Royal Commission in 1938.

Question put, and agreed to.

Bill read the second time

The Council resolved itself into Committee to consider the Bill clause by clause

Clause 2:—

Mr. JACOB: I should like to grasp this opportunity to state a few things which I think should be placed on record. It is well known that the two Banks in this Colony have an agreement, and recently they have reduced the interest on Savings Bank deposits to one per cent. Government is en-

couraging savings, and the Post Office Savings Banks is paying 2.4 per cent. interest on deposits. No one can grumble with the Banks for taking advantage of the situation when there is a lot of money, to pay one per cent. or no interest at all. In fact I am told that depositors are very lucky to get one per cent

That is all right from the point of view of paying interest to depositors, but when it comes to borrowing the Banks do not lend unless the borrower has absolutely gilt-edged security. I do not know what interest Government pays the Banks; Government refuses to disclose that. I know that private individuals who deposit money with them at one per cent. have to pay 5, 6 and probably 7 per cent. interest when they borrow money. The Banks control the money here and can do exactly what they like. When only two Banks are allowed to operate in this Colony the position becomes worse. If you refuse to deal with one Bank you have to go to the other, and I have an idea that they have an arrangement. Therefore one is left between the devil and the deep sea when he has money to deposit or wants to borrow. I think it is a most unsatisfactory position which should never have been allowed in this Colony all these years. It has continued and is continuing. This Government definitely refuses to embark on the policy of lending money. I have heard it said that there are Co-operative Credit Banks and other means of borrowing small sums of money, but when Government refuses to act as bankers or lenders and the two Banks monopolize the position the progress and development of this Colony is being retarded. That is what I am concerned about.

I know of several cases and of a particular case in which the Banks brought pressure to bear on one or two undertakings which had to be closed down. The Banks have enjoyed far too many prerogatives in the past, and I was

glad to hear that steps are being taken to stop the issue of Bank notes. I am not too sure that the Col. Treasurer is right when he says that the surplus balance of the Colony has nothing to do with the issuing of Bank notes. I am not clear on that point. If this Colony was dependent on the Imperial Treasury for money all the time, even to balance revenue with expenditure, then the Imperial Treasury might have said that they could not allow us to issue currency notes, but since this Colony is able to pay its way and has a decent surplus balance I think that even if the Imperial Treasury is against the issue of currency notes this Colony should bring pressure to bear on them to allow us to manage our own affairs. The idea that the Imperial Government must do everything for us I am not in favour of. This Colony has been kept down too long, and in financial matters it has been burdened and overburdened by the Imperial Treasury and, I am sorry to say, by the Imperial Government. If this Colony had its own way it could pay its way. It can pay its way now and, I hope, in the future.

I hope that steps will be taken to let the Banks realize that they are here at the invitation of the people and should do everything possible for the benefit of the people here who are giving them their income. I hope too that steps will be taken to let them understand that if they receive money at one per cent. they should lend at not more than three per cent. which is a reasonable rate of interest. I therefore suggest that if they cannot increase the rate of interest on deposits by one per cent. they should not charge more than three per cent. on money lent.

THE CHAIRMAN: I am very much obliged to the hon. Member. I do not know that his remarks were strictly relevant to the clause, but we were interested to have them on record.

Clause 2 put, and agreed to.

The Council resumed.

The ATTORNEY-GENERAL: I move that the Bill be now read a third time and passed.

Mr. WOOLFORD seconded.

Question put, and agreed to.

Bill read a third time and passed.

DRAINAGE AND IRRIGATION (AMENDMENT) BILL, 1943.

The ATTORNEY-GENERAL: I move that "A Bill intituled an Ordinance to amend the Drainage and Irrigation Ordinance, 1940, by changing the constitution of the Drainage and Irrigation Board" be read the second time. I think it was at the second meeting of the present session, when the second reading of the Drainage Bill was being discussed. Your Excellency stated that you thought it right that as very large schemes were going forward and very large financial measures were in progress this Council should have more representation on the Drainage Board, and as a result of that this Bill was prepared.

The Bill seeks to reduce the official representation on the Board by two, and to increase the representation of this Legislature by two unofficials. The total number will remain the same. The two members who, it is proposed, should come off the Board are the Director of Agriculture and the Commissioner of Lands and Mines, and in their places it is proposed to appoint two members to be selected from this Council in addition to the two already there. Those amendments are made by clause 2.

Paragraph (c) of clause 2 of this Bill corrects an error in the original Ordinance for which I am personally responsible. Par. (c) of section 4 (1) of the Principal Ordinance reads:—

"(c) two members to be nominated by the Governor-in-Council from the members of

the

councils of villages situated wholly or partly within the drainage and irrigation areas described in the First Schedule hereto;"

Of course that overlooked the fact that new drainage and irrigation areas could be declared at any time, and if that was done the village councils in those areas would not be entitled to have any representation on the Board. That was never intended. It was purely an oversight on my part. Par. (c) of the Bill corrects that by giving village councils the right to be represented on the Board. I move that the Bill be read the second time.

Mr. WOOLFORD seconded.

The PRESIDENT: My initial communication on this matter to the Attorney-General was to simplify the section by simply constituting a Board of so many members, but he gave me very good reasons, particularly with reference to other enactments, why we should stick somewhat to the form of the present Ordinance. There is no suggestion whatsoever that Government, in taking a step like this, desires to put off certain Government members because of their services to the Board being in question. There is no manner of suggestion of that kind. The attitude of Government towards Government members of Boards is that we require certain representation in order that members should speak for Government, but that departmental officers are always available to attend meetings of Boards or the Executive Council and give their departmental advice. I would like to make that perfectly clear.

Mr. JACOB: I do not think this Council is very keenly interested in this Bill at all. At least it looks so from the attitude of the Elected Members particularly. I am not speaking here on behalf of my constituency. I think there is very little there to grumble

about, but there is general dissatisfaction throughout the Colony regarding the personnel of this Board, and I would like it to be placed on record that when the Royal Commission came to this Colony that dissatisfaction was very pronounced. Had it not been so pronounced I doubt whether the Commission would have made this specific recommendation on page 23 of its report:—

“(iii) both capital works and maintenance of drainage in British Guiana should be the charge of a central Board; in order to secure effective co-operation with the existing Sea Defence Board, the Director of Public Works and Sea Defences should be the Chairman of both Boards. The initial cost of drainage in British Guiana may have to be treated as an irrecoverable charge.”

I make bold to say that if those works in the past were properly designed and carried out this charge, which has been treated as irrecoverable, would not have been so treated. The position is just the same at this moment. Money is being wasted, scandalously wasted in several places, and when you approach the Board you get absolutely no redress. I do not wish to go into personalities, but the two members representing the villages live near each other. One is almost perpetually employed by the Public Works Department or by the Board, or by both. You have not got to enquire the reason why; it is so obvious. Government has nominated people who are not independent enough to say “Yes” or “No”, the majority of them being “Yes men.” This Board has a lot of “Yes men” on it. I am very glad that Government is making a change, but I am sorry to say the change does not go far enough; it should begin from the top.

Government has received a number of letters. Representations were recently made to Sir Cosmo Parkinson in my presence, and to the Colonial Office almost weekly regarding the personnel of this Board. If we had

not been suffering from floods one might say that those representations are worthless, but I am positive that they are sound and should be given effect to. Government has had specific recommendation from the Royal Commission to do something, but for some reason or other Government has not done it. Government has had representations from rice growers and provision farmers, but has not done anything. There are members of the Board who are not capable of speaking for the whole Colony but put themselves in such a position as to make themselves right all the time. The present state of the Colony is a serious indictment of the Board, the experts, and all those who profess to be experts on drainage and irrigation, and experts of every kind. They have definitely failed.

I suggest that the villagers should have more than two representatives. They ought to have four representatives on the Board, and I have been asked to make this request by responsible people connected with the Village Chairmen's Conference: that the Director of Public Works should be the Chairman of the Board, and that the whole Board be reconstituted. A member should not think that he is there perpetually. I am glad to hear Your Excellency say that it is no reflection on any officer of the Board. I do not think any Government Officer should be on the Board except the Director of Public Works. Government officers should be called in whenever they are required. Now that the Constitution is to be changed it is hoped that Elected Members who have responsibility to the people will be placed in charge of these Boards. I am sure that there would then be progress in this Colony and there would not be continuous floods and droughts. I think this Colony has sufficient potentialities to enable us to make arrangements to drain the land when there is abnormal rainfall, and sufficient water which can be stored to irrigate the land when there is a drought. It is being done with regard to a particular indus-

try, and I think it could be extended to other industries. It is not beyond the capacity of the people, but it has definitely proved to be beyond the capabilities of the officials of the Colony.

Mr. PEER BACCHUS: I do not intend to challenge the accuracy of the hon. Member's statements. I think he is agitating for more representation of Elected Members of this Council on the Board, but I think he has a further complaint. Maybe the hon. Member's wishes may not be fulfilled until he is bold enough to say what he has at the back of his mind. So far as the representation of the villages is concerned I may remind the hon. Member that in addition to the two villagers (ex-Chairmen I believe they are) who are members of the Drainage Board, the Commissioner of Local Government is also a member of the Board. The Commissioner of Local Government is supposed—I use the word advisedly with due deference to the Commissioner—to represent every village throughout the Colony, and for the hon. Member's information I will say that at no time have I seen the Commissioner neglecting that duty.

I may also remind the hon. Member that so far as the history of the Central Drainage Board is concerned it is as a result of that very recommendation by the Royal Commission which he read that the Board was formed. It was not because works were badly done and money thrown away, but because at that time there were District Committees composed of men who, it would appear to me, the hon. Member would like to see managing the affairs of drainage and irrigation throughout the Colony again. If the hon. Member had gone carefully into the history of that system he would have found that because of that system drainage and irrigation in this Colony had been badly neglected. The reason why the Colony has spent thousands of dollars is because of the neglect

of those District Committees. It is all very well to say that there are still floods and droughts throughout the Colony. I believe we will continue to have them until the Colony is in a position to provide complete drainage and irrigation. I think we have been told here by Your Excellency that we cannot at the present moment tackle any comprehensive schemes of drainage and irrigation but that we will do as much as we can to provide any schemes that might give relief to a certain extent in various parts of the Colony. I think that when we are in a position to embark upon those comprehensive schemes floods and droughts will be past history of the Colony.

THE PRESIDENT: I personally regard the Drainage Board as a body which has a very practical object, and it must be made a practical body. It is therefore desirable to be very careful that in selecting its membership we do not make it merely a debating society for members, villagers or political parties. I appreciate the criticisms of the hon. Member, but at the same time they are much too easy to make. It is very easy to lay the blame for this or that against the past or present, and I am not at all satisfied that I am prepared to accept that. When the hon. Member reads my long despatch he will see that a great many of those points have been dealt with. Certain mistakes in the past and certain handicaps we have had to face. I have no hesitation in saying that the present organization is vastly better than what we had in 1938.

With regard to the Chairmanship of the Board the recommendation of the Royal Commission referred to by the hon. Member is now out of date. It was made at the time when the Consulting Engineer was Director of Public Works and Sea Defences, and I would hesitate very much to put the burden of the Chairmanship of the

Board on the present Director of Public Works when we can get most excellent service from certain Unofficials of this Council.

Question put, and agreed to.

Bill read the second time.

The Council resolved itself into Committee and considered the Bill clause by clause without discussion.

The Council resumed.

The ATTORNEY-GENERAL: I move that "A Bill entitled an Ordinance to amend the Drainage and Irrigation Ordinance, 1940, by changing the Constitution of the Drainage and Irrigation Board" be read a third time and passed.

Mr. WOOLFORD seconded.

Question put, and agreed to.

Bill read a third time and passed.

MINING CONSOLIDATION (AMENDMENT) BILL, 1943

The ATTORNEY-GENERAL: I move that "A Bill intituled an Ordinance to amend the Mining (Consolidation) Ordinance, Chapter 175, by substituting therein a different definition of the expression "raw gold" be read a second time. This Bill is relatively unimportant; it merely alters the definition of "raw gold." As a matter of fact the words "raw gold" only appear in Part VII of the Ordinance and nowhere else. Throughout the Ordinance the simple expression "gold" is used. Difficulty has arisen over the Mining Regulations in which gold is defined as follows:—

"Gold" means raw gold and includes any substance or thing containing gold or of which gold forms a part whether it has been smelted or not, upon which the payment of royalty is not admitted by the Commissioner and shall include gold won by milling or dredging."

The Regulations repeat the definition in the Ordinance, so that the Ordinance controls the Regulations. I do not think I am putting it too high when I say that a large proportion of the mining community in this Colony has not the slightest idea of what the present definition means. The position is made worse because a comma is left out, and I agree that the definition in the Regulations is completely incomprehensible without that comma. There is widespread misapprehension about this definition and it is quite genuine. In view of the words "upon which the payment of royalty is not admitted by the Commissioner" one would naturally ask what gold is meant. Though I personally have no doubt what it does mean I am bound to admit that there is general misapprehension as to what it means. It is highly desirable and most important that there should be no two ideas as to what is intended by "gold" and "raw gold." I have searched the various legislative enactments of other Colonies and I think this one has been adopted by most of them. It is taken from the Gold Buyers Enactment of the Federated Malay States, and I think it is very straightforward. It says:—

"Raw gold" means gold in the raw state and includes unrefined gold, amalgam, slimes and scrapings containing gold, and smelted gold which is not manufactured into any article of commerce."

I move that the Bill be read a second time.

Mr. WOOLFORD seconded.

Mr. HUMPHRYS: I have listened with great interest to the Attorney-General. I think he knows that this matter has been pending for some time between more than one lawyer and the Commissioner of Lands and Mines, and I do not think he has given this Council a very fair picture of what is intended by this amendment of the Ordinance. At present it seems that gold on

which royalty has been paid, is freely sold by persons who bring it down from the interior, to persons who have no licence. A rather curious situation exists. In nine cases out of ten a person who brings gold down from the bush and pays royalty on it sells it to a licensed gold trader, but it is contended—and it is often done—that he need not sell it to a licensed gold trader, but to anyone he likes after royalty, has been paid on the gold. I and many others contend that that is what the definition means. Clearly the object of this amendment is to prevent anyone selling gold except to a licensed gold trader. There are hundreds of goldsmiths in this Colony and a great many dentists who use gold in small quantities. Gold is sold to those goldsmiths by licensed gold traders, but the goldsmiths themselves are not licensed gold traders. The effect of this amendment will be that even if royalty is paid on the gold those goldsmiths will not be able to buy it unless they take out a licence to trade in gold. I do not think the Attorney-General will deny that that is so. That is the object of this amendment.

I agree that the old definition of "raw gold" is very confusing, but I do not agree with the Attorney-General that there is any doubt as to the reason why the words "upon which the payment of royalty is not admitted by the Commissioner" were inserted in that definition. It meant that the moment royalty was paid on gold it became an ordinary marketable commodity, and anyone could sell it to anybody, but in the case of precious stones it will be noted that the definition is completely different. I contend and submit with every confidence that the moment royalty is paid on gold it becomes marketable commodity and can be sold by anybody to anybody. That was the distinction made between the definitions of 'raw gold' and 'precious stones.'

Your Excellency, I have no objection whatever if it is the intention of Government strictly to limit the sale of gold by licensed persons to licensed persons. If that is Government's intention I have no doubt this measure will be passed, but I want Government to understand it is going to have this result—every single goldsmith now buying raw gold will have to take out a licence otherwise he will be open to prosecution and conviction for a criminal offence. Everyone will have to take out a licence except in so far as dentists are concerned. I speak subject to correction—the Defence Regulations provide that they can purchase a small quantity of raw gold. I do assure Your Excellency that I am not merely quibbling. There are hundreds of people in this Colony, goldsmiths, who are entirely dependent for a living on the making of jewellery, and it seems to me that everyone of those men will have to take out a licence for trading in gold in order to purchase a few ounces of gold per month so as to carry on their trade.

I ask that the hon. the Attorney-General make that clear. If it is the intention of Government strictly to limit the sale of gold to licensed traders—from one licensed trader to another, then make the position clear. Do not let us have any misunderstanding about it, because I can assure Your Excellency that the Elected Members of this Council are pestered morning, noon and night as a result of the fear that something of the kind will be done by Government. I do not want it to be said that this measure has been passed with the Elected Members blindfold. Let there be no illusion at all. If this Bill is passed every goldsmith will have to take out a licence to trade in gold and, I think, that at this time it will create a hardship. If Government wants to conserve the gold for the purpose of sending it to the Mother Country or to the United States, then prohibit the sale altogether, but do not take away in an indirect manner the

living on which these people are at the moment dependent. If it is entirely a war effort, then it is all right; but if it is not, then I do not think the small quantity consumed here by these people will do any harm. Relieve the uncertainty that at present exists as to whether they have any right—and I submit they have—to sell that gold. The hon. the Attorney-General has already touched on it.

I agree with the hon. the Attorney-General that the old definition of "raw gold" is not a good one. Evidently it was made by persons who knew nothing about it. It was not supplied by a lawyer at all. I am urging on Government that this old definition should be changed to clarify what is meant by "gold" and "raw gold", but do not prevent the small man from buying gold to carry on his trade by requiring expenditure on a licence which he will have to take out every year and also, as the hon. Member on my left has reminded me, the execution of a bond in the sum of \$500 or \$1,500 in order to obtain the licence at all. I think it is going to inflict a great hardship, and what is more, the goldsmiths will never be able to afford that licence. It therefore means they will have to buy the gold surreptitiously, and many prosecutions may result among a large class of persons.

Mr. DeAGUIAR: When I first read this Bill I thought it was a harmless little document, but after hearing the hon. Member for Eastern Demerara (Mr. Humphrys) I must join with him in what he said. There can be no doubt about it, the hon. Mover of the Bill should take us a little further and let us know definitely, in addition to what the hon. Member for Eastern Demerara has said, if it is the intention to prohibit the sale of gold locally. I have no doubt Your Excellency is aware that there is quite a fair trade done in this Colony in the manufacture of gold jewellery. The hon. Member for Eastern Demerara has indicated to some

extent how that will affect the smaller man who has a little shop and buys gold and makes jewellery for sale. I may mention, there is a persistent rumour going around that the intention is to prohibit the sale of gold locally, and I would like to ask whether that intention is embodied in this Bill. I must confess, I have not been able to find it anywhere and for that reason I thought it a very harmless document. The hon. Member for Eastern Demerara has certainly opened my eyes to it, and I would ask that a definite pronouncement be made as to what will be the effect on the general trade in gold in this Colony, whether to licensed traders or otherwise.

The ATTORNEY-GENERAL: The question of dealing in gold has been dealt with since 1939 under the Defence Regulations which provide that gold can only be sold to authorised dealers, and the authorised dealers are the respective Bank Managers in Georgetown and New Amsterdam. The intention and policy of the British Empire is that all the gold produced must go through the authorized dealers and thus go to such destination as is intended. It is not known to Government that there is a loophole in the Regulations themselves but the difficulty is to know what is gold under the Ordinance. The matter has been under consideration for more than a year now and, construed as I think it ought to be and as intended to be, there was no loophole. The people who sold gold to anybody were in fact committing a breach of the law. It has been ascertained that some of these dealers have been advised that they are in order and it is permissible and that the local sale of gold is going on to a very large extent. Such transactions are intended to be prohibited so that the introduction of this Bill became necessary.

As far as the amendment of this Ordinance is concerned, it is not intended, as the hon. Member said, to prohibit the sale of gold entirely, I

do not agree that this will be the effect of it, but when combined with the Defence Regulations it will have that effect. With that I do agree. That is the reason why the Defence Regulations were passed permitting dentists to have a small quantity of gold, as may be determined in each case, because they could not get gold otherwise after the enactment of this Bill.

The question now arises about the local jewellers. Both hon. Members, who have spoken said that a very large number of people depend on the making of jewellery for a livelihood. Admittedly they will be in a difficult position, but they have considerable stocks of gold in hand now, considerably far more than is generally realized. It will mean that inevitably, in course of time, that trade will devolve largely to remaking existing jewellery. Certain elements in this Colony hold a large portion of capital in jewellery. There is a large amount of jewellery pledged for debts. It is admitted that it will be rather hard in some ways on these jewellers but they are very lucky compared with jewellers elsewhere during the war.

In England the making of every form of jewellery has been prohibited since the war started. They have closed down absolutely except for remaking existing jewellery. In other British Colonies, particularly the gold-producing Colonies, this prohibition has been rigidly enforced. The goldsmiths there have closed down as the Government could not allow such a leakage in a commodity so essential to the national cause, but here for three and a half years they have been carrying on their trade undisturbed, unlawfully as I think. It is admitted that the effect will be very disturbing to their trade, and more and more they will have to rely on re-making existing jewellery. We will then be in the same position for some time to come as the rest of the Empire, but, as I say, those few hundreds will suffer to a certain

extent like all of us in many other directions. They are just asked to suffer for the common good. Everyone has suffered in one direction or another, and jewellers are asked to suffer in this particular direction.

Question put and agreed to.

Bill read the second time.

The Council resolved itself into Committee and proceeded to consider the Bill clause by clause.

Clause 2—Amendment of section 2 of the Principal Ordinance.

Mr. DE AGUIAR: I must confess that the explanation that has been sprung upon us by the hon. the Attorney-General over this harmless little Bill is bound to give rise to considerable concern. I want to say right away that the people of this community would like to do what they can in the way of assisting in the war effort. On the other hand, we have been told, particularly in these poor Colonies, that we should try to carry ourselves in the best way we can for the duration of the War. I venture to suggest that nearly everybody here has been endeavouring within their means to do so. If that interpretation of the definition is correct, I am somewhat alarmed to think what a large number of people will be put out of their ordinary employment and, I regret to add, their ordinary skilled employment. It is not unskilled labour at all in this case.

I realise that in process of time they will probably have to fall back on re-making old jewellery, but in making that statement I think, the hon. the Attorney-General has answered himself because, in the course of his remarks, he stated that quite a large number of people here keep their savings in the form of jewellery. I would like to ask him whether he thinks that in these circumstances those people who desire to save a little

money will now be prepared to have their jewellery remelted and made over, unless it is their intention to follow the advance of the fashion of the times. Personally I do not think we can hope for much of that occurring here, and in that case I do not think we can hope for sufficient of that to enable these goldsmiths to carry on their ordinary trade. I am sure that quite a large number of them will be thrown out of employment, if not immediately, very soon.

I do hope, now that I have had a clear interpretation of this definition, that this Government will consider that point at this stage of the matter and make provision for the continuance of their trade, if not entirely, partly so, for the duration of the War. But it seems to me the only point considered is the gradual elimination of the circulation of gold amongst these people, with the consequential result of their being thrown out of employment. If it is not too late to throw out a suggestion, I would earnestly ask this Government to consider an amendment, possibly of the Defence (Finance) Regulations to which the hon. Attorney-General referred, in order to provide for a certain percentage of gold to be sold in the Colony. It may be difficult to arrive at the exact figure, but nevertheless some calculation may be made, and I urge that some provision be made for a percentage of gold to be sold in the Colony through the Banks, if the idea is to control the sale of it entirely. Let there be somewhere that the people can go and obtain gold, but to cut them off entirely at this stage from employment at their trade and leave them to carry on the best way they can, seems to me an injustice. I do ask that some attention be given to my request and, if it is not possible to put it in this Bill, let us try and put it somewhere else, probably in the Regulations,

Mr. WOOLFORD: It seems necessary that some speaker other than the hon. Member for North-Western District (Mr. Jacob) should also contribute to the deliberations in this Council only for the matter of record. The hon. Member who has just sat down appears to be very solicitous for a certain percentage of the population who, he claims, will be unable to earn a living, and it will be detrimental to their interest if this Bill is passed. He seeks to ask Government to see to it that a special allocation of this valuable metal be laid aside for their special benefit, if I understand him correctly.

Let us trace what the production of gold amounts to and how it is obtained. With the exception of two companies operating with mines, the source by which gold is obtained in this Colony is through the labourer, who is either working as a registered labourer or as a tributor working for himself. In the case of the tributor who works gold for himself, he is a man without capital and as he earns the gold he sells it to the shops in the "bush" either wholly for money or for a mixture of money and goods. In other words, that system of barter has been going on for many years. It does happen that the tributor, after paying in gold a sufficient quantity of his production for rations—having exchanged it for rations—does save enough money to bring down a portion of this gold. In the old days he was allowed to do that. When he arrived at Bartica a Gold Officer would examine and weigh the gold and issue a permit for it.

I recall the old days when the "Capstan" tobacco tin, full or half full of gold, used to be brought to town by the tributors. On arriving in Georgetown they paid the royalty at the Department of Lands and Mines. They were searched, the gold weighed and they were made to pay the royalty on it. Very little of that occurs to-

day. What happens is that the gold won by these people is either sold in the "bush" or at Bartica.

Hon. Members know as well as I do that prices far above the world prices of gold are being paid by these traders for whom the hon. Member seems to think we should provide a special living. Your Excellency may not know, but they are the most profitable traders. Do you know the price at which they are selling manufactured jewellery, these goldsmiths? I do not understand why there should be a desire on the part of any Member of this Council to provide a comfortable living for people who are dealing in a luxury trade and are doing very well. I cannot understand the reason.

There are others, apart from me, who have reason to believe that this Colony is being deprived of the royalty that should be paid on this gold because of the manipulation that is going on in this way. As a matter of fact, as the law stands it is not permissible for a tributor to sell gold to a shopman but only to a recognised dealer, and as a matter of fact there are some people who are not recognised dealers but from whom raw gold is obtained. My learned and hon. friend who first spoke on the definition is very anxious that dealers should not be put out of action. I think I know them all to be very well off, and I doubt very much if any of them pay Income Tax. I know their incomes exceed both the hon. Member's and mine. I know what some of them own. I have had thousands of dollars put into my hand by one of them. Let the hon. Member be concerned about them as long as he is in a position to earn a fee, and I am sure his estimation of what they earn would change their status as he knows them. He may be thinking of others in his own constituency, but the jewellers in Georgetown, I claim, are people who are very well off indeed,

There is another class of persons with whom these jewellers deal. Is there any member of this community who uses his eyes and has not seen within recent years the numbers of women who display what is apparently a long line of gold teeth. They are not fittings. It is a form of decoration. How can it be allowed to give gold to jewellers who manufacture items for that purpose? Every second woman you see in the town and nearly every man, if you look carefully at them, whether they have bad teeth or not or whether their teeth require filling, will be found displaying a quantity of gold in their mouth as a matter of decoration. That is the use to which the gold is being put. Is it a necessity? Therefore, if it is not, for whom is this particular benefit being asked?

Is it right at a moment like this to provide special facility for people who wish to manufacture gold bangles, rings and necklaces? No, sir. I think that much of this discussion and much of these representations that are being made are, if I may say so, very ill-considered, and are not being made on behalf of the people who are entitled to be benefited or who have any reason to be sympathized with in the particular trade in which they are engaged. They are not selling foodstuffs nor are they selling clothes. What they are doing is converting a highly precious metal into a marketable something on which they are making at least 100 per cent. profit. They are not price-controlled and can sell for what they like. I strongly object to this Council being persuaded by the blandishment of the two hon. Members.

Mr. DE AGUIAR: I have become so accustomed to listening to words of wisdom from the hon. Member who has just taken his seat, that I must confess how sadly disappointed I am to-day at his contribution to the debate on the subject under discussion. First of all he talks about profits

being made by traders and tries to draw an analogy between a trader and a tributor. I am going to admit right away that I am not as old as the hon. Member.

Mr. WOOLFORD: I rise to a point of correction! I never alluded to the profits made by the trader but to that by the jeweller or the man in town; not the man who carries on a shop in the "bush."

Mr. DE AGUIAR: I understood the hon. Member to say—I made a note of it. As a matter of fact he put it in the form of a question—whether hon. Members are aware that gold is being sold in the "bush". He first of all gave the history of the tributor who won the gold and what he did with it right up to a point. He said that sometimes the tributor traded in the gold to the shopkeeper in the "bush" and obtained goods for some of it and the balance in cash. He then went on to say that other than that it was sold outright in the "bush" and sometimes at Bartica. He continued to say what happened to the tributor. The hon. Member was no doubt—at least I understood him then to be—referring to what we will call a special business. There is in addition to the people who win the gold, what is known as a shopkeeper in the "bush," who buys gold from the tributor and in turn sells it to another individual who trades in gold and is universally known as a gold trader. He may elect either to ship the gold abroad or sell it in the Colony. That is how I understand the gold business operates. As a matter of fact I do not deal in gold, but on many occasions I have had to handle parcels of gold from tributors as well as from shopkeepers, so I can claim a certain amount of knowledge of what is being done.

The hon. Member did not deal, as I had hoped he would, with the point that was particularly raised by me in so far as those people

who are at present earning a livelihood as the result of making jewellery, will be affected. I would like him to say whether in his opinion or whether he would advise Government that a disastrous effect on that skilled trade would not result. I am perfectly satisfied in my own mind that it is going to have very disastrous effect and I am going to repeat the warning to Government again that it seems a very distinct hardship on those people, some of whom have been carrying out this occupation all their lives, to be turned out of employment by a stroke of the pen. It is no good talking about profits made by the shopkeepers on gold. It is no good talking about the profits the gold trader makes. It is true the position actually, as I understand it, is that the price of gold locally is somewhat higher than the market price abroad. That is perfectly true but what is also true is that the price today is somewhat lower than it was two weeks ago. Perhaps the hon. Member may be interested in that information. Some few months back, there is no doubt about it, the price of gold locally had risen and it rose to a figure that was, speaking from memory, roughly 10 or 15 per cent. above the actual market price abroad. It is not quite that, but we may put it down at that. There may be certain reasons for that but I do not know, as I do not deal in gold myself except that I am interested in the selling or buying of small parcels at times, and I am not one of the type of individuals the hon. Member referred to who put by their savings in jewellery.

I venture to suggest that, perhaps, the reason that existed at that time either no longer exists or is gradually disappearing, because I was quite surprised to find two days ago—I think it was—that the price had fallen from an unreasonable figure to a figure which compares very favourably with what it was before the

rise actually took place some months ago. The rise and fall of the price is not sufficient reason for passing a Bill of this kind. If it is for the War effort we must do our bit, but I do say that some consideration should be given to this phase of the matter. If it is not too late I do urge upon Government to do so. Do not let us talk about gold economics. If we begin to talk about gold and its economics we will spend a considerable time on this debate, as I would probably like to join in a discussion of that kind.

Before I take my seat I desire to say that it is the duty of this Government in passing legislation of this kind to take all the surrounding factors into consideration, and it is the duty of Members of Council to see that no distinct hardship is being created on any particular section of the community, especially in so far as earning their living is concerned.

Dr. SINGH: I rise to support the views expressed by the hon. Member for Central Demerara. Fortunately we are a gold-producing country and unlike the other countries which depend on their imports for gold. A Bill of this kind is applicable and suitable to them. I feel that a certain amount of gold should be allocated for use in this country and the excess exported. One very important point is that in this country it is a means of saving when there is an excess of money. The people of this country think the best way to save is to make jewellery. I think that should go a long way in the consideration of this matter. I think the goldsmiths and the people should be considered.

Mr. J. A. LUCKHOO: I understand the object of the Bill is to make clear the definition of the words "raw gold." During the course of my practice and the many legal bouts I have had with the hon. Member for Eastern Demerara (Mr. Humphrys) in mining matters,

the definition of 'raw gold' has been found not to be a very lucid one, and it seems to me that the time has come when we must know, the people must know, those who trade in gold must know, what the definition of "raw" is in law.

The other point raised by previous speakers as to the hardship that might be created in so far as those persons who manufacture jewellery are concerned can easily be got over by a small licence duty imposed upon those persons who are manufacturing jewellery. They need not take out the big licence, which I think is \$500 for trading in gold. Those persons engaged in the manufacture of jewellery can be given an opportunity to pay a very small licence duty in order that some control may remain in respect of the sale and purchase of gold. I do think we look too much at the effect rather than the necessity for the amendment. I submit that the difficulties which have been self-created can be easily got over by legislation.

Mr. HUMPHRYS: I have been trying to follow earnestly what was said by the hon. Member for New Amsterdam (Mr. Woolford), and it seems he is just begging the question by saying these goldsmiths are very wealthy and are not paying Income Tax, and should be paying Income Tax. I entirely agree that if they ought to be paying Income Tax they should pay it, and the Colonial Treasurer should see after it. I urge that they should be taxed promptly if they can pay, but what I do want to say is this. So far as I am concerned it does not matter to me whether this amendment goes through or not. I am only putting forward a suggestion which I think is for the good of a number of people of the Colony. I hold no brief for any goldsmith. I have very few, if any, as clients. What I do feel is that there is going to be very serious reaction as the result of the passing of this amendment. It has been said by the hon.

Member for New Amsterdam that one of the reasons is that Government is losing revenue by not getting royalty on the gold on account of the transactions not going through the hands of licensed traders. I join issue with him on that. I say that is not so. You do not find them dealing in gold on which royalty has not been paid. The very close scrutiny on the gold coming from the 'bush' that goes on makes it practically impossible for anyone to get away with it and not pay royalty. I say it was the intention when this old Mining Ordinance was framed that when the gold had passed through the Lands and Mines Department by the payment of royalty it should be a free commodity in the market.

I want further to say this. If this amendment is passed as it stands, I cannot agree with what the Hon. Attorney-General says that it is not going to mean deprivation of business for these goldsmiths as they have large stocks of gold in hand. That is not so. These goldsmiths do not have sufficient funds to enable them to have large stocks of gold. They are from week to week and month to month buying small quantities. Maybe he is referring to the couple of large Water Street jewellers or someone of that kind, but those that I and the hon. Member for Central Demerara have in mind are the goldsmiths in the country districts who come to town mostly to get gold to carry on their trade of making jewellery for their customers, which is very much appreciated by them.

It has been said by the hon. Member for Demerara-Essequibo (Dr. Singh) that it is a means of thrift. When the people have more money than they can use, they make jewellery and keep it, and when they like they convert it into cash. I feel that to change this is not going to do any good in so far as the war effort is concerned. I do not think it would make much difference in the amount of gold you are going to

ship away. I cannot see how the sale of a few ounces of gold over a period of a year in order to enable people to carry on their trade is going to hamper the war effort in any way. If it does then I withdraw what I say, but until I get a better reason than I have had up to now, I am certainly not going to vote for Clause 2 of the Bill as it stands. I am therefore going to move the following amendment. After the word "state" insert the words "upon which royalty is not paid."

If it is the intention of Government to rule that out entirely and pass the amendment as put forward by the hon. the Attorney-General, all I would say is that I have warned this Council as to what will be the likely result if this measure is passed, unless as suggested by the hon. Nominated Member, Mr. Luchoo, a small licence duty be made available for those persons who are jewellers and who wish to buy gold. I do not think, however that will carry the matter any further, as anyone wishing to trade in gold may pay that licence duty as a goldsmith. If goldsmiths have to take out a licence they must take out the ordinary licence. If it is to be a law then that must be. In the meantime I move my amendment, because having done so I am satisfied in so far as I am concerned that I have done my best in making it clear to Government that this Bill is going to mean a great hardship to a lot of people.

The CHAIRMAN: Before proceeding further with the amendment I desire to say that the real question is the definition of "raw gold". As has been pointed out by one hon. Member that question requires clearing up. The other question that has been raised about available stocks of gold is a separate matter and does not seem to be directly on the point as regards this definition. The other question which I am quite prepared to consider is what concession can be given to local jewellers to obtain gold for the pursuit of

their business. The crux of this matter is that we are under an obligation like every other community of the British nation and the United Nations to make precious stones and metals available to the Government for the one purpose we have in mind, and that is beating the enemy. That is the one purpose of these Defence Regulations. I have been told that jewellery as well as gold is a form of investment, of which we are aware. In 1939 the question was considered as to whether our gold bangles and rings should be handed over to Government, but as things are going now, perhaps, an extreme step of that kind is no longer practical politics. It has been considered, however, as being always possible.

In the latter days of 1941 this question of the use of gold was considered and a concession was made to dentists. What the extent of it is I do not know, but I am a good deal astonished to see the amount of investment of gold in teeth in this Colony. That concession was made to dentists and might be considered in so far as it is necessary and desirable to maintain this industry of jewellery and working in gold. I sympathize a good deal with these goldsmiths, but from what I have heard the hon. Member for New Amsterdam say this particular class who want this protection are not among the poorest in the community. I do not think this Council is under any obligation to maintain their business at the standard at which it was previously. What can be reasonably done I am quite prepared to consider, as the hon. Nominated Member has pointed out. The principal point in the Bill is the definition in the existing Ordinance.

Mr. McDAVID (Colonial Treasurer): You have covered, sir, most of the ground I intended to speak on. I will just add this. The hon. Member for Eastern Demerara (Mr. Humphrys) intimated that there is but a few pounds of gold concerned. What I

want to tell him is that the gap between the actual quantity of gold won in this Colony and the amount that is being exported has grown very great and is widening. That is what has brought this matter to a head and made us decide that it is desirable to close this loophole in the definition. As you said, sir, the whole policy is to support the exchange in sterling by the export of as much gold as possible. We have been putting as much gold as possible in investment in jewellery and even in teeth instead of carrying out that policy. The practice has been growing, and the extent to which it is increasing every year is alarming. We should go on exporting gold and not keep it in the Colony any more.

Mr. HUMPHRYS: I have listened to what Your Excellency had to say. What, I think, may be preferable is to make it illegal to sell gold at all except to a Bank.

THE CHAIRMAN: That is the case.

Mr. HUMPHRYS: At present licensed traders can buy gold. A man who has a claim goes to the Lands and Mines Department and passes the gold. He then takes it and can sell it to a licensed trader who can straight away, if this Ordinance is passed, sell to another licensed trader. He can sell to any quantity of goldsmiths who have a licence to trade in gold and, therefore, it is not sold to the Bank. If it is provided that after the royalty has been paid the gold has to be sold to a Bank, you will be helping the Exchange and it will be entirely a War effort. Make it definite and do not beg the question. To say that a goldsmith must be licensed in order to buy gold to make jewellery, is playing with the situation. Cut it out altogether, and do not let us be finicky by saying they must have a gold licence to carry on their trade. Let the gold only be bought through the Banks. Following on that I am going to press the amendment I made that these words "upon

which royalty is not paid" be added after the word "state" in the clause in order to bring it back to the old condition. I still say, however, I entirely concur with what you say as regards keeping the gold for the purpose of the War effort, and that is the only way it can be done. Although it is hard on the goldsmiths to take out a licence they will have to do so as to carry on their business, and our revenue will grow but you can never stop the shortage in gold exchange unless you make it compulsory for the gold to be sold through the Banks.

Mr. JACOB: I did not intend to take part in this debate, but it has resolved itself into such a position that I think I should say a few words. It appears to me that only certain people can trade in gold now—the big jewellers who are to continue in the business of making jewellery at the expense and elimination of the smaller goldsmiths. If the smaller goldsmiths wish to continue in the making and sale of jewellery they will have to pay the usual licence which is prohibitive to the small man. If it is the intention that all persons dealing in gold should pay the licence, let it go through and immediately after issue certain regulations so as to impose a small licence on the small goldsmiths. If we don't do that now, as I understand the position, when this Bill goes through all goldsmiths will automatically have to pay the licence and get a bond. Most of them cannot do that and in fact it will throw them out of business. On the other hand, if there is an intention of driving them out of business, it will not drive the bigger ones as they will be able to obtain the licence and buy gold, make it into jewellery and sell to the people in Georgetown and in the country districts. I think an unfortunate situation will be created by this Bill going through as it is. I am not certain, however, that the amendment proposed is going to rectify it. I am not opposed to Government's principle but I do urge

that the small man, who is making jewellery to sell to the people in the country districts, should not be penalized as they may be in the event of this Bill going through. Further, there is general dissatisfaction in regard to the imposition of additional licences on the small people. Persons who have a capital of \$200 or \$300 and are going in for some kind of business grumble very much that they have to pay all kinds of licences and complain that the burden is too heavy. I think the addition of this licence is going to make it harder still for them. I think that the licence duty on various things may be reduced. It cannot be argued that you have to collect all these sums from the small traders so as to increase revenue. I think the financial position of the Colony fairly supports the small man being given a better opportunity to earn a living by his own industry, initiative and thrift.

THE ATTORNEY-GENERAL: I would just like to refer to one remark. No part of this Bill is intended to penalize the small goldsmiths as opposed to the large goldsmiths. When the Bill was drafted the intention was more than merely to charge a licence fee; the idea was to stop the supply of gold altogether. The hon. Colonial Treasurer made the remark about the leakage of raw gold going into circulation or use in this Colony. I do not know why he did not mention the actual amount. I would say that within the last twelve months it amounted to some thousands of ounces. I said in my first speech on the second reading that there is sufficient raw gold in circulation or in hand to keep goldsmiths going for a considerable time; in my own opinion, probably until the War is ended. If this proves to be correct, there can be no valid objection to the Bill.

The Hon. Member for Essequibo-Demerara (Dr. Singh) tried to draw a distinction between this Colony and those which are not producing gold.

The United States produce a larger quantity than our own Colony, and they have closed down jewellers altogether. Other gold-producing countries have reduced the amount produced by 20 per cent. and in other cases by 30 and 40 per cent. In this Colony we have endeavoured to assist the gold producers and they are not limited in any way. We have allowed them to produce in full, and in that case we differ from practically every Colony. We want the gold, but for export and not to cater to the personal vanity of the local population.

The hon. Member for Eastern Demerara (Mr. Humphrys) said if it is for the War effort he has no objection. Of course it is for the War effort. I said the trouble is not in the Ordinance itself but in the Regulations. I also mentioned the Defence Regulations; but the point is, owing to legal differences in the definition, although we know that people are breaking the spirit of the Defence Regulations, we are unable to prove a case against them because this definition is in the way. That is why this amendment has been introduced.

The hon. Member for Central Demerara (Mr. De Aguiar) is very solicitous on behalf of the goldsmiths. I can assure him that although the small men may be living "hand to mouth" they know the situation better than he does. There is enough raw gold in the hands of these jewellers, or in the hands of some of them, to keep them going indefinitely. Then some hon. Member made the suggestion to relax the Defence Regulations to some extent on behalf of these poor goldsmiths. We are fighting three desperate and determined men. We are fighting a total war with these men and to secure victory we must certainly expect some inconveniences. Now it is suggested that Government should relax for 150 poor jewellers who may actually suffer no harm at all. Even if they do let us face the situation, take our coats off and get

down to business. Everybody knows that gold is wanted for export for the purpose of assisting the war effort. Do not let us talk about relaxing on behalf of goldsmiths and jewellers to keep them in trade. It is far more important that the gold should go to a dollar currency area than to them.

As regards the amendment by the hon. Member for Eastern Demerara I am quite sure he was not serious himself when he made it. He knows the effect would be that we would go back to where we were. The Defence Regulations have no effect until we alter this definition. He has used in his amendment the very offending words which are the cause of all the trouble. He said he is not representing the goldsmiths. I quite accept that, but he does represent certain interests who do not desire this amendment. I oppose that amendment and ask hon. Members not to fear that death or privation will descend upon these jewellers if this enactment is passed.

Mr. HUMPHRYS: I am very sorry I have to speak again, but the hon. Attorney-General makes it necessary. When Government condescends to speak of helping the war effort and to remind us of the three desperate men who are fighting against us and what they will do and not do, I must say that three years have elapsed before we have found out that this amendment is necessary. The hon. the Attorney-General will agree with me that we have allowed three and a half years of war to go by and now we have come forward with this necessary amendment in order to help the war effort as three desperate men are trying to cut our throats. I am not concerned with helping 150, or 500, or 5,000 goldsmiths. I am telling Government that this is not carrying the matter any further in so far as conserving the gold is concerned. This may force the goldsmiths to take out a licence and operate properly; those who cannot afford to do so will do

otherwise and more gold will disappear than the small quantity presently, and the gap the hon. Colonial Treasurer referred to will go on.

I do not know that this Bill is going to stop it. If you want to conserve the gold, stop the sale of gold altogether. Let it go through the Banks. It is for that reason I see the absurdity of passing this Bill now and move my amendment to bring back the original words as when the Mining Ordinance was passed. It took the Government three and a half years to find out how offensive those words are. Government should adopt my suggestion by prohibiting the sale of gold entirely. I am urging Government to be serious and not play with the situation. If Government is urging that all the gold should go towards the war effort I entirely agree with that, but if it is using that to get more revenue it is hypocritical to suggest that it is assisting the war effort.

THE CHAIRMAN: I would like to clear up one point. As I understand it all gold does go to the Banks. That is what this amendment will ensure.

Mr. McDAVID: That is not so. The Defence (Finance) Regulations make the Banks authorized dealers and compel them to buy all raw gold within the meaning there, but raw gold is in a different category. What the Banks have to do is to export it, and no gold is exported except through the Banks. As I understand the intention of the Defence (Finance) Regulations, gold ought not to be used in the Colony but should be exported. This amendment is intended to put a flaw in the Regulations right. The position would be that raw gold cannot be used except for export.

Mr. C. V. WIGHT: It would be of interest to hear from the hon. Member for Eastern Demerara (Mr. Humphrys) what would be the position if all the

gold was sold to the Banks. What remedy does he suggest for the benefit of the poor goldsmiths on whose behalf he has made his plea? I would also like to hear what industry is being indulged in by the pawnbrokers at the present moment. Has that anything to do with the disappearance of the gold? Perhaps the hon. Member does not represent either the average goldsmith working directly or indirectly under a pawnbroker, but I happen to know that there is a great industry going on. I do not know whether this great gap referred to by the Treasurer is caused by the various manipulations of the several pawnbrokereries in existence in this Colony.

Mr. HUMPHRYS : I am sorry the hon. Member has risen so late to speak, and still more sorry he has not been able to follow the argument. I made it quite clear that if this Bill is passed it is going to affect a large number of people adversely. I am not representing any particular person who trades in gold, but I know it will affect a large number of people. If Government says that it cannot avoid that because the gold is wanted for the war effort then I agree that it should stop, but Government is not stopping it in the proper corner. Stop it at the source; let it all go to the Banks.

The CHAIRMAN : As I read it, the effect of passing this Bill and removing any question of doubt will ensure that all gold will go to the Banks for export, except a small portion of it. The effect of that will be felt by a certain number of goldsmiths. That is possible, but the Attorney-General says he does not think it would be very serious unless the war goes on for a very long time. If that does happen, we will have to give them some further concession. The first step will be precisely what you are pressing for, and that is that all the gold will go through the Banks, except such small portion as may be required by dentists. He

advises that we still further stiffen up our Defence Regulations to ensure that it goes through the Banks.

Mr. HUMPHRYS : If you do that I entirely agree, but doesn't the amendment as it stands mean that all gold should go through the Banks?

The ATTORNEY-GENERAL : I confirm that. As the Mining Regulations get their definition of "raw gold" from the Ordinance the Ordinance must be amended first. Simultaneously with that the Defence Regulations must be amended wherever the word "gold" is used, in order to make it clear that all gold purchased must ultimately be owned by an authorised dealer.

Mr. HUMPHRYS : If that step is going to be taken shortly, and if the Attorney-General had said that earlier it would have saved this long debate. I am asking Government to do that early so that we will know where the gold is going.

Mr. JACOB : I take it then that the large trader will be in the same position as the small goldsmith and the pawnbroker.

The CHAIRMAN : Yes, everybody will be in the same position. Shall we go on with your amendment?

Mr. HUMPHRYS : No, sir, if Government will take those steps. Perhaps the time spent on this debate has been well spent.

The CHAIRMAN : I think the time has been well spent.

Clause 2 put, and agreed to.

The Council resumed.

The ATTORNEY-GENERAL : In view of the fact that the Defence Regulations cannot be amended without this I move that we proceed with the third

reading of the Bill now. I formally move that the Bill be now read a third time and passed.

Mr. D'ANDRADE (Comptroller of Customs) seconded.

Question put, and agreed to.

Bill read a third time and passed.

EXCESS PROFITS TAX (AMENDMENT)
BILL, 1943.

Mr. McDAVID : I move that "A Bill intituled an Ordinance further to amend the Excess Profits Tax Ordinance, 1941, by extending its application to individuals and companies engaged in mining operations; and by making provision for matters connected therewith" be read the second time. The other two Bills standing in my name on the Order Paper—the Income Tax (Amendment) Bill and the Customs Duties (Amendment) Bill — are co-related measures, and it will be convenient for me to deal with the whole matter at the same time. The Bill now before the Council is to give effect to an announcement made in this Council as far back as June last year and subsequently repeated in the Budget Statement in November last year, that Government intended or had decided to rescind the exemption of mining industries from the scope of the excess profits tax as contained in the Excess Profits Tax Ordinance. I should like to recall very briefly how that exemption came to be there. Very shortly after the outbreak of war it was decided that it would be very necessary to introduce special measures for war taxation, and one of the earliest decisions taken by Government was to introduce an excess profits tax. Unfortunately the Ordinance was not enacted for many reasons, of which Members are aware, until January, 1941.

At the time the decision to introduce an excess profits tax was taken very careful consideration was given to the position of mining industries in the

Colony. As Members know, the mining industries in this Colony practically comprise bauxite, gold and diamonds. It was deliberately decided that so far as bauxite and gold were concerned the additional taxation desired from those industries should take the form of an increase in the export duty rather than the imposition of an excess profits tax. Diamonds, of course, stood in a rather different position. The diamond industry is suffering as a result of the war, and it was necessary to afford it some relief from taxation rather than impose additional taxation.

As regards bauxite I have on at least two occasions in Council explained the position, but I should like to do it again. The bauxite industry, as everyone knows, was called upon almost immediately to expand its output rapidly, and in order to do that it had to incur enormous capital expenditure. That expansion also involved the use or exhaustion of the immediately accessible ore reserves. By reason of that expansion, of course, the earnings of the industry (you may call them profits if you like) were increased. In fact those earnings which would normally be spread over a very long period became concentrated into a very short period. Obviously it would be inequitable to consider those earnings arising from that expansion, or the whole of them, as excess profits within the meaning of our Ordinance and appropriate the major portion of those earnings in taxation, leaving the industry to bear the burden and risk of capital expenditure which was involved. That risk, of course, was a serious one. The capital expenditure has been enormous, and the value of it depends on the extent to which the output can be maintained after the war.

Many difficulties will be encountered in properly assessing what are excess profits in those circumstances; therefore Government came to the conclusion

that the best course in taking a contribution from that particular industry was to impose an addition to the existing export duty. The addition took the form of a change from the *ad valorem* rate of $1\frac{1}{2}$ per cent. to a specific duty of 20 cents per ton. The effect of that change was practically to double the amount of the duty collected. So much for bauxite.

As regards gold the position was different. We have just been dealing with gold in the last debate, and several things said then are apposite now. There are only two large producers of gold. The other producers are small people, and what was required in connexion with gold is not so much a contribution in the form of an excess profits tax but a proportion of the enhanced value arising from export. Therefore in the case of gold, Government modified the export duty from $1\frac{1}{2}$ per cent. *ad valorem* to a tax of 25 per cent. of the excess over \$35 per oz. in its value, or $1\frac{1}{2}$ per cent., whichever is greater, and Members know that the tax is collected on the former basis. That then is the position.

We imposed an excess profits tax and excluded mining industries—gold bauxite and diamonds. But, as everybody knows, the expansion to which I have referred has gone on much further, and the position of the Colony has also changed. Government requires more revenue, and it has been a very reasonable demand that the bauxite industry should contribute a somewhat larger share than at the outbreak of war. I may say that the company has never claimed that it should be free of excess profits tax. All they have claimed in the course of our conversations and discussions with them is that having regard to their very special circumstances with regard to capital expenditure and so on, if the tax were made applicable to the bauxite industry special provisions should be made in

order to afford them equitable and necessary relief. We have now reconsidered the matter and we feel that we must face the issue; that, notwithstanding the immense difficulties of arriving at the correct assessment of excess profits in the case of this particular industry, we have to include it in the tax and make such provisions as are necessary.

The Bill before the Council does two things. In the first place it removes the exemptions to which I have referred, and brings all mining industries within the scope of the tax. It does so with effect from the 1st January, 1943, but the tax of course is collected on the profits of the preceding year, so that it is almost immediately due. The second thing it does is clearly set out in clause 4, and I can do no better than ask Members to refer to that clause very carefully. It provides authority to the Commissioner to grant an allowance for amortization of capital in certain special cases. Those special cases are:—

“2A. (1) Where, in the case of any trade or business the profits of which are derived from mining operations,—

(a) expenditure has been incurred after a date to be fixed in the case of each such trade or business by the Commissioner with the approval of the Governor-in-Council, in respect of buildings, machinery, plant or equipment, or in respect of prospecting, for the purpose of increasing production beyond the normal rate; and

(b) the Governor-in-Council is satisfied that such increased production is of exceptional importance for the prosecution of the war in which His Majesty is at present engaged; and

(c) the profits in any chargeable accounting period include profits attributable to such increased production as a result of such expenditure, there may be deducted (in addition to any sum allowed as a deduction under paragraph 2 of Part I of the First Schedule) such further sum as the Commissioner may consider reasonable for the earlier amortization of such expenditure;”

That by itself would put the whole burden on the Commissioner, but there are several safeguards which are provided in the proviso which says:—

“Provided that in respect of any chargeable accounting period the deduction allowed under this paragraph shall not in any case exceed fifty per centum of the chargeable profits.

(2) For the purposes of this paragraph “chargeable profits” means the profits in excess of the standard profits.

(3) The Governor-in-Council may make Rules or give directions, either generally or in respect of any particular trade or business engaged in mining operations, prescribing the method of determining or calculating the deduction to be allowed under this paragraph.”

The allowance is not to exceed 50 per cent. of the chargeable excess profits. That is the limit, and I wish to be clearly understood that it does not mean that the allowance is to be 50 per cent. of the excess profits. It means what it says—that the allowance, on whatever formula it may be prescribed, is not in any case to be of such an amount as would reduce the tax by more than 50 per cent., and the Commissioner is further assisted by the last sub-paragraph, which provides that the Governor-in-Council may make rules or give directions, as to the method of determining the formula for arriving at this amortization allowance. In practice, of course, what is going to happen if this Bill is passed is that some appropriate formula will be agreed upon between the Commissioner and the industry concerned, and it will be submitted for the approval of the Governor-in-Council. That is practically the main point of the Excess Profits Tax Bill.

I said I would refer to the other two Bills because they are co-related. The Income Tax Bill merely provides for allowing as a deduction from chargeable income the same capital amortization allowance which will be granted under the Excess Profits Tax

Bill and the Customs Duties Bill is consequential. The increase in the tax to which I have referred, and which came into effect on the 1st January, 1940, was an increase from 1½ per cent, *ad valorem* to 20 cents per ton. What is proposed now is to resume the old rate of 1½ per cent. *ad valorem* on the ground that that increase in the export duty was made in lieu of excess profits tax, and it seems only equitable that we should go back to the former state of affairs.

One might ask what about gold? No change in the export duty is intended there, for the obvious reason that gold is won by a large number of small producers who will never come within the scope of the tax, and even the two gold companies will scarcely come within the limit. Nevertheless, we should get our fair share of the enhanced export value. I move that the Bill be read the second time.

Mr. AUSTIN: For the purpose of discussion I beg to second the motion.

Mr. KING: Lest it be thought by those who do not know, that the Bauxite Co. has been evading payment of excess profits tax for the last two years I think it advisable to make the statement that I now do. Since the imposition of the additional export tax in 1939 the Bauxite Co. has been shouldering that burden before any company in this Colony shouldered the burden of excess profits tax, and it has been shouldering it cheerfully, knowing that it was helping the Colony in its effort to continue its operations during a very serious state of the Colony's affairs. Now that Government deems it fit in the interest of the welfare of the Colony to put the bauxite industry and all mining operations on the same footing as any other company in respect of excess profits tax, the Bauxite Co. is perfectly willing to come into line with the other companies. It appreciates the fact that Government realizes, as other Govern-

ments in the world have realized, that where increased profits have risen as a result of war measures and as a direct result of an enormous increase in capital expenditure it should exercise a wise discretion in allowing that capital expenditure to be written down quickly so as to enable those companies after the war to resume their normal operations and not affect in any way the expenditure which would be incurred if those companies had to carry those additional and very high operating costs against the profits which would be very normal after the war has ceased.

For that reason I am glad to see that Government has introduced a Bill which, along with the Excess Profits Tax Bill, will give the Commissioner power to make an allowance up to 50 per cent. of the amount chargeable as excess profits as amortization of the capital expenditure. It is true the Treasurer has stated that it does not mean that the Commissioner will allow 50 per cent., but he has the power to allow up to 50 per cent. I hope that that remark was merely facetious, and that when the time comes to allow amortization he will, as one of the Commissioners, deem it advisable in the interest of the company and the welfare of the Colony generally, to allow the company 50 per cent. for amortization of capital which the law permits him to do.

I wish on behalf of the company to let it be known generally that it has always contributed its share to the revenue of the Colony cheerfully, and that it paid the increased export tax at a time when no company other than mining companies was paying any increased taxation.

Mr. DE AGUIAR: I am supporting this Bill and I would like to take this opportunity to pay a compliment to the company affected by the Bill for its public spiritedness and the general assistance it gave to the Treasurer in

bringing this matter to such a successful fruition. I have risen more for the purpose of seeking some information. Although I am going to express what is passing through my mind at present I am merely doing so in order that the Treasurer, who is also the Commissioner, might bear in mind the remarks I am about to make, because I rather fancy he would be somewhat at a disadvantage. In fact I do not think he would be able, without the facts and figures before him, to give me the answer I would like to have to my question. What is disturbing me at the moment is the question of the allowance for amortization of increased capital expenditure. I observe that in the first instance it bears relation to chargeable profit, and as excess profits tax is computed before a company is subject to tax there is also the question of standard profits involved. What is worrying me is this: If, as I believe is the case, the increased capital expenditure is a substantial figure the allowance, whatever the percentage may be, may or may not bring the chargeable profits down to a figure in line with the standard profits, in which case the revenue Government might hope to derive from this source might be nullified. That is one of my fears.

I have another fear and that is that if the allowance in the first instance is small, having regard of course to the capital expenditure involved and the question of depreciation, there would be a consequential carry-over to a subsequent period of the amount of that capital expenditure in future years, and I am wondering whether the time will come—I hope not—when, instead of collecting excess profits, Government might have to give a refund. I know that I have opened quite dangerous ground for the Treasurer, but I think he appreciates the points I am making. I do not expect that he will be able to answer those questions now. In fact I will not press him for an

answer, but I have mentioned them at this stage so that he might bear them in mind when he is going into the question of the allowance for increased capital expenditure, and at the same time keep his mind focussed on what the position is likely to be in subsequent years.

Mr. JACOB : One is at a disadvantage when a Bill is read the first, second and third time on the same day and practically within a few minutes of each other. In such circumstances one can only speak generally on a matter of this kind. I am glad to know that the Bauxite Company is now generally in favour of this additional taxation, and I think Government is now following the correct principle in putting all companies, whether mining or otherwise, on the same footing. I think the company escaped this taxation in 1939, 1940 and 1941, and this Bill seeks to collect additional excess profits as from 1942. I remember quite well that I and my friend the hon. Member for Essequibo River (Mr. Lee, who is not here, insisted that these mining companies should not be excluded from the tax, and I have a grievance which I must express at the moment.

This Council has a habit of confusing things. It is all right to eliminate the diamond industry. One can see that it is in a bad way, but to include the diamond industry with the gold and bauxite industries is definitely confusing the issue. I see the Treasurer smiling. I do not know if he is a master of the art of confusing things, but it does seem so to me. The bauxite industry is a big industry in the war effort. It is making enormous profits due to increasing production. There is no doubt about that. In England every industry which is increasing its production is paying 100 per cent. excess profits tax, and that started immediately the war began. In this Colony I think it was only after representations were made

and pressure had been brought to Lear on this Government, and probably the Imperial Government, that the Bauxite Company agreed and this Government ultimately agreed. I think that pressure from the company prevented this Government from agreeing in the first instance.

Mr. KING : I rise to a point of order. The hon. Member is speaking without the slightest idea of what did happen. It is wishful thinking.

Mr. JACOB : It is exceedingly bad taste for the hon. Member for Demerara River (Mr. King), the legal adviser of the Bauxite Company, to be interrupting me at this stage.

Mr. KING : I take exception to that remark. I am here as the Member for Demerara River and I represent that district without any reference to my legal position with that Company. I ask the hon. Member to withdraw that remark.

The PRESIDENT : I agree.

Mr. JACOB : My friend is hardly ever in this Council. He has only been here on a few occasions.

The PRESIDENT : I must ask the hon. Member to make no personal references.

Mr. JACOB : Very well, sir. I say that I think—I am not too sure—it was only after pressure that this concession has been granted to this Government. I have no doubt whatever that certain interests can bring pressure to bear on this Government, and I think the time has come and is here when this Government will be able to exercise its rights and avoid any pressure that may be brought to bear on it. There is definitely a new outlook. Individuals or companies, or a set of individuals cannot have the right from now on to

impose their will on Government, particularly where money is involved. I have listened from time to time to the various statements made from the Mother Country, and it is time that Members of the Council realize that the time has come when such things must stop.

I think the proposal in this Bill is a step in the right direction, and the Bauxite Company and all mining companies which are definitely making more money as a result of the war should be quite satisfied with their standard profits. No one objects to that, but for goodness' sake give the Government, or the people who have allowed them to make those excess profits, all of those excess profits. Unless and until that is done there will be great dissatisfaction. I do not think it is fair and right that this Government should not collect 100 per cent. excess profits. This Colony should be in the same position as the United Kingdom, and the excess profits tax provisions there should be transplanted here. It is as a result of the war that this company is making large profits. We are not suffering the effects of bombing. Why should the company amass all this wealth?

I am not satisfied that Government receives the best advice in matters of this kind—excess profits tax and income tax. Maybe I am alone, but I have sufficient information to make me feel so. The number of Commissioners should either be increased or there should be some change. We have been told that export duty was levied by way of excess profits. I am not an expert and do not pretend to be, but I much prefer to see excess profits tax levied to the extent of 100 per cent. In the past there have been differences of opinion, and I am exceedingly glad to know that today the company and the Government agree, and I think the Council is unanimous that this tax is right. I hope, however, that it will be increased to 100 per cent., and if it

becomes necessary to allow deductions for certain things in the future I think the Council would be quite prepared to do so. At the moment representations ought to be made, and I stress that the excess profits tax should be 100 per cent. and not 80 per cent.

Mr. C. V. WIGHT: I have just risen to reiterate my previous remarks on the general question of double relief from taxation. While I support the Bill in its entirety I think that the allowance might have been a static figure rather than the sliding provision of "not exceeding 50 per cent." Be that as it may, if it appears to Government and the Council that the proviso will meet all requirements I am perfectly in favour and will support the Bill as it stands. But the question of double relief from taxation has been engaging attention since 1920 when a Royal Commission was set up and the matter was gone into. The Dominions and Colonies were represented indirectly, the whole question was discussed and several principles, theoretical and practical, were arrived at. It seems, however, that we have travelled a long way from 1920 to 1942, and perhaps the same considerations which applied in 1920 are not applicable at this stage, but one would like to see the initiation by this Government of the same discussion and perhaps we may be able to get a different decision from the United Kingdom.

I think the Treasurer is perfectly well aware of the document to which I refer, and no doubt is in a position to get a copy of it. I have only had an opportunity to peruse it but have not made a digressive study of the document. I would like to recall for his information that the discussion took place on the elementary principle of primary right to tax income in the country of origin. I hope he will at some early stage proceed on the lines indicated by me, especially in cases where there are certain profits being

made in this Colony, in respect of which income tax is not actually paid to the full measure in this Colony. I know the Treasurer will say "You put it into the left-hand pocket in the United Kingdom and you get relief here, or *vice versa*," but that seems to me not good enough because income tax is not paid in the country of origin, not at the source. The Treasurer knows fully well to what I am referring, and I only hope he will initiate the necessary machinery for the enactment of legislation which some might consider rather radical and perhaps a little bold, but we would thus derive the full measure of income from the profits in this Colony by perhaps those who are not resident in the Colony.

Mr. McDAVID : I am glad the Bill has had such a satisfactory reception. There are one or two points on which I would like to make a few remarks. The hon. Member for Demerara River (Mr. King) referred to a certain statement I made as facetious, but I can assure him that I was not in the least facetious but wished to make myself quite clear because I had heard that particular clause questioned before. I want to say again that what is meant by the clause is that the Commissioner is not bound to grant an allowance for amortization up to 50 per cent. of the excess profits, but the clause limits the amount he may allow to 50 per cent. of those profits.

With regard to the consideration of the formula, it is not going to be just a mere percentage of any particular profits. All the relevant factors will have to be taken into account—the date on which the expenditure started, the amount of wear and tear and so on—before the allowance is determined. This merely safeguards the revenue, and the Commissioner cannot give away more than half the amount collectible by the tax. It means that the company will in any case pay a tax of 40 per cent.

The hon. Member for Central Demerara (Mr. De Aguiar), who was not quite sure how this 50 per cent. would work, asked whether it would not reduce the excess profits down to the standard profits? As I have already said the allowance will not exceed more than half of the excess profits tax. Of course it is an inducement to a company to work as efficiently as it can in order to get an amount which would help it to write off its expanded capital over a short period. It is in the interest of the company as well as the Government and the public that that enormous expenditure should be written off in as short a time as possible without doing harm to the revenue.

With regard to the hon. Member's remarks about deficiency relief I am a little amused because a short while ago an amending Bill to this Ordinance was introduced in this Council and I urged very strongly the insertion of a clause which would remove the provision for deficiency relief. The point he has made is that if in subsequent years a company incurred a loss, the law as it stands at present enabled it to claim a refund of the money paid as excess profits tax, and he warned me that if we collected too great a sum, to the extent we had collected we might have to refund it at some future time. I then urged that a clause should be introduced removing the relief provision, but the Council threw it out. Now I am being urged to take warning and bring it in again. I am glad to take that warning, and I shall bring it up at no distant date.

As regards the remarks made by the hon. Member for North-Western District (Mr. Jacob) I would like to say that what we are doing in this Bill is nothing new. Both in England and in Canada very generous concessions have been made in their excess profits tax laws in the case of companies or industries engaged in wasting assets—oils, gold and various metal

ores, and so on. They have been forced by war conditions to take everything out of the earth at once and make all the profits which they could have made in 10 years in two years, and it is quite obvious that if you call it all excess profits and take it all away you would leave the company to face the whole capital expenditure incurred for that purpose. Both in England and in Canada almost analogous provisions exist in the law. What we have done is to take the provisions already existing in the English Act and adapt them to suit our own conditions here.

The hon. Member also mentioned his desire or recommendation that the Commissioners should be changed or strengthened. No one would be more delighted than I if I could get assistance from some outside source to deal with the very difficult problems that arise from time to time. I am ably assisted by my brother Commissioner, Mr. King, but if there was someone else on whom Government could count and place the necessary confidence in his ability I would welcome additional strength to the Commissioners. It is also no easy task.

The hon. Member for Western Essequibo (Mr. C. V. Wight) made some general observations with regard to what he called "double taxation relief." I think he meant relief from double taxation. His observations were not apposite to this Bill, and raise such a very difficult problem that I should prefer to deal with them in private discussion rather than thresh them out in Council.

The PRESIDENT: In taking this action here we are coming right into line with the practice and procedure in all other parts of the British Empire so far as I know. There are several other mining industries which have had the same experience as the bauxite industry which is of first class importance in the war effort. Extreme pressure has been placed upon

them to speed up production. Before the war excess profits were paid in the United Kingdom, but the United Kingdom Government gave up its rights to those profits in order to allow those Colonies in which those wasting assets were being exploited to get their fair share of those profits. Our position is slightly different with the Demerara Bauxite Co., whose principals are in Canada, but they are agreeable to this step being taken.

Question put, and agreed to.

Bill read the second time.

The Council resolved itself into Committee and considered the Bill clause by clause without discussion.

The Council resumed.

The PRESIDENT: With the concurrence of Council I think we might proceed to the third reading of the Bill.

Mr. McDAVID: I move that "A Bill intituled an Ordinance further to amend the Excess Profits Tax Ordinance, 1941, by extending its application to individuals and companies engaged in mining operations; and by making provision for matters connected therewith" be read a third time and passed.

Mr. AUSTIN seconded.

Question put, and agreed to

Bill read a third time and passed.

INCOME TAX (AMENDMENT) BILL, 1943.

Mr. McDAVID: I move that "A Bill intituled an Ordinance further to amend the Income Tax Ordinance, Chapter 38, by making provision for the deduction in certain cases of amounts allowed for amortization of capital expenditure when ascertaining

chargeable income" be read the second time. As already explained, this Bill is consequential to the Bill which has just been passed. It empowers the Commissioner to allow as a deduction from chargeable income the amount which has been granted as an amortization allowance under the Excess Profits Tax Ordinance. Obviously, if such a deduction were not made a company would lose 25 per cent. of the amount allowed as amortization allowance. In fact it would only get 75 per cent. of that allowance. I move that the Bill be read the second time.

Mr. AUSTIN seconded.

Mr. JACOB: For record purposes I would like to refer again to the circular despatch of June 15, 1941, from the then Secretary of State for the Colonies, Lord Moyne, and to say that I am a little disappointed, because I understood from a recent announcement that income tax would be increased. I know it is a very sore subject with some hon. Members, but I think a minority in this Council is in favour of increased income tax, and I cannot stress too often that despatch of Lord Moyne, particularly paragraph 3, in which he refers to the very high standard of life in this Colony. Some people are quick to forget that they have a duty to perform not only to the Colony but to the Empire as a whole. In par. 12 of his despatch Lord Moyne refers to "the obligation to raise the standard of living of all those classes in the Colonial Empire whose standard is at present below the minimum that can be regarded as adequate."

There can be no doubt that there is a large number of people in this Colony whose existence is very precarious, and the recent floods have no doubt aggravated the situation. I think that Government is afraid to face the situation. I have been asked by large numbers of people from different parts of the Colony to urge on Government and the Secretary of State,

to urge on the Labour Department and the Commissioner of Local Government to investigate the conditions under which certain people live. While I am told that everything is being done, reports are being submitted from time to time which show that absolutely nothing practical is being done. The idea is probably no money. That excuse cannot be given now, I submit in all confidence. I urge on this Government to increase the standard of these poor unfortunate people. It is very bad on the East Coast, Demerara, at the present time, and exceedingly bad in certain other places. It is only by Income Tax and Excess Profits Tax you can raise the social status of this Colony and the social standing of some of these people. I believe the time has come when you must increase the collection so as to find money to extend the social services and to raise the standard of living of the people who live under conditions which are extremely bad.

The PRESIDENT: Interesting though the hon. Member's ideals are they have nothing to do with our discussion here. There is nothing easier than to bleat and pretend that nothing is done or said. If the hon. Member would do me the honour of reading the despatch, he would see that it is stated in more than one place, and very clearly, how Government appreciates the condition of living in various parts of the Colony. As to what is done and is being done, the Colonial Treasurer can inform you that this Colony is spending not less than \$1,000,000 a year above the ordinary expenditure, definitely designed to help the poorer classes in this Colony. Am I right?

Mr. McDAVID: That is so.

Question put, and agreed to.

Bill read the second time.

The Council resolved itself into Committee and proceeded to consider the Bill clause by clause.

Clause 2—Amendment of section 10 (1) of the Principal Ordinance.

Mr. JACOB : I would like to take this opportunity to disabuse Your Excellency's mind. I stated what I wanted to get on record. My object here is to impress on the mind of Government those things which are pressing. I have no doubt that every individual in this Colony realizes that Your Excellency is doing your very best, but these things take a long time to be done and are apt to be forgotten.

Mr. HUMPHRYS : We are in Committee and are dealing with this Bill. I am not taking objection to anything the hon. Member said, but time is being wasted. This has nothing to do with the Bill.

The CHAIRMAN : I was going to say that. The hon. Member is giving himself and myself an opportunity to have a little argument. I am not going to impose increased Income Tax until I have relieved the community of a good many other kinds of taxes.

Mr. HUMPHRYS : I think there ought to be a slight amendment. I do not know if the hon. the Colonial Treasurer agrees. He speaks about paragraph (c). If you look at Section 10 of the Income Tax Ordinance you will see there is already a paragraph (c).

Mr. McDAVID : I think the hon. Attorney-General will explain that. I found the same difficulty myself.

The ATTORNEY-GENERAL : The hon. the Colonial Treasurer brought that to my attention. There is an amendment which has deleted paragraph (c).

Mr. HUMPHRYS : I did not know that.

Bill passed without amendment.

The Council resumed.

Mr. McDAVID : I move that the Bill be now read a third time and passed.

The President : The purpose of the Bill being very clear I think we can proceed to the third reading.

Mr. AUSTIN seconded.

Question "That this Bill be read a third time and passed" put, and agreed to.

Bill read a third time and passed.

CUSTOMS DUTIES (AMENDMENT)
BILL, 1943.

Mr. McDAVID : I beg to move that the Customs Duties (Amendment) Bill, 1943, be now read a second time. This is the third of the series of correlated Bills. It is proposed that the special rate of duty of 20 cents a ton applied to bauxite be removed and the general rate of duty of 1½ per cent. *ad valorem* resumed. I have already explained the circumstances under which the change is made and why it is necessary to make it at the present time.

Mr. AUSTIN seconded.

Question put, and agreed to.

Bill read the second time.

The Council resolved itself into Committee and considered the Bill clause by clause without amendment.

The Council resumed.

The PRESIDENT : If hon. Members are agreeable we may proceed to the third reading.

Mr. McDAVID : I move that a Bill intituled an Ordinance further to amend the Customs Duties Ordinance, 1935, with respect to the export duty on bauxite be read a third time and passed.

Mr. AUSTIN seconded.

Question "That this Bill be read a third time and passed" put and agreed to.

Bill read a third time and passed.

FOURTH QUARTERLY SCHEDULE OF
ADDITIONAL PROVISION, 1942.

Mr. MCDAVID: I move—

That, the Council approves the Schedule of Additional Provision for the quarter 1st October to 31st December, 1942, required to meet expenditure in excess of the provision made in the estimates for the year, 1942, which has been laid on the table.

This motion is a mere formality in this particular instance. The Schedule of Additional Provision which was laid on the table this morning comprises items which were authorized during the quarter, 1st October to 31st December, 1942. It has so happened that practically all of the items were approved by this Council in Committee after the Annual Estimates had been taken. I can give the dates on which they were approved. Several of them were approved on the 17th December and the remainder on the 30th December, 1942. As I said, we were in Committee at the time and took the opportunity to go through the schedule item by item. I do not propose to ask Council to go into Committee to consider these items as they have been already considered. I beg

to move that this Schedule of Additional Provision for the last quarter of this year be adopted by Council.

Mr. AUSTIN seconded.

The PRESIDENT: Is any Member prepared not to take it on the motion forthwith? If so I am quite prepared to have the items considered in Committee, otherwise I feel quite justified in putting the motion.

Motion put, and agreed to.

POTARO-MAZARUNI DISTRICT.

The PRESIDENT: Having come to the end of the business I am able to adjourn the Council. I have just one minor announcement to make. The Secretary of State has approved of the establishment of the Potaro-Mazaruni District with headquarters at Bartica. Consequently a rather small expenditure is involved. I had proposed to spend the week-end in the Potaro-Mazaruni District, leaving the day after tomorrow, but circumstances have intervened and I have had to put it off for another week. The proclamation has been signed this morning bringing that district into being as from the 13th of this month. I therefore propose to adjourn the Council without specifying the date of the next meeting.

The Council adjourned *sine die*.