

LEGISLATIVE COUNCIL.

Friday, 11th January, 1935.

The Council met pursuant to adjournment, His Excellency the Officer Administering the Government, SIR CRAWFORD DOUGLAS-JONES, Kt., C.M.G., President, in the Chair.

PRESENT.

The Hon. the Colonial Secretary, Mr. P. W. King, (Acting).

The Hon. the Attorney General, Mr. Hector Josephs, K.C., B.A., LL.M. (Cantab.), LL.B. (Lond.).

The Hon. T. T. Smellie, O.B.E. (Nominated Unofficial Member).

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

Major the Hon. W. Bain Gray, M.A., Ph.D. (Edin.), B. Litt. (Oxon), Director of Education.

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

The Hon. R. E. Brassington (Western Essequibo).

The Hon. E. A. Luckhoo (Eastern Berbice).

Major the Hon. J. C. Craig, D.S.O., M.E.I.C., Director of Public Works.

The Hon. E. F. McDavid, M.B.E., Colonial Treasurer (Acting).

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

The Hon. J. Mullin, M.I.M.M., F.S.I., Commissioner of Lands and Mines.

The Hon. B. R. Wood, M.A., Dip. For. (Cantab.), Conservator of Forests.

The Hon. F. Birkitt, Postmaster-General.

The Hon. N. Cannon (Georgetown North).

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

The Hon. J. Eleazar (Berbice River).

The Hon. J. Gonsalves (Georgetown South).

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

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

The Hon. F. J. Seaford (Nominated Unofficial Member).

The Hon. Peer Bacchus (Western Berbice).

The Hon. J. L. Wills (Demerara River)

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

MINUTES.

The minutes of the meeting of the Council held on Thursday, 10th January, as printed and circulated, were confirmed.

ORDER OF THE DAY.

ANNUAL ESTIMATES.

The Council resolved itself into Committee and resumed consideration of the Estimates of Expenditure to be defrayed from Revenue for the year ending 31st December, 1935.

PUBLIC DEBT.—CHARGES.

Mr. WIGHT: I wish to make a few remarks on the Colonial Treasurer's correction of my statement yesterday that the conditions of the bonds issued by the Crown Agents were not the same. He quibbled because I said that the condition of redemption after 10 years was not put into the contract for the new bonds, but 20 years. My suggestion that we should endeavour to get the interest on the bonds reduced brought forth from some Members of the Council the remark that it would be highly dishonest. I cannot see anything dishonest in it. When the bonds were issued by the Crown Agents income tax was fixed at a certain figure but we subsequently imposed a surtax of 50 per cent. Where does the dishonesty lie in suggesting that we put a penalty of 5 per cent. on holders of bonds outside the Colony? Apart from that it would be to our advantage to put up a strong proposition to the Colonial Office

for the raising of a loan at $2\frac{3}{4}$ per cent. or even 3 per cent. on long term and redeem the present bonds. That would mean a saving of \$388,000 a year which we cannot ignore. It would actually be a saving of \$30,000 per month, something unheard of in this Colony.

I adhere to my opinion that if we cannot get a free grant or a loan without interest over a long period in order to put right what I consider a defect in the issue of those bonds then I see no alternative but for us to protect the Colony by bringing in this Ordinance. The Colonial Secretary said I was mistaken when I said that the bonds were issued by the Crown Agents, I gathered afterwards that he was perfectly right. They were offered to Bernard Scholle & Co. at a discount, but the Municipality was never consulted in the matter. As a matter of fact the people of the Colony did not have a chance to tender for those bonds, and that is why I laid the charge at the heads of the Crown Agents. If the Colonial Treasurer's statement is correct then I withdraw my statement with regard to the Crown Agents, but I know of my own knowledge, and it is recorded somewhere, that we are actually paying £500 a year to Barclays Bank to distribute those bonds. We are paying them \$200 a month to pay interest on them, which is a charge on the Colony.

THE ATTORNEY-GENERAL (Mr. Hector Josephs) : I may be able to throw a little light on the question of bonds to which the hon. Member has just referred. They were issued in 1922, and for the purpose of issuing them the then Loan Ordinance of 1916 was amended twice in 1922. Tenders were advertised for in this Colony and two tenders were presented to Government. The representatives of two people in the Colony tendered for those bonds *en bloc*, and the better tender of the two, Bernard Scholle & Co's, at $5\frac{1}{2}$ per cent. was accepted by the Governor in Council. It was well known that it was contemplated raising that loan, so much so that prior to its being done subscription to a million dollar loan at 6 per cent., which was then being raised, was stopped, and instead of that loan being raised to the full amount this other one was issued. Tenders were advertised for in the Colony, and they were considered, and then the Governor accepted Bernard Scholle's which

was the better of the two. On its being accepted here the Secretary of State was informed that the law had been assented to and the tender had been accepted. It was done entirely in this Colony. I know it because I had a good deal to do with the modification in the Statute.

But what I would like to point out is that a contract by Government to raise money on loan is like any other contract to raise money on loan. An agreement is arrived at between the parties, and in the case of private individuals there is a definite agreement for a loan for a specified time for a certain amount, with interest to be paid on that loan in a certain manner, and the debtor has no right to make payment except in the manner provided for in the agreement, whether the loan is by way of mortgage or debenture. When it comes to large loans, where companies issue debentures, or where Governments issue bonds or stock, these are done on prospectuses, and the prospectus forms part of the contract, and it is on the faith of that prospectus that the loan is issued. Consequently, where a prospectus provides in the form of the debenture or bond or stock that the Government the debtor, has the power to pay off the loan at a certain time, the Government has the right to exercise that option precisely in the manner arranged in the contract. Where, however, there is no such option, or where, as in the present case, the option is not yet exercisable, it is impossible to do anything of the kind. The position is the same whether the Government is the debtor, or whether it is a company or private individual.

All the loans of this Colony have been raised on prospectuses. A prospectus is an invariable asset, and the terms are embodied in the loan. Government therefore is bound by that contract, and in the Law Courts Government would be restrained like anybody else from attempting to alter that contract against the creditor. The only way it can be done is if the creditor chooses to accept something less. As is well known, a good many bonds have recently been paid off and reduced from 6 per cent. and 5 per cent. to 4 per cent., but this has been done under the exercise of the option and powers conferred on Government. But where the option is not exercisable it is impossible to do it. I

would like to point out that not only would any legal provision of this Colony to the effect suggested by the hon. Member not be permitted, but the Colony would lose its credit abroad as well as here, because it would be in the position of a defaulter or somebody wishing to default and endeavouring on his side alone, without consideration of the rights and conditions under which the other persons have advanced their money, to change the bargain for his own benefit and against them. It is unfortunate that this has happened. There are a good many Dominions, and the British Government also, who have been converting their loans, but they have been doing this conversion because the circumstances are such or the time has arrived when they are able to exercise the power.

I appreciate the difficulty the Colony is in, and the anxiety of the hon. Member. I do not wish it to be understood that one is not fully cognizant of the burden cast on the Colony, but what I want to point out is that the remedy suggested is not impracticable but impossible, and we would not be able to persuade the Secretary of State or anyone to agree to it. It would raise a furor among the persons who have loaned this Colony money on certain conditions. When the time comes when it is possible to convert those loans the Colony will be able to pay them off and issue new loans at a reduced rate of interest, in accordance with what has been done here in the last two or three years. But it must be realised that we could not possibly attempt to confiscate by process of law the rights to money or income of persons who are protected by Statute, and an attempt to do so would do this Colony incalculable harm. We are bound by our contract. It is a case of a hard bargain because of changed circumstances. We all realise that conditions are very different now from what they were in 1922, but we are bound by our bargain and we have to adhere to it until we can find some means of lightening the burden. It may be that outside assistance may be available, but it is no use our contemplating that we can alter of our own accord the rights of creditors without their consent.

Mr. WALCOTT: I would like to make it perfectly clear that the suggestion I made yesterday did not indicate any force being brought into it, but simply that we

might ask the Secretary of State whether he could get into touch with the bondholders, and by mutual accord some arrangement for a lower rate of interest might be arrived at. (Laughter). The hilarity of my friends gives me no concern. I am in good company; the British Government did that.

Mr. SEAFORD: No. Those bonds were redeemable. They had the opportunity of redeeming them at the time.

Mr. WALCOTT: The British Government appealed to the patriotism of the people and it met with great success. Perhaps that success cannot be expected in this Colony.

THE ATTORNEY-GENERAL: I am afraid the hon. Member was not present and did not hear my remarks. I was not controverting his suggestion, but I was stating exactly what the position is in relation to what had been said before the hon. Member enlightened this Council with his presence to-day.

Mr. McDAVID (Colonial Treasurer): I believe the proposal of the hon. Member for Georgetown Central is that a surtax should be imposed on the dividends or interest on those bonds, which would tend to reduce the interest, but I want to remind him that part of the condition of the bonds, which is expressed in the law which authorises the issue of the bonds, is as follows:—

(e) "any amount for principal and for interest due to holders of bonds who are not domiciled in the colony shall not be subject to any charge in the colony for income tax or duties which are or may be imposed by any Ordinance now or hereafter in force, and that amount shall be paid without any deduction whatever in respect of any income tax or duties as aforesaid;"

It follows, therefore, that the only action we can take is to wait until the redemption date arrives and endeavour to exercise the right of conversion. I feel that I am at some advantage over the hon. Member because he did not know that fact, and he obviously thinks that the 1922 and 1929 loans are subject to income tax, but they are not and cannot be subject to any form of duty whatever.

Mr. ELEAZAR: Perhaps the Council is indebted to the hon. Member for

Georgetown Central for suggesting what appears to me a very reasonable thing to do in the circumstances, but it seems to put the whole of the Government side in nettles. It does not matter whether the bonds were issued in England or not; they were issued at a time when our commodities—sugar, for example, was £50 per ton.

THE ATTORNEY-GENERAL: Not in 1922.

Mr. ELEAZAR: But it was selling for very much more than it is now. What the hon. Member said was that supposing we had borrowed the money when our major product was £50 per ton, and on account of circumstances it was reduced to \$50 per ton, is it wrong to appeal to the other party and say "When things were flourishing we paid you what was due according to the bond, but now that the position is the reverse can you not see your way to meet the present situation?" I can see no wrong in that. He suggested appealing to the Secretary of State and pointing out that we had by some oversight omitted a clause which would have given us the privilege to redeem the bonds at an earlier date, and that the British Government might assist us to the extent of the amount we are paying as interest over and above the current market rate. I can see no wrong in that. It is said that our population carries a burden of \$17 per head. I do not know that it is not \$34 by now, because only 50 per cent. of the population are really contributors to the revenue of the Colony. I am not contending that the bonds were not properly issued and binding on us, but I do not know that we are devoid of the privilege of asking for mercy from those who can afford to grant it.

We have had a learned lecture on the law of contracts. I do not think we would get further out of our troubles if we persisted in saying we can do nothing. I agree with every syllable uttered by the hon. Member for Georgetown Central. He is the expert financier for this side of the House, and he is as good as any I have known in my time. There is nothing wrong in the suggestion he made. If it cannot be done on the other side then there is no alternative, and we have to go on paying. We may get much more in relief doles than we ask for. We want relief and must ask for it.

Mr. LUCKHOO: Not many years ago, in order to effect certain improvements of the Water Works and Electricity Works in New Amsterdam, a large sum of money had to be borrowed. Government was approached in the first instance, and after a great deal of correspondence we were thrown on our own resources to borrow the money. Government stated expressly at the time that it would not guarantee the loan. The New Amsterdam Town Council was therefore obliged to seek assistance outside, and borrowed about \$120,000 at the rate of 6½ per cent. Creditors took advantage of the opportunity to call for a high rate of interest because they knew we were in some difficulty, but we took the necessary businesslike precaution to insert the proviso that the bonds could be redeemed at the expiration of 10 years after the issue. I happened to be Mayor at the time and we had \$8,000 or \$10,000 at our credit on which we were only getting 3 per cent. interest from the Bank, while we were paying our creditors 6½ per cent. As soon as the 10 years expired we approached Government to give us power to convert our bonds in order to enable us to save interest. After a great deal of correspondence, and with the kindly support of Mr. Millard, we were able to get that measure passed, and the result was that we were able to convert our bonds to 5 per cent. bonds, thereby affecting a large saving on the interest charges. In that case we exercised the power given to us under the law.

We are not repudiating our liability under the bonds in question, but we suggest that the Secretary of State might be asked, in view of our difficulty and the present low rates of interest, whether representations might not be made to the bond-holders to have their bonds converted. They would be perfectly right in refusing to accept conversion because, if the reverse was the case, we would have had the advantage. I cannot condescend to ask the Imperial Government to take a merciful view. We are a Government after all. I am not going down on my knees, but I think if the matter was properly represented to the Secretary of State steps would be taken to see if we cannot get some case. The suggestion made the Colony if they could see their way to reduce the interest charges. I think the bond-holders will exact their

pound of flesh, but while we cannot shirk our legal responsibility in the matter it would not be an unreasonable request to ask the Imperial Government to give us some relief in view of our strained finances.

Mr. SEAFORD: Unfortunately the hon. Member was not here yesterday afternoon or he would realise that the representation of the Electives to-day is very different to what it was yesterday. What was suggested yesterday was nothing short of repudiation of the liability of this Colony, but I do not think anyone will disagree with the request made now that we should get as much relief as we can from the Colonial Office or the Secretary of State. I do not think the general feeling is that we should make any attempt to repudiate our liability in view of what the Attorney-General has said.

Mr. WALCOTT: I never suggested at any time, or would ever suggest repudiation of our honest debt.

Mr. SEAFORD: I did not realise that the hon. Member was an Elected Member. He suggested that we should do what was done in the United Kingdom and ask the bond-holders to accept 3 per cent., and if they did not we should compel them.

THE ATTORNEY-GENERAL: I have a very good recollection of what took place, and perhaps I am the only Official Member here who was present at that time. The Combined Court on the 10th of May, 1922 passed a resolution dealing with the matter. The resolution stated:—

“3. The loan

(a) shall be issued at the price of 96 per centum and shall bear interest at the rate of 5½ per centum per annum.

(b) shall be for a period of fifty years and bonds for the repayment thereof shall be issued for the said period with the right to the Government to redeem the whole or any portion of the loan at par after the expiration of twenty years from the date of issue on giving twelve months' notice in the *Official Gazette*.”

As a matter of fact the loan was issued at 97. It was to be raised in the Colony and the advertisement was published here. Colonel Evans on behalf of Bernard Scholle & Co., tendered and his tender was accepted in the ordinary way. The points in that resolution were part of the conditions of the loan, and were embodied in

the document, so that nothing can be done until 20 years unless, of course, the parties choose to consent to a reduction of interest before that time.

Mr. WIGHT: I am grateful to the Attorney-General for his lucid explanation of the whole matter. He seems to have been handling the situation. I happened not to have been a politician at that time. After what he has said it is only fair that I should withdraw my charge against the Crown Agents, but as regards repudiation, nothing that I said yesterday or at any time should make the Council believe that I want repudiation. What I said was that the usual provision for redemption after 10 years was not included in the bonds. I distinctly stated that I wanted the Colonial Office to endeavour to get the bond-holders to accept a reduced rate of interest because the interest on the bonds is excessive. What I did say was that in order to force the hands of those who held bonds we ought to pass legislation as in Canada, inflicting a 5 per cent. penalty on all investors abroad who hold bonds issued by this Colony. That is what I understood my friend on my right (Mr. Seaford) to say was not straight. I can see nothing dishonest in that. I understand that Vancouver is doing exactly what I suggested—asking bond-holders to accept reduced interest.

With regard to the Colonial Treasurer's remarks about income tax, I say that those persons who purchased bonds were quite aware that income tax was coming here, because it did not come until 1929. I did not quite follow his argument that those bonds were issued without liability to income tax. Do I understand that if I held those bonds I am not liable to include them in my income tax?

Mr. McDAVID: Bonds in the hands of people resident out of the Colony are free from income tax both in respect of this loan and the 1929 loan.

THE ATTORNEY-GENERAL: I might help by pointing out this provision in the resolution:—

“(f) shall as regards principal and interest be free from all present and future income tax and duties in the colony in the case of holders of bonds not domiciled in the Colony.”

Mr. WIGHT: That elucidates the

matter. I do not think there is anything more I can add, but that we should make representation to the Colonial Office to see if persuasive measures cannot be used in getting those people to take up new bonds or reduce the rate of interest.

Mr. McDAVID: This is not a new matter, and representations have been made long ago to the Secretary of State about the burden which these particular bonds have placed on this Colony's finances. As a matter of fact I think that is one of the reasons operating on the mind of the Secretary of State in giving us free grants. If hon. Members would refer to the address of the President they would find that he took care to refer to the effect of this burden and what might be saved if the interest on the bonds could be reduced. The Secretary of State is fully aware of what Government feels on the subject.

Mr. CANNON: It happened to be my pleasure when once in England, to meet representatives of the Bernard Scholle group, and I gathered from them then that they would do nothing to assist this Colony if income tax would at any time be applied to the loan which they were underwriting. I merely mention that in view of my knowledge that that is the true position. I do not join my brother Electives or any Member of this Council in going to the Colonial Office and saying that we are bankrupt. We are bankrupt because of the action of the Colonial Office. They, and they alone, are responsible for our position. I maintain that were we allowed to collect our just dues in this Colony and to handle our affairs in a businesslike way the position that has now been created for us would never have arisen. The only thing I would join my brother Electives in is to tell the Colonial Office that our only salvation is the wiping off of this debt for which they are solely responsible. I feel very strongly on this subject. To-day is not the first time I have expressed these views. I have been associated with this Assembly for many years, and I have seen and I have urged my colleagues to appreciate what this country will eventually come to if we pursue the course we are now pursuing.

I am satisfied that if we are allowed to collect our just revenues, regardless of any

protection of any industry or any particular group of individuals, we would be able to pay our way. We are keeping up a supposed first-class Government when we cannot afford it. We are told we have to do it, and like a lot of puppets we just have to do as we are told. I feel that it would be absolutely absurd for us to go hat-in-hand to the Colonial Office and say we cannot pay our way. We can do it. I defy any man to say that we cannot cut our coat according to our cloth, but we are not allowed to do so. I wish it clearly understood that I have nothing to do with any suggestion that we should go to the British Government and ask to be relieved of interest on those bonds. It is a waste of time to do that because we have been told that we are already taxed up to the hilt and we are not to be taxed any further. Whatever the deficit is the British Government will make it good. What is the use of asking the British Government to take off a few thousand pounds in interest when we are asking them for treble that amount to balance our budget? It is a farce and a waste of time.

THE CHAIRMAN: I think we have had a very interesting debate and I would just like to crystalise what has been said so that we can proceed to some definite line of action. There are two loans under discussion, one raised in 1922 at 5½ per cent., falling due after 20 years in 1942, and the other raised in 1929, also for a period of 20 years and falling due in 1949. It must be remembered that fixing 20 years instead of 10 years enabled us to borrow money at a greater advantage—5½ per cent. at 97 and 5 per cent. at 97—and I think hon. Members will remember that at that particular time we were really pleased that we were able to raise money at 97 at 5 per cent. That was the financial position at the moment.

I am quite satisfied that in the debate yesterday no Member really suggested repudiation. What they really thought was that there might be something in the conditions of the loans to enable us to offer some alternative suggestion sooner than the dates given. But the position is that we cannot do anything until 1942 in one instance and 1949 in the other. It does not seem to me absolutely impossible to do something which might induce the

bond-holders in respect of those two loans to accept something as an alternative. We have to offer them something like 4 per cent. to induce them to sacrifice 5 per cent. interest, plus a very considerable increase in capital value. I suggest that it might be well worth the while of those who are able, to sit down and draw up a scheme for submission to the Colonial Office with a view to reducing the rate of interest on those two loans as soon as possible. If those of us who are interested in finance were able to consider a matter of this kind and devise a scheme which would have some attraction to the investors in bonds it might be well worth doing. That is as far as we can go.

Reference was made to Australia. I am not quite conversant at the moment; I have not been able to look at the papers to see what Australia did, but I think they could not interfere with any bond-holders outside Australia. What they did was to get their own bond-holders to accept a lower rate of interest before the redemption date. What can be done in this Colony is this: we can try to induce our own people who hold bonds in respect of those two loans, to accept conversion. If they do we could convert what they hold and leave the people outside the Colony who would not be prepared to accept anything. I doubt whether anybody in this Colony would be prepared to accept a lower rate of interest on those loans than people outside the Colony, unless we could make it attractive to them to do so, and if we could make it sufficiently attractive to people in the Colony it would be equally attractive to people outside. We have had a very interesting debate and I think a good many points have been cleared up.

COLONIAL DEVELOPMENT FUND SCHEMES.

Item 1 (1)—Road to Garraway Stream,—

Mr. FLEAZAR: I observe that a large sum of money has been spent on the improvement of this road, and I have also observed in the Press that it is the intention of Government to induce people to settle along the road. The road has cost a considerable sum and will have to be maintained. It seems to me that we will have to continue to pay large sums for a very bad road. I had the pleasure and the displeasure of going over that road. I

appreciate the fact that the pleasure was very great, but the pleasure of seeing and observing for oneself was a counter-balancing factor. It does seem to me that Government should begin at this stage to consider the advisability of constructing a light railway such as was run between Wismar and Rockstone in the old days by Messrs. Sproston. I cannot conceive, and I am sure I will not live long enough to see the day when a road in that district will enable people to settle there properly. Your Excellency must have observed the quantity of wood rotting alongside the road because it cannot be brought out. A light railway is necessary if it is to be a paying proposition. The road is very good in its way, but Government cannot conceive that it will serve the purpose. To induce people to leave here and go into that waste is a sin.

THE CHAIRMAN: I am glad the hon. Member has raised the question, and I would like to make a statement about it. It is perfectly correct that the settlement of people along that road just outside Bartica has been more or less a failure. Government's intention now is not to settle people along the road but to investigate and look for certain areas within easy reach of the road, and also mining areas where people can go and settle. They would be on land where there would be some reasonable chance of their being able to grow ground provisions and build their houses within easy reach of the areas in which they work. There was a tremendous waste of money and energy twice a year in men who seek their living in the interior having to travel to Georgetown and the villages, because in the past they had no means of establishing themselves with their families in the interior. We know now, owing to what has taken place in the interior, that there are numbers of men who are only too willing to take their families and establish themselves in the interior if they can be given land to do so within easy reach of the scene of their work. That is what Government is investigating.

There is no suggestion to settle men on the road with the idea that they should cut wood and bring it out. The suggestion made by me, which I am investigating, is to find areas of land suitable for agricultural operations within easy

reach not only of the road where there is transport, but within easy reach of the mining areas. From what is taking place now I think there will be a desire by men who for many years have earned their living in the interior, to establish themselves nearer to the centre of their occupation and to take their families with them. I think the hon. Member will realise that there is no question of establishing men along the road with the idea that they should cut wood. Large stretches of the Bartica-Potaro road are entirely unsuitable for agriculture, but on the other hand the extension to Tiboku passes through varieties of soil which I think upon investigation will be found quite suitable for agricultural purposes on a small scale, even for men growing their own ground provisions and establishing themselves there with their families. That is all Government is seeking to do at the moment.

Mr. ELEAZAR: I thank you for the explanation which has taken away a good deal of what I intended to say. What Your Excellency has just said makes it all the more necessary to have a light railway along the road, because if you expect people to settle and take to agriculture they would need quick transportation to the market.

THE CHAIRMAN: There is no suggestion that those people should grow crops for market, but that they should still work in the diamond and gold fields and have their homes nearby where at periods of the year they could cultivate their gardens. They could work for a few months in the fields and then go home and work on their farms.

Mr. ELEAZAR: I leave that problem to Government. I should very much regret to see any of my people who have been born on the coastlands, going back to the primitive state necessary to live in that part of the country in its present state. I feel that Government is serious about developing that part of the country—and certainly it is a lovely part of the country—and whatever Government proposes one can see it is the outcome of a sincere desire to make it beneficial, but the thing that will bring that about quickly is a light railway.

Mr. SEAFORD: I am afraid I am

somewhat dense, because I cannot follow the whole of the page. The items seem to be jumbled; some are loans and some are grants.

THE CHAIRMAN: I think the first column shows the grants which total \$182,546. Those are all free grants to this Colony of which no repayment will have to be made. Then we come to the loans in the second column totalling \$745,905. Those loans bear interest, but it is five years before interest falls to be paid.

Mr. McDAVID: Item 5 is a grant of \$8,640 for Sugar Cane Research. If the hon. Member looks at the item for 1933 he will see that the actual expenditure in that year was \$1,077. The approved estimate for 1934 was \$4,320 and the estimate for 1935 is \$3,240, making a total of \$8,637 as against a grant of \$8,640. It shows in which year the expenditure has taken place.

Mr. DE AGUIAR: What I think the hon. Member is after is what portion of this expenditure is a grant? What I would like to know is, of this expenditure of \$182,546, what portion is a grant?

Mr. McDAVID: It is quite easy to see how much of the amount is grant. The grants are:—Item 2, \$18,264; Item 3, \$173; Item 4, \$1,682; Item 5, \$3,240. The total grant is \$23,359 out of the total estimate for 1935 of \$283,388; the balance is loan.

Mr. DE AGUIAR: Of the estimated expenditure of \$283,388 only \$23,359 has been received as a grant?

Mr. McDAVID: Yes.

Mr. CANNON: May I be permitted to deal with item 1—Bartica-Potaro Road? My friend on my left (Mr. Eleazar) has indicated that in his opinion a light railway would be more suitable for that road. I wish to tell him that it is no good talking to Government about a railway. It is like a red rag to a bull when you suggest a railway to Government, but I wish to join him in saying that it is the only salvation for that road and its future welfare. Subject to what the Colonial Treasurer might say, I find that under Item 1 we have expended on that road, including the Geological Survey, a sum of \$933,827. Had

that money been spent on a railway it would have been an accomplished fact to-day, and the cost of maintenance would have been practically nil. I do ask my colleagues whether this Colony can afford an expenditure such as this, whether it is provided from abroad in the form of a dole or a gift? I offer no objection to this expenditure. I would like it to be doubled. Let us get all we can because it helps the unfortunate labourer and those who labour in that part of the country. I offer no objection to this \$106,429 that is being asked for to-day. I only wish it was possible to get the co-operation of my brother Electives so as to get double that sum. How can we ever be expected to repay \$933,000 expended on that Bartica-Potaro Road?

Mr. SEAFORD: Some explanation is necessary as regards Item 1 (3)—Lorries. The grant was \$14,400, while the actual expenditure in 1933 was \$3,882. The explanatory note says:—"Grant fully expended."

Mr. McDAVID: I can give an explanation. The grant for lorries was \$14,400, of which \$3,882 was spent in 1933. The estimate for 1934 does not show any figure at all, because at that date we did not know what would remain of the \$14,400 to be expended in 1934. Therefore the Draft Estimate has nothing in it, but the actual expenditure will come before the Council on Supplementary Estimate for 1934. As a matter of fact, every item has been the subject of a Message and a motion in this Council accepting the grant or loan, so that the items here really resolve themselves into mere accounting reference to a motion actually accepted by the Council.

Mr. SEAFORD: I appreciate the explanation, but it bears out my point that it is impossible to balance these figures. We must have the expenditure for 1934 before these figures can be balanced.

Mr. WALCOTT: I am surprised at Government putting figures like these before the Council. This exceeds all the speed limits. I suppose the Colonial Treasurer thinks he is playing with a lot of babes.

Mr. CANNON: I desire to draw attention to the note on the opposite page which reads:—"Grant fully expended."

Mr. McDAVID: That explains why there is nothing in the 1935 estimate.

Mr. CANNON: So the \$14,400 has already gone?

Mr. McDAVID: Yes.

Mr. SMELLIE: We cannot approve of these items. You have already told us that the estimate is incomplete with regard to one item. You say that a loan is fully expended but it is not shown how it is.

Mr. McDAVID: The Draft Estimate for 1934 does not include the actual expenditure. Unfortunately, the Supplementary Estimate for 1934, which would have included those figures, has not been taken before this one. If Your Excellency would defer consideration of these items I would undertake to prepare a statement and perhaps explain the matter more fully verbally.

Mr. WALCOTT: I suggest that the statement should show the expenditure for each year as a loan or grant.

Mr. McDAVID: The estimate might be passed as printed, and I would undertake to prepare a statement to show the actual position.

Mr. DE AGUIAR: Will we be allowed to make any criticism?

THE CHAIRMAN: I think what Members want is something to show exactly what is happening. This is a Chinese puzzle. I would like to get these items passed now, leaving it for Supplementary Estimate to understand the position on a statement by the Colonial Treasurer.

Mr. CANNON: In passing the items we are doing no harm to anybody. Throughout the Estimates we were in the same position—all in a state of chaos.

Mr. McDAVID: All of these items have already been approved by the Council; it is only a statement showing the expenditure year by year. We have taken the precaution to put all the facts before the Council, to get its approval of the figures.

Mr. SEAFORD: Does that include the cost of the harbour dredger? Has that been passed by the Council? (Laughter).

THE CHAIRMAN: I think a resolution was passed by the Council.

Mr. McDAVID: Not for the increased provision of £4,000.

Mr. AUSTIN: I should like to congratulate the Treasurer on the very open statement he has made. I hope he will not get a rap on the knuckles. It helps us very much on this side of the table to obtain such inside information as he has passed over to us, and I suggest that the estimates under this Head be deferred until such time as he can give the promised statement to us. It would not upset Your Excellency's plan to send a cable to London with respect to the Estimates: you can reserve this \$283,388.

Mr. McDAVID: That is the proposal I made, sir, that the consideration of the estimates under this Head might be deferred.

Mr. CANNON: I suggest that you add another \$100,000 and you will have my vote at once. (Laughter).

Consideration of the items was deferred.

THE CHAIRMAN: I think we might go back to one or two items which have been held over, before we proceed to consider the items under District Administration. I do not know whether hon. Members would like to have some notice of the revised estimates for District Administration, or they would be prepared to deal with them this afternoon.

LEGISLATURE.

The Council reverted to the estimates under Legislature.

Item 3—Debates—Reporting, Printing, Binding, etc., \$1,000.

THE COLONIAL SECRETARY (Mr. P. W. King): I move the deletion of this item.

Question put, and agreed to.

COLONIAL SECRETARY'S OFFICE.

Item 1e—2 Class 1 Clerks, \$3,594.

Mr. DE AGUIAR: I move that the item be carried out at \$1,878. I do not wish to go over the whole ground except to

point out that since we deferred consideration of the item I have discovered that under Miscellaneous there is provision for Temporary Clerical assistance, \$1,440. I think I am right in saying that that provision was originally made under this Head in previous years. To-day it finds its way under Miscellaneous. In fairness it should be pointed out that the previous amount voted for clerical assistance was \$2,880. In moving a reduction of this item I am mindful of the work that is being done in the Colonial Secretary's Office, and I feel that that office should be fully equipped. At the same time, if provision is made for clerical assistance under another Head, and we have increased the staff generally, I think I am right in asking that the item be carried out at \$1,878.

THE COLONIAL SECRETARY: I desire to point out that last year the amount for clerical assistance was under the Secretariat, and was \$2,880. There is a vote under this Head which reads:—“Provision for clerical assistance shown in the 1935 Estimates under Head XXXIX.—Miscellaneous, sub-head 28.” Under Miscellaneous the amount is \$1,440, but I would like to point out that that is not clerical assistance for the Colonial Secretary's Office alone, but throughout the Service. I ask that the item be carried out as printed. I think the Secretariat does require these two clerks. It is not an increase on what was intended for 1934. The idea was to get a clerk from the Colonial Office, but it has fallen through, and we are only asking that the staff promised the Secretariat be given it.

Mr. CANNON: As I said on the last occasion when I opposed it, I completely overlooked my promise in the previous year, and I am perfectly satisfied now that I am morally bound to give my support to this item, and I am prepared to do so.

Mr. SEAFORD: This Council certainly promised one additional clerk, but it was opposed to two. At the same time I am not going to press it because I am tired of sitting here. I will let it go.

Mr. ELEAZAR: Government allowed one of the officers of the Secretariat to go outside as a Magistrate and now it is asking for a substitute and for somebody else. Government has suddenly awakened to the

fact that the work cannot go on without him.

The Committee divided on the item as printed, and voted:—

Ayes—Messrs. Cannon, Birkitt, Wood, Mullin, D'Andrade, McDavid, Major Craig, Mr. Brassington, Professor Dash, Major Bain Gray, Messrs. Dias and Smellie, The Attorney-General and the Colonial Secretary.—14.

Noes—Messrs. Walcott, Wills, Peer Bacchus, Seaford, Austin, De Aguiar, Gonsalves, Eleazar and Wight.—9.

Item passed as printed.

TREASURY.

Item 2—Books of Account, etc., \$800.

Mr. McDAVID: I promised to give the actual expenditure to date. It is found to be \$500. I therefore move that the item be carried out at \$500.

Question put, and agreed to.

TRANSPORT AND HARBOURS.

Item 2—Extraordinary expenditure on renewals and replacements, \$172,000.

Mr. McDAVID: I beg to move the reduction of this item to \$167,000. The reason is that the Transport and Harbours Department has found it possible to replace the locomotive "Alexandra" by reconstructing the engine locally from materials in stock. It is not proposed to import an entirely new engine, with the result that the item of \$20,000 voted for the replacement of the engine in Appendix A can now be reduced to \$15,000. The result is a consequential reduction by \$5,000 of Item 2 on page 23.

Question put, and agreed to.

APPENDIX A.—TRANSPORT AND HARBOURS DEPARTMENT.

Item 4—New Locomotive to replace "Alexandra." \$20,000.

Mr. McDAVID: I move that this item be reduced to \$15,000.

Question put, and agreed to.

Mr. ELEAZAR: When this Head was being discussed I omitted to suggest to

Government that the Directors of the Transport and Harbours Department might reconsider the question of freight rates on the Berbice River service. It would be surprising to Your Excellency to know that people have actually had to travel from Berbice to Georgetown in order to purchase charcoal because Messrs. Sproston charge just as much to take a bag of charcoal from Georgetown to New Amsterdam as the Transport Department charges to take it from the Berbice River to New Amsterdam. I also wish to draw attention to the inconvenient hour of the departure of the Berbice River steamer, and to the fact that the first-class passenger fare is \$3.36 while the second-class fare is \$1.68, just half of the first-class fare. The second-class fare is usually a third of the first-class. I think these matters should be brought to the notice of the Transport Board.

THE COLONIAL SECRETARY: With regard to the time-table of the Berbice steamer I think it was changed at the request of the Berbice Chamber of Commerce. If a further change is desired I think the hon. Member should bring the matter up at the Chamber.

Mr. ELEAZAR: I only mentioned that incidentally.

THE COLONIAL SECRETARY: The question of the freight rates will be gone into again, but I hold out very little hope that they will be altered.

MAGISTRATES.

Item 1g—7 Assistant Clerks (\$360 each), \$2,540.

THE ATTORNEY-GENERAL: The question was asked by the hon. Member for Central Demerara, why these clerks are below the line, and why some were below the line in 1934? None of the clerks below the line were above the line at any time. That could not possibly have been done. These are new appointments in consequence of a promise given the Electives, and they were all made below the line.

Item passed.

HOSPITALS AND DISPENSARIES.

Item 2—Travelling Allowances, \$3,274.

THE COLONIAL SECRETARY: I move that this item be increased^d by \$558 in order to make provision for the travelling allowance for the Dispenser who is to go to Potaro. I move that this item be carried out at \$3,832.

Question put, and agreed to.

Item 17—Purchase and maintenance of boats of Institutions and Dispensaries, \$500.

THE COLONIAL SECRETARY: I move that this item be increased to \$703.

Question put, and agreed to.

INDUSTRIAL SCHOOL.

Item 3—Dietary, \$1,600.

THE COLONIAL SECRETARY: The hon. Member for Western Essequibo asked for information with regard to the number of inmates at the Industrial School. There were 98 in January last year and 99 in February. The average for the year was 92.55. The Report of the Industrial School for 1933 shows that the annual attendance was something in the neighbourhood of 120. It has gone down quite a bit, but there has been a revision of the dietary scale on the recommendation of the Superintendent. It has been slightly improved.

Mr. BRASSINGTON: If I understand the Colonial Secretary correctly the attendance at Onderneeming last year

dropped from 120 to 92. That is a considerable monthly drop, and even if there was a very liberal rationing of the boys the difference in the expenditure as compared with the previous year is out of proportion.

THE CHAIRMAN: It is an item which is difficult to estimate. The amount required varies year by year very considerably.

THE COLONIAL SECRETARY: I think the hon. Member also asked for information about the Bakery. The report of the School for 1933 states that there was a profit of \$2,211.93 for the year, and at the end of the report there is a sort of balance-sheet.

ADJOURNMENT.

Mr. ELEAZAR: I ask you, sir, to adjourn the Council until next Tuesday. I think it is the wish of this side of the House. I found on my table this morning an elaborate memorandum from Government with respect to the District Administration Scheme, and it is of such a description that one would like to have an opportunity to consider it.

THE CHAIRMAN: I was going to ask hon. Members if they wished to defer consideration of the District Administration estimates until next Tuesday. That being the wish expressed on behalf of the Unofficial Section of the Council, I adjourn the Council until Tuesday next (15th January) at 11 o'clock.