



BRITISH GUIANA
HOUSE OF ASSEMBLY

BUDGET

SPEECH

1965

The Hon. Peter S. d'Aguiar
Minister of Finance

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BUDGET SPEECH

by

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Minister of Finance

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I rise to present to this House the biggest Budget ever presented to any Legislature in British Guiana.

The 1965 draft Estimates of Current and Capital Expenditure total \$112.7 mn. Over the past 5 years, 1960 - 1964 inclusive, the average total for recurrent and development expenditure combined was \$75 mn. The total projected for 1965, \$112.7 mn., is for this one year \$38 mn. more than the average for the past five years. This is an increase of just over 50%. Such a big

increase is unprecedented in the history of budgets in our country; and quite probably anywhere else in the world.

For 1965 current expenditure is estimated at \$77.2 mn. and capital expenditure at \$35.5 mn., making the total of \$112.7 mn. On the same basis the current expenditure for 1964 was \$68.0 mn. and the capital expenditure was \$9.7 mn., making the combined total \$77.7 mn. Thus the current expenditure for 1965 will be \$9.2 mn. more than 1964, an increase of 13%. The capital expenditure will be \$25.8 mn. more, an increase of 266%. The increase projected for capital expenditure for this one year is bigger than the total expenditure on development in any one year prior to 1965.

Where will all this money come from? I have confidence that all the money for current and capital expenditure set out in the draft Estimates will be obtained. I anticipate that such money as has to be extracted from the pockets of our taxpayers to meet current expenditure will be extracted as painlessly as possible.

The entire \$35.5 mn. required for capital expenditure is already firmly covered by local and foreign loans and grants. By contrast, in last year's Development Budget, the total estimated expenditure was \$20.7 mn. which was 40% less than this year's total of \$35.5 mn., and out of the total of \$20.7 mn., finance for only \$9.5 mn. was in

fact obtained. This year's Development Programme is based upon firm financial reality, not wishful thinking nor fancy padding.

FORM AND PRESENTATION

Honourable Members will notice a "new look" about the Estimates. I have introduced a more modern and I think more attractive presentation. The first column refers to this year's Estimates, not the last column as was the previous practice. This will make it easier to follow the items as they come up for discussion. Explanatory notes are now placed alongside the relevant item, and not at the bottom of the page. This makes reference to the notes easier. The numerical order of Heads and Divisions follows a more logical sequence than one based on the order of seniority of Ministers heading the Ministerial Divisions. The sequence is:

- (1) the Governor and all services not under Ministerial control;
- (2) the Premier and Ministers dealing with Legal matters and with Economic, External and Home Affairs;
- (3) Heads relating to Economic Services;
- (4) Heads relating to Social Services; and

(5) Heads relating to Finance.

This year's Estimates provide for the establishment of several new ministries, and for the switching of responsibilities and staff from some ministries to others. In order to make possible a direct comparison of the 1965 Estimates with previous years, the relevant items in previous years have been moved to correspond with this year's changes. If this were not done many blank spaces would appear in the Estimates, as happened last year, making comparison practically impossible.

A basic change in the presentation of the 1965 Estimates is that both current and capital expenditure are included in one book. This makes it possible to present to Honourable Members a much clearer overall picture. It is simpler, more efficient and will save time in the House. I see no reason why in due course there should not be one Appropriation Bill covering both current and capital expenditure. But the present Law requires that the Current Estimates be passed by an Appropriation Bill, and that the Capital or Development Estimates be passed by a Resolution. All capital funds are now segregated in a special Development Fund. There seems no reason why these should not be integrated into a Consolidated Fund. In these Estimates expenditure has been divided into two parts, current and capital. This presentation in terms of current and capital shifts the dividing line between the former Recurrent and Development Estimates so as to comprise what is more strictly current expenditure in the former and capital expenditure in the latter.

All the revenues of Government have been allocated to current expenditure just as they were allocated formerly to recurrent expenditure. Capital expenditure will be financed from the Development Fund into which will be paid all monies acquired for the purpose of financing development works; whether from revenue appropriations, grants or loans.

The other important thing that is new about the presentation of the Estimates is the brief introductory discussion of their meaning in the front pages. It is now possible for anyone to look at these front pages and get a quick and simple but an accurate appreciation of the recent history of the Government's finances and the effect of the Budget on them. The discussion is supported by tables which summarise the finances in greater detail than formerly.

I have spoken about the "new look" of the Estimates. Let me now refer to the printing. The printing has been carried out for the first time by the Government Printery under the supervision of the Controller, Mr. J. Faria. I would like to congratulate Mr. Faria and his staff for a good job done. Here is a rare example of a Government industrial undertaking which is being run efficiently, and saving rather than draining away public funds. This shows what is possible when the right man is in the right job; when the head of a department is dedicated to the public service.

I must also congratulate the staff of the Treasury who have

been concerned with the preparation of this Budget. The preparation of the Estimates is always a long, tedious job. The change in method of preparation has required very much additional work. Honourable Members and the general public should know that there are many members of my staff who work almost every Sunday in the year, who continuously take work to do at home at night, who get up in the early hours of the morning to work at home before reaching the office, and all of this has recently been intensified. The most significant hope for our Guiana lies in the fact that there are civil servants in all Ministries who have dedicated themselves to serve the public far and above the call of duty and far and above the value of their standard remuneration.

ADMINISTRATIVE EFFICIENCY.

Our fiscal year is the calendar year. Therefore the annual Budget should be presented by the 31st December. In order to do this, preparation of the Estimates should begin in the Ministerial Divisions by August. The present Government did not get started until well into January. It has not been an easy task to get the Budget ready even by now so as to meet the deadline of having it passed by the end of April.

This difficulty has been aggravated by the fact that accounts for previous years are very much in arrears. For instance, we have on today's order paper a Bill to confirm

Supplementary Expenditure for the year 1961. We are thus going to go through the absurd exercise of voting supplementary provisions relating to the budget estimates for the year 1961. That was the year the previous Government first came into office under the new Constitution. We will then have to go through the exercise again for 1962, 1963 and 1964, that is in respect of all the years of the previous Government's administration. I intend that that sort of thing will never occur again. One of my first endeavours as Minister of Finance has been to take steps to see that Government accounts are brought up to date. I am pleased to say that although this means a monumental amount of extra work, there has been a tremendous drive and a great deal of co-operation; and I feel there is every hope of bringing the 3 years' arrears which I have inherited up to date in this year. It seems strange to me how any self-respecting Government could allow this to go on. We used to hear much talk of planning. But could anyone plan without the necessary financial data upon which to base one's plans? We must have today's paper, not yesterday's, or worse yet, one 3 years old. We will now get it.

Further improvements in the preparation, examination and presentation of the Estimates are desirable. I am determined that a more searching examination of draft proposals for expenditure should be introduced.

There are many block votes, probably too many; that is,

a vote for a single sum which covers all kinds of expenditures lumped together, including wages, salaries and materials. In future block votes will have to be supported with much more detail than has been the custom. Such supporting detail should be included in an appendix to the Estimates to give Honourable Members a clearer picture of what they are voting funds for.

The same applies to votes for semi-industrial undertakings of Government, as for instance, the Stone Crushing Plant and the Timber Manufacturing Plant. Proper accounts should be shown to support votes to meet losses.

Autonomous Public Corporations should normally pay their way. Even where the nature of the public service they render justifies a subsidy, this should be on a fixed basis and the Corporation should pay its way in other respects. The subsidy should be directly related to the particular sector of the Corporation's operations which the Government considers it is in the public interest to subsidise. Proper and up-to-date audited accounts and reports should be submitted to Government by each Corporation so as to enable the Government to satisfy itself that the Corporation is being run efficiently for its purposes, and in accordance with the public interest.

A great amount of public money can be saved by stricter control and better accounting procedures over a wide field of the Estimates, and by the application of better organisation

and methods. I am determined to staff the Treasury in such a way as would enable me to be satisfied that when more money or more staff is demanded for any public service, it reflects a real need and not a lack of good organisation and efficient administration. Civil servants must become more efficiency-conscious if the public services are to be run competently and economically, and if the Government is to be able to afford to pay better salaries. The Government, in earnest of its willingness to contribute financially towards improvement in efficiency, will spend some \$7 mn. for higher wages and salaries this year.

ECONOMIC BACKGROUND

In the past three years the economy has stagnated. Exports of domestic produce which rose steeply from \$96 mn. in 1958 to \$161 mn. in 1962 — an increase of 70% in four years — have remained at very nearly the 1962 level in spite of favourable demand conditions. Imports which in 1960 and 1961 were close to the \$150 mn. level, fell to about \$125 mn. in 1962 and 1963, and only regained their 1960/1961 level last year. Investment and capital inflow were sharply curtailed. In the result production (in terms of the Gross Domestic Product at factor cost) was no higher on average over the years 1962 to 1964 than it was in 1961. At a level of about \$290 mn. a year, the per caput production in 1964 was about \$470 — no higher

than it was in 1960.

Prospects for this year are good. Exports should rise by at least \$20 mn. Under the impetus of the Government's spending and the resurgence of confidence both current and capital expenditure and income will rise; imports will rise I hope to about \$170 mn.

REVENUE AND RECURRENT EXPENDITUE 1964

The 1964 Estimates provided for recurrent expenditure of \$69.4 mn., which with the revenue forecast at \$69.7 mn. should have produced a small surplus (\$0.3 mn.).

The Revised Estimates indicate that the actual expenditure was close to the Estimates — \$69.2 mn. as compared with the estimate of \$69.4 mn. However, this close coincidence of the estimate and the result obscures significant differences between the expenditure planned for the year and that executed. In fact the public services were under-staffed and the maintenance of public buildings and works was neglected with huge savings in expenditure: some \$4 mn. was saved last year from personal emolument and maintenance votes. Yet these large savings were wiped out by emergency expenditure of various kinds required to keep the peace and to safeguard life and property.

The Revised Estimates reveal that the actual revenue was \$1.3 mn. below the forecast, of which the bulk is attributable

to the shortfall in income tax: the other major elements — import duties and excise duties — satisfied expectations. The shortfall in revenue has converted the projected surplus of \$0.3 mn. into a deficit of \$1.0 mn. Last year has therefore bequeathed to this year a legacy not only of depleted reserves but also of deferred maintenance of public works, in addition to depressed company incomes and consequently low company income tax this year.

DEVELOPMENT EXPENDITURE AND RECEIPTS 1964

The Revised Estimates place development expenditure last year at \$8.5 mn. — the lowest level in the last 10 years, and less than half the provision in the Approved Estimates (\$20.7 mn). Receipts totalled \$9.5 mn. The main works upon which the \$8.5 mn. was spent were:-

| | | | |
|---|----|----|-----------|
| Tapakuma Project and other Drainage and Irrigation Works | .. | .. | \$2.4 mn. |
| Sea Defence Works | .. | .. | \$1.3 mn. |
| Development of and equipment for Land Development Schemes | .. | .. | \$1.0 mn. |
| Public Building and Housing | .. | .. | \$0.8 mn. |

With the Court decision declaring the National Development Savings Levy Ordinance, 1962, unconstitutional and therefore void, the amount of \$6.4 mn. paid into the Development Fund

over the period for the levy has had to be transferred to deposits for repayment this year in cash. In the result, the Fund was overdrawn by \$6.5 mn. at the end of 1964.

However, many of the contributors chose to convert their refunds to the purchase of Treasury Savings Certificates or Debentures.

CURRENT EXPENDITURE 1965

I now turn to current expenditure for 1965. This is projected at \$77.2 mn. — \$9.2 mn. more than the revised estimate for 1964 adjusted to the new basis. The main increases in 1965 are as follows:-

| | |
|----------------------|------------------|
| Salaries | \$4.9 mn. |
| Public Debt Charges | \$1.5 mn. |
| Other (mainly wages) | \$2.8 mn. |
| | <u>\$9.2 mn.</u> |

The increases in rates of pay have been necessary to restore and improve morale in the Civil Service. It is now hoped to reduce the flow of resignations and to attract suitable staff to the Service at all levels. The increases in rates of pay have resulted from:

- (1) raising the minimum wage for Government daily-

paid workers from \$3.04 to \$4.00 per day, with corresponding increases for other grades;

- (2) giving consequential increases to Government employees in allied grades on the monthly staff;
- (3) adjustments to professional and administrative scales to attract suitable persons to fill such posts; and
- (4) completion of the implementation of the Guillebaud recommendations in respect of rates of pay.

The provision of \$4.9 mn. for increased salaries must accommodate the proposed increases in the rates of salaries, which with the introduction of the new wage rates, are now inescapable, and also increases due to the filling of the many vacant posts and the new posts necessary for staffing the public services adequately. If provision had to be made for all this for a full year, the amount required would be \$8.2 mn. — \$3.3 mn. more than the increased provision of \$4.9 mn. However, with many posts vacant during the early part of the year, full expenditure will not fall on the Budget this year.

The increase in rates of wages will cost \$4.7 mn. this year spread out between the current and capital divisions. Thus nearly \$10 mn. has been provided for additional salary

CAPITAL EXPENDITURE AND RECEIPTS 1965

The main objective of the 1965 Capital Estimates is to give priority to such works as are most urgent and will quickest stimulate employment and revenue. Priority is given to completing development works in progress, mainly drainage and irrigation schemes, building roads, improving airport facilities, further development of land, and building schools, homes and public buildings. The total expenditure is estimated to be \$35.5 mn.

As regards the funds for financing the programme, I expect to receive \$18.4 mn. in grants and \$22.6 mn. in loans. These sums are made up as follows:-

Grants

| | | |
|---------------------------------------|------------------|------------|
| United Kingdom (C.D. & W.) .. | \$7.0 mn. | |
| United Kingdom (Special Service Unit) | \$1.0 mn. | |
| United States | \$8.0 mn. | |
| United Nations | \$0.4 mn. | |
| Canada and West Germany .. | <u>\$2.0 mn.</u> | \$18.4 mn. |

Loans

| | | |
|-------------------------------|------------------|------------|
| United Kingdom (Exchequer) .. | \$6.0 mn. | |
| United States | \$2.5 mn. | |
| Contractor-Finance .. | \$2.1 mn. | |
| Local | \$10.0 mn. | |
| Other | <u>\$2.0 mn.</u> | \$22.6 mn. |

It should be noted that a total of \$9.6 mn. in loans has already been secured locally, and it is possible that as much as \$12 mn. will be obtained.

With receipts forecast at \$41.0 mn. and expenditure limited to \$35.5 mn., there should therefore be a surplus of \$5.5 mn. on the Capital Budget. This surplus will be available to assist the cash position which is likely to be strained by the projected deficit on the Current Budget.

REVENUE, 1965

In the year 1965 I anticipate revenue of \$72.6 mn. The main source of revenue as usual will be customs and excise duties. From these I expect to receive \$37.1 mn. This estimate is based on the assumption that imports will increase by \$20 mn., an increase of 13%. Present indications are that imports are up by about 12%. From the second biggest source of revenue — income tax — I expect to receive \$20 mn. Tax on companies comprises nearly $\frac{3}{4}$ of income tax revenue. The tax paid in 1965 is based on profits made in 1964. A shortfall in income tax is expected in 1965 due to 1964 being a very bad year for sugar profits. It is anticipated that revenue from income tax on sugar companies will be down considerably. However, income tax on other companies should be better than in the previous year because many suffered losses in 1963 through the strike.

However, in view of P.A.Y.E. contributions, \$20 mn. estimated for 1965 as against \$22 mn. in 1964 might well be an underestimate if there is a continued upsurge of economic activity. The total revenue for 1965 is estimated to be 25% of GDP. This is an exceedingly high percentage for a developing country and compares to 19% for Trinidad, 15% for Jamaica and probably as low as 10% for such countries as India and Nigeria.

1965 PROSPECTS

The Current Estimates are unbalanced. The expenditure projected (\$77.2 mn.) exceeds the revenue forecast (\$72.6 mn.) by \$4.6 mn. I do not apologise for this. It is an unwelcome inheritance from an unhappy past and a necessary investment for a brighter future. As I have explained before, both the revenue and the expenditure sides of the budget reflect the consequences of the past: a depressed yield from the company income tax; and a backlog of important things left undone, both in regard to the staff and the equipment for the public services. We must remedy this neglect forthwith if we are to progress. The important thing this year is to get the economy moving forward again. All else is pointless if we fail to do this. We must restore the efficiency of the public services; and we dare not extract any more from the economy in taxation. It is clear that any such attempt will defeat its own purpose by retarding the momentum to recovery which the success of the

past few months has achieved and reduce the revenue we seek to increase. The past three years have shown what an unduly heavy and ill-timed dose of taxation can do to upset an economy and to defeat its own purpose. In 1961 excise duties yielded \$6.0 mn. in taxation; in 1962 and 1963, in spite of increases in the rates by over 50% on average, the yields averaged only about \$6.5 mn. — only 10% more for an increase of more than 50% in the rates — no more than the increase between 1960 and 1961 without any increase in the rates. The apparent drop in consumption was from 558,000 proof gallons to 341,000 proof gallons in 1962 — a drop of 40%. It was evident that this did not reflect a real drop in consumption but the substitution of "bush rum". Again in 1961 import duties, which had been rising steadily over the previous three years by nearly 12% per annum on average without any significant increases in the rates of duty, rose to \$22.3 mn. Rates were increased in 1962 designed to yield about 7½% more than in 1961; but imports in 1962 and 1963 yielded only \$19.8 mn. and \$18.6 mn. respectively — 12 to 17% less than in 1961 in spite of increases in the rates of duty. It was not until last year that imports and import duty regained the 1961 level. Thus instead of the yields increasing annually as prior to 1962 and despite the increase in rates in 1962, the yields fell by 12 to 17% in 1962 and 1963.

I prefer to put my faith in the momentum of recovery than to jeopardise this and to court failure of the revenue expectations by attempting to raise taxation. For this reason, I have

projected an increase of 13% in imports — a rise of \$20 mn. on 1964 and a rise of \$45 mn. on the depressed 1962 and 1963 levels to yield \$3.2 mn. more in duty this year. This demonstrates my faith in the future and in the response of all who must cooperate in rebuilding for the future.

However, I am determined that the total budget — capital and current — should be kept in balance. The Capital Estimates as presented envisage a surplus of \$5.5 mn., so that the Total Budget should be in surplus by \$0.9 mn. Even so, and with the repayment, partly in cash and partly in Treasury Savings Certificates and Debentures, of the National Development Savings Levy, the cash balances of the Government will be overdrawn by \$1.0 mn. at the end of 1965. Since some \$1.5 mn. is required for minimum cash working balances for departments and public enterprises, this will necessitate finance of \$2.5 mn. to carry the deficit over the end of the year. I propose to find this by short-term borrowing — perhaps in the form of local Treasury Bills which have never yet been used as a means of Government financing in this country.

FISCAL PROPOSALS 1965

First of all I must thank the many organisations and individuals who submitted proposals to me. The two main sources of our revenue are customs and excise duties and income

tax. In relation to both of these, in one way or another, many requests for relief were made. To many of these I am sympathetic, but the exigencies of the financial situation make it impossible for me to propose to grant relief this year.

I propose no changes in customs and excise duties. But I propose to extend the duty-free concessions now given to certain industries and organisations in respect of imports from preferential sources to comprise imports from all sources. Similar concessions restricted under the Industries Aid and Encouragement Ordinance to preferential imports will be extended to all imports. Together it is not expected there will be any significant gain or loss of revenue because this concession has in any case frequently been specially extended to foreign imports.

It is intended to strengthen revenue protection, and for this purpose the vote has been increased from \$12,000 to \$20,000. There is still far too much illicit alcohol sold and too many customs evasions.

In regard to rates of income tax, I propose the following minor changes:-

(i) To remove the minimum income tax (commonly known as the Turnover Tax) as was proposed by the last Government.

(ii) To allow depreciation and initial allowances on

all buildings used for business purposes. Depreciation allowance is now restricted to buildings housing machinery. This should have the effect of stimulating building of business premises.

- (iii) Restore advertising and entertainment expenses as proper expenses for income tax purposes if proved by the production of vouchers to be reasonably and necessarily incurred for the purpose of the business. The imposition of the restriction on advertising has depressed the advertising industry, and it is hoped that its removal will result in increased employment. The loss of revenue from these concessions is unlikely to exceed \$0.15 mn. annually.

It is vitally necessary to encourage savings in order to enable the country's resources to be developed and the level of the national income increased. Life insurance is a popular and beneficial form of saving. These savings benefit the economy if they are invested locally; for example investment by insurance companies in local mortgages stimulates home ownership, and even supplies capital for productive enterprise. Life insurance should be encouraged. I propose therefore

- (i) to remove the limit of \$1,500 — on deductible premia for life insurance so as to allow up to a sixth of income (inclusive of any

contribution by an employer to life insurance or superannuation funds) to be invested in life insurance and annuities provided by approved companies as later defined;

- (ii) to grant the lower rate of company income tax (25% now applicable only to mutual life insurance companies) only to approved life insurance companies.

Only companies which have invested locally not less than two-thirds of their funds held against local liabilities will be approved for the purpose of these concessions.

In order to further encourage savings, to direct expenditure towards socially desirable ends and to stimulate employment in the construction industry, it is proposed to allow interest on borrowing to finance home-ownership of new houses as a deduction for income tax purposes. In addition to its direct effect in stimulating employment and creating savings, this should help to stimulate economic endeavour by raising the target for living standards in a desirable direction. The two concessions are unlikely to cost more than \$0.2 mm. per annum.

It is also hoped to introduce provisions into our law along the lines of the Trinidad Housing Act, which allows interest earned for approved housing schemes to be free of income tax. By these and other measures, I hope that the building of owner-occupied houses will be greatly stimulated

and thus provide substantial increased employment and other social and economic benefits.

In addition, I propose the following:-

- (i) The Gift Tax should be abolished. The yield of the gift tax in 1964 was \$1,000 and in 1963 only \$240. The tax is virtually impossible to administer efficiently, and indeed probably prompts illicit transfers of wealth which the difficulty of enforcing the tax makes it possible to do with impunity. Instead of securing the revenue against evasion of death duties, it may therefore have the opposite effect of encouraging illicit inter vivos transfers.. Furthermore, it tends to discourage productive investment, and encourage hoarding of savings in the easily transferable forms of cash or jewellery.
- (ii) The Capital Gains Tax should be simplified and modified. The tax will be levied at a fixed rate of 10% on all capital gains over \$1,000.00 and will have a time limit of 7 years. Longer-term gains are usually largely inflationary.
- (iii) The Net Property Tax should be modified. Companies in future granted income tax holidays should be relieved during the tax holiday period from payment of net property tax. New investment in approved

enterprise will also be exempt from this tax; and in addition anyone may discharge the tax by purchase of scheduled Government securities in an amount equivalent to twice the tax liability. The object of this is to stimulate investment and also to encourage savings. As a result of this concession revenue will be reduced by \$1 mn., but a greater amount than this is likely to be shifted to other receipts.

In addition, I propose that the Exchange Control Regulations be amended to restore the position prior to the amendment extending its scope to the Sterling Area in December, 1961. As before transactions within the sterling area will be free of all exchange restrictions.

The legislation to implement all the measures proposed above will be introduced shortly.

OTHER MEASURES

By the end of the year the Bank of Guyana should be ready to issue the national currency. Steps will be taken to see that our currency is based on a sound footing, backed by adequate reserves and convertible into foreign currency at stable rates. Legislation will be introduced to establish the bank on sound lines and to provide a suitable legal framework for modern

commercial banking. The evidence of expanded development has already stimulated the interest of several foreign banks in establishing branches in Guiana.

The Government has in mind to reorganise the British Guiana Credit Corporation so that it can play its proper role in the development of the country. There are features of its past operation which are not entirely satisfactory and it will be necessary to take steps to correct them.

The Government is taking steps to establish a national lottery and also a national radio bingo. There is no doubt that this type of fund raising can make a real contribution to revenue, possibly of more than \$0.1 mm. annually. Steps are now being taken to appoint a National Lottery and Bingo Committee.

During the course of the year I propose to re-examine the entire Customs schedule of import duties with a particular view to simplification, removal of anomalies, and to establishing a consistent and effective means of protecting local industries. A new excise law consolidating and rationalising excise provisions is urgently necessary. I hope it will be possible to introduce the necessary legislation this year.

The Tax Ordinance which dates back to 1939 and contains a miscellany of duties and licences, needs to be remodelled.

The task of improving the system of fiscal legislation will be undertaken as soon as possible. It is proposed to set up a committee to report on this.

The objective of my fiscal proposals is to strengthen confidence, and to throw out a challenge. I have budgeted for a deficit. But I believe that if there is the maximum of capital investment and replacement of stocks by enterprise, there is a reasonable possibility that my estimate may be improved upon. If this is so, I would hope that further relief would be possible next year. It is generally admitted that the rate of personal tax in British Guiana is exceptionally steep; one of the steepest in the world. I hope that some relief may be possible, if the upsurge of trade, industry and development warrants it. Meanwhile, I intend to do everything possible to strengthen revenue protection in the Department of Inland Revenue.

I am confident that the economy of our country is sound, and that this, the biggest budget ever, both in current and capital expenditure, can be the beginning of a great sprint forward. On other occasions I have likened the economy of Guiana to a thoroughbred horse. Hitherto it has been slow and sluggish because it has been badly nourished, badly trained and badly ridden; now with good nourishment, good training and a better rider, the horse is champing at the bit and rearing to go. We must all have pride in our country,

and confidence in its progress. We must all co-operate in the national effort to get ahead. Where there is a lack of confidence and co-operation, democracy fails. This is what was happening up to 1964. This is what has now changed. The introduction of a compulsory savings levy, the imposition of severe restrictions on the exchange of sterling indicated a lack of confidence in the people of Guiana by the Government.

This Government has, in less than half of one year already received from voluntary savings more than twice as much as the maximum collected in any one year from compulsory savings.

This Government has declared its intention to remove currency restrictions. We have confidence in the people. The people have confidence in us. I am grateful to the small man who has shown his confidence in the most tangible way by investing his savings in Treasury Savings Certificates. I am grateful for the co-operation businessmen have shown by investing millions in savings certificates and debentures. Upon this confidence we can build a co-operative democracy, where everyone co-operates in aspiring and working towards national prosperity. So far there has been a great deal of confidence and co-operation. All that is now needed is full racial co-operation. I would fail in my task if I did not create an economy to provide prosperity for Indians as for Africans, Amerindians, Chinese and Portugese, and indeed all

362

in Guiana. I am confident that the rice farmer and the factory worker will become more prosperous than ever before. All of this cannot be achieved without co-operation and hard work at all levels. I look forward with confidence to that hard work and that co-operation.



*The Government Printery,
Georgetown.*

(C.G.P. & S. 963/65.)