

THE
PARLIAMENTARY DEBATES

OFFICIAL REPORT

[VOLUME 2]

PROCEEDINGS AND DEBATES OF THE SECOND SESSION OF THE
FIRST PARLIAMENT OF GUYANA UNDER THE CONSTITUTION
OF GUYANA

18th Sitting

Thursday, 26th

NATIONAL ASSEMBLY

The Assembly met at 2 p.m.

Prayers

[Mr. Deputy Speaker in the Chair]

Present

His Honour the Deputy Speaker, Mr. R. C. Tello.

Members of the Government

Ministers

Dr. the Honourable P. A. Reid,
Minister of Finance

The Honourable R. E. Cheeks
Minister of Local Government

The Honourable E. F. Correia
Minister of Communications

The Honourable C. M. L. John
Minister of Home Affairs

The Honourable R. J. Jordan
Minister of Agriculture and Natural Resources

The Honourable W. O. R. Kendall, C.B.E., J.P.
Minister of Health and Housing

The Honourable C. A. Merriman, J.P.
Minister of Labour and Social Security

Parliamentary Secretaries:

Mr. D. B. DeGroot,

Parliamentary Secretary, Office of the Prime Minister

Mr. G. Bowman,

Parliamentary Secretary, Ministry of Agriculture and Natural Resources

Mr. O. E. Clarke

Parliamentary Secretary, Office of the Prime Minister

Mr. P. Duncan

Parliamentary Secretary, Ministry of Local Government

G. Joquin, O.B.E., J.P.

Parliamentary Secretary, Ministry of Works and Hydraulics

Tsoo-Chung

Parliamentary Secretary, Ministry of Finance

Members:

P. S. d'Aguiar

W. A. Blair

Mr. J. Budhoo

M. Kasim

Mr. W. G. Carrington

Mr. R. G. B. Field-Ridley

Mr. D. Mahraj

Mr. T. A. Sancho

Mr. J. H. Thomas

Rev. A. B. Trotman

Mr. H. M. S. Wharton, J.P.

Members of the Opposition

Mr. Ram Karran

Mr. R. Chandisingh

Mr. H. J. M. Hubbard

Dr. Charles Jacob, Jr.

Mr. C. V. Nunes

Dr. F. H. W. Ramsahoye

Mr. E. M. G. Wilson

Mr. M. Hamid, J.P.

Mr. J. R. S. Luck

Mr. D. C. Jagan

Mr. H. Lall

Mr. Mooneer Khan, J.P.

Mr. Y. Ally

Mr. L. Linde

Mr. R. D. Persaud, J.P.

Mr. M. N. Poonai

Dr. S. A. Ramjohn

Mr. E. M. Stoby

Deputy Clerk of the National Assembly — Mr. M. B. Henry

Class II Clerk — Mr. J. P. Edwards

ABSENT

The Honourable L. F. S. Burnham, Q.C.

Prime Minister

The Honourable N. J. Bissember,

Minister of Parliamentary Affairs (Leader of the House)

The Honourable Mrs. W. Gaskin

Minister of Education

The Honourable M. F. Singh

Minister of Works and Hydraulics

The Honourable M. W. Carter

Minister of Information

The Honourable S; S. Ramphal, C.M.G., Q.C.

Attorney-General and Minister of State

The Honourable H. C. Spence

Minister of Trade

Mr. H. Prashad, J.P.

Mr. A. Chase

Mr. B. H. Benn

Mr. S. M. Saffee

Mr. M. Bhagwan

ANNOUNCEMENTS BY THE SPEAKER

LEAVE TO MEMBERS

Mr. Deputy Speaker: Hon. Members, I have to announce that leave has been granted to the Honourable L.F.S. Burnham for the period 22nd to 30th October, 1967; to the Honourable M.F. Singh from the 20th to the 31st October, 1967; to the Honourable H.C. Spence from 22nd to 28th October, 1967 and to Dr. C.B. Jagan from the 17th October to 1st December, 1967.

PRESENTATION OF PAPERS AND REPORTS

(1) Annual Report of the Commissioner of Inland Revenue for the year ended 31st December, 1963;

(2) Constitutional Office (Remuneration of Holders) (No. 2) Order, 1967, made under section 5 of the Constitutional Offices (Remuneration of Holders) Ordinance, 1962, Minister of Finance on the 13th of October, 1967;

(3) Customs Duties (Amendment) (No. 3) Order, 1967 (No. 29), made under section 8 of the Customs Ordinance, Chapter 309, on the 6th of October, 1967 and published in the Official Gazette on the 7th of October, 1967 - [The Minister of Finance.]

MOTIONS RELATING TO, THE BUSINESS OR SITTINGS OF THE ASSEMBLY AND MOVED BY A MINISTER

SUSPENSION OF STANDING ORDER

The Minister of Home Affairs (Mr. John): I beg to move that the entire proceedings of the Treasury Savings Certificates and Savings Bonds (Amendment) Bill, 1967, which is on this Order Paper, be exempted from the provisions of paragraph (2) of Standing Order No. 9.

Mr. Nunes: Mr. Deputy Speaker, time and again the Government has demonstrated an utter disregard for, and a flagrant discourtesy to, the Opposition on this question of the suspension of the Standing Orders.

The present Bill dealing with Treasury Savings Certificates and Savings Bonds is a case in point. Had it not been for your initiative, sir, the Opposition would have been faced with the situation where a matter was placed on the Order Paper and the Government had already made up its mind that it proposed to move the suspension of the Standing Orders but no attempt was made by any member of the Government to consult us on this particular point.

We hope that this practice will be discontinued. The initiative and courtesy that you have shown, sir, in consulting the Opposition on this matter is something worthy of note. I do hope, sir, that you will use your special offices to urge Government to behave in a different manner on subsequent occasions.

Mr. John: I should like to reply to the allegations made by the hon. Member. As you will yourself know, sir, there was a discussion with you on what was proposed, and, as a result of that, it was intimated that the Leader of the Opposition would be informed.

I think that to make a broad statement about the suspension of Standing Orders, as made by the hon. Member, would be quite wrong because different considerations apply in making requests for the suspension of Standing Orders.

In this case, one can understand that it can really cause no serious inconvenience and it must be a decision come to very urgently. I do not see any reason why such an allegation should be levelled against the Government for carrying out functions which are permitted by the Standing Orders.

Mr. Deputy Speaker: Hon. Leader of the House, I wonder if this is the appropriate time for the suspension of Standing Order

Savings

[DEPUTY SPEAKER]

Mr. 46 moved, because we can debate

2:15 pm

Mr. John: Yes, Mr. Speaker. At the time the mover of the Motion for the suspension of Standing Order you

is still put, and agreed to.

INTRODUCTION OF BILLS

— FIRST READING

Following Bills were introduced and First time:

(i) National Registration Bill, 1967. — [The Minister of Home Affairs.]

(ii) Treasury Savings Certificates and Savings Bonds (Amendment) Bill, 1967. — [The Minister of Finance.]

PUBLIC BUSINESS

BILLS – SECOND READING

TREASURY SAVINGS CERTIFICATES
AND SAVINGS BONDS
(AMENDMENT) BILL

A Bill intitled: "An Act to authorise the raising of loans by the issue of Savings Bonds." — [The Minister of Finance.]

SUSPENSION OF STANDING
ORDERS

The Minister of Finance (Dr. Reid): I beg to move that Standing Order 46 be suspended to enable this Bill to be proceeded with at this sitting.

Question put, and agreed to.

Dr. Reid: In moving the Second Reading of this Bill I should like to draw to the attention of Members that this is just an Amendment to allow the issue not only of savings certificates but also of savings bonds. The Bill, therefore, is a simple Amendment — [Mr. Luck: "That is not true."] — and the

Amendment is instituted to take care of the following points: first, the definition of "bonds"; secondly, the extension of the Ordinance to cover the issue of these bonds; thirdly, the right of the Bank of Guyana to administer the sinking funds; and lastly, the modification of the scope of the tax exemption.

Section 2 of the original Bill, that is No. 12 of 1965, has to be amended to allow us to have an interpretation of the word "bonds" and this will be included before the interpretation of the word "certificates". The definition of the word "bonds" means "Savings Bonds authorised to be issued under this Ordinance;" That is the first point that we need to bring to the attention of Members.

The next point is that in Section 3 of the Ordinance we will debate the words "of certificates" which appear after the word "issue" and substitute the words "of Treasury Savings Certificates or of Savings Bonds". The other Amendment is to Section 7(2). This Amendment is to allow the management of the sinking fund to be entrusted to the Crown Agents for Oversea Governments and Administrations or the Bank of Guyana.

We are deleting Section 8 and the following is to be substituted:

"8. The Minister may, by order, declare that in respect of any particular issue of certificates, no income tax or capital gains tax shall be chargeable on any interest or premium paid to the holder of any certificates or on any capital gains accruing to him by reason of any transaction in respect of them:

Provided that no order under this section shall apply to any amount in excess of ten thousand dollars in respect of certificates held by any person."

When these Amendments are accepted the new plan will include the issue of bonds to, not only the wealthy people, but also to anyone in this country. This will certainly be regarded by the public as being the most attractive opportunity which will be given to the people of Guyana to participate in the

Development Programme because, according to the plan of this new issue, the bonds will be made available in very low units and persons can begin purchasing bonds with just \$1. We hope that, as soon as the Bill is passed, the details will be made known to the public and I am certain that all the people in this country – even those with \$1, \$25, or \$50 – will be able to participate not only in work activities but also in their small savings which can be invested to assist in the development of this country.

Therefore, an Amendment of this type must have the support not only of the Government but of the Opposition as well. All the people in this country can share in the purchase of bonds. For instance, the units are so reasonable that, as Christmas is drawing near, people can buy bonds for Christmas gifts. We will then be able to have small savings from all sections of this community. If we are to proceed with the Development Programme, we will have to make as much savings as we can from all areas of this community. I think I have covered all the Amendments I have in mind. Therefore, I now move the Second Reading of this Bill.

In accordance with Article 80(2) of *The Constitution of Guyana*, I signify that the Cabinet has recommended the following Bill for the consideration of the National Assembly: "Treasury Savings Certificates and Savings Bonds (Amendment) Bill."

2.25 p.m.

Dr. Jacob: The Government proposes to issue a new type of public security called Savings Bonds and, according to the Minister of Finance (Dr. Reid), the money so raised will be used for development purposes. Let me make it quite clear at the outset that the People's Progressive Party has no objection to the raising of loans for development, but the People's Progressive Party wishes that any funds so borrowed should be properly used, that is, they should be used in the public interest.

Thus far, the Government has been indulging in a spending spree, extravagance and wasteful expenditure. All of the reserves

of the country have been dissipated and, at the present time, the Government operates credit and overdraft facilities extended to it by the Central Bank. Formerly, the overdrafts were made available by the commercial banks. The internal value of the currency has gone down as a result of these pressures. Because of its policy of having to depend on borrowed funds, as has happened, and I wish to stress this.

These Savings Bonds are supposed to mop up local savings. The people of this country who have savings which are investable are very few. Now, when the Government borrows internally, for any purpose, what actually happens to the community? This internal borrowing, bearing in mind the money is not properly spent, results in a transfer of wealth from those who already have, perhaps, too much, to those who have very little, and the policy of the Government from the time it came in office has been to use fiscal and monet policies with this end in view. When we take into account the fact that interest rates which the Government is paying for various types of loans are high, one sees clearly that as a result of local borrowing, wealth is transferred from the poor to the wealthy section of this community.

When it comes to external borrowing, this is another matter that also results in difficulties for the country because the high interest paid on these external loans means an outflow of capital from the country. Why did I say that the money borrowed was not put to good use? We shall have to look at the economic policy of the Government which has been framed, as a result of external influences, not to promote the development of public enterprise. Much of this development money that is being spent is not spent to develop revenue-earning public enterprise, which, if properly developed, could result in the lessening of the burden of taxation; but this Government, because of its ideology, wishes to have all revenue-earning and profit-making

[DR. JACOBS]

enterprises undertaken not by the public sector but by private individuals, in other words, by the friends, backers and supporters of the Coalition Government. That is why if the money were to be put to good use, we would wholeheartedly support the use not only of Savings Bonds but of other types of public securities.

A large part of the money which is borrowed for development purposes is being used to finance the current needs of the Government. At the end of this month, which is a few days off, the Government will be in difficulty to pay public servants. A lot of the development money is being diverted to meet current needs and requirements because of the extravagance and wasteful spending of the Government.

The Bill now before us has a most objectionable feature. It seems to vest in the Minister of Finance a discretion to further narrow our tax base and therefore reduce the revenue of the territory. The Minister will have the discretion to make an order to exempt from income tax and also capital gains tax, any interest received by the purchasers of Certificates and Bonds, but there is a proviso which states that if the amount held in Certificates and Bonds exceeds \$10,000, the Minister will not be permitted to make an order granting its exemption.

2.35 p.m.

I listened to the Minister a short while ago when he said that this Amendment provides an opportunity for the small man to invest in these securities, and he implied in his speech that this exemption is a concession to the small investor. We, on this side of the House, say that this exemption is no such thing. As a matter of fact, the Government can put itself in the position of being able to go to the Statue Book and say: "Here we have a law which encourages investment by the small man, and which, at the same time, enables the small man to have

his interest on his unearned income tax free." The Government can also say: "We will not permit those large investors who invest over \$10,000 to have this concession." But, secretly the Coalition Government can point out to its wealthy supporters ways and means of taking advantage of the exemption.

Perhaps I should explain that. A wealthy man may wish to invest, say, \$100,000. In order to take advantage of this exemption which, according to the Government, is providing only for the small investor, he can easily find a number of persons, relatives and others, and have invested in the name of each such person \$10,000, thereby defeating the proviso in the Bill.

I heard an hon. Member remark that we cannot avoid that. Our argument is that interest earned on any type of security, or in any form, being income not derived by the sweat of the brow — by labour — should be subject to a tax higher than that imposed on earned income. In other words, this kind of income should attract a higher rate of taxation than the ordinary income of the labourer or any other worker. That is why the People's Progressive Party, in all of the tax legislation it introduced during its term of office, made a distinction between earned income and unearned income.

I criticised the Government, with respect to the capital gains tax, when it reduced that tax from the progressive rates which we had introduced, to a low flat rate. The progressive rates were the same income tax rates which were applied in other countries. They have not only reduced the capital gains tax to virtual insignificance in order to help their wealthy backers and supporters, but they have also inserted in this Amendment a provision whereby any capital gains made on speculation in these securities, will, if the Minister thinks fit, not be subject to tax. We are against all these deviations, and we think they are calculated to enhance the economic position of the wealthy, and to cause a deterioration in the position of the masses of this country. It is

rank class legislation and we will have to oppose the Clause in the amending Bill which seeks to discriminate in this fashion.

The fact is that at the moment, and indeed for some time, the Government has been experiencing grave financial difficulties. That is well known, yet every conceivable act of this Government has been to cause a reduction in the revenue. The people who can pay have been relieved of the obligation to do so, and that is why the Government has to borrow continually. Taxation has been whittled down since this Government assumed office. Increased borrowing means increased taxation to meet the interest charges which, in turn, falls mainly on the masses in the country. Why does it fall on the masses? Because the tax burden has been shifted by this Government from the wealthy to the poor. It is because of this shift that we take strong exception to measures of this nature. We would willingly support any measure which is calculated to mobilize resources for development.

Before I take my seat, I should like to offer some advice to the Government. If it wishes to bring about any improvement in the lot of the masses of this country – and any responsible Government ought to have this as one of its main objectives – I would urge the Government to end fiscal discrimination in favour of the wealthy. I would also urge it to treat capital gains as earned income and to tax it, not at higher rates than earned income, but at the same rates as earned income, and this is making a slight concession. I urge it to remove this objectionable exemption which is incorporated in the Bill. It was wrong in the first place for the principal Ordinance, which was passed on April 30, 1965, to have such a provision. The provision that was dealt with was only in respect of income tax. Now they are further reducing the tax base by including this concession in the capital gains tax.

2.45 p.m.

This is our big quarrel with the Government. It does not see its duty which should improve the lot of the people of this country. Therefore we will have no alternative but to oppose the passage of Clause 2 (1) of the Bill now before the House.

Mr. Luck: I well recall that when we debated the Treasury Savings Certificate Bill, 1965 we were told that the exemption from income tax therein provided for, would be applied to a narrow range of certificates, the savings certificates, and that, in the circumstances, the criticism, that the provision to make interest on such investment tax-free, would lead to chaos in the country, was unwarranted.

I have been doing some calculations to find out the effect of making investment in Government bonds tax-free. Let us say it is all tax-free; people who have money to lend are normally within the tax range paying seventy cents on the dollar. I had to advise a friend of mine to liquidate his holdings because, on an investment of \$25,000 he was receiving nominally \$250 a month but out of that he was only getting \$75 to put in his pocket. Under this scheme anybody with spare cash would be constrained to invest in Government securities because the terms are so clearly advantageous to the investor. A person who invests \$25,000 in these securities would receive \$2,000 a year tax-free and for him to make \$2,000 a year on any other investment, assuming he makes a true and correct return of all his income, he would have to invest over \$60,000. I am not defending our income tax laws; I say it is stern, but so long as it is the law it must be upheld.

The income tax laws of this country are probably the most penal in all the world. We are not discussing whether the rates are right or wrong. I have my own views on them, but to seek to create exemptions will open the floodgates to rascality. A well-known device to avoid death duties is to buy Government

MR. LUCK]

securities which are transferable. It is a device that is well used and abused by the wealthy classes in this country. Treasury Bills, bearer bonds, these are the securities which the wealthy now hold in an effort to avoid payment of death duties and in this measure we are opening the floodgates to inequality.

I reiterate my belief that the income tax has had grave effects on our economy. In addition, in raising revenue, every tax has its effects and a thoughtful person must limit that the rate of tax in this country is high - one reaches 70 cents in the dollar so quickly - that it might well be argued that the rates act as a disincentive to initiative and enterprise.

That is not the position held by this Government. This Government does not seek, on the basis of a re-examination of our tax structure, to get a new tax structure. It seeks to confer benefits on people with liquid cash.

What will be the effects of this? Some of us believe - possible quite rightly - in Government control and ownership of industry. This Government does not believe in that; it believes in Government spending. It is borrowing on terms which are ruinous. The directors of companies when they weigh the returns from any form of investment as against the returns offered by the Government must find it very attractive to invest in Government securities and what will be the effect of this? Credit in the private sector will be choked, it will be cut off at source.

This Government says that it believes that free enterprise must share the burden of development and therefore we must create a situation where money flows into the private sector. May I say that a good case can be made out for adopting the opposite approach, that is, choking off money from the private sector so that it is compelled to go into the public sector if it is the intention to create a strong economy owned by both Government and the public. That, however,

is not this Government's intention. This Government lives beyond its means. Every cent that it raises by begging, by borrowing or by taxation is wasted.

I ask my hon. Friend, the Minister of Finance. Who would invest in a mortgage when he is offered 8 per cent tax-free by the Government? Who would lend money even with 15 per cent interest? I ask that question because 8 percent tax-free to a wealthy man works out to rather more than 26 per cent. Quite clearly then, the private sector will wither and die.

If the intention was to make the public sector strong and to make it expand, then there might be an argument in favour of this, but where the intention is to meet running expenses of an extravagant Government, then we are saddling posterity with enormous debts and giving it nothing with which to pay them. This Government is borrowing money not to invest, but to meet current expenses. Who cannot see that this is a ruinous course?

A government is not different from a private person. If a private individual had to borrow at 20 per cent interest he would soon find that he had to borrow from somebody else to pay that interest and very soon he would have to pay 30 per cent interest until he became bankrupt as so many gentlemen opposite are prone to become. It is similar with a government. The exemption of so much money from tax, besides its other effects, must act as a severe warning to those of us who are compelled to pay tax that we should try to avoid it somehow.

2.55 p.m.

We will have to try and avoid it because if my friends opposite are creating for their friends ways of avoiding tax payments then, quite clearly, something will have to be done.

Assuming that the wealthy decide to stay in this country - because, apparently, they are moving - they will cease to invest in anything else other than Government securities. Is that, I repeat again, the

intention of this Government? If a man holds a property valued at \$200,000, taken together with his other assets, when he dies his death duties may well amount to several hundred thousand dollars. Let us suppose he is getting \$1,000 per month rent from this property. Because he pays tax, that \$1,000 is only equivalent to \$300.

Everybody will soon move over from investing in private businesses to investing with the Government. The Government will say that this shows confidence. Far from showing confidence it shows bankruptcy. The people are learning: the attitude would be, "I would invest because I have to pay income tax." This is the reason why the Government's securities are selling. The people are buying the bonds not in the hope that they will get their money back, but they will pay their tax with it.

There is a provision on here which is put in as a sop. It is stated here that this income tax exemption shall not apply – I quote the proviso to Section 8:

"Provided that no order under this section shall apply to any amount in excess of ten thousand dollars in respect of certificates held by any person."

Therefore, no certificate will carry income tax exemption if it is in excess of \$10,000. The Principal Ordinance under which this Bill comes before this House allows the transferability of all these bonds and so, while initially no bond may exceed \$10,000 in total, it is very possible – not possible, it will be inevitable – that the wealthy people will buy through agents, through dummies, and indeed through necessitous persons who may have these bonds. A man may gamish to himself – there is nothing to stop him – \$½ million worth of these bonds.

This Government, accustomed as it is to beclouding the issues and fooling its supporters, knows that this thing is a sop. I presume that when the certificates are issued the Minister will make an order that these certificates are exempt from income tax under the law. There is complete transferability. Indeed, these bonds and

certificates are transferred by delivery. What will happen? This is how I can see it. Wealthy people who have died will be because the vaults of banks will be filled with Government securities which will need executor or trustee; and the securities will be passed over. These are bearer bonds.

Let me read Section 9 of the Principal Ordinance:

"9. Certificates shall be transferable by delivery, or in any other manner . . ."

— not only by delivery, because that is the simplest way, but in such other manner

8, " . . . as may be prescribed by regulations made under this Ordinance."

I will ask the hon. Minister of Finance for the time being – because he has been Minister for all the portfolios in this Government – what is the meaning of this proviso. This is a demagogic provision put in to delude the ignorant.

This Government goes further and provides that these certificates be exempt from even capital gains tax. The Government knows it is wrong, dangerous, and an abuse, and so it puts in this safeguard:

"Provided that no order under this section shall apply to any amount in excess of ten thousand dollars in respect of certificates held by any person."

At the moment of issue of the certificates the certificates will prescribe that these certificates are tax exempt. Since these certificates are freely transferable only by delivery, nobody has to put his name on them. Indeed, this thing is a mere humbug. Once Government securities are bearer securities transferable by delivery, income tax will never get a cent because, unless somebody has to put his name as owning them and signing for the interest, he will never declare them.

What about cases of death? The vaults in the banks of this country are bulging with Government securities. I would venture to declare that on the death of no person at all were Government bearer securities ever declared.

... (K1)
... want to make my position in this
... quite clear. I am all for arguing,
... and discussing whether this whole
... of taxation helps this country or not.
... my own reservations as to the
... of having a system of taxation
... which is so clearly penal that if people were
... to pay their tax – there are some
... who say that the Government must
... more, but I do not think they are
... paying – the whole position would
... different. There would not be so many
... on the road. I am struggling to pay my
... tax and I cannot own a car.

I am all – I say it publicly
... apologetically – for a frank discussion
... whether this kind of tax is good, but so
... as it exists we must observe it. It is well
... known that making these exemptions is
... wrong. When we debated Ministers' salaries,
... Ministers' emoluments, and I calculated
... them for this House, it was discovered that
... one gentleman was in receipt of a salary in
... excess of \$4,400 and I said then, as I say
... now, that anybody who has studied income
... tax laws would realise that it is wrong to
... create exemptions, for where does it end?
... Why should a man who has ready cash be
... exempted from paying income tax whereas
... the poor school-teacher – I am sorry the
... hon. Member Mr. Sancho is not here – who
... has no sick leave at all, no pension, no leave,
... has to pay? If a school-teacher gets sick, he
... has to go to the alms-house. That is his
... position.

3.05 p.m.

These fellows have to pay income tax on
every cent they work for. Some of us pay at
very high rates. We pay the same rates as men
who have gratuities, pensions, sick leave
rights and all kinds of benefits, but I realise
the law is difficult and it has to be difficult,
so why make new categories of exemptions?

The judges of this country object to
paying income tax for the houses they
occupy. They do not want to pay and the

private firms are in the same position. The
matter is now in the Court. The judges are
involved. The private firms have taken the
issue to court but I cannot hear a thing
about it. I do not know what is the position.
This matter of income tax is a very difficult
matter. I know a fellow who was living in a
house rent free and when he sought to leave
this country the income tax authorities told
him that they valued the house at \$480 a
month and that worked out at nearly
\$4,000. It is the same thing with the judges.
They are claiming that under their contract,
they must pay \$60 a month and the balance
of their house is rent free. The income tax
authorities take the view that they must
value the occupancy of the house and add it
to their salaries and on that the judges would
pay a considerable amount. If people must
pay tax, let us all pay.

Putting that aside, I want to warn this
Government that if it creates a situation
where all available investment funds are
channelled to the Government because of
the exceptionally high rates of interest and
advantages that accrue from Government
securities, there will be no money left for
the private sector, and indeed, that is the
present position. Over and over I have had to
advise my friends – we have directors of
insurance companies here – that I am quite
positive that if one can invest in Government
securities at 8 per cent tax free, that is
equivalent to investing outside at 19 per
cent. [An hon. Member (Government): "14
per cent."] Let us split the difference and
say 15 per cent. How can one expect money
to run into the private sector when
Government pays such a high rate?

May I say that my objection to
Government paying this rate is that we are
borrowing money at this rate to invest in
infrastructure development and if at all it is
invested, it is wasted and even Dr.
Davenport, the economic adviser to this
Government, would be able to say that no
investment made by this Government can
repay itself under 40 years. I say that
positively as a matter of sound economic

knowledge. Certain investments do not repay themselves under 40 years and in the meantime, the Government is paying 15 and 26 per cent.

May I say that there is a credit squeeze of a certain kind against certain people? I learnt that to my horror. This ought not to surprise anybody. Some people simply cannot get money to borrow. If you speak properly and cordially, you will get, assuming that you have the proper connections, but I ask again, what is the plan of this Government? Is it to make Government investments so attractive that everybody goes into investing in Government Bonds?

Another argument that has been advanced by all text-book economic advisers against a large public debt is the argument advanced by the hon. Dr. Jacob that unearned income, interest on money, was condemned in the Bible and since the time of the Bible, the discussion has been going on as to whether the usurer's practices is in accordance with the laws of God or with the laws of mammon. As a realist, I do not condemn interest — paying rent for hired money — but if we created a situation where unearned income provides the bulk of private income, then surely, we are creating a nation of parasites.

We want in this country men of courage and entrepreneurial skill and one does not get these by paying interest to a few. The Government has to create a hardworking society. It must look at the national debt and try to see that the income accruing to persons who own Government Bonds does not form too high a proportion of the total earnings, in the community. If we should all become pensioners, what must become of us? There are many rich people around because their fathers left them a lot of money in Government securities.

3.15 p.m.

In conclusion, let me once again ask the present Minister of Finance, for the time being; What is the meaning of this proviso? Why was it put in? I will now read the whole thing:

"The Minister may, by that in respect of any part certificates . . ."

I wish to emphasise the words:

" . . . in respect of any part certificates . . ."

I continue to read:

" . . . no income tax or other shall be chargeable on any premium paid to the holder of certificates or on any capital gain to him by reason of any act in respect of them:

Provided that no order under this shall apply to any amount in excess of one thousand dollars in respect of certificates held by any person".

It is clear that the certificates carry a full exemption. No income tax shall be chargeable in respect of a particular issue of certificates. When the certificates are issued they shall be under \$10,000;

But Section 9 — and this is the heading: "Negotiability of Certificates" — states that:

"Certificates shall be capable of being transferred by delivery, or in such other manner as may be prescribed by regulation made under this Ordinance."

What is the meaning of the word "delivery"? Here, the word "delivery" is a legal term of art. If a father gave the key of his safe to his son, I would submit that that was delivery of the safe. That is the position. Certificates are capable of being transferred by delivery or as may be prescribed by the regulations made under the Ordinance. I reiterate that the word "delivery" in this Section is a term of art. It has a special meaning. If my father were to deliver the key of his iron safe to me — I do not think he has any now — and say: "All right, Rudy, take all that is inside", that would be delivery.

What then is the meaning of this limitation? I assume that this limitation was put in as an alleged safeguard against the rascality which we say is implicit in this Bill. I do not want anybody to go away with the impression that I feel that the people in this

MR. LUCAS
country should pay more taxes. I do not want anybody to go away with the impression that I am saying that more taxes should be levied on the wealthy. I said over and over again at the risk of some loss in popularity to debate the wisdom of having more on the present scale. I say positively that those people who call for more taxes do so because they are not paying taxes. I honestly believe this and I make no apology for saying so. As long as the taxes are the hon. Minister of Finance should say that this Bill is filled with danger. When we debated the principal Bill, I remember we were told that the exemption from income tax was merely in respect of interest contributions, and that there was a limitation of \$10,000. I ask the Minister to explain where the limitation is. Tax exemption is conferred, not on the holder of the certificate, but on the certificate itself. I will read the Section again because I do not want to take advantage of the hon. Gentleman. He is out of his depth. I read:

"The Minister may, by order, declare that in respect of any particular issue of certificates, no income tax or capital gains tax shall be chargeable on any interest or premium paid to the holder of any certificates or on any capital gains accruing to him by reason of any transaction in respect of them:

Provided that no order under this section shall apply to any amount in excess of ten thousand dollars in respect of certificates held by any person."

But once the certificates are issued, the income tax exemption is conferred on the certificates.

Now, one last matter in relation to death duties. I know that death duties are very stern, and that we need a programme of education in this country before people will come to accept that they must properly pay their death duties. It is the law of the land and if you live in a country, you must respect its laws or you must be taught, somehow, to respect them. The truth is that the hon. Minister of Finance is out of his

depth in this matter. He does not know about delivery of securities, he knows about delivery of cows.

I do not want to attack Mr. d'Aguiar in this matter; it is not a personal matter. But we will soon hear that Banks bonds are transferable by delivery. The stock of Banks Breweries Limited will be transferable by delivery. If the government creates bearer bonds, private industries will do the same. The Government will get its 45 per cent from the companies, but that will be the limit of its collections. I say positively that if the Government is right in creating tax-exempt bearer bonds, it would also be right for private companies to do so, and a severe drop will be reflected in the revenues from income tax in this country.

I want to say that this income tax business is a stern thing, and if it is applied with too much sternness, men will study how to subvert it. You are inviting subversion of income tax. Every man will make himself into a company and he will make the ownership of that company subject to bearer stock. Anybody who studied law would know that in the old days you got shares; then you consolidated them into stock and then you got bearer stock. It is a simple matter. But this Government has gone one step further and created bearer stock.

3.25 p.m.

I want to know if the gentlemen opposite would say that this is wrong. Or they could have bearer debentures. Is this what the Government is inviting? What would be the effect of that?

I can tell this Government that already thoughtful persons are forming a lot of companies. Every 70 per cent man is making himself into a company. I am going to study the statistics in the Deeds Registry and I am quite sure that I will find that the number of companies created this year will be twice the number created last year. By "70 per cent man" I mean the man who is paying 70 per cent to the Government as income tax. The

Government is now inviting such persons to buy bearer bonds. This is a valid point and I hope that the Minister of Finance will direct his mind to it and let us have an answer.

What is the meaning of the provision that no man must have more than \$10,000 worth of these bonds when the free transferability and negotiability of these bonds is made possible? Will he not admit that the provision is meaningless and valueless? Will he also admit that when he framed this piece of legislation it was thought necessary to have such a provision?

How bare-faced can this Government get? When we debated the Principal Ordinance we were told that this was only for a narrow range of savings certificates, namely, the loans certificates. The Government told us that safeguards were constructed around this scheme. Now it comes with this. I want the hon. Members to explain the meaning of this.

There is one other question. We are told in the Principal Ordinance that such money is to be allocated to a sinking fund yet the report of the Director of Audit reveals that money in the sinking fund has been appropriated to general expenses. Since we are debating Treasury certificates, let us see what is said in the Principal Ordinance. Section 7(1) states:

“The Governor shall appropriate from the revenues and assets of British Guiana in each half-year during the currency of each issue of certificates such amounts as are reasonably adequate for the formation of a sinking fund for the redemption of the certificates in accordance with the provisions of this Ordinance, and the first contribution to the sinking fund shall be made six months after the date of issue.”

The Director of Audit has reported that the money in the sinking fund has been wrongly appropriated to the general expenses of the Government and that the Government does not have the liquid assets at its disposal to cover the money already spent. We borrow more and more money.

There have been several issues of certificates under the Treasury Savings

Certificates Ordinance, 1965 than six months after the date money would be allocated to a sinking fund. This is the law. The Director of Audit stated that not only this money in the sinking fund, as well as other members of the Public Accounts Committee will tell you, has been

Mr. Deputy Speaker: You do not have a second reference to the Report of the Director of Audit. I hope you are not quoting from it.

Mr. Luck: I would ask the hon. Member of Finance to assure this House that the provision for the creation of a sinking fund is being scrupulously followed, but he replies in an ill-informed manner and tells me that I have examined the report by the Bank of Guyana, which is an institution under this Amendment to manage the sinking fund, and I find that the sinking fund is sunk. [Laughter] This is nowhere mentioned in the report. There is no provision and there is no reference to it. Where is this money?

I regret the absence of my friend Dr. Richmond. Although we have different political views he made a brilliant speech on the observance of principles and obedience to laws. That is what we are here for. We are here to make laws and to see that they are observed. There is wisdom in this provision for a sinking fund. All countries make provision for sinking funds and the funds are kept separate from other moneys. It is no answer, if that is the answer this Government gives, that the Government may mix up the money. A trustee may not intermeddle funds. This is an elementary principle; every solicitor knows it, but this is what this Government is doing. I ask the Minister to tell us where to find the sinking funds that relate to the certificates that have already been issued.

The law prescribes, and rightly prescribes, for a sinking fund. Throughout the world we find this provision being made, and once a law is found in many countries it

luck)
natural law. That is a view of the law which is held most deeply. It is natural law, if we can find it throughout the world. The provision for a sinking fund is a law, and this Government has not provided the provision relating to a sinking

I should like the hon. Minister of Finance to reply to this and to tell me where this is, because the Bank of Guyana does not do it.

Thomas: The Bill that is before us is to grapple with the conditions which exist in this country today. There has been a lot of hair-splitting on the question of exemption from income tax and capital gains tax, but what hon. Members failed to realise is that Government securities will be competing on the market with all the other securities, private or Government, short-term or long-term, and before it is necessary to give as much incentive as possible to the investing public so that the public may make up its mind as to which are the best securities to hold.

8.5 p.m.

Unfortunately, the market today is pretty tight. As you may know, there is \$4.93 million competing for the investors' money right now: d'Aguiar Bros., Limited is asking for \$1.68 million; the Government is asking for \$2.5 million; and Bookers is asking for \$.75 million, making a total of \$4.93 million. You have got to offer the investor value for his money and if you are going to tell him that you can offer only five, six or seven per cent taxable, he will tell you, "Thank you very much but you can keep it." [Mr. Luck: "How much tax are you offering now?"] That is not mentioned in this Bill so the question does not arise. [Laughter.]

To be less frivolous, if we are to compete in the capital market, which is a very tight market at the moment, and offer five or seven per cent taxable, no sensible investor will

touch our security at all. The other important factor which we must remember is that a Government security has no growth potential at all. When a man invests his money he looks for three things: steady income growth; ease of negotiating and of transferring security; easy liquidity. In other words, if he is short of ready cash he must be able to go to the market and borrow money on his security. Now a Government security has this weakness: it is a fixed income security and if there are inflationary pressures then the value of income will fall as prices rise, and since the trend in the twentieth century has been steady rising prices, then Government securities come a very poor second to the ordinary business security.

What is worrying me is this constant harping on the capital gains tax, on the tendency to give money to the few rich, or the idle rich. It has also been said that unearned income must be taxed. It is a fair argument which I will grant; but capital gains can only come when you give up or transfer a security at an increased value. Now I cannot see the argument that there will be wholesale transfer of Government stocks for capital gains, because the prices of Government securities will have to fluctuate very seriously in the market; therefore, the margin for capital gain would be very very small, almost infinitesimal. Although the limit has been put here as a safety measure — and probably as a sweetener, I do not know — in practice there is not much capital gain to be got from Government securities.

Sometimes, of course, if you buy below par, that is, if you buy \$100 stock for \$90 and you hold it to maturity you will get \$100, then that \$10 would be capital gain; but even that is small in comparison with shares or securities, the prices of which fluctuate very remarkably on the capital market.

What Members on the opposite side also fail to realise is that the safeguard of \$10,000 limit has been put there and will be used at the discretion of the Minister. If

there is a tendency for wild speculation in Government stocks, the Minister has the right to remove the exemptions. Remember this is not to be for all time. It gives the Minister the discretion to apply or remove the exemption as he sees fit. Therefore, I cannot see this hair-splitting argument being put forward about capital gains and income tax exemption.

The other factor which we must remember is that of institutional investors. When I say "institutional investors" I am thinking in terms of insurance companies, banks and other finance houses; I would not consider Bank Breweries Ltd., or any of the commercial houses or manufacturing business as institutional investors because they are not really in the market for buying and selling money. They are just using any spare cash they have to put away in such stocks; and, therefore, institutional investors are the people who are likely to make most of the money as far as capital gains are concerned.

I feel, therefore, that the insurance companies, which are the largest institutional investors, may make a capital profit, but since this money is spread across the rank and file of the population, then everybody gets a share. So I cannot see the argument about capital gains going to a few rich.

Hon. Members who made the point about people going into Government stocks, buying Government stocks at 8 per cent and 10 per cent and moving off from private security, are really dreaming. People who are likely to invest in large amounts are very astute businessmen and they would not invest all their money in Government stocks which Government — according to the Opposition — is likely to be bankrupt. Therefore these gentlemen are giving the Government all the credit because if these people are moving to buy securities, it is a sign that they have confidence in the Government. It is as simple as that.

The argument does not hold at all when it is put forward that, before long, you will

find all the private businessmen and, instead of investing money in capital and what have you, they will invest in Government securities at 8 per cent. It will net them or gross them, but if you look at it, 14 per cent or 15 per cent, that you should have much more confidence in the business skill of your own businessmen. They would not touch the Government investment.

I will now revert to the original argument. In this hard bargaining is shrewd, I think, and the gentlemen on the opposite side of the House, what means they would not be able to attract the hard-earned money from the pockets of the investors.

3.45 p.m.

They can tell me right now that if they would use to bring people into the line with investing knowledge, they would be able to pick and choose the good Government securities and the business security. That is the point which the investors will want to know. I do not want to shout empty phrases about Government being bankrupt and spend-thrift, while at the same time that people invest in the Government securities, a contradiction in terms.

Mention was made that what we need is not Government Bonds which will give a fixed income or an assured income, but an entrepreurial skill which will develop the economy fast. Again we see a contradiction in political philosophy because they are arguing that the profit motive should be removed there, and if the profit motive philosophy is there then the political philosophy is something else. Entrepreneurship is necessary, I agree, but the reward for entrepreneurship, the reward for taking risks is profit. If an investor does not see profit, he will not invest and, therefore, I beg the House to ignore all fanciful phrases from the other side and accept this Bill. *[Applause.]*

Mr. Hubbard: I am grateful for the loud applause that has preceded my remarks. ❧

HUBBARD]

I have hoped that when I shall have speaking, the hon. Members who give me that applause [Hon. Members say]: "It was not for you." will give me what I have said. This fiscal year which has been brought forward to the present Minister of Finance (Dr. Burnham) which was possibly the brain of the "Duke of Plazatoro," the man who now leads his party from the previous Minister of Finance (Gugiar), gives me an opportunity to make observations, to which, I think, the Government and the public at large will give a great deal of attention.

The ex-Minister of Finance once said that developing countries like Guyana were to be brought forward, then all policies must be based on maximising profit. Well, we have that philosophy to come from the present Minister of Finance and it was echoed yesterday by the Governor of the Bank of Guyana in different terms, but the two philosophies are of the same philosophy and worship the same god.

I want us to see what this Government is doing in the context of our own history. We have just climbed out of the condition of serfdom which was colonialism and we are actually re-creating conditions of serfdom which men like Cuffy, Accabre, Critchlow, Jagan, Burnham and others, even Martin Carter, did much to destroy. What was the economic foundation of this colonialism which we set out to destroy and finally threw away on the 26th May, 1966? It was a condition where maximisation of profit for absentee landlords was the central aim and purpose of all governmental policy.

To illustrate this, I shall refer to the pages of history in the days when the *Daily Chronicle* was a respected organisation. In 1905, in this country, there was unrest and sugar workers staged a country-wide strike for improved wages. The Manager of Pln. Versailles, who wanted his canes cut, agreed that he would give his cane cutters an

increase in pay, but the British Governor of this land, who considered that the granting of an increase to cane cutters at Versailles was an incitement to men at Diamond and elsewhere, ordered the Manager of the estate to withdraw what he had already told the men he would give. That was the condition of our colonial existence. When people organised, even on the temporary basis of a strike, to get a little more out of conscienceless exploiters from abroad, they got bullets and as they moved down from Ruimveldt, those who were shot were put in a cart and brought to Georgetown where the people revolted at the horror of it all. This was our colonial existence.

We had no income tax in those days. There was no secretary to write and say, "We exempt you from income tax." Bookers and the Demerara Company and all those whom Bookers swallowed up, Davsons and Garnetts, did not have to pay income tax. And how are we going to develop our country? We are going to develop our country by supplementing these conscienceless absentee landlords by more absentee entrepreneurs.

3.55 p.m.

We are going to give them the freedom from income tax which they enjoyed in colonial times, the freedom from capital gains which enabled Bookers, after 1953, to convert its lands into cash and then create what Campbell called hedges in other countries - Nigeria, Canada, Britain, Holland - with capital gains from Guyana. Lands held on leases at 5c an acre were sold for thousands of dollars an acre, and then our \$4,400-a-month Attorney-General kindly made them a gift on Independence that the lands held on leases terminable at pleasure became lands with virtually freehold title.

What are we doing further? In the old times, as I said, you could not even organise to hold a strike. Now the Trades Union Council is pondering legislation which would surrender the workers of this country to

these rapacious people in exactly the same way as in 1905.

The Demerara Bauxite Company paid \$54,000 in royalties for \$33 million of alumina manufactured last year and we cannot do anything to make them increase it. But our local miners from the villages and the rivers who went to the diamond fields, suffered hunger and privation and they only produced \$5 million worth of diamonds, they had to pay \$89,000 in royalties. They are not rapacious gentlemen who hold lavish entertainment parties and write them off their income tax bills. They risked their lives and they had to pay nearly double the amount paid by DEMBA, for only \$5 million worth of diamonds. DEMBA enjoys a 25-year tax freeze because Reynolds was handed it. Then this Government comes and says that we must give these people more rights. Of course, we are in a country of bats and consequently, each of us must become a fit subject for a vampire from overseas.

The ex-Minister of Economic Development who is now in business, and who is a promoter of fact finding was guilty this afternoon of a logical error. He attempted to compare life insurance of a worker with a purchase of bonds issued by the Government. I have to read him a lecture because he is so far from his school that he has forgotten reality. When a man buys an insurance policy of \$5,000, he creates an estate for his family so long as he keeps paying his instalments; an estate of \$5,000 guaranteed to his heirs and successors immediately. But in order to get \$5,000 in Government securities, he must purchase \$5,000, or if they are debentures — [Mr. Thomas: "That is not your line."] — so that the hon. Member was in error, and it followed that he fell into further errors as he developed his statement.

Mr. Deputy Speaker: Hon. Members, it is now 4 p.m. This sitting is suspended until 4.30 p.m.

Sitting suspended at 4 p.m.

4.35 p.m.

On resumption —

Mr. Deputy Speaker: The hon. Mr. Hubbard can continue.

Mr. Hubbard: The hon. Member seems to have absented himself for the remainder of this sitting, the only time being. Since he is one of the Government for whom I have more sympathy than the others, I will continue to lambaste his discourse.

Coming back to the Bill, I was surprised at the provisions which remove the rich. I see these things as the result of colonial conditions to produce an apparent movement in the expansion areas of production. They are nothing more than the restoration of the whole apparatus of colonialism on a control basis, to allow the plunder of the people of these islands. I am surprised at the speakers on that side of the House about the little man's participation in capitalisation in the development of the country through bonds which do not involve income tax or capital gains tax. One was unwise enough to suggest that everybody could participate.

I visit the remote areas in the North — the hon. Mr. Cheeks or some other Minister always goes behind me to try to repair the damage but they never succeeded.

4.40 p.m.

We find that in these places the producers have become so poor that they lack money with which to do their purchasing. They have to put their produce in their little boats and paddle those boats to the nearest or the friendliest shops and barter for what they need.

Those are the persons who could benefit by tax-free concessions in respect of the purchase of Government bonds or Government savings certificates! What is happening to them is that they are in danger of losing their means of production, their means of livelihood, the land which they till.

HUBBARD]

Government issued a White Paper news saying that the money spent on drainage and marketing was used, and therefore these people were sowing without reaping, because they had been flooded and their crops

the Minister of Home Affairs is not here, like the Bonasika, the and even along the coast, farmers on ground provisions and don't reap because the wild hogs come along and a herd of a thousand wild hogs has through a farm there is not a leaf left of ground provisions.

of no use making representations to people. There was a case the other day in the Bonasika from whom the Government had taken four dollars for a licence, but a condition was added to his licence which prohibited him from using it to protect his cultivation. He has been told that if he wishes he may collect the four dollars which he paid so he is not going to get the firearm to protect his cultivation.

To suggest that the measure before us is a measure for the small man is to make mockery of the meaning of language. It is to say what is palpably untrue and what must be known to the Government to be palpably untrue. I sympathise not only with the hon. Member Mr. Thomas who had the unenviable experience of piloting through this House the worst piece of legislation ever to come before this House in its whole history, a piece of legislation which the most expensive Attorney-General was responsible for drafting. Four foolscap pages of Amendments had to be moved! I am not only sorry for the hon. Member Mr. Thomas; I am also sorry for the hon. Member Dr. Reid — [Dr. Reid: "We don't need sympathy on this side."] — who is filling the role previously held by the Duke of Plazatoro, the gentleman who led his troops from behind when there was fighting. His predecessor has changed his occupation now.

He has a new profession; he is not a usurer any more; he has sold the pawnshop and he has now become a duke, the right honourable duke who leads from behind.

I sympathise with Dr. Reid for having to bring this measure and to have to submit to the obvious criticism. If my sympathy is misplaced then I am satisfied that this Government is wittingly contriving to provide for the imperial powers the means of exploiting our people. We assume that in the past this was forced upon them.

I should like to say one thing more lest it be misunderstood. The hon. Member Mr. Luck has pointed out that this Government is bankrupt. Well, we don't have to look for any further proof than the bulletin which was issued by the Bank of Guyana and which was a White Paper. The hon. Member said that men who are paying seventy cents in the dollar as income tax would do themselves well by buying Government bonds. This was assumed to be a compliment to the Government, but Mr. Luck put a rider to what he said, and this must not be ignored. The rider was that by doing this in the form of transferable Government bonds, which do not draw either capital gains tax or income tax, they were giving nothing since they were, in fact, merely investing the income tax they would save by withdrawing their money from other enterprises, undertakings or investment, and putting it into Government hands.

There is another lesson for this Government. The road on which we are walking, is freeing the rich from taxation in the hope that they will provide a few jobs for the poor, this road leads to a dead end, and in the long run, we will be worse off than we were even in the worst days of colonialism. Let the members of the Government look around, take cognisance, and understand what is happening. They will then hustle to mend their ways and to change their whole approach to this question of fiscal policy for an emergent Guyana.

4.50 p.m.

Mr. Ram Karran: A few weeks ago I actually congratulated the Government and I think the same Minister who is now piloting this Bill when it was found that the Government was really making a progressive move towards this controversial question of capital gains. As hon. Members on this side have pointed out, this is not in keeping with the proposal which the Government had made and, indeed, it is an attempt to go back to following the Government's long-standing tradition of putting money in the pockets of its friends, notwithstanding what the ex-Minister of Economic Development (Mr. Thomas) had to say in his brief speech this afternoon.

The ex-Minister accused us of harping on the capital gains tax, but, surely, the ex-Minister who is now absent must remember the double-your-money racket instituted by the now back bencher, the ex-Minister of Finance (Mr. d'Aguiar). Surely, that racket was aimed at putting money into the pockets of the rich friends of the Government.

The hon. Mr. Thomas made the observation that this Government is today competing with d'Aguiar Bros., Limited and Bookers for the raising of capital. This is a shame. One would have thought that this free and independent Government would have raised itself and none of its Ministers or ex-Ministers would have harped back on the old colonial days and made a comparison between the sovereign Government and d'Aguiar Bros., Limited. One can say that Bookers stand a little by way of comparison, but to reduce this sovereign nation to the status of d'Aguiar Bros., Limited is, as I said just now, a disgrace.

The hon. Member Mr. Thomas went on to say that Government security has no steady income, no ease of negotiating or of transferring, and no easy liquidity. All that is so, but in all our colonial tradition and power — even during the time when the hon. Member who is now demoted to a back

bencher was tramping the uttering half-truths about a ch — the status of this country, financial position, was never. Even when Mr. Duncan, renegade, referred to the Guiana was bankrupt, you the then Minister of Finance that historic document, sh this Rt. Hon. Member of Even though in high place to make out that we were not. Is it a case of bankruptcy the ex-Minister to make d'Aguiar Bros., Limited?

The hon. Member made that the value will fall with has not made a profound observation. Any school with the passage of time, values, bonds, certificates what have you are bound in the past, that has never from buying these securities Government. When you look of any company you will Government securities stand at the list. I think the hon. Member unconsciously relegated our sovereign to the status of a pawnbrokery.

To come back to the question of capital gains, the hon. Member said that that will arise only when securities are transferred and that is almost infinitesimal. If these bonds are to be bearer bonds, as stated by my friend and colleague the hon. Member Mr. Luck, then there can be no necessity for granting the hon. Minister this power to dictate who shall have an exemption from capital gains and from income tax because the Government will be unable to trace these bearer bonds.

The other point I wish to make is that if it is the Government's intention to issue these certificates and bonds as bearer bonds, then it seems to have disregarded altogether the advice from the officials of the Ministry of Finance. As I said, there is absolutely no

[An hon. Member; “Tender the document.”]

Looking back at the activities of this Government from the time it was installed by fraud, one would recognise that the Development Programme has some relation to this fund-raising. The improvement of the East Coast road was begun by the last administration. This Government has continued merrily along with the programme enunciated by the last Government. This work, we will all recall, was charged to recurrent expenditure. We had studied during the term of the last Government, the proposal put forward by interim incompetents, of which my hon. Friend, the Minister of Health – I think he is now demoted to that post – which they had brought from the United Kingdom. Is it intended to use part of this loan to carry on the work on the East Coast road. The work that is being done there is good work, but it will soon crack up when the bad weather comes. What is going on is a patching of the road and this began during the term of office of the previous Government under the Head Recurrent Expenditure. *[Interruption.]*

Let us take the question of the West Coast road. I understand that we are getting assistance from the United States Government for rehabilitation and for the improvement of the West Coast road. I should like the Government to say when the West Coast road will be reconstructed. When are we going to get the Government's philosophy as to whether it will continue the railway services. The Government has not denied it up to now. When are we going to get a complete rehabilitation and stop the \$2 million waste every year.

5.10 p.m.

The hon. Members who sat in this House during the term of the last Government know that clear thinking lays down the priorities. We would like the Government to tell us how much of this money is going to be used for the rehabilitation of the railway.

The hon. Minister of Health and Housing

told us the other day that he had a new formula to run hospitals without doctors. I should like to know how this money is going to be used for the up of hospitals without doctors. The Government now changed the tune that they sang in 1962, 1963 and 1964. The Government's agricultural policy has changed. We have heard the hon. Minister of Agriculture and the Prime Minister announce a change of policy. Agriculture is now important. What is the new policy that the Government proposes to introduce in respect to agriculture? How much money that has been obtained from the United States of America and the United Kingdom is to be used on agriculture going to be used on the Milk Scheme, the Canje Scheme, or for the continuation of the Boerasirie Scheme?

A large number of people are unemployed. A large number of children are leaving schools. Some of the people are employed on the East Coast road, given the boot. What provision has the Government made to find jobs for these people? The hon. Minister of Finance has overall control of the expenditure. The money ought to get up and tell us how the money is going to be used. In all seriousness, the members of the Opposition realise that the Government has brought the country almost to the brink of insolvency. The members of the Opposition speak for a large part of this country's electorate, and a larger part of its population. They know that every cent that the Government borrows from inside the country or outside of the country, under the oppressive terms that are laid down, will make it extremely difficult for the future generations of this country. It is for that reason that we not only criticise these measures, but we ask the Government to state its priority in a clear and concise way so that we can know how much money is going to be used for education, how much money is going to be used for drainage and irrigation, and so on. Tell us now.

Speaker: Hon. Members, you in that kind of argument. You that one question for more s. I wish you would come er that is being debated.

: It is not my intention except to say that when ditions are to be imposed rs for the repayment of n. Minister should give us what the Government has in of the Opposition can nt. This is our country. ment takes a cynical view e situation, as it is doing, we will out its deficiencies. As a patriot, it is my duty at all times out the deficiencies of the ent with a view to improvement. Members of the Government must even when we say harsh things we say them with a view to improve-

to urge the removal of these ses that are in the Bill. Hon. this side of the House have e clear that these Clauses are and we have no alternative but to removal. I do not wish to repeat ts, but bearer bonds are not No official in the Ministry of the Inland Revenue Department o recommend the issuing of bearer hose are things of the past.

the last occasion, the Government t measures before this House in an to catch capital gains, although it did far enough. What is the object of ng them here? I question that, and I the Government to see with the position and remove this offensive measure.

Dr. Reid (replying): As you probably have realised in this House, I am not gifted with the ability to entertain people, even when I enjoy some of the entertainment. I had hoped, however, that there would have been arguments against the question which is

before the House. But, roving went on as usual, and when one sought in the trash one could not find a grain. The last speaker was particularly out to entertain the House.

5.20 p.m.

I was wondering whether it was possible to collect an entertainment tax from him at this stage. *[Laughter]* If we are to develop this country we must encourage our people to save, and we must give them an opportunity to channel their savings into the right quarters so that such savings may be used in the development of the country

A point was made about the transfer of certificates as though this was a new feature. My friend Mr. Luck did not seem to realise that Section 9 is not being amended today. Since 1965 this provision has been in Ordinance No. 12 of 1965 and if it was dangerous, one would have thought that by now there would have been some tangible evidence to bring to this House and say "Because of these things, this has happened". He has nothing like this to tell us, but stands up and tells us it is not good, it is offensive. It has been in operation for two years and he has no proof. It is easy to make statements, but they must be supported by facts that bear them out. Anybody can make statements but as long as there is no evidence to support such statements, then this side of the House will not be able to treat with them.

The next point Mr. Luck made concerned e sinking fund. He looked at the bulletin from the Bank of Guyana and he was insisting that something ought to have been recorded in it about the sinking fund. He says that I know about veterinary medicine. One thing he is certain about and that is, that I know something, but I wonder whether he knows to read, because he would see from this Amendment to the Principal Ordinance that we are now giving to the Bank of Guyana the power to hold the sinking fund. I do not see how it could be mentioned in this bulletin when the Bank of Guyana has nothing to do with it. If the

hon. Member would read Section 7 of Ordinance No. 12 of 1965 he would see that the management of the sinking fund "shall be entrusted to the Crown Agents for Overseas Governments and Administrations". It is only now, by this Amendment, that we hope to have the Bank of Guyana involved. In time to come we will be able to look at this bulletin to find out something about the sinking fund.

In Ordinance No. 12 of 1965 the concession was wide open. There was no limit. We are now putting a limit. It is to be noted that Section 8 is to be changed and a new clause substituted there for setting a limit of \$10,000 and giving the Minister some control over this. I know that my friend does not like to hear about "control". Some of the hon. Members who are shouting loudly, know more than anybody else about the dodges, and they themselves are involved. They are very much worried about what will be discovered in a short time about themselves and the organisations they control.

The past Government introduced a compulsory savings scheme. We are giving people freedom of choice. The hon. Member referred to Bookers and Bank Breweries and said that we ought not to allow this and that to happen, but if people are to enjoy living in a democracy they must have certain freedom and they must be free to buy bonds and savings certificates wherever they like. Government is not here to control such freedoms. Those who want to control people by instituting compulsory savings have had their lesson. This Government is not going to use that type of scheme to get the same results. We must know the people we are dealing with and we must introduce measures with which people can work.

The Government is satisfied that whenever it has put Treasury certificates on the market the response has been good. I sometimes think that the members of the Opposition are afraid of these bonds and certificates, because they are very attractive. We want them to be attractive and we make

no compromise about it. People will be encouraged to buy them and the money will be used in the Development Programme.

People must be rewarded for their labour. I sometimes wonder whether some of us who talk about profits are not afraid that people have to labour to make savings and profits, and those who stand by and do nothing, must realise that they must make savings sometimes do a little sacrifice.

We are now offering an award to those who save and we are allowing them to participate in the Development Programme. They are not going to do it only for a reward. They will do it for some reward. We are satisfied that the opportunity to buy these bonds will not in any way make any rich person richer. Therefore we have no apology to offer for making these bonds attractive. When the details come out in a day or two after this Bill is passed I am certain that many people will be only too happy to purchase these bonds before the end of the year.

Some people go back into the history of this country not to give the people guidance, not to give the people enthusiasm, but simply to create bitterness among the people. This exercise of creating bitterness cannot develop this country because now that Guyana is independent it needs all the people in this country to participate in its development, and we cannot get the participation of people who are being bitter against them without end. Some of my friends on the other side will show their bitterness all through their lives and will show it at every opportunity in order that people will be stirred, not to co-operate but to resist the development that is being carried out.

I know that sometimes when my friends talk, they do so because they have to say something, and they are finding out that the more they talk the less they have to say. When my friends started to talk about the road programme I wondered whether they had forgotten about the Del Conte road, which was an attempt to build a road that

[DR. REID]

failed even though millions of dollars were spent on it. Before long we will be able to drive from Georgetown to Ituni. One can drive on the road to Rosignol without being troubled by dust. Soon people will be able to drive to Charity without experiencing potholes. Work is now being done on the road.

These men are saying. I will raise and repeat that these roads are being made attractive to the people in Guyana so that even the poor people in this country can get an opportunity to participate in the development, not only by work activity, but by saving their small savings so that they will have a sense of belonging to. "This is my native land".

With these few remarks, I ask that the Bill be read a Second time.

Question put, and agreed to.

Jack: Division!

Mr. Deputy Speaker: Let the Division be taken.

Assembly divided: Ayes 19, Noes 11, as follows:

Ayes	Noes
Mr. Wharton	Dr. Ramjohn
Rev. Trotman	Mr. Linde
Mr. Sancho	Mr. Ally
Miss Field-Ridley	Mr. Khan
Mr. Budhoo	Mr. Lall
Mr. Blair	Mr. Luck
Mr. Too-Chung	Mr. Hamid
Mr. Joaquin	Mr. Wilson
Mr. Duncan	Mr. Nunes
Mr. Clarke	Mr. Chandisingh
Mr. Bowman	Mr. Ram Karran – 11
Mr. deGroot	
Mr. Merriman	
Mr. Kendall	
Mr. Jordan	
Mr. John	

Mr. Correia
 Mr. Cheeks
 Dr. Reid – 19

Bill read a Second time.

Assembly in Committee.

Clauses 1 and 2 agreed to and ordered to stand part of the Bill.

Schedule.

Mr. Luck: Are you putting the whole Schedule, or sections of it?

The Chairman: If you want you can offer Amendments to the Schedule.

Mr. Luck: A point of information on Section 8 of the Schedule.

The Chairman: Go ahead, ask for your information.

Mr. Luck: The proviso to Section 8 reads as follows:

"Provided that no order under this section shall apply to any amount in excess of ten thousand dollars in respect of certificates held by any person."

I want to ask the hon. Minister of Finance whether the Government has any reason for limiting any one person's holding of these certificates to \$10,000. because this seems to be the Government's intention.

Dr. Reid: We consider that reasonable so that as many persons as possible can participate in the purchase of these bonds and certificates.

Mr. Luck: I assume that the Minister has a reason now. Can he dilate further on this reason? The Minister says that he is attempting to limit the holding of a person to \$10,000 because he wants as many persons as possible to share in these certificates.

I should like to ask the hon. Minister whether, in view of Section 9 of the Principal Ordinance which makes these certificates transferable by delivery, he thinks that he is obviating the possibility of one person gathering into his hands more than \$10,000 worth of certificates. Do you

have a reason for limiting it to \$10,000? Do you believe, in view of Section 9 of the Principal Ordinance, that you are succeeding in your intention? [Dr. Reid: "Yes."] I seem to be getting a reply from the seat; I do not understand this. [Mr. Cheeks: "In other words, there is no reply."]

5.40 p.m.

The Minister under Section 8, may declare that in respect of any particular issue of certificates, no income tax shall accrue. Is it the position, I ask the hon. Minister of Finance (Dr. Reid), that the Minister declares that this issue of certificates shall be tax free as soon as the certificates are issued? Does this declaration of tax exemption relate to the person or the certificates? [Dr. Reid: "The taxation applies to the person."]
[*Interruption by hon. Members (Government)*]

May I say this. I do not intend to reduce these proceedings to a farce but if hon. Members opposite, instead of replying to a reasonable inquiry, are going to make fun of it then I am insisting that tonight my inquiries are answered. Mr. Chairman, I seek your protection in this matter. I want to know whether the Minister can enlighten this House, because this is a Bill where his declaration that these things be tax exempted - [Interruption by hon. Members (Government).]

I read again:

"The Minister may, by order, declare that in respect of any particular issue of certificates . . ."

His order would relate to the particular issue of certificates. Now having made such an order that this particular issue of certificates is tax exempted, can he say if these things are transferred to somebody who already holds \$10,000 that he can deny tax exemption? [Interruption.] I want an answer in the traditions of this House. I will rephrase my question. Before I vote on this Bill I would like to know if the Minister of Finance could enlighten this House as to whether this proviso to Section 8 of the

Schedule, which says that no order under this Section shall apply to any amount in excess of \$10,000 in respect of certificates held by any person, is to the effect that a person is debarred from holding more than \$10,000 worth of certificates. One person could have all these certificates and would have tax exemption, and if he has more he has no tax exemption.
[Interruption.]

May I say this, that I am sure this thing is very unwise. Surely this thing is very unwise. The Minister pilots a Bill through the House. I am asking for a legitimate question. He has said his intention quite clearly. It does not preclude a man from holding more than \$10,000 worth of these certificates and enjoying the tax exemption.
[Interruption.] The question quite clearly having regard to Section 9, would the Minister admit that it is possible that an individual may gather up to himself more than \$10,000 worth of these certificates and enjoy tax exemption? [Interruption.]

The Chairman: Hon. Member, you agree that that is the burden of your question in the House, and the hon. Minister is free to it. There is nothing in the Standing Orders to compel him to participate in this discussion.

Mr. Luck: It is true that I made the point but the Minister had disagreed and therefore if he disagrees, I would like to know wherein the disagreement lies. [Dr. Reid: "I am not bound to give that."] I am entitled to ask the question if the Minister is in disagreement. Of course, if the Minister is embarrassed through his own ignorance, that is another matter.

Mr. Ram Karran: Under what circumstances would an exemption be allowed? This House is entitled to know.
[Interruption.] There may be hypothetical cases. The hon. Minister may wish to indicate. The hon. Minister is the first Deputy Prime Minister.

Mr. Wilson: Mr. Chairman, I am sure you have observed that when a question is asked

[MR. WILSON]

[Hon. Members (Government):
"Question."] hon. Members opposite try to
answer the question in their seats. Is it an
admission that the Minister who has to
answer the question is incompetent?

Mr. Ram Karran: May I move the
of Section 8 of the Schedule?

Mr. Wilson: Where is the written

Mr. Karran: I shall write it now.

Mr. Wilson: You are out of order.

*Schedule agreed to and ordered to stand
part of the Bill.*

Assembly resumed.

5.51 p.m.

*Bill reported without Amendment, read
the Third time and passed.*

ADJOURNMENT

Resolved, "That this Assembly do now
adjourn to a date to be fixed." [Mr.
John] *Adjourned accordingly at 5.52
p.m.*