

THE
PARLIAMENTARY DEBATES
OFFICIAL REPORT

[VOLUME 7]

**PROCEEDINGS AND DEBATES OF THE FIRST SESSION OF THE NATIONAL
ASSEMBLY OF THE THIRD PARLIAMENT OF GUYANA UNDER THE
CONSTITUTION OF GUYANA**

37th Sitting

2 p.m.

Monday, 28th June, 1974

MEMBERS OF THE NATIONAL ASSEMBLY

Speaker

His Honour the Speaker, Mr. Sase Naraine, J.P.

Members of the Government – People’s National Congress (50)

Prime Minister (1)

The Hon. L.F.S. Burnham, O.E., S.C.,
Prime Minister

Deputy Prime Minister (1)

Dr. the Hon. P.S. Reid,
Deputy Prime Minister and Minister of
National Development and Agriculture

Senior Ministers (7)

The Hon. H.D. Hoyte, S.C.,
Minister of Works and Communications

(Absent – on leave)

*The Hon. S.S. Ramphal, S.C.,
Minister of Foreign Affairs and Justice

(Absent)

***Non-elected Minister**

- *The Hon. H. Green,
Minister of Co-operatives and National Mobilisation (Absent)
- *The Hon. H.O. Jack,
Minister of Energy and Natural Resources (Absent – on leave)
- *The Hon. F.E. Hope,
Minister of Finance
- *Dr. the Hon. K.F.S. King,
Minister of Economic Development (Absent)
- *The Hon. S.S. Naraine, A.A.,
Minister of Housing (Absent)

Ministers (5)

The Hon. W.G. Carrington,
Minister of Labour

The Hon. Miss S.M. Field-Ridley,
Minister of Information and Culture

The Hon. B. Ramsaroop,
Minister of Parliamentary Affairs
and Leader of the House

*The Hon. Miss C.L. Baird,
Minister of Education and Social Development (Absent)

*Dr. the Hon. O.M.R. Harper,
Minister of Health

*The Hon. G.A. King,
Minister of Trade and Consumer Protection (Absent)

Ministers of State (9)

The Hon. M. Kasim, A.A.
Minister of State for Agriculture

The Hon. O.E. Clarke,
Minister of State – Regional
(East Barbice/Corentyne) (Absent)

***Non-elected Ministers**

The Hon. P. Duncan, J.P.,
Minister of State – Regional (Rupununi) (Absent)

The Hon. C.A. Nascimento,
Minister of State, Office of the Prime Minister

The Hon. M. Zaheeruddeen, J.P.,
Minister of State – Regional
(Essequibo Coast/West Demerara) (Absent)

*The Hon. C.V. Mingo,
Minister of State for Home Affairs

*The Hon. W. Haynes,
Minister of State – Regional (Mazaruni/Potaro) (Absent)

*The Hon. A. Salim,
Minister of State – Regional
(East Demerara/West Coast Berbice) (Absent)

*The Hon. F.U.A. Carmichael,
Minister of State – Regional (North West) (Absent)

Parliamentary Secretaries (8)

Mr. J.R. Thomas,
Parliamentary Secretary, Ministry of Housing

Mr. C.E. Wrights, J.P.
Parliamentary Secretary, Ministry of Works and Communications

Miss M.N. Ackman,
Parliamentary Secretary, Office of the
Prime Minister, and Government Chief Whip

Mr. E.L. Ambrose,
Parliamentary Secretary, (Agriculture),
Ministry of National Development and Agriculture

Mr. K.B. Bancroft,
Parliamentary Secretary (Hinterland),
Ministry of National Development and Agriculture (Absent – on leave)

***Non-elected Ministers**

Mr. S. Prashad,
Parliamentary Secretary, Ministry of
Co-operatives and National Mobilisation

Mr. J.P. Chowritmootoo,
Parliamentary Secretary, Ministry of Education

(Absent – on leave)

Mr. R.H.O. Corbin,
Parliamentary Secretary, Ministry of
Co-operatives and National Mobilisation

(Absent)

Deputy Speaker (1)

Mr. R. C. Van Sluytman, Deputy Speaker

Other Members (17)

Mr. J.N. Aaron
Mrs. L.N. Branco
Mr. M. Corrica
Mr. E.H.A. Fowler
Miss J. Gill
Mr. W. Hussain
Miss S. Jaiserrisingh
Mr. K.M.E. Jones
Mr. M. Nissar
Dr. L.E. Ramsahoye
Mr. J.G. Ramson
Mr. P.A. Rayman
Mr. E.M. Stoby, J.P.
Mr. S.H. Sukhu, M.S., J.P.,
Mr. C. Sukul, J.P.
Mr. H.A. Taylor
Mrs. L.E. Willems

Members of the Opposition

Liberatory Party (2)

Mr. M.F. Singh, Leader of the Opposition
Mrs. E. DaSilva

OFFICERS

Clerk of the National Assembly – Mr. F.A. Narain

Deputy Clerk of the National Assembly – Mr. M.B. Henry, AMBIM

28.6.74

National Assembly

2.05 – 2.15 p.m.

2.05 p.m.

PRAYERS

ANNOUNCEMENTS BY THE SPEAKER

The Speaker: Leave has been granted to the hon. Member Mr. Hoyte, the hon. Member Mr. Jack, the hon. Member Mr. Bancroft and the hon. Member Mr. Chowritmootoo for today's sitting.

PRESENTATION OF PAPERS AND REPORTS

The following Paper was laid:

Financial Paper No. 2/1974 – Schedule of Supplementary Provision on the Current and Capital Estimates totalling \$41,754,520 for the period ending 15th June, 1974.

[The Minister of Finance]

In terms of Standing Order No. 68 (1), the Minister of Finance named Wednesday, 3rd July, 1974, as the day for consideration of the paper.

PUBLIC BUSINESS

BILLS – SECOND READING

CANE FARMERS REHABILITATION FUND BILL 1974

The Deputy Prime Minister and Minister of National Development and Agriculture (Dr. Reid): Mr. Speaker, I rise to move the Second Reading of this Bill No. 17/1974, Cane Farmers Rehabilitation Fund Bill 1974. I think that this is a truly non-controversial document

that is before the House, but it is of such significance and importance in the development of the small cane farmer in this country that I need to spend some small amount of time, not really in explaining the Bill which is almost self-explanatory, but to give a background of the long history of the sugar-cane industry in this country, relative to the matter before this House.

It is of importance that we look into the development of these funds known today in this country as “Special Funds.” It was as far back as 1939 that all sugar produced in the Commonwealth for export was sold to the British Ministry of Food. The British Government then, touching almost every corner of the earth, bought all the sugar produced by the then British Guiana and, as was customary, fixed the price. Even though the price was negotiated annually, it was the kind of arrangement that you finally had to agree with what the British decided to pay.

In 1945, there was a great slump in sugar production. The War had just finished; people, especially in the British territories, had exerted themselves to the full; their span of energy was completely used up. The British then did not see great need for continuing the type of production that was done during the war years so that the British Empire could live and be strong and this there was a slump in the production of sugar. Thus the free market price in the world was sustained and that free market price was higher than the price then offered by the British Ministry of Food.

It was during that period that the British, as was customary, dispatched a Commission, headed by Lord Moyne and known to us today as Moyne’s Commission. This Commission was sent out to the Caribbean – the then British Guiana included – to look at the economics of the West Indies and the then British Guiana. It was not an ordinary Commission; it was a Royal Commission.

[Mr. Reid contd.]

2.15 p.m.

Lord Moyne, in his Report in 1945, recommended the establishment of a scheme which was somewhat not unlike the scheme that was in practice in the United Kingdom then. I refer to the scheme for the coal miners in the United Kingdom. He recommended that it should be a West Indian Welfare Fund. This West Indian Welfare Fund was to finance schemes for the general improvement of the social conditions in the West Indies. You can well imagine how we West Indians then hailed this “good” Royal commission that had reported thus.

The British was to provide an annual grant direct from the British Exchanquer. Of course, it was to be organized and administrated so as to have the benefits confined to the particular industry – sugar. At that time, everyone sincerely believed that this must be money that had come from the British Treasury. We, poor unwary human beings, did not realize that in deed and in fact it was sugar money.

And so in 1947, the British Ministry of food increased the price paid to the Commonwealth territories by \$22.80. A sum of great magnitude! People then thought this was British generosity at its highest. This increase was granted to all Commonwealth sugar-exporting countries, but in the case of the British West Indies, including Guyana, the Ministry had a special stipulation, that a proportion of the increase, namely \$13.20, was to be set aside to establish three funds. These funds are today known as the “Special Funds” connected with the sugar industry. The funds are so well known that I need not even mention them, but for the record, they are the Price Stabilisation Fund, the Rehabilitation Fund, and the Sugar Industry labour Fund.

In January of 1947, an Ordinance to make provision for the establishment in respect of the sugar industry of these several funds was enacted by the Governor-in-Council of the then British Guiana. It was basically a levy on the sugar industry and it was divided up as follows: Price Stabilisation Fund \$6, Rehabilitation Fund \$4.80, and labour Welfare Fund \$2.40.

It was a great debate then in the Legislative Council. There were probably massed of official correspondence on this significant forward move and, from the debate and the official correspondence, one was able to glean the functions of these several funds. Of course, the Price Stabilisation Fund, as the name implies, was to have some reserve that in case the price of sugar should fall very significantly the sugar industry was going to be in a position to have this reserve fund to use so that the industry could go on. But once the British was paying that negotiated agreed price, which was reasonable then, this Fund was not be used. And I do not think the Fund was ever so used.

The Rehabilitation Fund was to provide a source of finance so that if there was to be a major development in the sugar industry, for instance, the improvement of factory, the improvement of machinery, and the improvement of any other equipment, the industry would be provided with this type of reserve finance.

And then we come to the labour Welfare Fund, which was to tough the workers directly, for it was in this Fund that the welfare of the workers was taken care of directly. We might spend some more time on that later on in the debate.

These funds were to e administered in a particular way, and there was an Act that provided the authority for their administration. Up to today, the Labour Welfare Fund is administered by a Committee consisting of representatives of the Government, the Sugar Producers' Association, and the recognized unions in the sugar industry. The Price Stabilisation Fund and the Rehabilisation Fund are administered by a Committee consisting of representatives of the Government and the Sugar Producers' Association.

But something happened in 1953. Sir, you will remember I said at the commencement, that the British Ministry of Food had agreed then to purchase all the sugar produced in the British West Indian territories, the Commonwealth, but in 1953, the Ministry ceased to purchased 100 per cent. The British then always had the final word in any negotiation. It was

never a two-way street. It was called “negotiation” because a lot of discussion went on, but in the final analysis, the decision was made by the British.

2.25 p.m.

In 1953 the British decided that they could no longer purchase 100 per cent of our sugar and the producers were then left to sell one quarter to one third of the sugar exports at the free market price. Promptly, some Caribbean territories, namely, Jamaica, Trinidad and Antigua, took that occasion to relieve the sugar industry in their particular territories of what they then called the burden of paying special funds out of their market sales. Guyana did not follow immediately; it followed later on, and the variations were then retroactive. But the proportion did not remain static; there were occasions when it changed.

You will remember that \$13.20 was divided among the three funds as follows: Price Stabilisation \$6, Rehabilitation Fund \$4.80, labour Welfare \$2.40. That continued unto 1950. From 1951 to 1953 there was a change and the Price Stabilisation Fund was given \$2. You will remember I said that it was scarcely used, probably never used, for what it was originally proposed to do. The Rehabilitation Fund stayed at \$4.80 and the labour Welfare Fund was increased to \$6.40. In 1954 another change occurred. The Price Stabilisation Fund went down even lower, to \$1, the Rehabilitation Fund remained at \$4.80 and the labour Welfare Fund went to \$7.20. The last named was the fund that was giving direct, definite and tangible benefits to the sugar workers.

In 1957 another change occurred. The Price Stabilisation Fund went back by 20 cents to \$1.20; the Rehabilitation Fund went to \$7.20 and the Labour Welfare Fund went down to \$4.80 and so we can look at the proportions as not static. From time to time we were able to see the various amounts used by these funds. Sometimes funds were diverted from one area to another depending on the need. The one, I think, that bore most of that burden was always the

[Dr. Reid continued)

Rehabilitation Fund because this went to rehabilitate the machinery in factory and field for the sugar industry.

It is worthy of note that in 1957 over \$5 million was diverted from the Stabilisation Fund to the Rehabilitation Fund as a loan to the Demerara Sugar Terminals Limited. Also, In 1966, some of the money from that fund was withdrawn for us to facilitate the payment of the annual production bonus and a once-and-for-all bonus for 1964 to workers in the sugar industry. This we see that by special order and so forth it was possible to transfer money from one fund to the other and thus the Rehabilitation Fund has been put to what we can fairly describe as maximum use.

In 1966 the accumulated receipts of the fund were \$34 million but claims submitted to and admitted by this fund through the Rehabilitation Committee totaled \$49 million. There was also quite a demand on the Rehabilitation Fund.

In the industry, there was something a thing called “windfall”. This was experience by transactions made with Canada. When this surplus was totaled up for 1950, 1951 and 1952 it came to a sum of some \$628,000 which was credited to the labour Welfare Fund, and rightly so. strange enough, it was the sugar industry that had to insist that this money should be used for the benefit directly of sugar workers. That was in the 1950s.

We have had several reports on the sugar industry form time to time. When Lord Moyne came heading the Royal Commission, it was to look over the entire economics of the British Caribbean including the then British Guiana, but with benefit that is difficult to tell in these times because when the British left Guyana in 1966 this was country that had less than 100 mile of good road even though we boast of 83,000 square miles; a country no smaller than the United Kingdom itself, could then only speak or less than 100 miles of good road.

Other person, Committees and Commissions had to look at the sugar industry specifically, and since these funds were inaugurated in 1947 several committees still had to look. One was the Venn Commission. That Commission reported in 1949. Then you will remember the Cummings Committee which reported in 1965. The Persaud Commission reported in 1968 and in 1970 the Low-A-Chee Tribunal. It shows, therefore, that there was always need to examine the sugar industry so that those labour in it could get reasonable benefit.

It was significant that all those who examined the sugar industry, it was only the Persaud Commission that was able to surface an injustice that had lived on for many years and that was that there were in the industry several small cane farmers who contributed to these funds but never had the advantage to benefiting from the fund. It was like taxation without representation, the great issue that caused the American War of Independence. The Commission found out that payments were made without benefits all through these years, payments not from the wealth but from small men who had sometimes to eke out a very miserable existence. These people did not benefit until Persaud was able to identify this injustice.

2.35 p.m.

This is what the Persaud Commission reported:

“We recommend that in calculating the small cane farmer’s share of the proceeds of sugar, no charge, in future, be made against them for contributions to the rehabilitation fund.”

This was not readily accepted by the sugar industry and they surfaced all sorts of arguments to show that the small cane farmer benefited from the fund. And so men of learning had to delve again deeply into this matter to do the interpretation. I think this was a part of the lawyers business when they had to sit down weeks and months trying to interpret this issue. I think today brings us to the point whereby we would wish to put this more enlightened interpretation into action.

[Dr. Reid continued]

This Government agrees with Persaud that in calculating the small cane farmer's share of the proceeds of sugar, no charge should, in future be made against them for contribution to the Rehabilitation Fund. One would realize that that alone could not put injustice right. They have been contributing over a significant period and it is only right that, even though we bring this piece of legislation to this House, at this late date, that they should not totally lose what they have contributed.

Even though we agree with Persaud that their share should not be pooled with the general Rehabilitation Fund from which they got nothing, it is a good thing for them to have a share somewhere as a reserve that they could use in time of difficulties and so forth. So we would want them to continue to have some financial reserve upon which they can fall back in times of difficulty.

One might wish to ask: How do the small cane farmers contribute to the Rehabilitation Fund? The Sugar Industry Special Funds, as they are generally referred to, were established in 1947. The money for the funds came from the levy on exported sugar and it is clear that the sugar manufactured from canes produced by the small cane farmers is also part of that export trade and thus they ought to share in the benefits of the Fund. The argument does not hold good that because the factories are rehabilitated by new machinery, new equipment, and because their canes are manufactured into sugar at these factories, they benefit. We on this side of the House do believe, and rightly so, that they, in turn, pay for the manufacturing of their sugar once into sugar and thus can have no part whatever in money spent for the rehabilitation of the sugar mills.

This Bill seeks, at this stage, to set up a special cane farmer's Rehabilitation Fund so that when the deductions are made they are kept for the cane farmers and managed by the Cane Farmers' Committee. The small cane farmers do have a National Cane Farming Committee and it would be in their interest that this Fund, when set up, is managed by their own Committee.

I wish, however, at this stage to make an observation that notwithstanding this proposed change, one would not wish to think that all the problems in the sugar industry, as far as the small cane farmers are concerned, would be solved. But it would go a long way to give them a much needed assistance and that is why at the very beginning I indicated that this cannot be a controversial Bill.

In many areas some of these people who have labored on in the sugar industry helping to produce canes that are manufactured into sugar have had no fringe benefits from the sugar industry itself because the labour Welfare Fund, unless they were within the confines of the sugar estate, did not touch them. In recent times there has been some justice done in liberalizing this fund so that they can benefit.

It is good to note that there has been some measure of benefit to workers in the industry through the labour Welfare Fund. I would not go over, in detail, some of the things we know so well – for example, development of house lots, housing loans, water supply, roads, recreational facilities and so forth.

They who work in the sugar industry rightly earn these facilities but it is likewise fair that others who produce canes should share some of the benefits from the sugar industry. For instance, in housing loans alone, over a period, some \$16.2 million was expended. Development of housing areas \$4.8 million – a total of some \$43 million has been used in this exercise. So we would wish that other workers in the sugar industry should have an opportunity to participate in a more meaningful way, a way that will help them economically in this business of the sugar industry.

2.45 p.m.

This legislation that is before the House is to give them that opportunity. They would be able, by doing some of the things for themselves, to do better as small cane farmers.

[Dr. Reid contd.]

Notwithstanding the arrangements made, it was not unusual for small cane farmers to get the raw end of the deal as far as land preparation is concerned and as far as services for good husbandry are concerned because notwithstanding what you agree on in theory when it comes to practice it is quite a different thing. In getting fertilizer and pesticide it was not unusual that they paid for what they did not actually get. All sorts of reason were given. All sorts of maneuvering went on. We hope that they, in time, will be able to be more involved in some of these husbandry practices by using their funds in that direction. I am certain that this give quite a stimulus to the small cane farmers.

Probably I have said too much in presenting this Bill but I wish to repeat that the small cane farmers do contribute to the Rehabilitation Fund, one might say indirectly, because they sell their cane to the manufacturers. Since they do contribute and since at this time they derive no direct benefit, I present this Bill with the hope that it will get the full support of both sides of this House so that a long felt injustice can be remedied. I present the Bill for the Second Reading.

Question proposed.

The Speaker: Hon. Leader of the Opposition.

The Leader of the Opposition (Mr. M.F. Singh): Mr. Speaker, I have no wish to give any emotion dissertation on the past history of the sugar industry but I must perforce thank the hon. Minister for his contribution. I should like to assure him that we took a very careful note of his historical narrative in respect of the sugar industry.

If we are to get down to the meat of the matter we can perhaps start with the Explanatory Memorandum to this proposed piece of legislation. It is important, I think, that I read it and put it on the records of the House. It states:

“Cane farmers indirectly contribute to the Sugar Industry Rehabilitation Fund as the terms of the contract under which they sell their cane to manufacturers permit for the manufacturers’ contribution to that Fund to be allowed as deduction against the price to be paid by the manufacturers for such cane.

As cane farmers derive no direct benefit from that Fund it is thought desirable that the sums equivalent to the aforementioned deductions be allocated instead to a Fund providing substantial benefits to cane farmers.”

We on this side of the House share the solicitude of the hon. Minister of the small cane farmers. Clearly, I think, all of us appreciate that even though the small cane farmers did, in fact, contribute to the Rehabilitation Fund their returns from that contribution were nil or almost nil.

They contributed also to the Sugar Industry Labour Welfare Fund. There was, in fact, provision in the legislation for them to benefit because in the Sugar Industry (Labour Welfare Fund) Regulations, Chapter 69:03, one notes that the definition of labour workers who benefits under this Sugar Industry Labour Welfare Fund is divided into two categories –

“(a) any person engaged in manual labour in or about any work incidental to the production of sugar cane and the manufacture of sugar; and

(b) any person engaged in the production of sugar cane for sale to an exporter;”

Clearly the small cane farmer comes within the ambit of the Sugar Industry Labour Welfare Fund, but the factual situation was that he bulk of the benefit, if not all of the benefit, did in fact go to sugar workers rather than the small cane farmers. I have before me here the review of the operations of the Sugar Industry labour Welfare Fund for the year 1973 made by the Sugar Industry Labour Welfare Fund Committee. A look at this, which gives us some of the past history of the operations of this Fund, shows clearly that the majority of benefit went to sugar workers and very little, if any at all, went to the small sugar cane farmers as such.

We do agree that there is need to redress an imbalance, there is need to put right what was wrong for all these years, there is need to take cognizance of what, according to the hon. Minister, was first surfaced as an injustice in the Persaud Commission Report. We thank the hon. Deputy Prime Minister for his point out the recommendation of the Persaud Commission.

The Persaud Commission's recommendation, as I understand it, was that in future this sum which was deducted, at first, from the cane farmers' cane and went to the Sugar Industry Rehabilitation Fund, should no longer be deducted. One wonders whether this House should not take special cognizance of that recommendation. In fact, I would recommend to the hon. Minister that this legislation be amended to take cognizance of that particular recommendation.

What is, in fact, proposed in this legislation? The proposal is to knock off money at source from what the cane farmers would have received had the Persaud Commission recommendation been adopted. As a result of the Persaud Commission's recommendation they would have got X dollars plus whatever amount of money they contributed towards the Sugar Industry Rehabilitation Fund.

2.55 p.m.

This proposal is that that X dollars of their contribution towards the Sugar Industry Rehabilitation Fund should not go to them, as was recommended by the Persaud Commission, but it should be put into a fund and, as the legislation states, will provide substantial benefits of cane farmers. Why is it that we want to knock this sum off at source from the cane farmers' earnings and put it into a special fund? Why should we not knock it off at source and hand it directly to the farmers? Why should we take it away, separate it from the cane farmers and put it into a special fund? Would it not be more equitable if we handed it straight and directly to the cane farmers, as the Persaud Commission recommended?

[Mr. Singh continued]

The hon. Minister has commended the Persaud Commission on its recommendations. Should we not adopt that recommendation? After all what are we doing here? Is it not a kind of paternalism, the sort of things that the Co-operative Republic of Guyana under the P.N.C. Government administration tries to get rid of, this kind of paternalism towards people? Is that not the kind of thing that we want to put aside, to put behind us, to relegate to the past?

What are we saying? We are saying that instead of giving the cane farmers this additional payment which they are entitled to – because otherwise they receive no benefits – instead of giving them directly this additional payment it will be put into a special fund, and the special fund is to give substantial benefits to cane farmers. What will this Special Fund do? This proposed legislation does not say. It merely states that:

“The Commission may, with the approval of the Minister, make regulations to provide for the following matters:-

- (a) the purpose of which the sums standing to the credit of the Fund may be applied;

It does not say what these purposes will be. We do not know. We have to wait on the legislation which the very hard-working legal draftsmen will produce at some date in the future, and I would hope not the distant future. But we do not know what it is at the moment. I am not even sure that the legal draftsmen know what it will be because they will have to wait on the direction of the powers that be to tell them what to put in the legislation. We poor humbly mortals here have no clue as to what these regulations would be like, as to what purposes these sums standing to the credit of the Fund would be applied to. Would it be like the Rice Action Committee? We all know how the Rice Action Committees are operating at the present time; we all know that they are giving loans on the basis of party loyalty, that they are distributing funds on the basis of the party paternalism and that sort of thing.

The fact of the matter is that we would not like to see this fund being operated as the Rice Action Committees operate the funds at their disposal. This is why we are so anxious to know what the proposals are; we do not know.

But I get back to my original point. Why should we have this fund? Let us face the facts of the matter, let us note that at the present moment cane farmers are not without organisations, they are not without groups to look after their interests. Is it not a fact that there is at the present moment the National Cane Farming Committee? Is it not a fact that there is also the Cane Farming Development Corporation? Both these organisation are there to look after the interests of these small cane farmers. The Cane Farming Development Corporation Limited had funds in the past, still has funds and will continue to get funds for helping cane farmers to develop, and to help the industry to develop. We have not heard anything about the Cane Farming Development Corporation and the National Cane Farming Committee, two organisation that are in fact looking very strenuously at the interests of these small cane farmers. They have funds to look after the small cane farmers.

We do not know to what purposes the sum will be put. But we happened to know that one of the proposals is to set up machinery pools and the rational for this is that at the present moment the peasant cane farmer suffers from lack of availability of machinery when he wants to plant and reap his crop. Is it the most desirable thing to do, to utilize these funds for setting up machinery pools? Our answer to that is emphatically, No.

Just in case it be said that he sugar companies who are at the moment providing machinery for peasant cane farmers are making exorbitant charges, let me say here and now that those changes are monitored by the National Cane Farming committee; so that they can fix them and dictate what those charges should be like, and I happen to know that it is the proposal in big expansion areas that the sugar companies be made responsible for machinery to service those areas. The sugar companies have workshops. They have the facilities to service machinery. They have their own pools of machinery. What we need to do is to let them enlarge on that pool

if the present facilities appear to be inadequate. But I respectfully submit that the answer would not be to use this fund to create machinery pools.

3.05 p.m.

Let us realise that in the sugar industry the use of machinery is seasonal so that for an appreciable period of the time, if this fund has machinery pools, that machinery will lie idle and if it lies idle the unit cost will go up. It must go up. If you take into consideration the money that will be required to establish workshops for the maintenance and servicing of these pieces of machinery then you would realise that they cannot possibly compete with the service being offered at the present moment by the sugar companies. I say, let the sugar companies be made to expand their facilities generally. Let the National Cane Farming Committee continue to monitor the charges so that there could be no unreasonable charges made by the sugar companies in respect of hire of machinery. But let us understand that whereas the sugar companies can deploy their machinery, during what would normally be idle times; in relation to reaping and planting of crops, into other areas to do other things, these machinery pools invariably will not be able to do that.

If my presupposition is correct, and one of the objects of this fund is to set-up machinery pools, may I say that we on this side of the House vehemently disagree with the setting-up of these machinery pools because we think that they will operate to the detriment of the cane farmers as against paying them directly and initially the money that would normally have been deducted to go into the Sugar Industry Rehabilitation Fund.

I am saying that we share the hon. Deputy Prime Minister's solicitude for these cane farmers but we say they must benefit not by a machinery pool, not by a fund, but directly by the money being handed to them at the very source so that they have a direct benefit from the sale of their cane and that they do not have to wait on paternalism from this fund in order to derive the

[Mr. Singh continued]

kind of benefit which both myself and the hon. Deputy Prime Minister agree has been lacking for so long in the past.

We agree and we heartily commend the hon. Deputy Prime Minister in that the Government has been fit to transfer out of the Treasury to this Fund – providing the Government insists that it will go ahead with the establishment of this fund. We agree that \$½ million coming out of the Fund for the benefit of cane farmers is not inequitable; that is, of course, bearing in mind that I say that the future benefits of the Fund, as proposed in this Legislation, should not go to any fund but should go directly to the cane farmers. But we recognise that these cane farmers have been suffering in the past and at least the identification of \$½ million for the benefit of cane farmers is commendable indeed.

As I am on this point I wonder whether the hon. Deputy Prime Minister could tell us for our information what the amount is standing to the credit of this Fund at the Treasury. I rather suspect it might well be a very significant figure and I think since we are dealing with these funds this Parliament is entitled to know what is the amount standing to the credit of the Sugar Industry Rehabilitation Fund. I hope that he hon. Deputy Prime Minister has that figure to give us.

Dealing again with the proposed legislation, Clause 5 says:

“The Committee may, with the approval of the Minister make regulations to provide for the following matters: - ...”

We do have a Parliament in operation and in existence up to the present time. The pattern of legislation has been that Parliament should have an opportunity to oversee, and, if it considers necessary, to question any regulations made under substantive legislation. I would respectfully recommend to the hon. Deputy Prime Minister that he inserts before the word “Committee” in clause 5 (1) the words, “subject to negative resolution of the National Assembly.” This means

that if any member of the National Assembly wants to question the regulations he will an opportunity to do so – if hon. Members do not want to question the regulations, well the regulations become law as soon as they are promulgated. The regulations are law as soon as they are promulgated but if you insert the words “subject to negative resolution of the National Assembly” it merely means that if there is something that a particular member of Parliament wants to question, he can bring a Resolution to Parliament which will cause that legislation to come before Parliament for debate and if the hon. Member is able to persuade the rest of the Assembly that a change should be made than a change would be made. Otherwise, the legislation remains as it was promulgated. As we say in Guyana “it is no big thing”, just an opportunity to allow the supreme forum of the land to have an over-all supervision of regulations which may be promulgated with the approval of the hon. Minister.

The last point I would want to comment on is Clause 6 of the Bill.

It states:

“The Committee shall not later than six months after the end of each calendar year submit to the Minister a report containing: - (a)”

and then “(b) a statement of the accounts of the Committee in respect of the Fund audited as prescribed together with such other reports as may be required by the Minister.”

I want to comment on the words “audited as prescribed.” These are funds that rightly belong to cane farmers. Therefore they are funds in respect of which the Government, the Committee – all and sundry – should have very clean hands. The funds should be audited by an impartial body. I presume that this would be dealt with in Regulations and I recommend that in the promulgation of these regulations, we provide for the funds to be handled as in the Sugar Industry (Labour Welfare Fund) Regulations; Regulation 14 of Chapter 69:03. I would like to see in the

Regulations the same provision that obtains there. In that case it says “Committee” but in this case it would be “funds.”

The regulation states:

“The accounts of the Committee shall be audited once every year by the Director of Audit and the Committee shall pay therefor, such fee as may be approved by the Minister.”

This is the provision in the regulations in respect of the Sugar Industry (Labour Welfare Fund) Committee.

3.15 p.m.

I urge that when the regulations are being drafted in respect of these funds, the same kind of regulation, as was put in the Sugar Industry (Labour Welfare Fund) Regulations, is put in these regulations in view of the fact that this is money belonging to cane farmers’ money.

Dr. Reid (replying): Mr. Speaker, I am really not disappointed because I did expect my friend on the other side to speak as he did. To begin, I would advise him to spend one crop year in the farming district so that he can talk in this House from a position of real knowledge, for on one hand, he is talking about paternalism from the administration of the fund and, at the same time, he is advising paternalism from the sugar estates side to the cane farmers. They must do all these things for the farmers, and the farmers must not have any say or any chance to do something through their own funds. But that is by the way.

I wish, however, to mention that the cane farmers, all the sugar workers, now benefit from the Sugar Industry Labour Welfare Fund. The legislation was there but it needed the type of Prime Minister that we have now to ensure that the sugar industry does its duty, and I am happy to report that the sugar industry in its enlightened programme has recognised this duty.

We find roads being built in the villages and not only in the extra nuclear areas, hence additional legislation is not necessary. We only bring to this House legislation when it is absolutely necessary.

We have agreed should be a deduction, as the Persaud Report advocated, but there should not be a special fund for these small cane farmers. I want him to realise that we have brought this legislation after consultation with the cane farmers. We are not only looking at the immediate use of the money but at the long term development of the cane farmers themselves, and it is the duty of this Government, not only to look at what is immediate but also what is important for the future. Surely if the fund is to be of benefit to the small cane farmers, then it cannot benefit them individually. This is very important for him to recognise and I want to illustrate this by asking him to consider a body that is dead, but someone still insisting on putting in new false teeth, probably made of gold. Of what use is that to the body?

What the cane farmers are doing, they do as a group. In many places they work in a particular area, and if we just distribute to them the small sums that they would get from this money that is deducted; then the roads that are common to all of them would be left undone. Because man is what he is, greedy, covetous, self-centered; they road would not be done, the canal would not be done, the husbandry would not be done, and we, who know the farmers, and the farmers who know themselves, have already agreed that in the interest of their own development, this is the best way it should be done.

The whole is greater than the part, and so we do not believe that we can promote the development of these cane farmers if the whole body is dead and we insist on improving individual parts of that body, putting in false eye and false teeth, and thinking we will resurrect the body. It will not happen and so we have taken this line.

He mentioned the Cane Farmers' Development Corporation and its functions. It is right to say that it has been doing some work, but still, its functions have not been able to meet all the

needs of the small cane farmers. We must remember they are small cane farmers. They have problems peculiar to themselves and unless they have at some time the means of production then they would not be able to produce as efficiently and effectively as one would wish. They must at times be able to transport their cane promptly. And they will have other issues even after transporting the cane at the time of milling that cane.

If one understands the sugar industry properly, one would know that the movement of the cane must be prompt. The milling must be prompt or else what you are given with one hand is taken away in the type of sugar that he produces, because sugar is not just the grains that one sees. For him to be paid the sucrose content has to be tested and if that cane is delayed because of lack of transportation facilities, roads, waterways, or other equipment for transportation, then it arrives too late at the factory to get that high sucrose percentage. As a matter of fact, if it is not milled promptly, he loses in that way, and if he can control the movement of his cane to get it to the factory quickly, because this is his peculiar interest then this fund should be able to help him to do some of those things.

I do not think there is much more for us to quarrel about. He has talked about bringing every measure to the House and putting up a negative Motion, and things like that. This is farming, and, there, again, my friend does not really understand farming. It is not the kind of thing where you can come into the House and talk for hours and hours and days and days, postpone and defer. The crop is the master and when we come to the House and just spend so many hours talking over a Motion, the man might be losing his crop. The Opposition wants to keep talking and talking. This is something that has to be done quickly. It is not practical to bring everything to the House for us to have all sorts of discussion on it when the poor farmer is waiting for action in the field.

I again, would like to recommend to the hon. member it would be a good thing for him to take a whole crop period off and live with the farmer so that he would understand the farming better.

28.6.74

National Assembly

3.15 – 3.25 p.m.

Question put, and agreed to.

Bill read a Second time.

Assembly in Committee.

Bill considered and approve.

Assembly resumed.

Bill reported without Amend, read the Third time and passed.

NATIONAL CANE FARMING COMMITTEE (AMENDMENT) BILL 1974

A Bill Intituled:

An Act to amend the National Cane Farming Committee Act. [**The Deputy Prime Minister and Minister of National Development and Agriculture**]

Dr. Reid: Mr. Speaker, the Bill No. 18 of 1974, National Cane Farming Committee (Amendment) Bill 1974, is just a logical follow on to the Bill that has just been passed. It is designed to give the National Cane Farming Committee authority by amending the National Cane Farming Committee Act so that the National Cane Farming Committee can be in control of the Bill and administer it for the benefit of the cane farmer.

Question proposed.

The Speaker: Hon. Leader of the Opposition.

Mr. M.F. Singh: Mr. Speaker, I would just like to make one small point. I merely want to register it. Clause 2 seeks to amend Section 4 of the Principal Act. If we look further down we have (a) and (b). (b) states:

“by the addition of the following paragraph, as paragraph (f)

- (f) to control, administer and to receive monies for and on behalf of the fund constituted under the Cane Farmers, Rehabilitation Fund Act.”

I am merely projecting my personal view. We have just finished debating the Cane Farmers Rehabilitation Fund Bill 1974. We are now asking to approve of another Bill which refers to Cane Farmers Rehabilitation Fund Act. My respectful submission is that until this Bill is assented to by the President it does not become law. When the Bill has been passed and assented to by the President then we can properly refer to the Cane Farmers Rehabilitation Fund Act in this proposed legislation which is now before the House.

I know that the law officers feel that this is not necessary and that it is quite all right as it is. Lawyers have been known to differ, even in the House of Lords, but I would just like to make my point that I feel it is not right to have it like this. What we should have done properly first of all, is to pass the Cane Farmers Rehabilitation Fund Bill to have it assented to by the President and after that is done, after it becomes part of the laws of this country, then we can properly refer to it in this Bill before the House at the present moment as the Cane Farmers Rehabilitation Fund Act. I merely make the point as my personal opinion on the matter.

Dr. Reid (replying): Mr. Speaker, I do not know if you have a ruling on the matter, but my advice is that both Bills will be presented to the President at the same time. The President would, if he so wishes, put his assent to Bill No. 17 and by the time the President arrives at Bill No. 18 it will be in complete order. This is the advice I have been given and I tender it for your consideration.

28.6.74

National Assembly

3.25 – 3.35 p.m.

Question put, and agreed to.

Bill read a Second time.

Assembly in Committee.

Clause 1 agreed to and ordered to stand part of the Bill.

Clause 2.

Mr. M. F. Singh: I like conformity and I would point out that in respect of the same (f) that I was referring to, the apostrophe after “Farmers” should be struck out because the substantive Bill, Cane Farmers Rehabilitation Fund Bill, does not have an apostrophe after the ‘s’. In order that they can be the same, one would think that the apostrophe after the ‘s’, after the President assents to the Bill, should be struck out.

The Chairman: Hon. Minister, should the apostrophe be out or not?

Dr. Reid: Mr. Chairman, I note that they have used both forms here and I would think that we could let them be consistent.

The Chairman: I am advised that the apostrophe should be out.

Clause 2 as corrected, agreed to and ordered to stand part of the Bill.

Question put, and agreed to.

Assembly resumed.

Bill reported without amendment, read the Third time and passed.

28.6.74
3.35 p.m.

National Assembly

3.35 – 3.45 p.m.

SUGAR LEVY BILL 1974

A Bill intituled:

“An Act to impose a levy on sugar manufactured in Guyana and exported there from and to provide for other matters incidental thereto.”

[The Minister of Finance]

The Speaker: The Hon. Minister of Finance.

The Minister of Finance (Mr. Hope): In accordance with Article 80 (2) of the Constitution I signify that the Cabinet has recommended the Sugar Levy Bill 1974 for consideration in the National Assembly.

In moving the Second Reading of the Sugar Levy Bill I think it would be correct to put the Bill in its proper prospective; that is in proper context within the economic fortunes of Guyana at this point of time.

The Bill has been conceived at a time when developing countries are facing a number of disadvantageous economic trends. First of all, there are the soaring prices of goods imported from the industrialized countries with which the developing countries like Guyana trade. Then there is a phenomenal increase in the price of petroleum and petroleum products arising from the action which the oil producing countries have taken to ensure that their natural resource is sold at a price which will guarantee to themselves and their people a decent standard of living within the world economy.

Thirdly, we note that these trends, the soaring prices for industrialized goods and the high prices for petroleum products, have had a serious impact on the development efforts, in fact, even on the very existence of developing countries like Guyana which, in view of these prices

changes, not only face the prospect of seeing their development halted but also face the real threat of economic disaster arising from a complete collapse in their external payments.

When I presented the Budget in December last year we were already seeing the trends in terms of high and continually rising prices not only for industrialized goods but for a number of important food commodities which Guyana had to import and we have noted that those price movements came on top of the monetary instability which the countries of the world were facing since 1971.

That monetary upheaval had itself brought with it changes in monetary parties, devaluations and floating currencies the effect of which was to push upward the prices of imports from the developed countries. All this was taking place in circumstances where the developing countries were not themselves in any way to blame for what was happening. They were not responsible for, and they could not really control, the monetary disarray in which the world had found itself. But the developing countries like Guyana felt the full impact of those monetary problems in the form of uncertainty, high interest rates and, what is more important for the people of the country, high and increasing costs of imports.

It was on top of those developments of soaring inflation, arising from the increased wages in the developed countries, and rising prices arising from monetary instability, that the oil problem arose at the beginning of this year.

As a result of the action taken by the oil producing countries, the prices of petroleum products which Guyana imported increased in some cases by three times; in other cases by as much as four times, and it became quite clear that the high petroleum prices were by no means going to be the only effect that the developing countries were going to experience from the action taken by the oil producing countries. Because, following on the increases in the prices of petroleum products, there followed necessarily an increase in the price of a number of other goods of which petroleum products were an input. The result was that for a wide range of the

goods that Guyana imported the prices rose quite sharply. But this was not an experience of Guyana alone. It was the experience, in fact, of all non-oil-producing countries.

We know that the developed countries themselves face serious payments problems because of the massive amounts of money which have had to be paid to the oil-producing countries who were exporting oil.

But developing countries were caught between two fires. As I said, when I speak of developing countries, Guyana, of course is one of them and what goes for Guyana also goes for a vast number of Caribbean, Latin American, Asian and African countries that were not producing oil.

These developing countries were caught between two fires. On the one hand there was the dramatic increase in the price of petroleum. On the other hand, there was the equally dramatic increase in the prices of industrialized goods which the industrial countries were exporting to those developing countries in the hope of recouping, to some extent, the losses they were suffering from the oil crisis.

3.45 p.m.

It was not surprising, therefore, that for developing countries like Guyana the terms of trade deteriorated. Prices of industrial goods were rising as for petroleum products, but the prices at which those developing countries were exporting their own goods did not necessarily show the same level of increase, the same trends. Of a necessity, therefore the terms of trade moved against these countries which certainly now found themselves in a position where, if the situation continues – and for many of the developing countries the situation has not yet changed – then they are faced, as I said before, with the real possibility, of a collapse of their economies because of inability to meet their external payments.

[Mr. Hope contd.]

And Guyana, was not by any means alone in these problems but, recent studies have shown that in the western hemisphere the problem for Guyana has been particularly acute. In fact where in 1972 this country expended something like \$42 million for buying various forms of petroleum products, it is now estimated that to buy that same level of petroleum and petroleum products in 1974 this country will have to pay something like G\$115 million, an increase of more than \$70 million in our external payments arising from oil alone.

This is a bill we must recognise that we have to pay first because, fundamentally, we accept the position that developing countries with natural resources must seek to maximize the returns that they get for their wasting resources.

Secondly, we have to pay this bill because so much of the industry in Guyana depends on petroleum and petroleum products. The rice industry depends substantially on petrol. The sugar industry, the bauxite industry, the generation of electricity, the whole transportation system, all these industries, all these services, need petroleum and petroleum products. So there is little chance of us ever contemplating that in this particular area of imports, we can do much to reduce our import if we want to ensure that our bauxite industry maintains its production level, that our rice industry maintains its production level, that sugar maintains its position, that fishing and shrimping – two lucrative areas – retain their position. All these industrial and essential economic activities must go on.

In those circumstances, it is quite clear that Guyana has no choice but to meet this massive increase in its external payments arising from the increases in prices of petroleum imports.

But, as I said, petroleum was not the only commodity the prices of which had gone up. For in a wide range of commodities the same trend was discernible. Whether you were thinking

of machinery, trucks, tractors, fertilizers, in all these cases the trend in the terms of prices was upwards.

What is the result? The economist here estimated that as a result of these price changes our import bill could increase by as much as \$150 million, perhaps, as high as \$170 million, that is, if we have to import these things. But, as in the case of the petroleum products, where we have to import to make sure that our present industries continue to function, so it is that we have no choice but to import machinery, tractors, combines and so on to ensure that our development effort is not too seriously retarded.

We face, therefore, this real problem of finding more than \$150 million extra to keep the economy of Guyana going in 1974. These figures are estimates – but to pay for imports we have to find the foreign currency. If petroleum is quoted in U.S. dollars then we have to find U.S. dollars to pay for petroleum. If the prices of combines and tractors and pontoons for our forestry effort are quoted in sterling then we have to find sterling to pay for those things.

If we have to find that much to pay for those imports, and it must be understood that what we are talking about is an extra \$150 million or more in the equivalent foreign exchange – we must earn – the foreign exchange. We earn foreign exchange only from our exports.

This underlines our position. We have to make certain responses to this development in our payments position.

One approach is to cut down on our imports of consumer goods. We would want to do that, because we would not wish to reduce imports of capital goods like machines and similar equipment because these are the basis of our economic development. Therefore what is left for us to reduce is our imports of consumption goods like motor cars, like potatoes, various forms of textiles and so on. As the House will remember, this was one of our first reactions to the

problem. In many countries this has to be the first step that is, to limit, or restrict, the imports of consumer goods coming into the country.

3.55 p.m.

Also, we tried to limit the expenditure of foreign exchange by denying foreign currency for visits abroad was for the purpose of a holiday. In this approach to the question, what we were trying to do was to conserve, to save some of the foreign exchange which would have otherwise been spent in the form of import of consumption goods or services.

But that at best was a negative approach. It was not the most positive or approaches that one should take. It was nevertheless a necessary first reaction. Of course, there is another alternative that one can pursue apart from trying to conserve one's foreign exchange by reducing imports, particularly of consumption goods. One could do perhaps or try to do what some of the developed countries are doing, and that is, to borrow large sums of money in order to meet the balance of payments deficit.

But borrowing to finance a balance of payments gap can never be a solution to the problem in Guyana. The rich developed countries may take that approach and some of them probably did; and in the process of so doing they have made borrowing difficult and more to meet the balance of payments deficit is not a solution which Guyana can pursue for the obvious reason that if we have to borrow we want to borrow for real development and not to meet a deficit in our balance of payments.

So we do not conceive, although borrowing can be an approach, that it is the right approach for Guyana. As a matter of fact, it is by no means a solution even for the developed countries, and it is certainly not a solution for Guyana. Therefore, it is one approach which if one ever considers it, would have to be rejected. The more fundamental approach is to use the commodities that one produces and one exports and insists that one gets the maximum prices for

[Mr. Hope continued]

those commodities. In a period of inflation when oil prices are going up, when the prices of industrial goods are going up, it is clear that what developing countries like Guyana have to do is to make every effort, to exert every sinew, to ensure that the prices of their exports are increased to the maximum the market would permit.

Of course, the other solution is to increase and make every effort to increase production with a view of having an increased volume of exportable surpluses on the basis of which you can earn more foreign exchange.

But if I may dwell a little more on the question of better prices for commodities-

The Speaker: Hon. Minister, will you be much longer?

Mr. Hope: I am afraid so, sir.

The Speaker: Perhaps this may be a good time to take the suspension. The Sitting of the House is suspended for thirty minutes.

Sitting suspended at 4 p.m.

4.25 p.m.

On resumption --

The Speaker: Hon. Minister of Finance, you may continue.

Mr. Hope: Thank you Mr. Speaker. When the Sitting was suspended I was saying that the policy which the developing country have perforce to pursue is a policy which requires them

to seek to improve the prices of the commodities they produce and export, a policy which dictates that they seek to maximize their foreign earnings from any exports of commodities that they may have. In fact, this was what the whole debate at the last Special Assembly of the United Nations on Raw Materials and Development was about; essentially, that developing countries should seize the opportunity and ensure that in these times of rising oil and petroleum prices, in these times of rising prices of industrial goods, they maximize their earnings of foreign currency through better prices for commodities.

The response of Guyana in this particular circumstance began in late January of this year when the Prime Minister announced that pending the re-negotiation of the prices paid for sugar under the Commonwealth Sugar Agreement he was arranging for sugar exported from this country to be diverted to more remunerative markets in North America.

Since that announcement the Government has, in fact, been taking much more than passing interest – in fact, it has used its influence wherever it could – to ensure that the prices this country received for sugar was the maximum that was possible. After a meeting of the Commonwealth Caribbean Heads of Government in January of this year the Governments decided to proceed jointly to the British Government making representations for an increase in the price of sugar on the basis of the Commonwealth Sugar Agreement. On the basis of those representations the price of sugar sold to the United Kingdom market was increased from the £61.10s, that was then current, to £83 which is now the price payable. In addition to that Government sought to persuade the sugar producers to sell as much sugar as possible on the world market where the price of sugar was very high.

4.30 p.m.

In fact it was the Government which, as part of the trade agreement with the People's Republic of China, was able to secure a market there in China for sugar, on the basis of which several thousand tons of sugar will now be exported from this country at prices which are good in the circumstances.

[Mr. Hope continues]

In addition, we have been able to secure sales on the United States market which were above and beyond the quota which would normally have been allocated to the Caribbean during this year.

All this effort was made, as I said, substantially by the Government in collaboration with the sugar industry officials in order to ensure: (1) that we got a better price for sugar – the maximum price that was possible and (2) that we so distributed the sales of sugar as to maximize our total receipts from that product.

The end result of all of this is that in this year the earnings of the sugar industry are going to be quite high. We feel that if the sugar industry maintains and achieves its target of 360,000 tons of sugar this year the industry will secure a level of earnings that has never been attained before, although 360,000 tons is by no means the highest production this country has seen for the sugar industry.

Through the sale of sugar we have earned foreign exchange for the country. Unless however, there were some fiscal measures applicable to the industry in this year, most of the increased earnings from the industry would flow out of the country again but this time in the form of dividends.

We feel that in the circumstances where the country is facing this massive increase in its import bill, where the Government, as will be seen later, will be forced to re-think and to some extent reduce its development effort for this year because of the inflation in prices, that the time is certainly right when we should, as a Government, ensure that a fair proportion of the extra earnings of the industry remains in this country for the development of Guyana, and to ensure that the balance of payments of Guyana is favourably affected. This will be the case if nothing is done.

The Bill before us seeks to impose a levy on the exports of sugar from Guyana in 1974. We have a formula which is flexible – the formula, in fact, contemplates a certain price for the sugar. The first £70, or something of the order of \$365, would be exempted from the levy; amounts beyond that up to £100, or \$521, the difference between that £70 and £100 sterling will be taxed at the rate of 55 per cent; amount above £100 up to £120, that is the difference between £100 and £120 will be taxed at the rate of 70 per cent; and the excess of any price above £120 will be taxed at the rate of 85 per cent. The effect of this is to ensure that where the industry gets very substantial prices for its sugar- and in fact, the world market prices have been ranging anywhere between £220 and £250 per ton – the surplus above £70 will be taxed. As matter of fact, according to the formula, if the price goes beyond £120 that extra amount beyond £120 will be taxed at the rate of 85 per cent.

I think it is, however, important to observe that so far as the price of sugar exported to the U.K market is concerned the levy represents a mere four per cent of the selling price of £83. It is only when the price gets very high that the levy increases very sharply because this is the area of the real surplus which we feel should be garnered for the development of this country.

While we sought to ensure that by this action of the Government a greater amount of revenue flows to the Government for the purposes of economic development within this country, we have also not lost sight of the fact that the workers' interest have to be served. As a result we are proposing to increase the Sugar Industry Special Funds which the hon. Deputy Prime Minister spoke about very recently in this House today. We are proposing to increase that levy from \$13.20 to \$26.50 per ton more than doubling the sugar industry special levy and that amount as will be seen in another Bill will be distributed between the three special funds which are in operation in the industry. The Sugar Industry Rehabilitation Fund will receive an increase from \$7.20 which it currently gets to \$12.00. The Sugar Industry labour Welfare Fund will increase its share in the special fund levy from \$4.80 to \$12.00, and the Sugar Industry Price Stabilisation Fund will double its take from \$1.20 per ton at present to \$2.40 per ton under the new proposal.

What the whole scheme is about is a special levy on the sugar industry with which Bill No. 20 deals – the sugar levy – the proceeds from which would go to the Government; and then the sugar industry special levies which have been in operation for several years and which now would be increased from the present level of \$13.20 to a proposed level of \$26.50 per ton.

4.40 p.m.

That \$26.50 per ton will be shared between the industry and the workers. The workers will have their share through the Sugar Industry Labour Welfare Fund, whose stake, as I said before, will be increased from \$4.80 per ton to \$12 per ton, and the funds will be spent as is normally done by the Sugar Industry Labour Welfare Fund Committee on various committee development projects in the villages and other areas in which sugar workers live.

One variation that is going to be introduced is that the cane farmers will also, on a year to year basis, have a share of the Rehabilitation Fund. The Rehabilitation Fund, as the hon. Deputy Prime Minister indicated earlier today, is normally available for capital works within the sugar industry.

The Price Stabilisation Fund, as at present used, is earmarked essentially, for funding the payment of pensions to retired sugar workers, what is commonly called the ex gratia pensions. The Government expected that the additional \$1.20 per ton on sugar exported from this country, which that Fund will now receive, will be used to improve the pensions of retired sugar workers.

What we have done in his exercise is to take due account of the development needs of the country, which have been under serious attack by inflation, and the high prices for petroleum products. We have taken account also of the needs of the sugar workers, by increasing the money that will be available to the Sugar Industry Labour Welfare Fund for social development projects in the villages and other areas in which sugar workers reside. We have not forgotten also to take account of the interest of those retired sugar workers, who should have an increase in their

[Mr. Hope contd.]

pensions flowing from the additional sums now being made available to the Sugar Industry Price Stabilisation Fund.

I should like at this stage to commend this Bill to the House, reiterating my remarks earlier that in this Bill the Government has sought to ensure that the interests of the country at large are served.

The Government has done a great deal to ensure that the earnings of the sugar industry are substantially increased through better prices under the Commonwealth Sugar Agreement and better prices on the World Market. We have taken account of the needs of the economy, the needs of the economy which stem from the fact that in view of the higher cost of development, this country would have no choice but to reduce the level of its special capital works; the needs of the economy which indicate that unless foreign exchange remains in this country, the country will face very serious balance of payments problems; the needs of the country, again stemming from the fact that by means of this Bill we hope to at least alleviate the problems which faces the country in terms of a large deficit in its balance of payments.

But, as I said, the Government has also taken account of the needs of the workers at large, in ensuring that the villages and areas in which they live, in ensuring that their housing arrangements, can be improved, the water facilities can be improved, the roads can be improved. We have also taken account of the interests of pensioners by proposing an increase in the Price Stabilisation Fund which, we hope, will go to the improvement of pensions.

With these remarks, I should like formally to move the Second Reading to the Bill.

Question proposed.

The Speaker: Hon. Leader of the Opposition.

Mr. M. F. Singh: we all know, not now but we knew even some time ago, that Guyana was facing a crisis, an economic, financial crisis. The Government says that this is because of outside factors and the fuel crisis. We have said, and we reiterate, that it is not only because of the outside factors, and latterly the fuel crisis, but also because of the Government's mismanagement of the economy even before any fuel crisis. We say, even if there was no fuel crisis, the Government would have had to invent a crisis in order to cope with the serious – indeed, what was considered the “catastrophic” – state of the economy before the fuel crisis.

Now we are proposing this levy to help us meet the crisis. From my calculation, it would appear that the levy could bring in between \$40 to \$45 million for 1974. Let us face it. Sugar has done very well for the spring crop just concluded – 163,000 tons. This, I am informed, is a record spring crop.

I do not want to go back in history but we all know what has been said of the “dirty” capitalists, the sugar barons, how they sucked the life blood of our forefathers and enriched themselves and the metropolitan powers at our forefathers' expense. These are things we have heard so often, they are bandied around all the time so it is perhaps very ironic that we are now relying on these same “dirty” capitalist to help us to save the economy of this country. However, let me assure this honourable House that we have absolutely no objection to the principle of this taxation in relation to super profits. It is only right that a country should derive benefits from super profits in industry.

The country has an obligation to garner in such super profits. We have no quarrel whatsoever with this concept, but we would like to ask some very important questions. We would also like to seek clarification and to make some recommendations in respect of this legislation that is before the House.

[Mr. Singh continued]

4.50 p.m.

The first question is: What, indeed, re the Government's plans in relation to the sugar factories? Is it Government's policy to nationalize the sugar industry? I am not talking about the peasant cane farmers. Is it the Government's policy to nationalise the sugar factories, the expatriate sugar producers? We would like to know, Guyana would like to know, the sugar barons would like to know what the Government's policy in respect of the sugar industry generally? If it is nationalization, when will it be? We talk o super profits, we talk of squeezing the masses, we talk o sucking the lifeblood of the people, therefore we should address ourselves to these questions which have been bandied about in the past, and we should get the answers.

Dr. Jagan, for example, speaking for the P.P.P., has always said "Nationalise the commanding heights of the economy. Nationalize sugar." Funny enough, I was reading the **Mirror** of Thursday, 27th June, 1974. It states on page 2 – the print is very bad. I wonder why the Government does not give permission to the **Mirror** to import new machinery. I certainly would like to recommend to the Government to give the company permission to import new machinery so that I can read their paper properly and not be at such a disadvantage. I presume that this must be page 2; it is not marked here. This is headed "Sugar Levy Bill Published". Towards the end of the first paragraph there is a very peculiar sentence and it runs thus:

"The Bill is coercive and penal clauses have been attached to it carrying heavy fines and jail sentences if there are violations."

The Bill is coercive. This is the **Mirror**, the mouth piece of the P.P.P., talking about an industry that the P.P.P., has always said should be nationalized.

I find it difficult to reconcile what I read just now with what has been said before by the P.P.P. hierarchy. But it has also been said before that the P.P.P. works in devious ways and one has to be satisfied with not being able to comprehend exactly what is meant. But certainly

“coercive” is a very strong word in relation to an industry which it has always been said has sucked the lifeblood of the people and therefore should be nationalized. Is the Mirror defending the sugar industry? Is it saying that this Bill is wrong? That the Bill will compel the sugar industry to do something which it should not do? I do not know.

But what is important now is to hear what the P.N.C. Government how to say in respect of the sugar industry. What are its proposals? The people of Guyana, even the sugar industry, are entitled to know and I certainly invite the hon. Minister to answer this particular question and, indeed, all the other questions which I will pose.

Question No. 2: Is this sort of levy to be confined to sugar or does the Government contemplate extending this kind of levy to other industries? It is a levy to garner in super profits. What is the conception of the Government in respect of this? What is it thinking? Is the levy going to be confined exclusively to the sugar industry? The hon. Minister did, in fact, outline to us a sort of general principle, so we would like to know whether the Government is contemplating extending it – if the circumstances, in fact, appear to warrant it – to other industries. If it does, we certainly would like to know which industries it contemplates extending it to.

Question No. 3. This appear to have been partly answered or, at least, insinuated. What will the proceeds of the levy be used for? Will they go into general revenue? It does appear to me from the explanatory memorandum to the Bill that the intention is to put the proceeds into general revenue. We would certainly like verification of this from the hon. Minister En passant we note that in Jamaica the levy on bauxite has been earmarked to be used for the development of the sugar industry in Jamaica.

This leads us on to an ancillary question. Will any of the proceeds here in this proposed legislation be used for the development and the expansion of the sugar industry apart from the special funds? The special funds come in the next Bill but we are dealing with the straight tax levy. Will it be merely put into general revenue? I am thinking particularly of a statement which

was made by the hon. Prime Minister not so long ago about a sugar mill for cane farmers. Will any part of these funds be utilized, for example, for the projected sugar mill for cane farmers spoken of by the Prime Minister?

Question No. 4: Is this levy to be permanent? Or will it last for one year, two years or five years? What is the duration of this levy? I think in fairness Guyanese and the sugar industry are entitled to know. What is the Government's present thinking on this? It may well be that it may have to rethink the position but surely it must have something in mind as to the duration of this levy at the present time. Will it be subject to review? What is the position? Will the hon. Minister tell us? If the intention is for it to be a continuing thing, then we put for the consideration of the Government whether this may not be casting too big a burden on the industry and whether it may not have the future effect – I am saying future because right now the position is that the industry is in momentum, it is moving, but plans may be changed and this legislation may have the future effect of suppressing the development of this industry which we consider to be so vital to the economic health of the country.

In other words, if the sugar barons feel that their returns are not very consequential, will it not be that they will seriously consider just marking time, not particularly developing the industry and not putting back any inputs into the industry? This may well be the result if a decision is taken to make the levy permanent.

5.00 p.m.

Question No. 5 is: What happens if production falls later in the year? There is no provision in the Bill, for example, for protracted strikes or persistent bad weather. We all know what the industrial situation is like in the sugar industry. We know what can happen in the sugar industry. We know what has happened in the past. We know the problems that obtain in the sugar industry, particularly in respect of industrial relations.

[Mr. Singh continued]

We are talking in the context of agitation by those people who have vowed to bring down the Government of the country. In the light of this is quite possible that there could be protracted strikes and in the light of past experience it is quite possible that there could be persistent bad weather. What happens in those cases?

We note, and we note very carefully, that the levy is on a shipment basis. The levy is payable in respect of any exportation so that a shipment is subject to the levy.

I throw out of the consideration of the hon. Minister whether it might not have been a fairer thing to do to take the average price for the whole year rather than the price of each consignment. I put in out for the consideration of the hon. Minister, particularly as I said, in the light of a possible fluctuation. We are only in June. One can never say, with any certainty what will happen between now and the end of the year because of bad weather or industrial unrest. Might it not have been a fairer way to take the average price through the year rather than the price on each shipment.

The way in which it is put forward in this proposed legislation, bearing in mind that we are not at the end of the year as yet, seems to be the sort of expression which Guyanese might well use, “Heads I win, tails you lose,” and one wonders, as I said, whether it might not have been a fairer way to take the average price over the whole year.

Question No. 6. I would like to stress this very, very particularly. In view of this levy and other matters, which I will come to in a moment, will the Government not now accede to the Trade Union Movement’s demands, to abolish the National Development surtax and also to increase the income tax allowance for husbands, wives and children? We have been pressing for this a long time now. This National development Surtax has been condemned by all and sundry.

Even some of the staunchest supporters of the Government have come out in open condemnation of it.

For years now we have been advocating an increase in income tax allowances. The Government is getting an average from the super profits of the sugar industry. It is not time that the Government pass over some of the advantage to John Public? Is it not time that these persistent demands fall on ears that are ready to give consideration to John Public who is also facing a crisis? It is not only the Government that is facing a crisis; the ordinary citizen faces a crisis also. He faces a crisis of heavier taxation, a rising cost of living. Surely, the Government owes him some consideration?

What has the Government done? We hear talk of removing the subsidy on flour. I am not talking about removing the subsidy on flour now; that can wait for another occasion. I am talking particularly about removing this obnoxious, this harsh National Development surtax. The T.U.C. that supported the P.N.C. at the last elections has come out against the National Development surtax. All of us have considered it something very harsh and iniquitous.

I urge the Government to remove the National Development Surtax and do it immediately; also to raise the level of allowances in respect of income tax for husbands, wives and children.

The Government will not only get returns in revenue from this sugar levy but I note in the **Daily Chronicle** of Wednesday June 26, 1974, that there is also a possibility, perhaps a probability, that the Government will also benefit from this crisis fund which is mentioned on page 1 of the **Daily Chronicle**. It says in the headlines:

“E.E.C. pledges \$1.000m to crisis fund”

It is headed LUXEMBOURG, (Reuter)

“The European Economic Community last night decided to contribute up to \$500 million (GS1,000 million) to a proposed U.N. fund to help poor countries crippled by their higher oil import bills.

EEC foreign Ministers agreed to write to U.N. Secretary-General promising the contribution on condition that other industrialized countries and the Arab oil producers bear their fair share of suggested U.N. fund containing \$3,000 million (G\$6,500 million).”

and it says:

“EEC Development Aid Commissioner said the community expected the oil producers to finance half the fund.”

If this materializes there will be additional benefit to Guyana. Surely, Guyana will share in this. That is an added reason why the Government must reconsider the National Development surtax and the income tax allowances.

I have one last comment and this is in the nature of an observation because I did not quite appreciate this but I now note that Clause 6 (4) states:

“Where any exporter who has given a notice of objection subsequently agrees with the Comptroller as to the amount payable by such exporter, the amount demanded under subsection (1) shall, if necessary, be amended accordingly but, in the absence of such agreement, the Comptroller shall give notice in writing to the exporter of his decision in respect of the objection.”

If one leaves it at that it does appear that there is no right of appeal but when one examines this closer it seems otherwise.

The Comptroller may recover from the exporter by parate execution his document and that is in clause 6 (6):

“... any document under this hand stating the quantity of sugar exported on any date and the amount due in respect thereof as the sugar levy shall be only prima facie evidence of the facts so stated.”

5.10 p.m.

I am happy to see that there is, indirectly, provision for appeal because if the document is only prima facie evidence then the courts can go into the matter and in fact what it amounts to is arbitrate on the assessment of the Comptroller of Customs. I would have been extremely unhappy, as a lawyer, if there were not provision for appeal regardless of who the individual may be. So that I do commend the Government for that provision.

The Speaker: Hon. Minister of Finance.

Mr. Hope (replying): Mr. Speaker, two of the first questions which the hon. Leader of the Opposition posed were these: What were Government's plans with respect to the sugar industry in particular? What were Government's plans with respect to nationalisation of the industry?

I do not often like to disagree with my hon. Friend but I certainly take issue with him on this occasion. I do not think that the question of nationalisation of the industry is entirely a relevant question at a time when we are discussing taxation of that industry. The two things are entirely different. One, is taxation, the other is ownership. And I would suggest that if the hon. Member wants a considered answer – and I am sure he would want a considered answer – he should submit a written Question. He would certainly get in response a written considered answer.

I will say this, sir. So far as the industry goes, what the Government would like to see for the sugar industry is expansion and expansion at a time when the prospects for good prices and sales are very good.

We know the industry employs a large number of people. We are interested in more employment and we would like to see the industry expand. The Government would like to do whatever it can to ensure that the climate for expansion is always encouraging in the sugar industry. This is one of the major reasons why the Government thought that it would be very important and very relevant that in this whole scheme of things the industry should be in a position to have more funds at its disposal for expansion. This is the reason why we have proposed an increase in the Sugar Industry Rehabilitation Fund.

It is for this reason, too, that we have taken the initiative and are seeking markets in other parts of the world for sugar. In the past we have tended to rely almost exclusively on the U.K. and, to some extent, the North American market. We would want to see the market for sugar more extensively diversified and towards that end the Government proposes to do its best – as a matter of fact it has done this – to ensure that the sugar industry always has a very good and remunerative market in the world, including Europe and North America.

I hope the hon. Member understands that nothing that we have done implies any objectives of imposing any undue burden on the industry. What we are taxing, as the hon. Member recognised, is the super profits of the industry arising from unusually high prices. And this, perhaps, answers another aspect of the question when he raised the question as to how long this Bill, when it becomes an Act, will remain in force. I was tempted to say that this will remain part of our laws until such time as this Parliament repeals it. But the hon. Member if he looks at the formula would observe that the financial effect on the industry arises only when the prices reached super levels.

In fact, if the price of sugar falls, let us say to approximately £75, according to the formula and the conditions attached to the formula the industry will pay no levy even though the levy remains on the statute book. Even though it remains on the statute book its financial effect only arises when the price of sugar reaches these very high levels.

The hon. Member also asked whether the same principle will be applied to other industries. I thought that he would have recognised that the sugar industry is almost unique in our present context. It is very a large industry; it produces and exports most of its production and it is also largely foreign-owned.

I am not sure that he hon. Member can find another instance of an industry in Guyana whose exports reach at least \$200 million and whose ownership and, therefore, rights to dividends reside abroad. If the hon. Member can find any similar industry that exists in this country at this particular industry that exists in this country at this particular time then I can certainly look at that particular industry to see whether this principle can be extended to it.

If production falls, the hon. Member asks, what will be the results? Now, we have discussed this particular issue with the industry officials and representatives and I think we have an understanding on the basis of which should the production in fact fall much below the expected levels something could and would be done to alleviate any difficulties that the industry will then face.

The hon. Member also in a little adventitious way speaks on the surtax. Sir, I think that the country is heavily taxed but I do not think that Guyana can continue depending on the largesses of other nations for its own development. If it has to be developed – and development is getting more and more expensive – then Guyana has to face a high level of taxation which in effect generate a kind of saving which is necessary for development financing.

He has made reference to a number of funds, quoting from a newspaper, that other countries are proposing to provide the United Nations for helping poor countries. I think what he ought to realise is that all that money comes from the taxation of the citizens of those countries and sometimes the citizens of those countries object to the high taxation that they pay in order to help poor countries and particularly poor countries that exhibit a reluctance to help themselves in terms of taxation.

I think that if we have a development effort to finance, and if the financing of those development efforts is getting more and more expensive, the people of Guyana have to face up to a level of taxation commensurate with the development efforts and objectives. [Applause]

5.20 p.m.

Question put, and agreed to.

Bill read a Second time.

Assembly in Committee.

Clause 1 to 6, agreed to and ordered to stand part of the Bill.

Clause 7

Mr. Singh: There is just a small typographical error to be corrected. In the second line of clause 7(c) an “r” should be inserted in the word “records” so that it reads “to keep records.”

The Chairman: Will hon. Members kindly note the correction?

Clause 7, agreed to and ordered to stand part of the Bill.

Clause 8, agreed to and ordered to stand part of the Bill.

Assembly resumed.

Bill reported without amendment, read the Third time and passed.

SUGAR INDUSTRY SPECIAL FUNDS (AMENDMENT) BILL 1974

A Bill intituled:

“An Act to amend the Sugar Industry Special Funds Act.”

[The Minister of Finance]

Mr. Hope: Your Honour, I beg to move that the Sugar Industry Special Funds (Amendment) Bill, be read a Second time. The background to this particular Bill was covered, I hope, in my presentation of the Second Reading of the previous Bill. There is not much I should like to add except to say that this is a Bill which enables the increase of the Sugar Industry Special Funds and enables its re-distribution in the manner I have indicated before. It is on the basis of this Bill that the Secretary to the Treasury will be authorised to make payments from funds normally going to the Sugar Industry Rehabilitation Fund to the cane Farmers Rehabilitation Fund. Therefore formally move the Second Reading of this Bill.

Question proposed.

The Speaker: Hon Leader of the Opposition.

Mr. M. F. Singh: Mr. Speaker, we certainly welcome the increase in these contributions to the Special Funds. The contributions are relatively substantial, so that we must perforce think in terms of how the money will be spent and get some assurance that it will be spent prudently. Perhaps additional benefits can be given. I will deal with that in a moment.

As the hon. Minister rightly pointed out, the Prices Stabilisation Fund will go from \$1.20 to \$2.50, the Rehabilitation Fund from \$7.20 to \$12.00 and the Sugar Industry Labour Welfare Fund from \$4.80 to \$12.00. These are substantial increases.

I noted this statement in paragraph 6 on page 5 of the last **Report of the Sugar Industry Labour Welfare Fund Committee**:

Category of Loan	Maximum Amount
	\$
(a) For a new House	
(i) Wooden House:- Minimum size – 2-ft. x 10 ft. plus kitchen	1,250.00
(ii) Concrete House:- Minimum size – 20 ft. x 10 ft.	1,450.00
(iii) Concrete House: - Minimum floor Area – 436 square feet	1,800.00
(iv) Wooden House:- Minimum size 20 ft. x 18 ft. plus kitchen	2,000.00
(b) For Repairs	200.00
(c) For Extensions	300.00
(d) For Water Connections	100.00”

I understand that at least one union has made representations for these amounts to be increased, and it does seem to me that they have every right to press such representations and indeed to be granted increases.

[Mr. Singh continued]

The maximum amount in respect of a housing loan at the present moment is \$2,000. We all agree that the cost of living had gone up; the cost of building materials has gone up. We recognise that some of this is due to outside factors but what we also recognise is that from a factual stand-point costs have gone up and if costs have gone up then loans to build houses must necessarily go up. One would hope that this maximum of \$2,000, for example, would be increased to \$4,000 and also that the repayments can be raised from \$2. per week to perhaps \$3 per week, but certainly one would recognise that \$2,000 these days cannot build much of a house. So if we want to raise the workers' standards we will have to raise these limits. There is no reason why that should not be done with the increased amounts that we are going to get. In deed, it would be in keeping with what the hon. Minister has mentioned, namely, the giving of increased benefits to sugar workers.

In talking about sugar workers on sugar estates one would hope that sugar cane farmers would not be excluded. Of course we do note in the report that financial assistance for civic works in Local Authority areas where sugar workers live was given in 1973 to the extent of \$73,627 so that to that extent, possibly, sugar farmers would have benefited but it does say "sugar workers living in these areas." "Sugar workers" has been defined to include "sugar farmers" so that one would presuppose that "Sugar farmers" did benefit also from this financial assistance to Local Authority areas.

This is the sort of thing that we would recommend: that the operation of these funds and financial assistance in respect of these funds be reviewed and last, by no means least, we certainly would not want to see any of these funds operating in the partial way in which the Rice Action Committee is operating at the present time, as we have been told, and, indeed, some would say "have evidenced."

28.6.74

National Assembly

5.30 – 5.40 p.m.

Question put, agreed to.

Assembly in Committee.

Bill considered and approved.

Assembly resumed.

Bill reported without amendment, read the Third time and passed.

ADJOURNMENT

Resolved” That this Assembly do now adjourn to Wednesday, 3rd July, at 2.00 p.m.

Adjourned accordingly at 5.40 p.m.
