

SECOND LEGISLATIVE COUNCIL

(Constituted under the British Guiana (Constitution) (Temporary Provisions) Orders in Council, 1953 and 1956).

Wednesday, 18th March, 1959

The Council met at 2 p.m.

PRESENT :

Speaker, His Honour Sir Donald Jackson

Chief Secretary, Hon. M. S. Porcher, acting

Attorney-General, Hon. A. M. I. Austin, Q.C.,

Financial Secretary, Hon. F. W. Essex.

} *ex officio*

The Honourable **Dr. C. B. Jagan**

Member for Eastern Berbice
(Minister of Trade and Industry)

„ **E. B. Beharry**

Member for Eastern Demerara
(Minister of Natural Resources)

„ **Janet Jagan**

Member for Western Essequibo
(Minister of Labour, Health and Housing)

„ **Ram Karran**

Member for Demerara-Essequibo
(Minister of Communications and Works).

Mr. R. B. Gajraj

Nominated Member

W. O. R. Kendall

Member for New Amsterdam

„ **F. Bowman**

Member for Demerara River

„ **L. F. S. Burnham**

Member for Georgetown Central

„ **S. Campbell**

Member for North Western District

„ **A. L. Jackson**

Member for Georgetown North

„ **S. M. Saffee**

Member for Western Berbice

Ajodha Singh

Member for Berbice River

„ **J. N. Singh**

Member for Georgetown South

„ **R. E. Davis**

Nominated Member

„ **H. J. M. Hubbard**

Nominated Member

„ **A. G. Tasker, O.B.E.**

Nominated Member.

Mr. I. Crum Ewing — Clerk of the Legislature

Mr. E. V. Viapree — Assistant Clerk of the Legislature.

ABSENT:

The Hon. B. H. Benn, Minister of Community Development and Education—
on leave.

Mr. B. S. Rai.

Mr. R. C. Tello—on leave.

Mr. A. M. Fredericks—on leave.

The Clerk read prayers.

MINUTES

The Minutes of the meeting of the Council held on Tuesday, 17th March, 1959, as printed and circulated, were taken as read and confirmed.

PAPERS LAID

The Minister of Labour, Health and Housing (Mrs. Jagan): On behalf of the Minister of Trade and Industry I beg to lay on the Table:

Annual Report of the Registrar of Friendly Societies for the year 1958.

DEATH OF MR. SYDNEY SMITH AND MR. N. N. NETHERSOLE

The Minister of Trade and Industry (Dr. Jagan): Mr. Speaker, I crave your indulgence and the consent of Council in terms of Standing Order No. 24, to move the following Motion:

"Be It Resolved that this Council records its profound regret at the death of Mr. Sydney Smith, Minister of External Affairs, Canada, and Mr. N. N. Nethersole, Minister of Finance, Jamaica, and directs that an expression of its sympathy be conveyed to the respective Parliaments and to the relatives."

Agreed to.

Dr. Jagan: It has come to the notice of Members of this Council and to the country as a whole that Mr. Sydney Smith, Minister of External Affairs, Canada, has recently passed away. I had the good fortune to meet Mr. Smith some months ago in Trinidad, and he seemed to be a highly esteemed Member of the Canadian Government.

Mr. Nethersole, Minister of Finance, Jamaica, has from the very inception been a staunch member of the People's National Party in Jamaica, and has done a great deal for his country. I understand that through his untiring efforts Jamaica was recently able to raise a loan in the United States of America. I think Jamaica owes a great deal of gratitude to Mr. Nethersole, both as a

politician and as Minister of Finance. It is a privilege to be able to move this Motion and to request that an expression of this Council's sympathy be conveyed to the respective Parliaments and to the relatives of the deceased gentlemen.

Mr. Burnham: I beg to second the Motion moved by the hon. Minister of Trade and Industry. I have not had the advantage of knowing Mr. Smith personally but I have heard of him and of his high reputation. I certainly think that in the circumstances we should express our condolence to the Canadian Parliament and to his relatives.

Mr. Nethersole I have known very well over a number of years. I recall my first meeting with the gentleman in Jamaica when I was just back from University in 1949. He was a man not only of great ability and enormous capacity but an admitted patriot of his country, Jamaica, and one of the most ardent devotees of West Indies Federation. His country has benefited from his term of office as Minister of Finance. In many ways, including the one particular way to which my Friend has referred, Mr. Nethersole's death is a loss not only to Jamaica but a loss to us in the West Indies, and we are all the more disconsolate when we realize that though he was past 50 he had certainly not fallen into the category of old men whose continued existence is sometimes questioned.

It is not a pleasure for me to second this Motion; it is a sorrowful task, and I feel that I would like, with the permission of the Mover of the Motion, to ask that this Council should observe two minutes' silence as a mark of respect to Mr. Smith and to our old and distinguished West Indian friend, Mr. Nethersole.

Mr. Davis: I would like to associate myself with the Motion. I have not had the privilege of meeting Mr. Smith but I have certainly met and known the late Hon. Mr. Nethersole.

“Crab” Nethersole, as he was familiarly known to many of us, was an outstanding West Indian. Reference has been made to his contribution to the cause of Federation. May I be permitted to pay a humble tribute to his contribution to West Indies cricket. He was foremost among those who were able to hold the West Indies Cricket Board together from the time he took office. He had always been a very staunch supporter of federation so far as cricket is concerned, and has been outstanding in his contribution in that direction. He was a loyal Jamaican, but his largeness of heart and of vision made it possible for him to put forward the idea of federation in the cricketing world in its most early days. I most sincerely support the Motion.

Mr. Speaker: Hon. Members, I sincerely endorse the sentiments which have been expressed concerning the two stalwarts who have passed away. I have known only one of them. I have known Mr. Smith by repute, but my personal knowledge of Mr. Nethersole dates back many years. I shall now put the Motion, and I ask Members to remain standing for two minutes after it has been passed.

Motion carried unanimously, Members standing.

ORDER OF THE DAY

TAX (AMENDMENT) BILL

Council resumed the debate on the Motion for the Second Reading of the Bill intituled :

“An Ordinance to amend the Tax Ordinance”.

Mr. Speaker: The hon. the Financial Secretary was addressing the Council when we adjourned yesterday.

The Financial Secretary (Mr. Essex) : Yesterday when we adjourned I had already spoken at some length in reply to hon. Members' comments on the Second Reading of the Bill. As I said, very little as said which really opposed

the Government's case for the increase of taxation in both parts of this Bill.

As regards the discouragement of investment, I said that it seems to me that this switch in the attack was because the facts and figures discounted the other forms of attacks which had been made previously. I had just reached the point when I was about to refer to the remarks of the hon. Nominated Member, Mr. Tasker. He took up the theme that this proposed tax on beer would discourage investment, and that is why he opposed the proposal. If that is his view and that is why he opposed the proposal, he must have thought that the tax is wrong in principle, or is unfair. However, he has made out no case for either of these accusations. If the Government is to be inhibited from imposing legitimate taxation because someone says he will do something inimical to the country's interests—usually an interested party—then this is a most distressing form of blackmail. The Government does not believe that this additional taxation will affect any worthwhile investment. This Bill does not seek the withdrawal of the concession which was granted to the Company. The only concession which is being slightly watered down is the concession to the consumer. Everyone knows that beer and tobacco are obvious subjects for an excise or consumer tax and I do not believe that any worthwhile investment would be discouraged by this beer tax.

I would now like to correct a misquotation of my Second Reading Speech by the hon. Member for Central Georgetown. He said that I said ‘if the profits of the brewery had been low, then there would have been a case for reducing the excise tax’. Therefore by increasing the excise tax now, it was like taxing the profits of the Company.

But I did not say that there would have been a case for reducing the excise tax if the profits had been low. What I did say, and I do not want to hear cries of a distinction without a difference, was

[THE FINANCIAL SECRETARY]

that if sales had been on a small scale, and because of that the brewery had not made a profit or run at a loss, then there would have been a case for reducing the excise tax.

The whole point is that the excise tax is linked with consumption; it has nothing to do with profits. What is linked with profits, of course, is income tax. If for one reason or another the Company made a loss that would have been most unfortunate, but that is the sort of risk which the tax holiday is given as compensation for. If on the other hand consumption had been very low, then, obviously, to give the brewery a fair chance, there would have been a case for reducing the excise tax. There are two entirely different things, and that is the point I have been trying to make again and again in this Council.

As I have said so often, the consumption of beer is 2½ times what the Company estimated that it would be with an excise tax of 50 cents. The Government's case for increasing the excise tax when the consumption goes up to 900,000 gallons is quite unassailable. No one speaking on this Bill has really assaulted the Government's case which remains justified on financial, economical, legal, ethical and moral grounds. That being so, it is impossible for the Government to agree that the proposal should be withdrawn on the grounds that it would deter investment. That would be tantamount to saying that the tax was unfair, or discriminatory, or illegal.

The hon. Member for New Amsterdam has, on many occasions, used the word "uncharitable". He said it was "untimely and uncharitable." I do not know what he means by uncharitable. If by uncharitable he means the normal meaning that it is a harsh or illiberal proposal, I think I have said enough to show that the proposal can by no means be considered harsh in the light of the debate.

Perhaps, however, he does mean harsh or ungenerous, for he suggested a compromise which *prima facie* would appear to be less harsh, namely, that the additional tax should be halved and it should be 12½ cents on six bottles instead of 25 cents. If the story is that this proposal should not be proceeded with because potential investors here would think it is unfair in principle, illiberal, etc., etc., how would that wrong be put right and these alleged fears of investment be allayed if we stick to the principle of increasing a tax, but make it slightly less onerous?

As regards the hon. Member's choice of the word "uncharitable", I would remind the hon. Member that charity begins at home, and what the Directors of the Brewery are proposing to do is to take money from this home of underemployment and invest it somewhere else.

Mr. Kendall: Within the Commonwealth.

The Financial Secretary: The hon. Minister of Trade and Industry has dealt at length with this aspect, and I do not propose to say any more about it.

I do not see much point in arguing with the hon. Member for Georgetown Central about rum being the poor man's drink. This is becoming an annual argument. My point is that rum is everyone's drink, and if you want to raise substantial revenue you have to raise it from something that is in substantial use which everybody uses—the less essential these things which are in general widespread use, the better is the fiscal policy of the country. It is no use choosing fur coats and diamond tiaras if you want to raise revenue. Rum is still being purchased on a large scale. Despite the fall in consumption in 1958 of 5% over 1957, the amount spent on rum must still be getting on to \$8 million.

The hon. Nominated Member, Mr. Tasker, talked of the further fall this

year in consumption which is perfectly true. The receipts for the first two or three weeks of the year on taxes were very low indeed, but they have increased gradually and are getting back to normal. Of course the reasons are the ones which he has not mentioned, but which I mentioned earlier, firstly that there has been an attraction away from rum to beer. Secondly, that there were tremendous withdrawals from bond in the last weeks of last year, and people will obviously be running for a long time on their stocks.

I think that the consumption will pick up again this year. It may not be right back to normal, but I do not think the estimated revenue will be very different from that which appears in the printed Estimates, plus my estimated increase of 10 cents per bottle in tax.

There was one thing which was said, and so rightly, and that was that one of the big dangers to revenue was the increase in illicit distilling. It is quite obvious that we must have a very serious drive against that this year.

Finally, I should like to refer again to the cost of living. As I said earlier statistically, the cost of living as related to the Budget increases was .9 of one point on the urban index. The rise between the 15th of December last and the 15th of January, that is, after the Budget was presented, was .9 of the point, though, of course, there were other factors which affected the index one way or the other, but it was an interesting coincidence that the estimate of .9 was borne out. Between the 15th of January and the 15th of February the index dropped below that which it had gained, to .7—a very satisfactory result. This came through a fall in the prices of many local fruit and vegetables. The increase carried by the Budget worked out to 15 cents per week for the average working-class family, and some hon. Members will be interested to know that of the figure, 4.2 cent represents rum and 1.9 beer.

With respect to the cost of living position in British Guiana, although it rose very sharply between 1948 and 1952 when the increase was 36 per cent., the reason being the general all-round increase in world prices which affected the prices of imports and exports, since 1952 the increase has been very slow, creeping up at less than 2% a year. That, in these days, is quite remarkable. It is a tribute to the community as a whole and not the least to the correctness of the fiscal policy of successive Governments in British Guiana. I now beg to move that the Bill be read a Second time.

Question put, the Council divided and voted as follows:

<i>For</i>	<i>Against</i>
Mr. Hubbard	Mr. Tasker
Mr. Ajodha Singh	Mr. Davis
Mr. Saffee	Mr. Gajraj
Mr. Bowman	Mr. Jackson
Mr. Ram Karran	Mr. Campbell
Mrs. Jagan	Mr. Burnham
Mr. Beharry	Mr. Kendall.—7
Dr. Jagan	
The Financial Secretary	
The Attorney-General	
The Chief Secretary—	

11.

Mr. Speaker: The Motion is carried.

Bill read a Second time.

COUNCIL IN COMMITTEE

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

Clause 1.—*Short Title*—passed as printed.

Clause 2.—*Increase of excise duty on rum and certain other spirits. No. 2 of 1958.*

Mr. Burnham: I beg to move the deletion of Clause 2. This is one which seeks to impose the increase in excise duty of \$9.60 on every gallon of rum. Mr. Chairman, we have already advanced

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our arguments against this tax, and we are a little disappointed at the persistence of the hon. the Financial Secretary in not accepting the fact that rum is the poor man's drink.

The only argument he can now adduce is that when you want to raise money you must raise it by taxing things which are in general use. He has spoken about the fiscal policies of this and past Governments being supported by the facts, but I am afraid we on this side are certainly not persuaded. Of course, I shall remind the hon. the Financial Secretary and his Government, for whom he is the spokesman, of a little truism, that self-praise is no recommendation. We should have hoped and accepted that such commendation of the fiscal policy or absence of policy on the part of the Government would come from someone outside of the Government.

It seems to me that it is now an obsession of this Government to tax rum. For even after Mr. Tasker—who should know about the rum industry—pointed out that the consumption of rum is falling, and therefore you may not get the revenue you hope to raise, this Government persists in taxing rum even further. It is an obsession, and I do not expect that Governments would be run on an obsession. I would have expected that a calm, cool officer like the Financial Secretary, even if he found himself among colleagues who had an obsession, would not have grown to share that obsession.

Question put, the Committee divided and voted as follows :

<i>For</i>	<i>Against</i>
Mr. Tasker	Mr. Ajodha Singh
Mr. Hubbard	Mr. Saffee
Mr. Davis	Mr. Bowman
Mr. Gajraj	Mr. Ram Karran
Mr. Jai Narine Singh	Mrs. Jagan
Mr. Jackson	Mr. Beharry
Mr. Campbell	Dr. Jagan
Mr. Burnham	The Financial Secretary
Mr. Kendall.—9	The Attorney-General
	The Chief Secretary.—
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The Chairman: The Motion is lost.

Mr. Burnham: I beg to move the deletion of sub-section (2). If I understand it aright, it means what it says, that if duty was payable on rum or other spirits prior to the commencement of this Ordinance, but through some fortuitous circumstances was not paid, it now becomes the liability of those in whose possession the spirits are to pay the higher rate of duty. This certainly seems inequitable. I spoke some time ago of Government's willingness to take a cent off a dead man's eye, and it now seems that they are prepared to skin a flea in that operation.

The Committee divided and voted as follows :

<i>For</i>	<i>Against</i>
Mr. Gajraj	Mr. Tasker
Mr. Jackson	Mr. Hubbard
Mr. Burnham	Mr. Davis
Mr. Kendall.—4	Mr. Ajodha Singh
	Mr. Saffee
	Mr. Bowman
	Mr. Ram Karran
	Mrs. Jagan
	Mr. Beharry
	Dr. Jagan
	The Financial Secretary
	The Attorney-General
	The Chief Secretary.—
	13

Did not vote

Mr. Campbell.—1

The Chairman: The Motion is lost.

Clause 2 passed as printed.

Clause 3.—*Increase of excise duty on certain spirituous compounds. No. 10 of 1954. No. 2 of 1958.*

Mr. Burnham: Mr. Chairman, I would really like to find out from the Financial Secretary why he is doing this which he did in subsection (2) of Clause 2. Certainly if the duty becomes payable you pay duty at the date it becomes payable.

The Chairman: What is your Motion?

Mr. Burnham: The deletion of Clause 3. He sits there and no Member of his Government would condescend to say anything about it. Why because a man does not pay today he is to pay a new duty tomorrow when he pays? It certainly seems sinister, and it certainly seems dishonest on the part of the Government.

The Financial Secretary: It is the standard form: the operative words are, "has become payable". It is the same thing which happens when a man orders goods from abroad which arrive after a change in import duty. He pays duty at the new rate be it higher or lower. The obvious thing is for the taker of rum to pay his duty on the nail, and not leave it for a day or so if he wishes to avoid the risk of having to pay more.

Mr. Burnham: I am certainly not impressed by the fact that it has been in force for donkeys years, and the use of the term "donkeys years" is very significant. Nor am I impressed by the term "common form". Many things were in common form in Hitler's time, but we did not accept them. If you do not happen to pay at the time you take it you are in fact paying interest, which is wicked and wrong. It means that we have a Government of users instead of a Government of administrators.

Amendment put and negatived.

Clause 3 passed as printed.

Clause 4.—*Increase of excise duty on beer.*

Mr. Gajraj: I move the deletion of the words "seventy-five cents" at the end of Clause 4, and the substitution therefor of the words "sixty-two cents." I do this not because I am in favour of an increase in the excise duty on beer at this time, but because I appreciate the fact that the Council having already

agreed to the principle of the Bill on the Second Reading, it cannot be expected to allow the excise duty to remain as it was prior to the introduction of the Budget. I would like to say very clearly that I personally feel that the duty should remain as it was, but having passed the Second Reading of the Bill the decision of the Government that there should be an increase of the duty should be implemented in some way.

We have heard quite a good deal of fears expressed, which have been verbally negated by the other side, but we are yet to see the results of the proposed increase, because if one were to accept the theory that increased price brings about a decrease in consumption, then it would appear that the amount of extra revenue which Government hopes to gain from this increase may not be realized.

My object in proposing this Amendment is to meet both sides half-way; to meet the proposal of the Government that the excise duty should be increased, and on the other hand to make the increase such a figure that it would in the long run bring to the coffers of the Government as much additional revenue as it has set out to attain. There might at first sight appear to be some slight inconsistency in that statement of mine, but I am of the firm opinion that if the Amendment I have suggested is accepted it would give Government the amount of revenue it has set out to obtain. It would be effecting a compromise on this very important issue which has to some extent brought the entire country into thinking about taxation proposals and the results of taxation.

I hope that some consideration will be given to this, although the Financial Secretary, in concluding his reply to the Budget debate, said he did not see much point in making a change in the amount of the excise duty because the principle of retaining the excise duty remained unchallenged. There is no question of its being challenged now, because it has

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been accepted by the Council. Now that we have got down to the dollars and cents of it we should see whether we should not make a compromise.

Mr. Kendall: I am in agreement with the suggestion put forward by Mr. Gajraj. Hon. Members will remember that in the debate on the Second Reading I suggested a compromise, and the Minister of Trade and Industry (I hope he will remain in his seat until I am finished) said that the "Opposition" should endeavour to assist the Government, and should show its willingness to face up to the situation which is not only for the present but for the future. If the Government would like the "Opposition" to do that, it is the function of the Government to accept suggestions from the "Opposition". This is a test of the sincerity of the Minister of Trade and Industry, which can only be expressed if the Government is prepared to accept this compromise.

Mr. Hubbard: A remarkable thing about this proposal to increase the tax on beer is the controversy which it has engendered and the sincerity with which both sides have put forward their points of view. To me, what is most significant is the extent to which our country has suffered as the centerpiece of the two arguing sides, but it would be well for us to realize that it is useful, once and for all, to settle a question which may give rise to controversy again. People genuinely have felt that increasing the excise duty on the product of a new industry was in effect interfering with the tax concessions granted to that industry. But Government has sincerely put forward its point of view that no such interference did take place, or was intended. I am inclined to the view that when a new industry is established and income tax holidays awarded, duty free concessions, wherever necessary or possible, granted, and consumer tax or export tax settled, it would be well for the country to forget that industry as a revenue earner until the period of the tax holiday is over.

While it is regrettable that this controversy has taken place I think it will do a lot of good if the confusion which arose can finally be settled.

I am not supporting the Amendment moved by the hon. Nominated Member, Mr. Gajraj, because I propose to oppose the entire Clause and support its deletion when someone moves it, but I do wish to emphasize what I consider to be a very important principle which we have to settle here and now.

The Committee divided on Mr. Gajraj's Amendment and voted as follows:

<i>For</i>	<i>Against</i>
Mr. Tasker	Mr. Ajodha Singh
Mr. Davis	Mr. Saffee
Mr. Gajraj	Mr. Bowman
Mr. Jai Narine Singh	Mr. Ram Karran
Mr. Jackson	Mrs. Jagan
Mr. Campbell	Dr. Jagan
Mr. Burnham	The Financial Secretary
Mr. Kendall. — 8.	The Attorney-General
	The Chief Secretary.— 9.

Did not vote

Mr. Hubbard. — 1.

Amendment negatived.

Mr. Burnham: I move the deletion of Clause 4 of the Bill.

The Chairman: The question is that Clause 4 be deleted.

The Committee divided and voted as follows:

<i>For</i>	<i>Against</i>
Mr. Tasker	Mr. Ajodha Singh
Mr. Hubbard	Mr. Saffee
Mr. Davis	Mr. Bowman
Mr. Gajraj	Mr. Ram Karran
Mr. Jai Narine Singh	Mrs. Jagan
Mr. Jackson	Mr. Beharry
Mr. Campbell	Dr. Jagan
Mr. Burnham	The Financial Secretary
Mr. Kendall.—9	The Attorney-General
	The Chief Secretary.— 10.

Motion negatived.

Clause 4 passed as printed.

Clause 5.—*Commencement.*

Question put, and agreed to.

Council resumed.

The Financial Secretary: I beg to report that the Bill has passed through Committee stage without amendment, and I now move that it be read the Third time.

Question put, and agreed to.

Bill read the Third time and passed.

LOCAL GOVERNMENT (VALUATION OF PROPERTY) BILL

Council resumed consideration in Committee stage, of the Bill intituled:

“An Ordinance to provide for valuation of property for rating purposes and for purposes connected therewith.”

COUNCIL IN COMMITTEE

The Chairman: On the last occasion when we were in Committee we had reached as far as the Schedule, but certain questions had been left over to be dealt with. The word “panel” which appears in several Clauses of the Bill was to be considered. I think Clauses 32 and 35 were also to be considered.

The Attorney-General: On the last occasion a few Clauses were left over for further consideration. Since considering these Clauses other advisable Amendments have been suggested, and the Government has circulated copies of such Amendments which will necessitate the recommittal of certain Clauses. I think we were considering the Second Schedule. If there are no further Amendments we can go back and deal with the Amendments which are not controversial.

The Chairman: I have not seen the circulated Amendments.

Mr. Tasker: On the last occasion I had an Amendment in mind, and I do not know whether you would like me to continue from where I left off. I had moved an Amendment and the debate was still continuing on it. I do not know if it is in order for me to continue now.

The Chairman: I do not hear you.

Mr. Tasker: I had moved the deletion of a substantial part at the end of Clause 4 — everything after sub-paragraph (v) in Roman numbers. My argument was that the availability of irrigation water being taken into account as a factor was inequitable, since it was in fact putting a premium or penalty on the enterprise of the individual who took such steps to provide himself with irrigation supplies as against the man who would benefit from Government or other works.

I spoke of soil fertility, and I pointed out that the assessment of soil fertility would be extremely difficult. How on earth and on what basis will it be done? The hon. Minister of Trade and Industry also spoke on this subject, and it looks as though we may reach a compromise agreement between these points if we consider the question of inherent fertility of the soil. I would be happy to accept the addition of the word “inherent”. It is well known that soil fertility can be brought about by heavy applications of fertiliser at the expense of the individual owner, and it may not be inherent fertility.

Dr. Jagan: On the last occasion when the hon. Member spoke, I referred to the fact that we must not confuse valuation with rating. It was quite obvious that there must be an inherent difference in the value of land which is given irrigation, whether put in by the proprietor or by somebody else, and land which has clay soil or pegasse soil. One cannot compare land on the East Coast under cultivation with foreshore land inundated with salt water. There must be a difference in the value of the land because of the inherent fertility of the soil. You cannot compare clay soil with sandy soil.

[DR. JAGAN]

On the Essequibo Coast there are areas with clay soil and others with sandy soil. I can remember when we gave the Kellar Corporation a big lease for a certain amount of land, they told us that the land was almost valueless because a portion of it was virgin sand. This is a question of value, and it must not be confused with taxes or rating. We are dealing with the type of soil which determines fertility, and the availability of drainage and water must have something to do with the land.

Mr. Burnham: I am disappointed at the explanation of the hon. Minister of Trade and Industry. He must understand that we are not speaking about value objectively or *in vacuo*. He is speaking about value for the purpose of taxation. Is he going to tell us that it is not intended to use the market value for other purposes? When a local authority levies a rate it does not say it must be 2% on one type and 1% on another type of property. It is valuation for purposes of taxation, not valuation for the purpose of sale, and therefore I think the hon. Member, Mr. Tasker's point is well made. The people are going to be taxed more heavily because they have developed their lands. I thought this, in the first place, was a battle of the giants, but I cannot allow such an illogical fallacy to be perpetrated in this Council.

Dr. Jagan: Whether valuation is for rating or not, it is known that when dealing with large areas you are bound to have different types of soil in the areas. Whether it is 2%, 1% or 6% one has, first of all, to establish the value of the soil in the area. The rate will obviously have to be uniform for the whole area, and the value of a plot of land will have to be made on a certain basis.

Mr. Burnham: Since you are not going to have discriminatory taxation, it means that when you value one piece of land at a higher value than another piece that the owner of the first piece may have

to pay a higher tax than his neighbour. That is what the hon. Minister does not understand. We are not speculators; we are legislators passing a Valuation Bill.

I repeat that this is valuation for the purpose of taxation. I cannot see why it cannot penetrate into the hon. Minister's mind that if property A is valued at \$16 and property B is valued at \$50, that the owner of property B will have to pay more. It goes back to our original contention that a man is being taxed because he has taken the trouble to improve his lands. I do not like people from rural constituencies sitting there and shaking their hands at me. I do not think they appreciate the facts I am presenting.

Dr. Jagan: Does the fact that a man has to pay more in rates preclude him from improving his property? If that argument was correct, then nobody would improve his house or land; but obviously the benefits to be derived from improving agricultural land cannot be compared with improvements, say, to one's home.

Mr. Burnham: The Minister of Trade and Industry always gets himself inextricably bound up. The point I am trying to make is that you pay after that! *Reductio ad absurdum!*

Dr. Jagan: The hon. Member is saying that because you improve you will have to pay more rates. That is very illogical. Obviously the hon. Member is arguing against it because people will have to pay more rates, and he feels there will be no incentives.

Mr. Burnham: I am not saying that. What the Minister is not honest enough to say is that they will have to pay for the incentives. This is not value, it is valuation. For the last time: we are not dealing with market values or sale values, we are dealing with valuation, and it seems to me this is a tax on the incentives. Why on earth do you give taxation relief to industry? So as to give it

incentives. Go on, kill the goose that lays the golden eggs!

Mr. Ram Karran: Who will get the money?

Mr. Burnham: It is not for me to answer the Minister of Communications and Works on that question. He is a Member of the Executive. He must tell us who is going to get the money.

Mr. Gajraj: It seems to me that the point the hon. Nominated Member, Mr. Tasker, has made is that there should be two conditions in relation to the valuation of land: one, the availability of irrigation water and, two, the fertility of the land. It seems clear to us that if an individual spends his own money in order to bring water from a conservancy onto his plot of land, and by means of further expenditure on his own and the use of artificial fertilizers the land yields more and it is taxed at a higher figure, then it is certainly a tax on the improvement which the individual has undertaken.

I remember when the Bill was being piloted through this Council the hon. Minister of Trade and Industry said that this is valuation, not rating, but I certainly agree with the remark of the hon. Member for Georgetown South that we cannot forget that rating is the end of it; and if we are going to tax, or, to put it another way: if we are going to value a man's land at a high figure because of the services which he has brought to it, then it is bound to prevent people from spending sums of money to bring in irrigation water or to improve the soil.

I am not speaking of soil types. There is pegasse soil in one case and good loam clay in the other, and the values will be different in these circumstances. But where one has laboured personally or used his own money in order to improve the land, we should not tax the improvement of the land as a result.

In a country like this, where we have so much land we would like to

make use of, if at this early stage we are going to tax initiative and enterprise, then we will be putting a strong brake on progress, and we will find ourselves dragging our feet when we should be leaping forward and taking our place alongside other countries. I do urge the Government to take into consideration what I have said. They cannot lose anything in the Amendment put forward.

The Attorney-General (Mr. Austin): The hon. Member seems to be adding to the confusion. We are not—

Mr. Gajraj: What I am saying is, that it will be the end-result of what is being proposed. It is bound to happen.

The Attorney-General: The very fact that you value land does not *ipso facto* mean that you are going to tax it. It may well be that in the instance just referred to by the hon. Member, Mr. Gajraj, the land has irrigation water by virtue of the fact that the owner is paying rates to the Drainage and Irrigation Board, and other land which also has—

Mr. Gajraj: I did not speak of land which has irrigation water because the owner is paying rates to the Drainage and Irrigation Board. I particularly referred to the case the hon. Minister of Trade and Industry spoke about, where water is brought to the land either at the expense of the owner or some individual who has been dealing with the land in the absence of the owner.

The Attorney-General: If the hon. Member had allowed me to finish, I was going to say that the other case was just as he mentioned. There are two cases. It does not necessarily mean that because there is one basis of valuation for owner-irrigated land, there is going to be the same basis for other land, and that is where the confusion is coming in. I believe that when this Council comes to consider the actual provisions in the Bill for rating, the anxiety of the hon. Members opposite will be set at rest. We should not try to bring equitable relief in

[THE ATTORNEY-GENERAL]

the wrong places, otherwise we shall not be able to deal properly with the whole system. When it comes to rating, it is in a different Bill altogether; it is quite understandable for Members to wish to bring up these points, but not yet.

Mr. Burnham: A little speck of life has been introduced by the contribution from the hon. the Attorney-General, but still I cannot agree with him that we cannot think of rating at this stage. You are valuing, again I say, for the purpose of rates and taxes. I did not tell you that you were assisting industry, or property agents, so far. It is no sense telling us to wait until the Rating Bill comes along, because we have been waiting a long time. They on the opposite side do not do their homework, to use their own phrase. They bring in a little Bill here and a little Bill there, but we rely on our ability and on our interest. We cannot anticipate measures in each case.

The Attorney-General: The phrase, "a group of snivelling school boys" or "schoolboys in knee breeches" may creep in, but we have confidence in the mental ability, if not agility, of the "Opposition" to deal with this problem like grown-ups.

Mr. Burnham: I am most appreciative of the compliment paid to the "Opposition" that the mental ability and agility are on this side, as everybody knows.

Mr. Jackson: I am moving a Motion that this Bill be further deferred until we have along with it the Rating Bill for our knowledge and consideration.

Dr. Jagan: Soil fertility—

The Chairman: The question before the Council is one for deferment.

Mr. Jackson: I move this Motion because of what has just been said by the hon. the Attorney-General. He has been left in the dark as to the percen-

tage of ratings and the valuation of property, and it is not fair to this Council or to the "Opposition" that such should be the attitude of Government on so many occasions. I had moved previously that discussion be adjourned because of the same reason. We were told that Regulations were to be made by the Governor in Council and that they would have the effect of law. Government subsequently decided to bring these Regulations and lay them before this Council for a certain time, but we have not the foggiest idea of what the intended ratings are going to be. It is unfair that the Government should continue to conduct affairs in this manner.

Mr. Tasker: I would like to say that while the Government Members have made much of the question of inability to discriminate in the valuation basis, I would like to draw attention to paragraph 1 of the Second Schedule where it seems that in the case of a building we are doing precisely that; for it is there clearly laid down that no account will be taken of any abnormal or extraordinary foundation, necessitated by the low loading capacity of the sub-soil on which the building stands, in arriving at the capital value.

In other words, the owner of the building will not have the cost of such foundation included in the valuation. That can only be for one reason—that it is not regarded as forming an equitable part of the valuation for rating purposes. That is precisely what I have been arguing in terms of the availability of irrigation water and soil fertility. I have great pleasure in supporting the Motion and I hope we may get some of these problems cleared up.

Dr. Jagan: However much we would like to co-operate with hon. Members on the other side, it is obvious that this Bill seeks to do one thing—to set in motion the machinery for valuation. Obviously, the purpose of valuation is for rating, and we cannot fix the percentage of rates unless we know the value of the

different properties, and that is going to take a long time.

If that is not done now and we wait until the other Bill is brought forward and it is passed simultaneously with this Bill, all the time necessary to do the preliminary work will have been lost entirely. I am appealing to hon. Members not to delay this Bill any longer. The urgency of this Bill is to get the machinery going for the purpose of getting the valuation of properties fixed properly.

Mr. Jackson: What has that got to do with this situation? The question is that along with this Bill Government is seeking power to levy rates on properties which have been valued. Government therefore has to prepare a rating Bill to fix the percentages which will be used in the calculation of taxes upon the valuation of properties, and this Council is entitled to consider the Government's proposals in their entirety; not only with respect to valuation but with respect to rating, and both Bills should be put before the Council so that we can examine the entire situation. The hon. the Attorney-General has said that the other Bill will be brought before the Council some time in the future, therefore we are entitled to study both Bills together, and that is why the Motion for the adjournment was moved.

Mr. Burnham: The point I want to make is that this Government always waits until the last possible moment and then appeals to Members on this side to help it to rush something through. Government has had 19 months, and the Majority Party decided before it went into office that it intended to implement the Marshall Report. Was it not patent to the Government that valuation has to be coupled with rating, and was it not also patent that Members of the Council would like to see the rating provisions before we passed the valuation provisions?

Instead of telling us that it wants to save time, Government should have had

the Rating Bill ready, or is it still in the recesses of some incompetent mind? Where is the Rating Bill? We have not yet heard where it is. We know that the Attorney-General will soon be enjoying his well earned leave. Where is the Rating Bill?

The Chairman: I shall put the Question, which is that further consideration of this Bill be postponed.

The Committee divided and voted as follows:

<i>For</i>	<i>Against</i>
Mr. Tasker	Mr. Ajodha Singh
Mr. Davis	Mr. Saffee
Mr. Gajraj	Mr. Bowman
Mr. Jai Narine Singh	Mr. Ram Karran
Mr. Jackson	Mrs. Jagan
Mr. Campbell	Mr. Beharry
Mr. Burnham	Dr. Jagan
Mr. Kendall—8	The Financial
	Secretary
	The Attorney-General
	The Chief Secretary.
	—10.

The Chairman: The Motion is lost. Discussion on the Bill will therefore proceed.

Dr. Jagan: I was making the point in reply to the remarks of the hon. Nominated Member, Mr. Gajraj, who said that there is a difference in fertility according to the types of soil, that if there is a difference in fertility obviously there must be a difference in value. Nobody is going to buy sandy soil at the same price as clay soil. There is a difference in value according to the type of soil, and that is what we are trying to establish—what is to be the yardstick in determining value. Soil fertility and the different types of soil must be used as a measure for determining the value of land. I therefore cannot see how subparagraph (vii) can be deleted.

On the question of irrigation water, we have had the point made that we are taxing initiative, but the hon. Nominated Member, Mr. Gajraj, should know that anyone who spends money to improve his building pays more rates because he has improved the value of his property. But

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simply because he has to pay a little more in rates is no argument that he would not want to improve the appearance of the building in which he is living. In the same way I say that a person would put in irrigation works because of the additional benefit he would get from the land. A farmer uses fertilizer because of the greater yield he will get from his land.

Even if one argues, as Members are arguing, that the purpose of valuation is rating, there is no reason why these yardsticks should not be inserted for the purpose of determining the value of property. We know that Government is expending millions of dollars all over this country on irrigation works, and in due course the whole Colony will be served by irrigation schemes. We have Blocks I, II and III schemes on the Corentyne. We have spent a large sum of money on the Torani Canal because we want to put more fresh water into the Canje River. We have also spent a large sum on the Boerasirie scheme, and investigations are being carried out in the Tapacooma and in the Mahaicony-Abary area.

All that people will have to do is to provide connecting canals to these major works on which Government is spending large sums of money. But let it be noted that in spite of the fact that Government is spending large sums of money, there are certain areas which will get no irrigation water at all. Even in the case of the Tapacooma scheme the experts have told us that when it is finished certain areas are not expected to get water. Mr. Hutchinson has also told us that in the case of the Boerasirie scheme certain areas will not be provided with drainage and irrigation water. Obviously, then, the values of certain lands will be lower than others, depending upon the irrigation water which is available to those lands. We cannot dispute that. Whether it is considered for the purpose of rating or otherwise, the inherent value of the land will be taken into consideration.

Mr. Kendall: One has to be very careful with this subject. We had an experience where the Government placed certain figures in the Rice Farmers Security of Tenure Ordinance for rice lands in the Corentyne area. It was stated that the rates should be one. When there was an apparent drought the Government, instead of maintaining the reduction equitably, placed a greater reduction of rent on one section of people than another section although the land had the same grading of soil fertility. This Government may put the same sort of thing in this Ordinance.

Mr. Jai Narine Singh: Perhaps the hon. Minister will explain whether he wishes the people to pay twice for the same service. The people in the Boerasirie area will have to pay for drainage and irrigation and, as I see it, they will soon be asked to pay a higher rate than they have ever paid before. They will obviously be paying twice for the same facilities such as water control, drainage and irrigation and so on.

We are aware of the practice of this Government. Last year Government suggested that the landlords should reduce the rentals of their rice lands because of the failure of crops, but Government has not sought to reduce the rentals of its lands at Mara, Vergenoegen, Cane Grove and other areas. Where Government lands are concerned, Government is like a Jew—taking the last drop of blood from the farmers. We must view this matter with great care in order to prevent the Valuation Bill from operating against the interest of the people in the country districts. This will make them pay twice for the same amenities.

Dr. Jagan: This business of valuation does not necessarily mean that a proprietor will have to pay more even if his property is valued at a higher figure. If the Local Authority wants a certain amount of money to do a job—let us say that it charges 2% of the value of a property which is worth

\$4,000. If the value is raised to \$8,000 the income that the Local Authority wants is a fixed figure and it could reduce its rates to 1%. The rates can be varied according to the needs of the Authority. If the Local Authority does not want to spend more money than it is spending now, then it will not be necessary to levy higher rates. It is possible that it might consider reducing the rates.

Let us take Georgetown as an example. If the properties of Georgetown are re-assessed and the values become higher as many of them should be; if the Town Council wants X dollars and it has X dollars it could reduce the rates. It does not mean that because the value of the property is raised that *ipso facto* the rates will be raised.

The point I want to make is that there may be several lots of land which are served with irrigation water and the value will therefore be higher. The hon. Member himself knows that if an area is devoid of water, and another area is provided with drainage and irrigation facilities there will be a big difference in the value of the two areas.

The point raised by the hon. Nominated Member, Mr. Tasker, is that if through personal initiative or enterprise a person has put in internal works and the value of the property was raised the man would be penalized. In time most of the external works will be done by the Government so far as drainage and irrigation schemes are concerned. The internal works will be abutting the external works, and that is what people will be asked to pay for.

So far as rating is concerned, there will be differential rates. Sugar estates may not have to pay for irrigation works if they have provided internal works. If the Local Authority does not have to maintain canals the sugar estates may be excluded from rating. The valuation of property is based on two factors and this Bill is merely setting out what the factors should be.

Mr. Jai Narine Singh: I would like a few issues clarified. Certain people are living in and around sugar estates in what is called the extra nuclear areas; they have certain facilities and they pay neither rates nor taxes. Is it intended to bring them under this uniform rate of valuation? These houses may be very near to one of the Local Authorities, and they may be incorporated into a particular area for purposes of taxation although they receive no amenities from the particular Authority. Some of these people do not work for as much as \$5 a week. Are you now calling on them to pay rates? Will the hon. Minister explain the position?

The Minister of Communications and Works (Mr. Ram Karran): That is irrelevant.

Mr. Davis: The hon. Minister has been at pains to tell us what will happen in the areas where there are Local Authorities. I would like to hear something about those areas which are outside of the Local Authorities. It must be conceded that there are very many areas, and the magnitude of the areas which are not under Local Authorities are larger than those that are under Local Authorities. Therefore provision will have to be made for those people who have provided their own conveniences to which the hon. Member made reference. I would like an explanation from the hon. Minister on that aspect of the matter.

Dr. Jagan: I think the hon. Member's contribution has answered the point which we have been making all along. This is a Valuation Bill and, if the vast areas to which he refers are not included in any Local Authority, there would be no Authority to levy rates and taxes. This Bill will come into operation fully after all of the areas have been valued and when the Marshall Plan comes into effect throughout the Colony and the new Bill on Rating is passed. At the moment, so far as the areas are concerned, we need not think of how many

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Local Authorities there will be. This Bill provides for valuation and not rating.

Mr. Davis: The hon. Minister must concede that the question of rating must apply. After these people have provided their own facilities and amenities, we want to know how you are going to arrive at a basis for valuation?

Mr. Tasker: The hon. Minister has argued persuasively against my Amendment, and he is not disposed to yield to it. I would like to make two further comments. I do not think that we are as obstructive on this side of the Table as he has intimated. It is appreciated that the object of this legislation is to provide a uniform basis of valuation. One of the purposes of that valuation is to show how the properties can be assessed for taxes.

I concede the need for a uniform system; I concede the fact that, perhaps, there is nothing in these two sub-sections that one can argue with on principle. My whole point is that, in consideration of the special problems in British Guiana, I anticipate a great deal of difficulty in arriving at an equitable basis for the valuation of agricultural land based on these facts. I am convinced that there is going to be inequitable valuation on these facts.

No Member of the Government has taken me up on Clause 1 of the Schedule where, again, I recognize a special factor in British Guiana. It is a fact that in certain sub-soils you have to put in abnormal foundations, if the building is to stay up. In these special circumstances the landlord and the farmer recognize that there must be a certain percentage of clay admixture in the soil. The farmer has to put fertiliser in the soil in order to improve it. The hon. Minister of Trade and Industry says he has to do it in order to increase his yields. Unless Government is going to accept a clearer definition than that in the Bill at the moment,

the valuation will be higher and the rating will be higher.

Today the hon. Minister of Trade and Industry pointed out that in the case of urban districts certain things would be done. He said that some of the properties in Georgetown could be re-assessed and the value increased upwards, and others could be re-assessed downwards. He says that if the Town Council or Local Authority wishes to raise X dollars it could increase the valuation of properties. That is perfectly true, and it may well be that some ratepayers will pay more and others less. But the whole point is, whether the rates go up or not, the rates payable by individuals are based entirely on this valuation. If the valuation of my property is based at \$5,000 and the valuation of the property of, say, the hon. Member for Georgetown North is based at \$10,000, he will pay more in rates than I will. If the Government is going to do that in terms of properties, fair enough, but having regard to the special problems of the agricultural industries of British Guiana. I think this is going to cause a great deal of anxiety and worry and it is going to be inequitable in practice.

Mr. Burnham: I have not yet heard from the Government when we will have the Rating Bill. Where is the Rating Bill, and if it is in existence, when will we see it?

It is the Member who told me that these anxieties will be taken care of in the Rating Bill. We ask for co-operation and courtesy and we are disillusioned to see them not forthcoming.

Dr. Jagan: The hon. Member always indulges in invective. He is concerned about valuation. He is concerned about rating, and he uses foul language——

Mr. Burnham: I object! If my Friend does not understand English, then he must be taught it here.

Dr. Jagan: Insinuations of his——

Mr. Burnham: Mr. Chairman!

The Chairman: Order! Order! Foul language as I understand the term has not been used here.

Mr. Burnham: I am grateful to you, Mr. Chairman. Most grateful.

Dr. Jagan: The hon. Member need not worry; when the time comes for the debate on rating, we will have it. Let him allay his fears and sit easy in his chair.

Mr. Burnham: That is why I sometimes like to deal with the hon. the Attorney-General. With his legal mind, he suggests to us that the fears we on this side are expressing are likely to be set aside by the Rating Bill. We do not accept that. We would like to see it, and if it is so, then we will withdraw our opposition. Now I am inclined to say this, that there is no Rating Bill. I have been informed that my language is foul—

The Chairman: I do not think you should refer to that now.

Mr. Burnham: All right, Mr. Chairman. Instead of answering a simple question they go off at a tangent. Where is the Bill? You have no Bill. I see the Minister shaking his head. They have no Bill and they are deluding the Council.

The Chairman: I understood the hon. the Attorney-General to say that when the Rating Bill comes out your fears may be allayed. I did not understand anyone to say that there was a Rating Bill prepared and ready. Sufficient time has elapsed, and I shall put the question. The hon. Nominated Member, Mr. Tasker, moved the deletion of the words,

“and in addition where the property consists of agricultural land —”

which appear in sub-paragraph (v) of Paragraph 4 of the Second Schedule. I shall put that Motion first,

Question put, the Committee divided and voted as follows:

<i>For</i>	<i>Against</i>
Mr. Tasker	Mr. Ajudha Singh
Mr. Davis	Mr. Saffee
Mr. Jackson	Mr. Bowman
Mr. Campbell	Mr. Ram Karran
Mr. Burnham	Mrs. Jagan
Mr. Kendall. — 6.	Dr. Jagan
	The Financial Secretary
	The Attorney-General
	The Chief Secretary. — 9.

The Chairman: The Motion is therefore lost. I shall put the next Motion, that there be deleted from Paragraph 4, the following sub-paragraph,

“(vi) the availability of irrigation water; and”

Question put, and Motion negatived.

The Chairman: I shall now put the question that there be deleted from the same Paragraph 4, the following sub-paragraph:

“(vii) soil fertility”.

Question put, and Motion negatived.

The Chairman: That Motion is also lost.

Mr. Burnham: Mr. Chairman—

The Chairman: Is it under the same Paragraph 4?

Mr. Burnham: Yes. I beg to move the insertion of the word “inherent” between the words “the” and “soil” in sub-paragraph (vii), so that it would be clear that the fertility which is envisaged in this Bill is not fertility that has arisen as a result of spending money.

Dr. Jagan: I would not seriously oppose that. As I said earlier, there are different soil types, and the inherent fertility of the soil should be a factor for consideration when dealing with the land.

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One can argue that the application of fertilizers will improve the fertility of the soil, and therefore it can be compared with the improvement of property of another type, say, the improvement of a home or modernizing a building. I can see the point being made that the application of fertilizers to land is an improvement of it, therefore I have no serious objection to the Amendment proposed by the hon. Member.

The Chairman: I do not follow you. You said you have no serious objection. I am not quite clear as to the position.

Mr. Tasker: It is exactly what I asked for half an hour ago.

Dr. Jagan: I would accept the use of the word "inherent",

Question put, and Amendment carried.

Paragraph 4, as amended, passed.

PART III, GENERAL PROVISIONS

Paragraph 5.—*Exempted properties* — passed as printed.

Paragraph 6. — *Industrial weighting*.

Mr. Tasker: I beg to move the deletion of Paragraph 6 as printed, and the substitution of a new Paragraph 6, as follows:

"6. The provisions of this Schedule shall not apply to any industrial property."

I make no apology for raising this issue again in Committee, since I did not get any reasoned answer from the Minister of Community Development and Education on the Second Reading. I argued then that the whole question of rating, with particular reference to the sugar industry, had been worked out between Dr. Hill, the Commissioner, and his team of experts on one side, and Sir Howard Roberts who, as I explained in the debate

on the Second Reading, had been representing the Sugar Producers Association. It was not a fight between opposing sides and opposing interests, but a recognition that the implementation of the Marshall Plan was going to be an extremely complicated process, on which the whole future of Local Government in British Guiana is going to depend, and that, therefore, it was very much in the interest of industries as well as of Government to do everything in their power to ensure that we move in concert and in step.

This question of the rating of factories was dealt with exhaustively at that time. It was argued again in the comments by the sugar industry on the Sessional Paper published by Government. I made the same point again to the Minister of Community Development and Education in a letter early in February this year when I asked him, in view of my concern about this matter, whether he would be prepared to postpone the debate to enable me to speak on it. I would like to pay tribute to his courtesy in willingly agreeing to my request.

But on the Second Reading the hon. Minister did not fully answer my charge that the valuation of factories had been included in spite of a clear understanding from Dr. Hill that factories would be derated. What he did say—and I accept what he said—was that Dr. Hill had no right to commit the Government. Fair enough. I am not arguing about that, but what I am arguing about is that Sir Howard Roberts and the other representatives of the sugar industry have dealt with Dr. Hill as the Commissioner for the implementation of the Marshall Plan at Government's request. There is no question of anybody going behind the scenes, or anything underhand; I am not suggesting that there is a breach of faith, but I merely wish to make it clear that the experts got together, and that we got a clear understanding, which is in writing, that factories would be derated. I have not

had so far any reply from the Government on this point. The Minister has not dealt with it. He merely said that Dr. Hill had no right to commit the Government.

I have argued so far merely on the case of the sugar industry, because that is where the question of factory rating came up. But it seems to me to go very much further. I certainly do not want to suggest that I regard this as being purely a matter for the sugar industry, even though a representative of the sugar industry has taken the initiative in arguing the case. It is something that is going to strike at the whole question of our production in the field of industry, and I would feel much happier, as I suggested in the Amendment, if we did not apply this valuation to industrial property at all.

If anybody should think that that is perhaps going a little too far, I would cheerfully suggest a moratorium of, say, five years, giving industry a five-year period before we touched a factory building. After all, we make concessions in every other way to new industries; yet here is a determined effort to go bull-headed, not for new industries only, but particularly for the old established ones.

Obviously, the two largest ones affected here are the sugar and bauxite industries. They are the ones with the largest factories, in terms either of number or of size. They are the industries that provide the greatest contribution to the Colony's economy and, perhaps not entirely coincidentally, they are also the industries that have made the biggest single contribution so far to a higher level of social services in the rural areas, and their record is very much better than any Local Authority.

We are often told in this Council that the productive efficiency of these industries is laudable. The Minister of Trade and Industry commented recently in his Party newspaper on the efficiency

of the sugar industry, and compared it with the less efficient state of affairs in the rice industry. The same thing is true of the bauxite industry. None of us thinks any less about the efficiency of its operations and the contribution which the Company has been making in the level of social services available at Mackenzie. This is not just a question of building roads or providing a water supply. The whole of the housing for employees has been done on the same basis. After all, it was the Venn Commission which recommended that while the sugar industry should be responsible for housing its nuclear workers, the Government should be responsible for those who were extra-nuclear. What happened? Government was unable to accept the responsibility and the sugar industry therefore took on that responsibility, and as the Minister of Labour has said in this Chamber, the sugar industry has done an infinitely better job in the field of low-cost housing than Government has been able to do.

In spite of all this we see a determined effort again this year to tax the sugar industry. A production tax is to be imposed. We already have a subsidy on the local price of sugar which is of the order of \$1 million a year, and now on top of everything else we are faced with the clear intention of Government to go for heavy industries and their factories. I know it will be argued that machinery is not included, and that by excluding machinery and plant Government is exempting the bulk of the valuation of those factories; but I feel that there is a very strong matter of principle involved. It is perfectly clear that there was an understanding that while agricultural land should certainly be valued, the factories should be excluded, and for that reason I move the Amendment which I have already circulated, that all industrial property should be exempted from this provision.

Dr. Jagan: I am sorry to say that Government will not be able to accept this Amendment. Again the old ques-

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tion of rating has been introduced into this debate, but as hon. Members have said, this Bill dealing with valuation has the purpose ultimately of rating and, I suppose, inevitably the question of rating comes into the picture. But I think Government has already gone a very far way in meeting the points made by the sugar industry or by people who are industrialists, who have machinery and who are contributing a great deal to the economy of this country, because if we look at the classification of properties we will note that instead of accepting the true value of the machinery, all that is being done is to accept, in the case of heavy industrials, a rate of 20 per cent. of the value of the property. In the case of light industrials the rate is 10 per cent., and workshops and similar premises 5 per cent. This is certainly a large concession, because we know that in many cases the machinery costs much more than the building itself. In most cases the machines sometimes cost 200, 300 or 500 per cent. of the actual value of the building. Therefore I would say that Government has gone a far way in meeting the criticisms of the sugar industry and others, because by doing so it would actually be not valuing the property as it really should be valued for the purpose of rating.

What is the argument used for taking factories out of this class? It is that the sugar industry is already contributing a great deal to the economy of this country, and that it is providing housing and other services. What is wrong about an industry in an area where there are not many other industries making profit, contributing not only to the revenue of the country but to the welfare of the people in that area? In fact in certain countries, where factories are owned by the State, the first charge on the profits of such factories is for welfare in the locality in which the factory is sited, before income tax and other taxes are paid. Included in the distribution of profits is a 10 per cent. charge, or whatever it may

be, for the purpose of helping to administer and giving to the area certain services.

Let us take the Mackenzie area. We have there practically one industry. Where else is the money to come from if we are to have amenities in that area? Because we have in our country one or two industries only is all the more reason why they should contribute something. For the purpose of rating, Government has been very generous in the scale suggested in this Bill, which is not the true value of the machinery.

Leaving aside the question of income tax, even if the industry is called upon to pay a little more when rating comes along it will pay less income tax. Rating will be the first charge, and income tax will come second when the net profits are assessed.

If we deal with this matter theoretically like the capitalist, we will realize that the moment several machines are put into an industry less money is paid to labour. In the sugar estates mechanization takes place and hundreds of people are unemployed. The law of capitalist accumulation states that the greater the amount of money being put in fixed assets the greater the relative impoverishment in the industry. I speak in terms of the people employed in the industry, and not the money which goes to the people who run the industry. Most of these industries mechanize because it pays to mechanize, and not because they have to keep their heads above the water. When they mechanize the industry they can make a greater accumulation of profits.

If the people are not working they will not be able to pay rates. Nevertheless the community must have its amenities and services. I would say that the Government has been most generous in trying to value properties or industries by way of the formula which has been suggested in this Clause — for the housing of heavy industry only 20% of the cost of the building. The machines cost more

than the value of the building. Some people are using plyboard to erect certain buildings. To say that the machinery and equipment in a factory should be rated at 20% of the total value of the building is really being very generous.

I repeat that hon. Members should not confuse this Bill with the Bill which deals with rating. When the Rating Bill comes before this Council for consideration, then the arguments put forward by Dr. Hill can be brought up. If the Government is convinced that Dr. Hill is correct, it will decide whether it should be a differential rate or a uniform rate. This is merely the formula which we are trying to establish for the rating of properties.

Mr. Hubbard: I sympathize with the proposition of my hon. Nominated Friend, Mr. Tasker, but I think this is an inappropriate place to put forward his proposal. This is a Valuation Bill, and I think it is good national accounting to have all properties valued. When all properties are valued it is possible for the community to know what assets in terms of money can be put in a particular industry, service or undertaking. The community will then know what it is giving and where it is giving it.

The question of whether industrial properties should be rated for taxation is a question that has many sides, and there are a number of arguments both for and against it. I think it will be better to have all of the properties valued, so that when we come to fix rates we will know exactly what we are giving and to whom we are giving it if we decide to exempt any property from rating.

Mr. Davis: I could not quite follow what, perhaps, may have been a very intriguing argument by the hon. Nominated Member, Mr. Hubbard, when he said that this is the wrong forum—

Mr. Hubbard: On a point of correction. I did not say that this was the wrong forum. I said it was the wrong place and the wrong piece of legislation.

Mr. Davis: For that specious explanation, perhaps, I should save further embarrassment by saying that, while it is recognized, to use the words of the hon. Minister of Trade and Industry, "the terms are generous", the people who are involved in the industries feel that the terms are not sufficiently generous. That is why the Amendment suggested by the hon. Nominated Member, Mr. Tasker, is realistic, because it is tantamount to a certain amount of exemption.

Let us take the rice industry as an example. The rice millers have committed themselves for a short period of two or three years. That is necessary and vital for the efficient running of the industry. It may be argued, I suppose, that machinery has already received the necessary concession from the Government, but that is not the only phase of streamlining the industry as I see it. To do so efficiently, it will be necessary to have what in my judgment is very vital to this streamlining of the industry,—a certain amount of storage bonds if we are to do justice to the job before us.

It will be recalled that Government advised the industry that certain things should be done. We find, however, that at this stage when it has become a *fait accompli*, the industry is subjected to extra rating which I consider is just not good enough. I do not think the industry has been given enough concessions in the rates that have been stated in this Clause, under this classification of properties. That is why I join with the larger industries in seeking exemption from what I consider to be stringent measures. I support the Amendment moved by the hon. Nominated Member, Mr. Tasker, and I hope it will be accepted by the Government.

Mr. Campbell: As I have said before in this Council, I am not conversant with the details of the sugar industry. I have just a general outlook on sugar. Sugar to me means work, and it employs a tremendous amount of people in British Guiana. About 30,000 to 40,000 people in British Guiana derive benefits from

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the sugar industry. They get the best arrangements for hospitals and social amenities, and the owners of the sugar estates endeavour to make the workers and everybody concerned with sugar feel better through working with them. Twenty years ago the sugar workers lived in long ranges of mud huts, but today things are different. The people are now living in lovely, little houses with flower gardens and other amenities, and they seem to be very happy working with the estates. If the Government has decided to burden the industry with additional taxes it may have an adverse effect. I beg to support the Amendment which has been moved by the hon. Nominated Member, Mr. Tasker.

Mr. Tasker: I am grateful to the hon. Member for North Western District and the hon. Nominated Member, Mr. Davis. The hon. Nominated Member, Mr. Hubbard, tried to make a distinction between valuation and taxation with regard to this Bill. The hon. Minister of Trade and Industry has already made the position quite clear. He states quite frankly that he speaks in terms of taxation, and he makes it quite clear where the taxation is going to fall. He tells us that the people are not going to be able to pay rates, and therefore he is going to tax industry to get the money. That is precisely what I have been arguing about in this Bill; that industries are going to be required to pay a disproportionate amount after they have provided so many amenities for the people working in them. That is why this piece of legislation is grossly discriminatory on the basis of valuation.

I happen to know, Sir, that in the estimates which have been made by the experts in this field, Government has estimated for a general surplus based on factory and estate lands alone. That is the reason why the machinery was omitted from this valuation system — it is recognized that Government would get a substantial surplus on the rating and

valuation of machinery, which will increase the general surplus.

The hon. Minister has also commented on the question of mechanization and the stabilization of labour recently, and I hope to be in a position shortly to give him a reply on the employment aspect of it; but in all fairness, I cannot see why we should jack up all these charges.

I have put forward a case in terms of a fair proportion in rating. The hon. Minister has picked me up and said we are talking about taxation. Why should industry pay more? Until we get down to what the basis of rating will be, I personally have the greatest reservation about this system which I believe is designed to bleed industry yet again.

Dr. Jagan: I wish to correct the hon. Member. He said that the valuation of machinery was such that there would be a bigger surplus. Obviously that depends on what the Local Authorities decide to do, whether they want to rate machinery or not. It is a question of principle, and all I am saying is, that in the valuation of property one must take equipment into account. That is all I am saying. Government is being generous in accepting in the case of heavy industry not the actual value but only 20 per cent. of the value of the buildings. I am saying that the Government considers that you have a certain set up at the moment. Tomorrow somebody decides to modernize a factory completely; that person will then be rated according to 20 per cent. of the value of the building. Speaking in relative and not absolute terms, by the introduction of new technology the position of the capitalist will be better and that of the worker worse. For people who can afford it there is no harm asking them to pay a little more. They will pay on the basis of a formula, and that formula taxes 20 per cent. of the actual value of the building itself.

The Attorney-General: We are really one jump ahead if we are talking

about rating in this Bill, because whether machinery is actually rated or not, it has to be valued. As the hon. Minister of Trade and Industry said, the money has to come from somewhere, and it does not necessarily say, *ipso facto*, that if machinery is valued, more rates would have to be paid.

Take the United Kingdom; until the depression of the 1930s machinery had always been rated, and because of the peculiar circumstances of the time the rating of factories ceased. But in lieu, the central Government worked out a system of contributions based upon the valuation of factories and the machinery contained in those factories. So that whatever happens, as I understand it, one has to have a law to enable factories and machinery to be valued. It only goes to show how valuable were the remarks of the hon. Nominated Member, Mr. Hubbard, when he made his points. This is not the place to talk about valuing machinery, and if we can only understand the simple difference in the principle, we would get on very quickly.

Mr. Tasker: The hon. the Attorney-General has tried very hard to be persuasive about this. At least the hon. Minister prefers to be frank about it, as he says in effect, "We are out to soak sugar". The Attorney-General is trying to say it is not taxation.

The Attorney-General: To a point of order. I said, "not necessarily".

Mr. Tasker: All right, "not necessarily". But who, after all, brought this point into the debate? The hon. Minister? I think it was extremely unwise to bring in the circumstances which existed in the United Kingdom in 1929. There is in fact a very close analogy, and a suitable one, between the position in the United Kingdom in 1929 and the position in British Guiana in 1959, as regards industry. In both cases the Government is trying to do precisely the same thing, and that is to develop industrialization at a difficult time. That is half my case. We want to encourage industrialization

by every possible means; why then should we take a snap at industry?

The Attorney-General: The hon. Member will understand that while the United Kingdom is an industrial country, British Guiana is an agricultural one, and so there can be no real argument along these lines.

Dr. Jagan: I am sorry I was drawn into this argument. It is only because the hon. Member kept referring to rating that I interjected. As I have said, we are only trying to adopt a formula. That is more generous than if Government had said, "we are going to value everything". If we had said that, we would have had more howls from the people running the show at the moment. But Government is being generous, and we are trying to evaluate what the value of a property may be, by way of a formula.

The Chairman: I shall put the question.

Mr. Tasker: I am grateful to the hon. Minister, but we are not trying to say what the valuation of industry should be, though we have had to consider that in the Bill. Does the hon. Minister feel that the Sugar Estates will not be valued too highly? My information is that the valuation is going to result in a disproportionate contribution by industry as compared with the contribution of other people. This is the basis of my whole argument. I recognize that the rôle of industry is to pay its fair share, but my argument is, that this is not going to be a fair share, and everything the Minister has said this afternoon has merely confirmed me in that belief.

The Chairman: The question is, that Paragraph 6, as printed, be substituted by a new Paragraph 6, as follows:

"6. The provisions of this Schedule shall not apply to any industrial property."

Motion negatived.

Council resumed.

The Chief Secretary (Mr. Porcher acting): I beg to move that Council do now adjourn until two o'clock tomorrow

afternoon. I wish to remind hon. Members that the Council has agreed to sit from 2 p.m. to 7 p.m.

Council adjourned accordingly.