

LEGISLATIVE COUNCIL

Thursday, 6th December, 1945.

The Council met at 2 p.m., His Excellency the Governor, Sir Gordon Lethem, K.C.M.G., President, in the chair.

PRESENT:

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

The Hon. the Colonial Secretary, Mr. W. L. Heape, C.M.G.

The Hon. the Attorney-General, Mr. F. W. Holder.

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

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

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

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

The Hon. H. N. Critchlow (Nominated).

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

The Hon. C. P. Ferreira (Berbice River)

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

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

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

The Hon. J. Gonsalves, O.B.E. (Georgetown South)

The Hon. Peer Bacchus (Western Berbice)

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

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

The Hon. A. G. King (Demerara River)

The Hon. J. W. Jackson, O.B.E. (Nominated)

The Hon. A. M. Edun (Nominated)

The Hon. V. Roth (Nominated)

The Hon. T. T. Thompson (Nominated)

The Clerk read prayers.

The minutes of the meeting of the Council held on Friday, 30th November, 1945, as printed and circulated, were taken as read and confirmed.

ANNOUNCEMENTS.

NIGHT SESSIONS PROPOSED.

The PRESIDENT: With regard to the public business this month I have consulted the Deputy President and suggested that in order to attempt to get the Budget through by Christmas, as requested by the hon. Member for Berbice River (Mr. Ferreira), we should adjourn our afternoon session

half an hour earlier, at half-past four, and return for an evening session. The Deputy President suggested that the evening session should be from 8.30 to 10 p.m., and as I know Members do not like to sit later I said that we would agree not to sit after half-past ten.

What I propose at the moment is that we should go on with the general debate on the Budget today and tomorrow and as long as that takes, but next Tuesday we should be prepared to put into operation the new hours I have suggested, by which time we would have reached the Committee stage.

There are two clauses outstanding in the Town Planning Bill which we have to take some time during the month. I do not think it should necessarily take very long, so that I should be able to sandwich it in the other business.

INCOME TAX PROPOSALS.

A suggestion has been made to me that the Budget debate should be postponed because of questions which have arisen regarding what the Treasurer had said about income tax and the raising of revenue. I am sorry I must ask Members to proceed with the business. The only proper place for discussions of this kind is in open Council. It is quite essential for Government to sound out and have Members' views in general, as expressed in Council, before we can decide upon any executive action. So far as income tax is concerned, that does not come up for any kind of decision in the motion on the Budget. If it comes up at all it will be on a separate motion, and of course, by a precise Bill, and I am entirely prepared and will, of course, give ample time for consideration of that motion as we did in 1943 when we allowed several months to elapse before

we dealt with the final Bill. Government has an entirely open mind on this question.

There are several avenues to pursue, quite apart from income tax, and the fullest attention will be given to it. Although, of course, Members may express their views regarding income tax or taxation generally, it is not a matter for decision on the Budget motion which in any case is adjourned in order that the Council might go into Committee on the Estimates. After that we come back to the Budget motion, so that the procedure affords ample opportunity for the fullest consideration of Government's Budget proposals.

As regards the Estimates, as I have always done when we come to any particular head or item and Members desire further opportunity for consideration or further information to be supplied, it is quite easy to defer the particular item or the particular head.

I have made notes on the Budget myself. I have really no more opportunity than any Member of Council, except perhaps a very few hours, of seeing the volume of the Estimates, and I have not found it a particularly long business to analyse the volume and to make notes which I would like to speak to this afternoon.

GOVERNMENT NOTICE.

INTRODUCTION OF BILL.

The COLONIAL TREASURER gave notice of the introduction and first reading of the following Bill:—

A Bill intituled "An Ordinance to allow and confirm certain additional expenditure incurred in the year ended the thirty-first day of December, 1944."

ORDER OF THE DAY.

BUDGET DEBATE.

The Council resumed the debate on the following motion:—

That, this Council approves the Estimates of Expenditure to be defrayed from Revenue during the year ending 31st December, 1946, which have been laid on the table.

PRESIDENT'S OBSERVATIONS.

The PRESIDENT: I said just now that I would like to make some remarks on the budget. This budget has a double character, it is partly a war-time budget and partly a post-war or peace-time budget. Regarded as a war-time budget we have to carry on in three rather large items which are not yet cleared—war bonus, subsidisation and emergency measures. Regarding the post-war peace-time budget there are two objectives in mind: one to put on the budget provision for the rehabilitation and reconditioning, long over-due, of public property, public buildings, roads and so on, and secondly to allow something within reason for development. So that it is not possible to look at this budget as simply and solely a peace-time budget.

As I said in July last, one of the most difficult tasks of these first years would be to adjust the transition from war-time finance to peace-time finance. I remember saying that in July, and it may very well be two years before we can get down to what would be a peace-time budget proper. I have always said that the most difficult time would be precisely these post-war years—these immediate post-war years. In actual fact we have emerged from the war financially immensely better off than we could ever have dared to hope. When first of all we raised this matter of raising a local loan, one of

the principal considerations was precisely that it was required in order to be able to carry on our immediate post-war budgets and meet the deficits which we knew would be there without appealing for a Treasury grant-in-aid. In actual fact we have done immensely better.

Even when I was in London last year that was a point of our discussion in the Colonial Office: that the raising of a loan was necessary for this purpose. As it is we have now emerged with a surplus which may very well carry on our deficits for this year, next year and perhaps 1947, so that our loan is entirely free for development work. Now that is why I should say the proper way to look at this budget is not with panic, because the figures, if not analysed, may seem to work out rather badly. Nevertheless there still remains with us, of course, the duty of close examination of expenditure and of revenue.

REVENUE AND EXPENDITURE.

Now I would like to say a word or two on these headings, and speaking of them both, Revenue and Expenditure, I would like to say this: Government has put forward an honest and candid statement, comprehensive of all our obligations, both these resulting from conditions of war and secondly those resulting from the supposition that we want to go forward with some degree of the development of the Colony.

We could quite easily put a very much better aspect on the figures. Had the Treasurer and I put our heads together we could, for example, have put down the figures of this year's budget lower than they are, putting back figures of expenditure on works to something like that actually spent on the previous year, 1944. That would, of course, have put a better appearance on our deficit at the end of this year. We do not

know yet, of course, the exact figure. We could in the same way of course have cut our extraordinary expenditure estimate for 1946, the very high figure on public works at \$873,000 or \$875,000 which we have put in for a definite purpose. We could have slashed that back half a million dollars to something like the figure spent in 1944.

By doing things like that we could have made the figures appear better by at least a million dollars and made it much more palatable. We might even have got all our ordinary expenditure and some reasonable extraordinary expenditure within our recurrent revenue. As you see we have even now recurrent expenditure within recurrent revenue. We have not done that. I do not regard it as honest budgeting. These things have got to be done later on. Posterity would have to face it at a higher cost just as we have got to face the economics of the 1930's..

Government has preferred to put forward a comprehensive honest statement with forward-looking views, intending to shoulder these obligations, and the Treasurer's statement has given that indication and that we may have to raise, and very properly, this question of some maintained level of revenue.

Now this country is not in a desperate financial situation; it is in a good one at this moment. The country is not poor, it has made a lot of money in these last five or six years. There is a lot of money in Guiana, and it is our business to use our resources for the future; and no decent Administration could sit back now, slash its expenditure, and stagnate and wait for luck until post-war years are over.

Now I would like to say a word first of all as regards the expenditure side. We hear the phrase about "mounting expenditure." Now that

is quite true over a period of years—over a period of ten years or over a period of six years of the war. It is not true over these recent years 1945/1946, even for 1944. If you look at our budget for this year it is well over a million less than the expenditure for 1945: I repeat the expenditure estimate for 1946 is well over a million less than that for 1945. Even if we compared with 1944 we are not so very much over in our estimate for 1946 as against 1944. If we turn to where there are increases and take the various heads you will find that in the very great majority of them, where there is any increase at all, it is quite a minor one and touching incidence of staff or personnel, increases or changes, or incidental expenditure like travelling or anything connected with it. That is so in the great majority of cases.

EDUCATION.

The number of heads on which there are substantial increases is comparatively small. You will find there is an increase under Education of \$33,000, \$13,000 of which is on Queen's College and the Bishops' High School alone. That leaves only the figures of \$20,000 on primary education. Now we know primary education is turning out expensive. We have had a good many criticisms of it. There are a great many improvements we would like to see. We are waiting still for the reports of these Development Committees, principally composed of Unofficial Members of Council. They are taking a long time to make up their minds and submit their reports. Many of the deficiencies will be able to be remedied, we hope, after these reports are received. Is any Member of this Council prepared now to put back the cost of education from the figure at which it stands at present?

MEDICAL

You will find a large increase on Medical. It is \$103,000, \$49,000 of that is on the remuneration of nurses and subordinate staff, and I already have notice of some Member of this Council urging that we should put up that figure still further. \$22,000 is on dietary, a thing which we are scarcely in a position to refuse. \$15,000 on transportation of one kind or another: travelling of doctors, travelling of dispensers on river with launches, or provision of transportation. \$5,000 on malaria campaign. \$2,000 of it, I think, is on instruments. You will find that takes up most of the \$103,000 I have mentioned.

POLICE

There is a substantial increase on Police. That may be subject to question: \$76,000. The reason for that is that over the war years there have been recruited substantial numbers of extra Police for war conditions, and a Committee of three of Executive Council having considered very carefully, has made the recommendation that a substantial number of these recruits should be taken on the permanent establishment. That, I know, is supported by numerous representations made to me for more Police and Police Stations. One I remember was where a very broken down village appealed for a Police Station. They liked the Police beside them to "frighten" or "terrify" them, they said. I, not understanding Guiana's ways, took this literally: but, learned it meant to terrify the others.

POST OFFICE

We have a substantial increase on the Post Office. That is \$36,000. I have not gone into the details of that at all, and I do not know what the case for

that is, but as you know the Post Office services, by and large, ought to pay for themselves.

There is one rather startling increase under Miscellaneous of \$130,000, but if you look into it \$125,000 of it is refunds of income tax, excess profits tax and other things of that kind. If Members care to refuse that increase I shall very gladly hold on to the money, but it is one of those increases which artificially swell expenditure figures. There is also an increase of \$7,000 on tourism under that head.

AGRICULTURE

On Agriculture there is an increase, not on the recurrent votes at all, but on the extraordinary, a special expenditure of about \$30,000, and entirely on developmental projects very desirable in themselves. I think it allows \$6,000 for a ghee plant at Anna Regina, very desirable, about 7½ thousand for assistance to cane farmers, which I cannot imagine this Council refusing: there is about 3½ thousand on that dreadful place, Charity: fisheries \$5,000: there is about \$3,000 on animal nutrition and the stock stud units, and then there is \$3,000 on putting the roads of the Botanical Gardens in order. We can of course quite easily cut that last, and we can cut them all, but if we do that we have got to realise that our agricultural effort is then down to something which means practically no developmental agricultural work at all.

That is a brief analysis of the expenditure side of the Budget, and I think Members will find on examination that it is an accurate one. I checked it with the Treasurer this morning on the telephone.

Now this phrase of "mounting expenditure", as I said, is of course perfectly true over a period of years. Disturbing no less to myself than anyone else, we have nevertheless passed it from time to time in this Council.

The increase that matters is on the "social services," forced upon us not only by outside opinion or the Development and Welfare machinery, but just as much by extreme clamour in this Colony itself. You will find that Education has trebled; you will find that Medical has more than trebled; and expenditure on the Poor has much more than quadrupled. Altogether from very little over a million the sum has gone up to something not much under four million. That of course is extremely heavy and a greater and greater percentage of our revenue is being taken by these services. If Members of this Council or members of the community itself can suggest any way of reducing or stopping that mounting expenditure and still leaving this country a decent country, I shall be very glad indeed to know what our plan can be. It is one of the major problems in front of us.

REMUNERATION OF PERSONNEL.

A very big proportion of the increase is due to the remuneration of staff and personnel. Much of the greatest proportion of that is on the subordinate branch. It has been suggested that there are senior officers of Government 'too highly paid. With that I do not agree, and even if it were so the sum absorbed by them is trifling as compared with the total. I do not consider that senior officers of this service are highly paid. They are reasonably paid by Caribbean standards. But to compare with the standards of nearly all the rest of the Colonial Empire, with their perquisites of passages, houses, medical attendance and so on, the standard in this Colony is low. I myself have appreciated the advantages of the better climate, the opportunity of family life in the Caribbean Colonies, but it is not much of a question as to whether they outweigh on the balance. The immense proportion of these increases has been, how-

ever, on the subordinate branch. I do not think it thinkable to go back on what has been done. Let me go briefly over the history of this. When I came to the Colony in 1941 we were under Treasury control and there was a directive ruling, by the Government and Executive Council, and possibly Legislative Council, that there were to be no increases of remuneration during the war. (This Council, you will remember also passed a motion refusing all help from the Imperial Government. This I deplored. It meant cutting by a third our Geological service. Think what we could have done in these five years with our full Geological Department). However, as I said, that was the ruling which I found here. In spite of it in 1942, on the representations of the Postmaster-General, I did authorise him to put up proposals for increases of remuneration of the subordinate branches of the Postal and Telegraph services. After that we had a long-continued controversy with the Imperial Treasury, and finally got it sanctioned. In September, 1943, we had Treasury control removed, and it was then possible to get down to revision of salaries throughout the services, particularly subordinate ranks. Perhaps it would have been better done in one, but owing to circumstances it had to be done in various sections. I would defend with complete conviction the justice of those raises given, and no objections have come from this Council, save perhaps as to school teachers.

It may be that we have to make up our minds in this Colony, paying a reasonable remuneration to Government servants, to limit our service according to our means, but I would not say that this was the moment at which it is necessary to cut down. As I have said, we have about two years to get ourselves out of the wood, and the

time really to worry will be about the end of 1947 if we do not see light or are not out of the wood by then.

TRANSPORT & HARBOURS.

Now one major headache is of course Transport and Harbours. It is very clear that rents generally must go up. The action has not been taken in these past three years, partly and with the full consent of this Council, because we were not willing to raise costs or create difficulties for local trading, and partly because it was very clear that the whole system of the Transport and Harbours was in a most chaotic position, and what was required was not revision here and there, but a complete review to get out of that chaos. That review will now be made by persons fully qualified to do it, with wider knowledge than we have in this country. In the meantime I have asked the Chairman and the acting General-Manager to pursue certain immediate recommendations which should be possible without interrupting in any way the ultimate review. They will not be palatable. They will mean some increase in rates and withdrawal of concessions, but if we are serious in any way to amend this financial position we shall have to do it.

On this general question of cutting down Government expenditure or mounting expenditure, I have not a little personal experience, and I know that the only way is not to tinker with a few posts here and there, or a detail here or there, or reduce pay here and there, but to slash in a much more substantial manner.

The first Colony to which I had the honour to be Governor, was in a really desperate financial position with which nothing I have heard of in the Caribbean area can compare. When I got to the Colony we had all the money swallowed up in loans, and

Government was paying salaries with an overdraft 8½ per cent. interest to pay. That was the position, and a desperate position required a desperate remedy. I cut Medical services 40 per cent. and Legal services by one-third, and employed public spirited persons in Courts without pay. We withdrew many kinds of free concessions. We telescoped two Registry Services, such as we have here, into one, and we had also a 10 per cent. tax levied on salaries flat throughout the services, but we had not inflation at the time as here. The action taken was of a drastic character and we balanced the budget in eighteen months. If we are going really to save a financial disaster we have got to make up our minds to substantial reduction of services, of public institutions and so on, cut out the Bartica Hospital and put in a dispensary, cut out the Suddie Hospital and put in a dispensary, cut out a number of Police Stations and that kind of thing. It has to be done on that scale and not merely tinkering. But I repeat my view: this is not the time to consider such action here.

We have in this country, unfortunately, certain very special problems and handicaps. One is sea defence, one is river defence, and one is assistance by way of drainage or financial assistance towards drainage given to the peasantry of our community. These are things which discount all comparisons of other Colonies with us. We can of course drop all that. Let the sea come in and river banks go, or we can let those areas of our poorer peasantry go back without that assistance with which I am sure for a period of years we will be enabled to keep conditions of decency in this country. We are at present slowly getting our peasantry out of the morass to go on with hope. We cannot drop it.

EXTRAORDINARY EXPENDITURE.

Now I should touch on Extraordinary Expenditure. First of all there is

the pretty big item of Public Works Extraordinary Expenditure. I think the rise is \$308,000. That is of course a very substantial rise indeed, but you see why it is there. I mentioned that we have this rehabilitation programme to do. Government property, houses, going down and down for fifteen years. We have got all that on our back now and we must face it. If we do not it has only to be carried at a later date, and with still greater difficulties and expense.

Bonus is a large item of extraordinary war-time expenditure. Government's view would be that it is premature to consider abolition or reduction of that until we see much more clearly into coming costs of living and such stable conditions we may have in the future.

EMERGENCY MEASURES.

Then we have "Emergency Measures." We have already cut that by \$25,000. We have military expenditure. Are we prepared to refuse a contribution to that? We have Commodity Control, already reduced by \$50,000. It would be premature to abolish this wholly until we are quite sure. We have the question of guaranteed prices—one of the primary objectives of modern Governments as put up over and over again, and by the Conference of the U.N.N.R.A. and confirmed by special resolution in this Council. It will be utterly premature to do away with that at this moment.

SUBSIDISATION.

We have Subsidisation. Now subsidisation has been going on for some time and has been confirmed several times by this Council. We are reducing about a million in it, and we can perhaps reduce to minimum for 1946. But let me go briefly into the history.

When I came here in 1941 I had three bodies clamouring for fixation of prices, reduction of cost of living and subsidisation. They were the Sugar Producers, the Chamber of Commerce, and the Trades Unions. That policy was pursued and started tentatively with expenditure of something like \$600,000. In 1942, after the entry of the United States into the war and in the middle of that year and the first part of 1943, we were exceedingly hard hit. Supplies went short, prices went up, and then we took the further action of increasing our subsidisation to something like \$2,000,000, and results with fixation of prices were quite definitely effective. Figures of indices of costs of living, taken over a wide scope of statistical data, had gone up to something like 177 (100 being postwar figure) in one instance, 170 in another and 201 in another. The effect of the subsidisation programme and the fixation of prices brought these figures down from 177 to 140, from 170 to 159 and from 201 to 184. That was in the middle of 1943, and for almost two years and a half we have carried on with a stable position. The various figures that I have referred to have never gone up or down more than two or three points, except in one single case when in one group and for one month only a figure went up five points and came down a month after. That stability was achieved by our subsidisation policy, particularly in 1943.

We have reduced recently quite substantially. But we have done it with the greatest of care and without the figures of our indices going up. I am quite prepared to consider any important reduction now. At the Local Food Production meeting of this Council on Tuesday afternoon certain specific recommendations were made on that, supplies now are very much better, of local things, and I am quite prepared to sanction so long as we can

be sure we are not going to jump out of the frying pan of subsidisation costs into the fire of chaos of inflation. If we are going to do it we must do it without panic and with our eyes open.

REVENUE.

That is all I care to say on expenditure. In regard to revenue, I might repeat what I said before. It would have been quite easy for Government to do nothing and say nothing about income tax or taxation. We could have presented better looking figures on our budget and left it to luck. We could have slashed our works programme and hoped that in two or three years it could be begun again. That would have meant stagnation, and is not honest budgeting. What Government has done is to take a forward-looking view in its budget, to be prepared, carrying the war-time burdens, nevertheless to go forward with a certain amount of development, and it is with that in view that the Treasurer made certain sections of his statement. Now that means, and we had better face it, the necessity to maintain a level of taxation.

DEVELOPMENT.

We will be unable to do any development of this Colony worthwhile unless we are prepared to put our hands in our own pockets to our utmost resources and face up to the initial heavy capital expenditure which this Colony requires. That can be done by loans and more loans over these ten and twenty years, but it will require that we carry some of it. Posterity will have to carry its share, but it is also necessary for us here and now to begin and carry our share from the beginning. That is the only honest thing to do. It is the honest thing to put this up to the community at this moment, and it is the honest thing for this Council in its last year of life to lay the lines and not simply leave to the Councils under the new Franchise,

of 1946 and 1947, to face up to it. I know it is not the popular or palatable thing for Government to put up proposals of this kind: it is maintenance of some degree of development and maintenance of some degree of taxation, but I regard it as the only honest thing to do, and it is for this Council to thrash it out here and now rather than in the future.

We sometimes think that Development and Welfare are going to do our development for us. We are going to get something out of the \$120,000,000. I think it will be a worthwhile share, good in comparison with elsewhere. I am sure that it will be a good one because everybody knows we have our special problems. But it will only take us a fraction of the way, unless we are prepared to supplement heavily out of our own pockets and resources, if we want development of this Colony. The policy of Government is maintenance of a reasonable level of direct taxation, at the same time high indirect taxation, of all luxuries and non-essentials, at the same time, where we can, reduction of indirect taxation on essentials. Sometimes it seems to be forgotten that when we brought in a higher level of direct taxation in 1943 we also did a lot of dropping of indirect taxation, of something like half a million dollars. That was by direct waiving and reduction of Customs dues and by waiving of a number of small taxes and levies, particularly in rural districts.

This raising of the questions of extra revenue or maintenance of level is of course a difficult subject. It is not one to be rushed. I have not the slightest intention of rushing it. All possible channels will be pursued, considered, and given utmost attention. There are many objects of taxation. I can well believe, in this Colony which can be pursued, and let us pursue them and think it out at leisure with ample consideration of every point raised. As I had said before, I do not regard

this as a poor country. There is a lot of money in this country now. We have the means. I had said posterity will also pay, but we must pay our share and we must, if we are going to get development, expand the public credit. Unless we are prepared to do something like that we should waive all claim to Imperial funds, and our own effort should supply at least a half and possibly more of what the United Kingdom can give us.

As I said already, Government has endeavoured to put these things candidly to the community at this moment. I know it is unpalatable, I suppose that with the war over we all thought we should come into a new world, everything easy, supplies cheap and money ready. I have never said that. I have always insisted that our post-war years were going to be our most difficult. Admittedly we have all these difficulties in front of us. If we have any hope, and vision or any faith in the future of British Guiana we should not run away now from these obligations, but in the first place face up to them until we can clear off these war-time obligations, and at the same time lay the lines and begin on the way to that development of this Colony for which it so very much cries.

DOUBLE TAXATION.

I omitted one small item. There is a very important decision particularly in the United Kingdom, and that is about "double taxation," where taxes may be levied on commercial interests which may be active in a colony. I will put up something when we get a little more information on that, though I do not think finality will be reached just yet. I will take the opportunity some time to let the Treasurer tell us what he can as to what is going on.

Mr. JACOB: I have listened very carefully to Your Excellency's very interesting review of the budget posi-

tion and I must say at once that I think some of my criticisms would have to be modified in view of what you have said. I know there are some hon. Members who are not prepared to support the proposals in the budget—I am not prepared to support them all myself—but I am sure that some of their criticisms would have to be either abandoned or greatly modified. I am not at all alarmed over the deficit figures given in the budget, since they are totally inaccurate in my opinion. I am going to submit some figures given by the hon. the Colonial Treasurer over a period of years and if they are carefully considered it would be seen that the figures given in this budget are very inaccurate indeed. I have all the Statements here and I will begin from the year 1941. In 1941, the deficit was given as \$219,278; in 1942, as \$402,765 while in 1943 the deficit was not determinable by figures, but the hon. the Colonial Treasurer stated that it would have been very considerable. At the beginning of 1943, however, there was a surplus of \$4,461,641 as disclosed by the Budget Statement in December, 1943. In 1944, the Statement showed a deficit of \$674,107 and in 1945, a deficit of \$844,541 yet there was a surplus of \$950,659 at the end of 1944.

It is clear from the figures I have quoted that we started off with deficits from year to year and then found ourselves with surpluses, the surplus for 1943 being \$4,461,641. As a matter of fact, that surplus was at the beginning of 1943 and not at the end, so if we were to follow on that point and refer to the abnormal deficits that have been given in the Budget Statements, I should not be in doubt at all—in fact I am sure—that those figures will not materialise. I hope hon. Members would share the views I have expressed here and that they would study the figures given and ask why the Council should be burdened with such hopelessly inaccurate figures. This Government would

not profit by past experience in presenting the Budget Statement, and so it says in accordance with its policy that there will be a deficit each year. We find that at the end of 1943 or the beginning of 1944 the 1943 surplus of \$4,461,641 had increased to \$6,950,659—nearly seven million dollars—but this Council is being presented with Budget Statements showing no surplus whatever.

I have given these figures very careful study during the last three or four years and it is regrettable that I cannot put my hands on the debates for 1943 and 1944 to see exactly what happened on those two occasions. Like myself, other hon. Members are always anxiously awaiting information from officers who have specific knowledge or training and we have a trained officer in the hon. the Colonial Treasurer who should know that the figures submitted in the Budget Statements place hon. Members of this Council at a great disadvantage. We are unable to follow Government's methods in arriving at certain figures, but we have to accept them as reliable. It is regrettable that Your Excellency has not given this Council some estimate as to what you yourself think of the financial position. Maybe, Your Excellency was leaving it to the financial expert of the Colony to put the financial position before this Council, since Your Excellency pointed out that things had to be done along certain lines on account of the war.

The PRESIDENT: I think what I did say was that it was impossible during the war years to budget with any degree of accuracy. That is the burden of what I said.

Mr. JACOB: But Government have refused to profit by practical experience—experience based on some of their own figures in some of their own reports. I think it is unfortunate

for the Budget Statement to show a deficit of 2½ million dollars in 1945 and a deficit of three million dollars in 1946. The expenditure figures are all greatly inflated, while the revenue figures are far below what they should be. Whenever I ask for information relating to these matters it is given with the greatest difficulty and, in fact, most of the information I require is never obtained. Perhaps that attitude would be changed later. I take a great deal of interest in these matters, but whenever I ask for specific information it is not given. I venture to say that if Government had gone into the revenue figures more carefully a deficit of 2½ million dollars for 1945 would never have been in the Budget. Looking at the Estimates for 1946, I find on p. iv., under the head of Internal Revenue that the actual amount of income tax collected for 1944 was \$2,519,000 while in the 1945 estimate was put at \$500,000. Now, the latter figure has been revised at \$2,000,000 and yet in 1946 the approved estimate is put at \$1,600,000. In 1946 we find ourselves in this Council increasing certain rates of income tax—I make that statement subject to correction—and I cannot understand why the budget itself makes provision for increased taxation but makes no provision for anticipated increase in revenue.

The COLONIAL TREASURER: If you consult the Budget Statement it would be quite clear that the estimates are based on the collections of the current year. The budget proposals are only put in for the information of the Council and that fact should be taken into consideration.

Mr. JACOB: I would ask why aren't the same figures used as those indicating the revenue for the budget year.

The COLONIAL TREASURER: I do not want to interrupt the hon. Member, but as I have stated in this

Budget Statement increased revenue was derived mainly from the special war-time industries such as bauxite and from other special war-time services well known to hon. Members. I hope to persuade the Council to accept a motion whereby income tax would go up by a few points but not from trade as hon. Members, I am quite sure, will agree that it would be misleading to expect bauxite trends to keep up.

Mr. JACOB: I think that statement would be more applicable to excess profit tax than to income tax. The Colonial Treasurer has presented certain figures for 1943, 1944, and 1945, and I am going to repeat that these figures are hopelessly inaccurate and hopelessly miscalculated. Of course, I am never correct in anything I say particularly when it refers to the financial experts of the Government. It is felt that I know absolutely nothing about what I am talking about, but I want to refer to the speeches made by the hon. the Colonial Treasurer in 1943 and 1944, and to show that it would have been perfectly safe to estimate for 2½ million dollars from income tax in 1946, but we must put these figures in an unfavourable light in order to create panic and in order that certain advisers of Government may read into them certain things.

The COLONIAL SECRETARY: To a point of order. I would like the hon. Member to say why should Government wish to create panic. This is a rather important question.

Mr. JACOB: I think the hon. the Colonial Secretary must realise—as a matter of fact, the attendance here today shows that something is wrong. There is a meeting of the Chamber of Commerce and I believe it will have some good influence. Government would have to be cautious. To say that Government created a panic or that a panic has been created—

The COLONIAL SECRETARY: I did not say that. I said “Would you inform me why Government should want to create a panic?” Why should Government want to do so?”

Mr. JACOB: You may not have done it intentionally (laughter) but a panic has been created. While you are quite new to this Colony I credit you with many things, but I cannot say that I credit other officers of this Government, who have been here for a considerable time, with many things. I want to be very impersonal in my remarks. I want hon. Members who are posing as experts, who believe that they know and are in a position to represent things correctly to the public and to this Council, to do so honestly and conscientiously.

I am not satisfied that this is really a conscientious budget in spite of what Your Excellency has said. I however accept Your Excellency's assurance that this is an honest and candid statement on the financial position of the country. Your Excellency may have that in mind. I am saying that the anticipated revenue from income tax should have been put down on the estimate at 2½ million dollars, basing it on the revised estimate for 1945, and a little less than the actual revenue in 1944. Even if Government does not collect the full revenue from income tax it should not collect less than it does at the present time. Instead it has actually budgeted to receive less on the basis of existing taxation. We have heard so much about the bauxite industry but I am yet to be convinced that this Colony is not going to receive over 2 million dollars from income tax in 1946.

As regards excess profits tax the actual revenue in 1944 was \$2,042,060. The approved estimate for 1945 was \$1,500,000, and the revised estimate \$1,300,000. The estimate for 1946 is just \$1,000,000. In other words, while

the actual revenue in 1944 was 2 million dollars Government only expects to receive 1 million dollars in 1946. There may be some justification for that on the basis of the exports of bauxite, but I say again that if Government intends to pursue its policy in regard to income tax and excess profits tax it should be a little more vigilant. I am not satisfied that Government collects all the income tax and excess profits tax it should, but that is a matter for Government. I have no doubt whatever that unless something miraculous happens Government will collect more than one million dollars in excess profits tax. If Government has no confidence in this Colony or in the businessmen here who pay these taxes why did it put any figure down for income tax or excess profits tax? I am not at all satisfied that the figures are correct. I am not at all satisfied that the budget deficit will be as large as is anticipated. I am also not satisfied that the estimated revenue receipts will not be far more than the figures recorded in this estimate.

What I am concerned about is the reduction of expenditure. I trust that hon. Members will ask for an opportunity to go into these estimates so as to return here with a united front to reduce various sums in this estimate preparatory to greater reductions in the years to come. The expenditure figures have gone up tremendously. We have not received benefits commensurate with the expenditure incurred and what we hope to incur this year and possibly next year. It behoves Members of this Council, nominated and elected, to meet and present a united front so as to let Government understand that we cannot allow this reckless expenditure in some cases, extraordinary expenditure and, what is worse, money voted not properly spent. Lack of supervision we are told and all kinds of things, but I am satisfied that our expendi-

ture should be greatly reduced, and we have to begin from the cents to the dollars, from the hundreds to the thousands, and possibly go to a million or so. We have to begin from the Governor's vote in order to reduce expenditure. I was looking at it only last night and I believe it can be reduced by a few thousand dollars. I trust that hon. Members do not infer that I am referring to the Civil List. I am not; that cannot be touched. I am referring to the expenditure on staff, etc. In 1944 the actual expenditure was \$40,000. In 1945 it did not go up, but for 1946 the estimated expenditure is \$41,332, an increase of \$1,123. I think a good deal of the clerical establishment can be reduced. In 1944 the expenditure under that head was \$2,447, and the estimated expenditure for 1946 is \$5,000. The war is over but far too many statements and far too many papers are being circulated in the Colony, resulting in other necessary papers not being circulated. The result is that we find ourselves with increased expenditure on printing and making practically no progress. I think the whole increase for 1946 should be removed.

The PRESIDENT: I would not mind a bit. I wish you would do it, but then I shall push the work on somebody else. The Colonial Secretary could carry on if you like. I would like to tell you that my staff now has one senior officer less than in the last two years. Major Smith is no longer with me, and is not coming back.

The COLONIAL SECRETARY: I would like to tell the hon. Member that some of the work would be reduced if he would not write so many letters to me. (laughter)

Mr. JACOB: My letters are so infrequent—in fact I would not even interview senior officers of the Government because I know their policy is settled, and something extraordinary must happen to upset them. I would

not upset them at all. I will leave them to rush into the abyss, and they are heading there.

The PRESIDENT: There must be something wrong with all of us.

Mr. JACOB: There is something seriously wrong if the expenditure is doubling itself and we see no improvement on the productive side. There are a volume of papers in circulation but how many hon. Members read them? They are not even looked at although money is spent to print them. I think it would be far better not to print them. It is a scandalous waste of money to print and circulate papers when very few Members of the Council read them.

The PRESIDENT: One of the complaints we have had from Members of Council is that we have not kept them informed. Now that we do try to keep them informed Government is blamed for it.

Mr. JACOB: I think it ought to be stopped, sir. (laughter.) I trust that hon. Members will support my view that we should meet and decide what items should be reduced, and we ought to be able to reduce at least a couple hundred thousand dollars of the ordinary recurrent expenditure, and a substantial sum on extraordinary and other expenditure.

Perhaps all I have said is destructive but I want to say something constructive too. At least I think that what I am going to say now will be constructive. It may be destructive too from my hearers' point of view. I have criticized very strongly the raising of the five million dollar loan. I believe that the bulk of that money is lying idle. The statutory charges in connection with the raising of that loan amount to \$700,000, and I believe it is Government's point of view.

The COLONIAL TREASURER: May I ask the hon. Member to explain that?

Mr. JACOB: I think the figures are incorrect. The sum is not \$700,000, but the statutory charges must have been a substantial sum.

The COLONIAL TREASURER: The hon. Member is quoting or commenting on a certain passage in the Budget statement which merely says that one of the first items of expenditure to be charged against the proceeds of that loan is the amount of money used to redeem the 4% loan. That amount is \$700,000. By using the word "statutory" I meant to infer that that charge was the result of action taken in this Council by resolution or by a Bill. That was the first charge. Actually the expenditure on the raising of the loan is very small. Apart from the cost of printing the bonds, and the employment of two clerks for about a month, I do not think the expenditure will amount to more than a few thousand dollars.

Mr. JACOB: I think it would be far better for the Treasurer to make notes of what I say and reply later. I am glad he corrected me, but I was going to correct myself. (laughter). Members may laugh but I am going to make the substantial point that although the Colony has a surplus of nearly seven million dollars we have raised a loan of five million dollars. I do not know what it is proposed to do with all that money, but of course the anticipated budget deficits for 1945 and 1946 would more than swallow up the loan, therefore it was necessary from Government's point of view to raise the loan. I think the Colony is burdened far too much with public debt and public debt charges which amount to over a million dollars.

The PRESIDENT: The figure is \$1,112,000.

Mr. JACOB: It is \$1,113,000 as compared with an actual expenditure of a million dollars in 1944. The sum of \$113,000 has been added to the estimate this year. In my opinion that

\$113,000 should not have appeared on the estimate, and the amount of \$700,000 as shown in the statement in respect of the redemption of the 4% debentures could have been met from the outstanding surplus balance. In quoting the figure of \$700,000 that was what I wanted to say. It was not necessary to raise a loan to begin to pay that \$700,000. We have seven million dollars lying idle, or most of it. I appreciate that two million dollars is with the Imperial Treasury but four or five million dollars is available, and the \$700,000 to redeem outstanding 4% debentures could have been taken from the surplus balance rather than wait until Government raise a loan. This amount is mentioned in the Budget statement to let the Council understand that the loan was raised with a set purpose. That does not impress me at all, and I hope it does not impress any hon. Member much less than the public.

The COLONIAL TREASURER: I must interrupt. The raising of the loans was debated fully in this Council and its purposes were explained and accepted. It is the act of this Council, not the act of the Colonial Treasurer. The time when that particular item should have been reduced was then. It is no good charging Government with this.

Mr. JACOB: I quite agree that a majority of the Council approved of it but I did not approve. I think I have the right to refer to it again and again, and I trust that when I refer to these things they will have some impression on Government. I am saying that the Colony is burdened with over \$100,000 interest on money lying idle, plus other charges for the purpose of raising the loan. It therefore increases the estimated deficit by a substantial sum. I can quite understand certain hon. Members — I will not say the majority—wanting this loan raised because it was a suitable

opportunity for them to invest their money and gain a reasonable rate of interest. I sympathize with these hon. Members, and I will sympathize with them too when they raise the question that income tax rates and other charges should not be increased so that they may pay off some of the savings they have accumulated. I think it is necessary for all those people who have large sums of money to invest to realize that there are large numbers of people who cannot even feed, clothe or house themselves, and I think Government has realized to a very small extent that it has an obligation to those people. If Government intends that its income tax proposals should go through I should support Government 100 per cent. I think it is necessary to be sure that Government gets its revenue and that the Colony's finances are in a healthy position so as to plan development. It is necessary for us to develop the existing industries of the Colony and to create new industries. I think we should make sure that we have the money to meet our expenditure and then borrow money to develop the country. If we cannot balance our budgets we naturally cannot expect investors to lend us money, or even the Imperial Government. I therefore support Government to the limit of its income tax proposals and other proposals to raise additional revenue to meet the deficits we anticipate this year and next year.

Reference is made in the Budget statement to the raising of a further loan. I trust that Government will proceed very warily because, while it is endeavouring to collect money with one hand, it is throwing it away with the other. I think the Imperial Government ought to lend this Colony one or two million pounds. When we have exhausted all of our reserves and we cannot get money to carry on the Government, then and only then should we raise a loan. It is hopelessly false economy to have a surplus of seven million dollars and raise a loan of five million dollars. I pride myself in being

able to make a substantial living for myself, and I have not done so by borrowing money. I have tried to get money and pay as little interest as possible. No prudent Government would go on borrowing money and budgeting for a deficit. I do not know if it is the policy of Government to burden the country by enabling the rich man to invest his money and live happily. We have rich people with huge sums in the Banks and in the Post Office Savings Bank where they get 1% or 2½% interest, and they are to be given the opportunity to invest that money at 3½%. Government then says it has some concern for the poor man. On the face of things it looks so, but when I go into the matter very carefully I find that Government has very little regard for the poor man. The ordinary taxpayers will have to meet this \$100,000. Government has blundered grossly in raising that five million dollar loan, and I hope it will not do it again unless the Imperial Government refuses to lend us money.

This Colony needs development; we must develop our industries. I think the sugar industry should be greatly developed. The production of sugar should be increased by another 100,000 tons. It has doubled itself during the last 20 years; let us hope it will do so during the next 5 or 10 years. Let us hope too that some of the benefits will go to the people who actually plant the cane, help to manufacture the sugar, and help to market it, and not to the moneyed people only. I think a different system should be adopted in the expansion of the sugar industry. Let the sugar estate proprietors continue to control the factories, but let the land be given to the people to plant under their supervision, so that we might double or treble our production of sugar. Trinidad attempted that system but it failed because there was no confidence between the producer and the manufacturer, and certain world conditions intervened. The system which operated in Trinidad

successfully for a long number of years should be tried in British Guiana. I think there would be far more peace and harmony between employer and employee on the sugar estates. Sugar is being heavily subsidized—I do not know why, but since it is so I think the majority of the people would be prepared to allow subsidization and preference to continue if they share the benefits.

As regards rice, let me begin by saying that I know absolutely nothing about it. The hon. the Colonial Treasurer, the Chairman of the Rice Marketing Board, knows everything about the rice industry. There is a Board of experts—lawyers, businessmen, and so on—but there are very few practical men. Government has such confidence in those gentlemen that it appears to be satisfied that the industry should remain stagnant. I have some figures here. It is unnecessary to quote them; they have no effect on the Government. At any rate they have no effect on the Treasurer who is an expert on rice export and finance.

I think it would be safe to say that the export of rice this year will be 25,000 tons, possibly 28,000 tons. It will not be more. Before Government assumed control of the industry in 1933 the export of rice was 29,000 tons, but from 1933 until today, with all the expert knowledge on the Rice Marketing Board and all the facilities, the export of rice has decreased, and I say that the quantity exported in 1945 will not equal that exported in 1933 before Government took over the industry. Those are all the figures I propose to give. We have heard about the wonderful expansion scheme, the wonderful system of mechanization, and all sorts of phrases. The plain blunt fact remains that the export of rice has not increased.

The COLONIAL SECRETARY: I rise to a point of correction. The plain

blunt fact is that we have increased the production of rice. There again, I say I know absolutely nothing about it. I am making the statement based on documents—based on Government's figures—but I am not saying what is to be done to increase the revenue from the item, because I am supposed to know absolutely nothing about it. The plain fact remains that there are figures and, fortunately, they have been signed by the hon. the Colonial Treasurer.

The COLONIAL TREASURER: They are export figures.

Mr. JACOB: Yes; I know. The production of rice could have gone up to 200,000 or 300,000 tons—equal to that of sugar—since it is not more than 60,000 tons at present. About 12,000 tons of sugar is consumed locally, per annum, but the consumption of rice is double that. In other words, if we consume 14,000 tons of sugar annually, we consume 28,000 tons of rice. Yet we have sugar production doubling itself within 20 years, while rice production has been stationary within the last 12 or 15 years, although Government say they have done everything possible to increase it—by bringing certain experts along with improved machinery and so on. In my opinion, however, Government have done nothing to increase the production and export of rice to any appreciable extent. It is fortunate that the Colony had a rice industry, otherwise the population would have starved during the last three or four years. It kept the people from starving during the war years especially, and I hope that the people who built that industry would receive their just reward in due time. The industry is being handled by financial, production, mechanical and all kinds of experts who know absolutely nothing about it. When it comes to the marketing of rice, however, I challenge any single individual in this Council and, as a matter of fact, any single member of the Rice Marketing Board to know what I have forgotten about it.

As a matter of fact, I am glad the Government has taken the industry over so that all the slanderous things that have been said about it may be stopped.

Now, as regards the other industries, I should like to know what Government proposes to do about the coffee industry. Government have failed to do anything for this industry and the same thing applies to the coconut industry, to cattle-farming and so on. All these things have languished and it is time that we find it possible to secure sufficient funds to rehabilitate them. Let us take minor industries also; several committees have been set up from time to time and we have heard all kinds of things but one does not know definitely what this Government proposes to do. One or two people have tried to bring forward certain plans, but they have been hindered and obstructed and not given facilities. It is for Government to decide to establish new industries—to rehabilitate those that have been rotting and to help those that are coming up to expand. The responsibility resting on Government in this matter is great and Government should face it. Let the financial expert put figures before the people, before this Council and before Government that are correct; let us have experts organising agriculture and so on along proper lines, but for God's sake don't let the man who knows about figures dabble in the production of things he knows nothing about. That is the crux of my whole argument—you have men working here with misdirected intelligence, misdirected ideas and misdirected thoughts—but I say that if a man is an expert let him stick to his own line of work—let the shoemaker stick to his last and the tailor to his shears. It is because we have people in this Colony who do not follow these principles that we are in the mess we have found ourselves in.

Mr. FERREIRA: I am one of those who listened with great appreciation to the address delivered by Your Excellency and I think I am right in saying that most hon. Members of this Council and the general public welcome very heartily the policy you have outlined. We all agree that we should not allow this Colony to drift back into the old ways and that we should do our best to keep up the standard which we have just achieved. I feel however that there are certain items in this budget in which it would be possible to effect some economy when we come to them and I think it would be a good idea if Elected Members could take opportunity to meet some time or the other and discuss them so that we would be in a position to put forward something constructive to Government in relation to some of the schemes proposed. I do not agree with the last speaker at all when he suggests that the figures submitted by the hon. the Colonial Treasurer are just haphazard and that they are deliberately making the Colony's position worse than it really is. I am not attempting to defend the hon. the Colonial Treasurer, but I do think he is perfectly correct at a time like this—a transition stage—to be conservative in his figures. One certainly does not know what the true position would be at the end of 1945 or 1946 and it would be absolutely wrong for anyone to suggest that because there was a surplus at the end of last year it would continue to mount up.

As a matter of fact, from the figures before us now it would appear that at the end of 1947 there would be no surplus. When one states that the Colony does not need any loan for development purposes, I would ask by what means would we rehabilitate the Transport and Harbours Department which calls for about two or three million dollars, put our roads in order and go in for major works without the aid of a loan? If we were to do all these things from direct revenue I am sure we would be taxed out of all

endurance, although it has been stated already that we are being taxed too much. I think we would have to look for funds to help develop the country and that it must be realised that if we are to make any progress in British Guiana we must industrialise the country, but that cannot be done merely by getting money from current revenue. For that reason we must raise a loan, because I do not see how we can look to the Imperial Government to pay our expenses year after year. In fact, I am against the idea that we might be able to get so much money out of the Imperial Government.

There is one item in the budget that concerns me much because it shows a deficit of something like \$1,000,000 and that is the Transport and Harbours Department. I took notice of it last year also and it gave me very much pleasure today to hear Your Excellency say that some effort will be made to make the Department pay its way and reduce substantially the debt which we see before us.

Then again, we have certain items such as Subsidisation and Colonial Development and Welfare schemes and I think the time has come when we should have our own policy in these matters. We do not want to be blindfolded by anyone and that is why I think that subsidisation should cease. As regards the Grow More Food campaign, I admit that it has done very much good in the last two or three years and that it came at a time when people were going away from the land. The campaign did much good for residents in the City as well as the country districts, but I think the time has come when we should restrict expenditure on it, if not abolish it entirely.

As regards the question of war bonus, that in my opinion has come to stay and I think we have something in the vicinity of \$1,000,000 to meet under that head from year to year. We

voted more money last year for the Police and also voted increased salaries for teachers and, recently, for subordinate employees. I do not think any hon. Member of this Council would say that the amounts under these various heads are too high. These increases cost the Colony a lot of money and we cannot go back on certain things, but we can be cautious. If hon. Members have any other suggestion to make there is no reason why we cannot put something to Government that would be reasonable and constructive.

Mr. C. V. WIGHT: Apparently no other Member wishes to address the Council, therefore I am going to suggest that the question be now put.

The PRESIDENT: My intention is to go as long as hon. Members wish—today or tomorrow. I intend to put the question and then go into Committee. I thought of leaving today and tomorrow clear and I am prepared to go into Committee now if hon. Members so wish. I want to see the matter fully discussed.

Mr. SEAFORD: I want to be quite frank in anything I say on this matter. I have just returned from a somewhat arduous trip abroad and have certainly not had time to go into the budget proposals in detail, but since the expenditure is obviously growing there are certain points which I would like to have an opportunity to discuss with my brother Electives and also with Nominated Members. I want to suggest, however, that hon. Members should meet Your Excellency and the Colonial Treasurer in special committee to discuss these matters and to arrive at ways and means of facing up to these obligations. I feel we have a right to consider the matter further, since we are representatives of the people and should have some policy here.

The PRESIDENT: I really must intervene. I have constantly asked hon. Members to go into Finance Committee with the Treasurer where all these things could have been gone through thoroughly. If hon. Members had attended we would have gone through all these matters and I would have known what would be the feeling of the Council. What I would further suggest is—I don't know whether the hon. Member for Berbice River and the other hon. Members would agree, but if they do I suggest—that they meet the Treasurer and myself and we might be able to expedite a good deal of this discussion by seeing whether we could cut expenses.

Mr. SEAFORD: I quite appreciate Your Excellency's point. I am not trying to lay the blame at the door of Government because I know that Government has tried to get the Members of this Council together so as to expedite the business. I am blaming hon. Members for not taking advantage of the opportunity and for not realising their responsibility. We are told that there will be a deficit of 2½ million dollars this year and one of \$3,000,000 next year; therefore most of our surplus will be gone. I am told that most hon. Members anticipated this position, but it seems to me that people in this Colony are always prone to sit down and hope for something to turn up. We must face the position, however, and get down and make suggestions to meet the change.

The hon. Member for North Western District has blamed the Colonial Treasurer for being far too pessimistic in this Budget Statement, but as a Member of this Council I realise how absolutely impossible it is for anybody to anticipate what the Colony's revenue is going to be during this year. No one could anticipate what would be the amount of money floating about the Colony and whether Customs revenue would go up since there has been a

falling away of industries in the Colony and people have not been importing the large amount of goods they imported hitherto. I do not know that we can arrive at any estimate either as to what would be the revenue from the bauxite industry. I think this budget has taken every Member of this Council by surprise and I for one thought the deficit next year would have been in the vicinity of \$2,000,000. I remember that some years ago Government unexpectedly found itself faced with a deficit of \$2,000,000 and I remember how big that was considered to be at the time.

I do feel that an agricultural country is naturally a poor country. I, personally, do not know one which is not a poor country, though I am told that New Zealand is not. If we are to live up to the standard that we are aiming at, however, it is absolutely essential that industries should be started here in the near future. I do feel that we should get together—all the Elected Members and, perhaps, members of the Chamber of Commerce—and see how we can put our house in order. I am told that papers are going around relating to certain minor industries, but I have not been fortunate to see them yet. I do know, however, that we should get together and endeavour to get new industries started, because we have to increase our production in order to raise our present standard of living. We had a surplus of \$7,000,000 but now we would be left with only about \$2,000,000. Are we going to sit down and wait for Government to start new industries and do everything else? I am rather loath to ask Government to appoint any more committees, but I think we should ask for the appointment of a committee comprised of Members of this Council along with some outsiders to go into this vitally important question.

The PRESIDENT: I think I should intervene here to say that in my opinion we have a representative cross-

section of commercial interests in this Council, but I will bear that in mind. I should like hon. Members to have some clear picture of the economic position and then I can appoint a committee that might possibly serve all parties.

Mr. SEAFORD: I thank Your Excellency. I am saying that it is no good our sitting down now that nearly all our surplus is gone. We have to do something to bring us more money—more revenue—if we are to keep going in the right way. If we are just going to raise loans for sea defences and so on—the bugbear of this Colony in the past and one of the things that have dragged us in the mire—we will never make satisfactory progress, since by raising loan after loan we would only be putting a millstone around our necks. We have got to find other means for bringing about development and the sooner we get down to work the better. I am not pessimistic, but I do say that we must put our house in order and find the means to carry on. As I have already stated, I have not had much time to go into the budget and therefore I am not going to attempt to criticise in any way. I do feel that any criticism we make here should be constructive and, therefore, I appeal to hon. Members to let us get together with His Excellency the Governor and the Colonial Treasurer and see what help we can give. I am sure that would expedite the business of the Council, since none of us wants to waste more time here than we need.

Mr. EDUN: I am afraid I cannot allow this occasion to pass without saying something about this budget. If Your Excellency had made the speech you delivered this afternoon when the budget was presented by the Colonial Treasurer, I think your survey of the economic situation in this Colony would have allayed our feelings to a great extent. I consider that at a budget meeting it is the privilege of repre-

sentatives of the people to examine what Government has been doing during the year under review—a privilege which only democratic countries could have—and it pains me to think that some hon. Members do not care to exercise this privilege, but would let the occasion pass and then go to the Chamber of Commerce perhaps and make ugly remarks there although this is the best place for any hon. Member to call Government's attention to any particular phase of its policy. I consider that this budget meeting of this hon. Council is the business meeting of British Guiana—I wanted to say "Unlimited", but I will say British Guiana "Limited." Perhaps we could regard the general inhabitants of the Colony as the shareholders of this business the hon. Members of this Council—Elected and Nominated—as the directors, and the Civil Servants along with the members of the Executive Council as the executive heads of the business.

In the ordinary routine of a democratic country it is indeed a privilege to examine every phase of the Government's policy—social, economic or political, and sometimes we might go further and examine the moral phases of Government's action in certain matters, and the spiritual aspects too. I feel certain that if we allow this occasion to slip and merely think about meeting in Finance Committee and glancing at papers we could be guilty of not exercising that privilege. With those few remarks it would not be out of place for me to survey the speech made by the Colonial Treasurer and gauge exactly what is actuating Government. I consider the Budget statement a precious document in which I could see whither Government is leading us.

Having examined the economic phase of the Budget statement I do not think there is any fear of grave economic consequences next year or even in 1947, but I say this: that an

overall picture of the economic or financial position of this Colony has not been given in this document. If I had not listened to Your Excellency's speech this afternoon I would have been in the dark as to what actually the Colonial Treasurer wants to tell us. Your Excellency has done very well indeed in giving us that very fair picture from which I am convinced that there is absolutely nothing wrong with this Colony financially. As I go along I propose to quote one or two paragraphs of the Budget statement in order to discover Government's policy for the future—whether it is prepared to follow a policy directed by this Council, or whether its policy will be directed from the Colonial Office. I see no indications in this document, and I have heard nothing in Your Excellency's speech to indicate what will be Government's political policy in the future. I therefore propose to examine the Budget statement carefully and I would ask hon. Members to pay some attention to what I say. The Colonial Treasurer states:—

"It is generally known that contrary to expectations the war did not have an unfavourable effect on the economic fortunes of the Colony."

That is a very important statement, but whether it is true or not will have to be investigated. In other words it means that we have been fortunate in receiving benefits as a result of the war, but if after careful scrutiny we find that it is not so then Government has misled us. Let me quote again from the Budget statement. On page 4 in the second paragraph it says:—

"On the basis of the estimates of expenditure and revenue which I have quoted there would be a deficiency on the year's transactions of approximately \$3,500,000....."

Here are two statements, one contradicting the other. In other words we made a fortune out of the war but not six months after there is a deficit

of \$3,500,000. How can those two statements be reconciled? I will go further into this document to see whether I can see light. The next paragraph states:—

“The budget and its implications for the future, in the face of a declining revenue, will accordingly be a matter of concern to the Council, and the questions of policy which arise therefrom will require careful and early consideration.”

I would like to find out what was passing through the Colonial Treasurer's mind. He says that we made a fortune out of the war and then suddenly, like a bolt from—

The COLONIAL TREASURER: I think the hon. Member should take it in its context; he should go on reading. I said that the war did not have an unfortunate effect on our fortunes. Then I went on to qualify that by pointing out that at the same time we have suffered a severe physical deterioration of our assets. I referred, of course, to our roads, buildings and such things. Although we did very well we must not judge our position just by our cash balances, but should look at the whole picture.

Mr. EDUN: I am not going to deny what the Treasurer has said, but as laymen we ought to be given a simple overall picture of our balance-sheet of expenditure and revenue — a simple statement showing how revenue can be got and what our expenditure is likely to be.

The PRESIDENT: You will find that on page 2.

Mr. EDUN: I am coming to that. What I want to bring to the notice of hon. Members is—

The PRESIDENT: On page 2 there is one thing which I should have said—that our recurrent revenue balances our recurrent expenditure with a

margin of over \$300,000. That is deliberately set out on page 2. It is extraordinary and additional to those things.

Mr. EDUN: I have seen that but I wish to continue with my survey of the very able way in which the Colonial Treasurer has dealt with the Budget. I am endeavouring to bring to the notice of the Council that if there was any prosperity at all as a result of the war that prosperity was ephemeral or existed only on paper. In other words the value of that prosperity must be assessed by the bulk of our exports. I agree with the Colonial Treasurer when he says that that prosperity was due to a large extent to the export of bauxite. If without notice the export of bauxite was stopped as a result of the cessation of hostilities then we ought to turn to other phases of our economy. In other words, if we had to do without the revenue from bauxite and there is not sufficient revenue from the export of sugar, rum, molasses, rice, etc., we have to examine the whole picture and see how we can cut our coat with the cloth we have. On this point I will quote the following passage in the Budget statement:—

“...and, as regards revenue, the possibility of the maintenance of income to the level necessary to retain financial equilibrium still depends on a number of external factors not within the Government's control which affect the Colony's economic situation.”

Now what are these external factors? If, for instance, our internal revenue is sufficient to meet our expenditure, what external factors have we got to be concerned about, except perhaps our markets? The Colonial Treasurer states:—

“The budget and its implications for the future, in the face of a declining revenue, will accordingly be a matter of concern to the Council and the questions of policy which arise therefrom will require careful and early consideration.”

I do not think there should be any fear about the declining revenue, at least for a few years to come, if at all

this Colony is able to increase its exports of commodities, but it calls for more than just wishful thinking. It calls for a policy, and the very pertinent question arises as to what will be Government's policy, and whether it will be directed from this Council or from the Colonial Office?

The COLONIAL TREASURER: I think it would help Members, at least the hon. Member, if I said something about what I had in mind. In the Budget statement I referred to the fact that the Colony's revenue had been enhanced as a result of war expansion of the bauxite industry. That industry has put up a plant which is capable of producing a very large quantity of bauxite at a very cheap figure, and what we all hope is that in peace time the company will be able to maintain a very reasonable quantity of exports—never as much as during the war but a substantial amount of export. That is one factor.

Then we have the question of sugar and what is going to be the position. Are there going to be quotas, is the preference going to be maintained, and what is going to happen with regard to international trade between the United States and Great Britain? All these matters affect this Colony. I do not at all suggest that we are going to be governed by the Colonial Office.

Mr. EDUN: I appreciate the point raised by the Colonial Treasurer. I am satisfied that without increasing our exports we would not be able to pay for public services. May I ask at this juncture what is Government's policy? We see here mounting expenditure on health, educational and other services, and the change from a war-time to a peace-time economy has been so sudden that it is not possible to make a reduction in those services. After the last war I can remember that in England the "Geddes axe" was resorted to, expenditure being cut down from top to bottom. That would be a

very rational thing to do in a situation of this kind, but in Your Excellency's speech this afternoon you pointed out what the situation would be if health, educational and other services were reduced. In my survey of the whole situation I see no other way of escape except by reduction of our expenditure or by borrowing. I cannot visualize that within a few years we would be able to increase exports of the commodities we produce in order to be able to pay for the machinery and other things we have to import.

The hon. Member for Georgetown North (Mr. Seaford) was right when he said that Government could not be expected to create industries but should give a lead to a set of financiers in that direction. I do not see how we could continue this large expenditure on public services without increasing our exports. I have no faith in the industrialists of British Guiana, absolutely none. During the war I read a lot of talk from the talking shop of Georgetown—the Chamber of Commerce.

The COLONIAL TREASURER: The people to whom the hon. Member is referring are not industrialists. (Laughter).

Mr. EDUN: Perhaps I should enumerate the industries in which they are concerned and which are being carried on in Georgetown today. I refer to the insurance industry, money-lending, rumshop, rent racketeering, pawnshop, brothel, black-marketing, Poor Man Shops, cakeshop and the Dharam Sala. Those are the kind of industries we see in Georgetown. They are not producing; they are parasitical in the economic sense. I took particular note of the fact that certain hon. Members of this Council banded themselves together to form a company to carry on what is nothing but a glorified cakeshop in Water Street. It has changed hands since then. I would invite those Members to cease talking and go into the interior and dig some of the gold Your Excellency spoke about quite

recently. Let us overcome the difficulties of the falls and produce more gold to sell to the United States and buy some of their machinery. I would not mind our exporting all our raw products to the United Kingdom provided we can do so on the basis of equality, and by that I mean equality in every sense of the word.

The time has come when Government itself will have to do something. Only yesterday I had an interesting discussion with the sugar industrialists, and I think they are leading the way to some kind of stabilization for the industry and the workers concerned. Even in the sugar industry I am satisfied that there can be more production.

I agree with the hon. Member for North-Western District (Mr. Jacob) that Government is bungling with the rice industry; it is a complete failure. The mechanization at Abary is a hopeless muddle. The cost of production is too high and it can never be made to pay. The overhead expenses are very high indeed. Those are the things we have to look forward to in the hope of being able to manage our own affairs, and that is why I ask repeatedly: what is the policy of this Government? In view of the financial situation and having regard to our liabilities abroad and the fact that we have to spend a million dollars on the rolling stock of the Transport Department it would be a dangerous policy simply to borrow money to meet recurrent expenditure. For that reason I am a bit perturbed. The average businessman would borrow money when he intends to extend his business, but he would invest it in such a manner that it would bring him some return to pay his way, and Government ought to follow that policy all the time.

I now come to a point where I desire to ask Government what is their policy concerning the general elections. I remember having read Your Excellency's review of the year 1944 in

which there was a caption reading "Sovereign Importance for New Franchise" and in which Your Excellency laid particular emphasis on the words "Bill of sovereign rights". I agree *in toto* with those words because political rights are of sovereign importance to every civilized community in this world. Too much blood, sweat and tears have been shed in order that mankind should retain these rights and I cannot understand why no provision has been made in this budget for election and census expenses. The hon. the Colonial Treasurer said this much: "No provision has been made in respect of the budget expenditure for 1946." That gives me the idea that there is, perhaps, at the back of Government's mind—

The COLONIAL TREASURER: I am afraid I have to interrupt the hon. Member again. The hon. Member should not make any political deduction from the statement I made. It is a statement of fact and it was made because we did not know what the estimates under those heads would be. I think I added that supplementary provision would have to be made in that respect and surely the hon. Member would not be fair if he interrupted that statement to give this Council the impression that Government did not intend to provide for election and census expenses.

Mr. EDUN: It is a fact that when the new Franchise Bill was being considered this point was raised. The Bill has been passed and we are hoping that a new Council would be elected early in order to give Government the policy that it ought to follow. The majority of the inhabitants of this Colony are not satisfied with the services they are receiving here from their representatives, and from the nature of the discussions being raised here Government ought to be able to see at this juncture that it is necessary to have a certain sum of money to carry out these two measures. Strange enough, the matter

is to come up in the form of a supplementary provision because the estimates could not be determined, but that appears to be part of Government's policy. I am thinking that there is something behind this statement, no matter what the hon. the Colonial Treasurer says about it. I think I see the tendency on the part of Government and I say that it is very alarming.

I have before me now a Bill—the draft Bill for the new Rice Marketing Board. I consider it a dangerous Bill—something which aims at taking away the liberty of the subject—and I hope the day will not come when it will pass into law. Perhaps it would happen, however, in a Council comprised of representatives of the character we have here today. I would like to know whether it is at the back of Government's mind to use this obsolete Council for the purpose of carrying out certain measures aimed at keeping things in an unprogressive state and creating expenditure all the time. This Bill would cost some money to print and—

The COLONIAL TREASURER: To a point of order. The hon. Member knows that I will give him all the information possible about the Bill when the time comes. It is true that the Bill has been published, but it has not even been considered by the Executive Council as yet. It is true also that the principal points have been considered by certain persons engaged in the rice industry, but the Bill itself is not yet before the Council.

Mr. EDUN: I am speaking about the cost of printing. It is the taxpayers' money that has been used for printing this little piece of paper and I am going to examine the situation in order to find out whether it is the policy of Government to postpone the general elections and the census in order to carry out these measures with the Council we have at present.

The PRESIDENT: Why should the hon. Member think so?

Mr. EDUN: Because Government seems very anxious to get through certain things.

The COLONIAL TREASURER: I entirely agree.

The PRESIDENT: Don't let us be so glaring with suspicion.

Mr. EDUN: I have not got any suspicion in my mind and that is why I have taken opportunity to bring the matter up. Your Excellency has seen the tendency on the part of Members of this Council and the political community towards certain changes, but this Bill gives me the idea that because Government desires to carry out certain measures, questions such as the general elections and the census are being delayed. Other important questions like subsidization have been referred to the Legislative Council Food Production Committee, but I want to suggest that Government should let the inhabitants of the Colony pay for the flour they use and that it should take away the subsidization figure of \$1,000,000 and put it towards revenue.

The PRESIDENT: Let me hear that: Take away subsidization and put the amount into revenue?

Mr. EDUN: Yes, sir.

The PRESIDENT: That is practically impossible, because of the fact that the Imperial Government is the one who is paying nearly all of it.

The COLONIAL TREASURER: We are spending \$1,000,000 and the Imperial Government about \$2,000,000.

Mr. JACOB: The estimates provide for \$1,000,000 only which we would contribute, therefore the Imperial Government would not give anything if the \$1,000,000 is removed and the whole community would benefit.

Mr. EDUN: I think we should budget then for the amount we receive from the Imperial Government, otherwise I would rather have no subsidy at all. I think the inhabitants of the Colony would rather go without certain things now than have to put up with this irksome method of control—the kind of control we are seeing here. I think we can even go further: The Colonial Emergency Measures vote of \$450,000 could be reduced by half. Why should we have to put up any longer with the control of materials and create a boon in Water Street especially? The war is over and the sooner we get rid of control the better it would be for the community as a whole. If we can face a loss in the revenue we have been collecting from bauxite, why can't we be courageous enough to face up to this too? Your Excellency yourself has stated that the people of this Colony ought to satisfy themselves by using indigenous products for the time being and that there should be greater production in certain things here. Why should we have certain things being controlled like this?

The COLONIAL TREASURER: To a point of order. I would like to ask the hon. Member whether he would admit that he wrote me about certain exports which he did not want and suggested that the control was bad. How can we carry out his wishes if we abolish control?

Mr. EDUN: I am not asking for the abolition of all control. I am saying that I am not satisfied that control is being carried on fairly and equitably. I am not in a position to give instances, but if we have to face a loss in revenue from bauxite why should we spend \$450,000 to pay for Colonial Emergency Measures when there is absolutely no necessity to do so now? I agree that we have to pay the soldiers we have enlisted, but I disagree entirely that we should continue with this war emergency expenditure all the time. If I may scru-

tinize the situation as regards revenue, I would ask whether Government has satisfied itself by exhaustive enquiries that all the departments are collecting as much revenue as possible. I see the item "Licences" and would take opportunity to express the opinion that licences should be raised. The spirit shops are making a lot of money and since liquor is a luxury I think we can get a few thousand dollars more from the proprietors by raising the licence. The rum industry is a rather prosperous one at present and apart from rumshops, taverns and liquor stores should also pay more licence. I cannot understand either why Government has not thought of asking the two Banks to pay more licence. I think that \$5,000 per annum can be secured from each of them, since they are prosperous concerns and could pay, especially now that this Colony is in dire need of funds. But, Government is not prepared to tax the Banks more, perhaps because they have considerable influence in the community. Perhaps even the Colonial Treasurer cannot tax them more, since I made the suggestion to Government some time ago. It is not that they are very poor concerns—that is what they are saying,—but I learn that they are prepared to give drawbacks all the time.

I have also seen here the item "Matches" and would pause to point out that the revenue from this item in 1944 was \$43,318 while for 1945 it is down at \$24,000. There must be a reason for this considerable decrease and perhaps Government would explain. I would also ask whether Government is satisfied that we cannot recover more money from the duty on transports and mortgages. I have heard that property-agents are making much money and I do believe that it is so. Therefore, some method should be devised for the payment of higher fees on transports and mortgages.

The next item I would comment on is the fees from the Official Receiver's office. I see that in 1944 they amounted to \$7,100 while in 1945 there was a

drop to \$5,500 and in 1946 provision has been made for \$4,000 only. I would like to know why there has been this continual decrease — between \$2,000, and \$3,000 gone.

I should like to return for a moment to the question of Income Tax. While I am prepared to support Government in principle in this question, the proposals being put forward by the hon. the Colonial Treasurer need considerable re-examination before they can secure my support. My hon. friend on my right (the hon. Mr. Jackson) has just suggested to me that newspapers should be taxed and I would say that there is nothing wrong in that. I know that if a newspaper concern makes money it has to pay income tax, but if this Council desires to tax newspaper concerns in the form of licences in order to assist in balancing the budget, by all means it should do so. I should still like to know, however, why Government has not endeavoured to get more money out of the few items I have already mentioned. If we look at the fees under the Motor Vehicles and Road Traffic Ordinance, we will find that they amounted to \$6,230 in 1944 and decreased to \$4,500 in 1945. I would like to ask Government in all seriousness whether this is the result of the safety in control. I know as a matter of fact that there is control of motor lorries on the Corentyne Coast and that a monopoly has been created there whereby ten owners are being allowed to run their lorries for a cargo service in that area. I am against the idea of Government creating business for the benefit of other people. If Government had acquired those ten lorries and started a service in the area as an auxiliary to the Transport and Harbours Department's service, that would have been the right thing to do, but the present service is one in which ten private persons have formed themselves into a pool and are making money without competition from anyone else in the area.

I am not going to examine that situation any further now, but perhaps

when the item is reached I will make some more remarks about it. What I am urging, however, is that these irksome forms of control be withdrawn. I have been told that it is difficult to secure commodities from abroad, but I do not think that statement is absolutely correct. Our position here is due to external circumstances—circumstances from which we can hardly escape, unless perhaps, when we have self-government and are not tied down to the sterling area. For that reason, we are not in a position to import all the commodities we can secure from the United States of America. We can get everything we want from that country and we can also get the ships to bring the goods here, but we cannot take advantage of them owing to the policy of this Government through the conditions imposed upon us by the Colonial Office, or through the Comptroller for Development and Welfare in the West Indies who, with ideas of federation is hoping to control the development of this Colony. That is why I take strong exception to the failure on the part of this Government to make provision for the general elections and the census which should take place next year.

The COLONIAL SECRETARY: Perhaps I could ease the hon. Member's mind by stating that the census will be held in April next.

The COLONIAL TREASURER: And I might ease it further by stating that there is an item in the supplementary estimates for the payment of expenses relating to the general elections.

The PRESIDENT: I would like to say that if this Council had allowed it we would have had the elections six months earlier. This Council is responsible for the postponement.

Mr. EDUN: I do not see the necessity for delaying it any longer and for that reason I have begun my examination with the ringing challenge as to what is the policy of this Gov-

ernment. If the policy is for us to manage our own affairs with some little assistance from the home Government we should be told so definitely. I am not certain that we can get assistance from the United Kingdom, because I know the people there are in a desperate position themselves. I do not know whether they have secured the loan from the United States—at the moment they have to be begging the United States of America and I hate to think that we have come to such a pass. I think we should formulate a policy whereby we could meet the current expenditure on all our development schemes and use the loan to pay for the railway, rather than borrowing huge sums of money. Your Excellency stated today that there is plenty of money in British Guiana and I agree with that statement. We can get \$50,000,000 in British Guiana if we are allowed to raise such a loan to carry out all our development schemes, but this Government would simply concern itself with a \$5,000,000 loan today and perhaps in the next few years with another of \$2,000,000 although this piecemeal borrowing prevents us from making material progress all the time. If we can have some little vision and some little faith we would be able to take our courage into our hands and see a great opportunity for the development of this country. I know that there is abundant wealth in the interior and that is the lesson of patience or rather of hope which the hon. the Colonial Treasurer has given in this Statement. I look forward eagerly to better days ahead and would say that I have a peculiar fascination for the British people.

I think Government will see what is passing through my mind. I am not satisfied that it is abysmal ignorance at all. If we are to progress then let us balance our budget somehow with a deficit here and there. There is nothing wrong about that. I think the wealthiest nations sometimes have deficits in their budgets. We should not go to the United Kingdom and

burden that depressed country. Let us take courage and borrow from the people of British Guiana, but if some of the people in the United Kingdom have money to invest let us borrow from them so as to launch out in some industrial activity and increase our exports. After all this country would not be able to pay its way without exports. Although we had a certain amount of prosperity last year as a result of the increased export of bauxite it will be found that that prosperity was more on paper than in actual fact. I would like to ask Government what is its policy for the future—whether we cannot think of raising a loan of at least 10 million dollars?

The PRESIDENT: I propose to adjourn this debate until 2 o'clock tomorrow. I said earlier that I hoped we would reach the Committee stage on Tuesday, but in view of the suggestion made by two Members I would suggest that instead of having a formal meeting at 2 o'clock the Unofficial Members might meet me informally and put forward as many suggestions as they wish to. If that is agreeable to Members and they would let me know that tomorrow, I would arrange an informal meeting for Tuesday at which we may be able to expedite quite a number of matters. At that same meeting I would ask the Treasurer to inform Members on the question of double taxation. The information has not yet been published in the United Kingdom and I do not think I am at liberty to publish it here. However, the Treasurer will inform Members at the informal meeting, and I am sure it will be of interest particularly to those in commercial circles.

I think I may have another piece of information which I anticipate I may be able to convey to Members on Tuesday. I have not got it yet but I hope to have it on Tuesday. It might be very relevant indeed to our general budget position.

Therefore, if Members would consider that suggestion I would be prepared to meet them on Tuesday afternoon. In any case, if we do formally meet on Tuesday I would ask Members to meet me informally at 4 o'clock or half-past

four. I adjourn the Council until 2 o'clock tomorrow when we will continue the general debate on the Budget motion.

Council adjourned accordingly.