

**THE**  
**PARLIAMENTARY DEBATES**  
**OFFICIAL REPORT**  
**[VOLUME 7]**  
**PROCEEDINGS AND DEBATES OF THE FIRST SESSION OF THE NATIONAL**  
**ASSEMBLY OF THE THIRD PARLIAMENT OF GUYANA UNDER THE**  
**CONSTITUTION OF GUYANA**

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**32<sup>nd</sup> Sitting**

**2.00 p.m.**

**Tuesday, 7<sup>th</sup> December, 1971**

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**MEMBERS OF THE NATIONAL ASSEMBLY**

**Speaker**

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

**Members of the Government**

**People's National Congress**

**Elected Ministers**

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

Dr. Hon. P.A. Reid,  
Deputy Prime Minister and Minister of Agriculture

The Hon. M. Kasim, A.A.,  
Minister of Communications

The Hon. H.D. Hoyte, S.C.,  
Minister of Finance

The Hon. W.G. Carrington,  
Minister of Labour and Social Security

The Hon. Miss S.M. Field-Ridley,  
Minister of Health

**(Absent - on leave)**

The Hon. B. Ramsaroop,  
Minister of Housing and Reconstruction (Leader of the House)

The Hon. D.A. Singh,  
Minister of Trade

The Hon. O.E. Clarke,  
Minister of Home Affairs

The Hon. C.V. Mingo,  
Minister of Local Government

The Hon. W. Haynes,  
Minister of State for Co-operatives and  
Community Development

**(Absent - on leave)**

### **Appointed Ministers**

The Hon. S.S. Ramphal, S.C.,  
Attorney-General and Minister of State

The Hon. H. Green,  
Minister of Works, Hydraulics and Supply

The Hon. H.O. Jack,  
Minister of Mines and Forests

The Hon. E.B. Mc David,  
Minister of Information and Culture

The Hon. Miss C.L. Baird,  
Minister of Education

### **Parliamentary Secretaries**

Mr. J.G. Joaquin, J.P.,  
Parliamentary Secretary, Ministry of Finance

Mr. P. Duncan, J.P.,  
Parliamentary Secretary, Ministry of Agriculture

Mr. A. Salim,  
Parliamentary Secretary, Ministry of Agriculture

Mr. J.R. Thomas,  
Parliamentary Secretary, Office of the Prime Minister

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

### **Other Members**

Mr. J.N. Aaron  
Miss M.M. Ackman, Government Whip  
Mr. K. Bancroft  
Mr. N.J. Bissember  
Mr. J. Budhoo, J.P.  
Mr. L.I. Chan-A-Sue  
Mr. E.F. Correia  
Mr. M. Corrica  
Mr. E.H.A. Fowler  
Mr. R.J. Jordan  
Mr. S.M. Saffee  
Mr. R.C. Van Sluytman  
Mr. M. Zaheeruddeen, J.P.  
Mrs. L.E. Willems

### **Members of the Opposition**

#### **People's Progressive Party**

Dr. C.B Jagan, Leader of the Opposition	<b>(Absent)</b>
Mr. Ram Karran	
Mr. R. Chandisingh	
Dr. F.H.W. Ramsahoye, S.C.	
Mr. E.M.G. Wilson	
Mr. A.M. Hamid, J.P., Opposition Whip	<b>(Absent – on leave)</b>
Mr. G.H. Lall, J.P.,	<b>(Absent)</b>
Mr. M.Y. Ally	
Mr. Reepu Daman Persaud, J.P.,	
Mr. E.M. Stoby, J.P.,	
Mr. R. Ally	
Mr. E.L. Ambrose	
Mrs. L.M. Branco	
Mr. Balchand Persaud	
Mr. Bhola Persaud	<b>(Absent - on leave)</b>

Mr. I.R. Remington, J.P.  
Mr. L.D. Durant  
Mr. V. Teekah

**United Force**

Mrs. E. DaSilva  
Mr. M.F. Singh  
Mr. J.A. Sutton

(Absent)

**Independent**

Mr. R.E. Cheeks

**OFFICERS**

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

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

**The National Assembly met at 2 p.m.**

**[Mr. Speaker *in the Chair.*]**

**Prayers**

**ANNOUNCEMENTS BY THE SPEAKER****APOLOGY FOR LATE COMMENCEMENT OF SITTING**

**Mr. Speaker:** Hon. Members, I wish to apologise for the late commencement of the Sitting.

**LEAVE TO MEMBER**

Leave has been granted to the hon. Member Mr. Hamid for the period 4<sup>th</sup> December, 1971 to 4<sup>th</sup> February, 1972.

**PRESENTATION OF PAPERS AND REPORTS**

The following Paper was laid:

Estimates of the Revenues and Expenditure of Guyana for the financial year 1972.

**INTRODUCTION OF BILLS – FIRST READING**

The following Bill was introduced and read the First time:

State Pensions Bill, 1971. [*The Minister of Finance*]

**PUBLIC BUSINESS****MOTION****APPROVAL OF THE ESTIMATES OF EXPENDITURE****FOR THE FINANCIAL YEAR 1972**

**The Minister of Finance:** Your Honour, in accordance with paragraph (2) of article 80 of the Constitution of Guyana, I signify that Cabinet has recommended that the Assembly should proceed upon the Motion for the approval of the Estimates of Expenditure for the financial year, 1972.

I now move the Motion for the approval of the Estimates of Expenditure for the financial year, 1972, totaling \$197,846,560.

**Mr. Speaker:** Hon. Member, please proceed with your Speech.

**Mr. Hoyte:** Mr. Speaker, during his 1971 Budget Speech, my predecessor, the Honourable Deputy Prime Minister, Dr. P.A. Reid, referred to the far-reaching fiscal reforms contained in his 1970 Budgetary proposals in the following words:

“Mr. Speaker, Honourable Members would recall the Budgetary proposals I laid before this House during the last Budget debate. Due to the radical changes endemic in some of the proposals and the amount of research necessary for their implementation the full impact would not be felt before 1971 – consolidation year”.

Thus, 1971 came to be known as “Consolidation Year”. It was envisaged as a period of relative calm when the nation would pause to take stock, make the physical, psychological and organizational adjustments dictated by the “radical changes” to which the Honourable Deputy Prime Minister had referred, and consolidate its gains before advancing again.

In the event, Consolidation Year turned out to be anything but calm. It was, in fact, one of extraordinary activity and challenge, and proved to be a stern testing time for the Guyanese people. On both the national and international scene, there were momentous political and economic developments, and their were dramatic interplay have had significant, but not always calculable, consequences for Guyana. The pressures were great, the difficulties legion. But we have overcome and survived, through the courage, resilience and basic loyalty of the Guyanese people under the indomitable leadership of the People’s National Congress Government.

In the course of the year, the reclamation of our bauxite resources at Linden from foreign ownership and control, and the resulting repercussions and challenges, dominated the national scene.

On February 23, 1971, Republic Day, the Guyanese people, through their Head of Government, articulated their irreversible decision to reclaim their bauxite resources from the Demerara Bauxite Co. Ltd, the wholly owned subsidiary of the giant multi-national corporation, Alcan. This decision translated into action our resolve to transfer the levers of control within our economy to Guyanese hands and ensure that our natural resources were in future exploited primarily for the benefit of the Guyanese people. The act of reclamation did not prove to be one devoid of difficulty and danger.

Pressures of all kinds, some subtle, some crude, were applied at the international level to coerce us into abandoning this quest for economic independence and national dignity. And at home, the machinations took the form of a massive exercise aimed at subverting Guyanese citizens and creating fear, distrust and doubt. Inevitably, the great financial resources deployed in this exercise purchased a measure of success – albeit transient. Some Guyanese workers became confused, faltered and fell. But it is to their eternal credit, Mr. Speaker, that they soon recovered their self-respect, rose to their feet and assumed their manhood again. Put to the test, Guyanese character and personality triumphed in the end.

All that is history now. The bauxite industry at Linden is firmly and irrevocably in the hands of Guyanese. The smoke is still billowing from the chimneys; the ships arrive at Linden as punctually as ever for their cargoes; and our markets, far from disappearing, have expanded.

It is no exaggeration to say the future of Guyana is inextricably bound up with the success of the bauxite industry. It must become the focal point for the rapid expansion of the whole economy, generate new industries and establish the linkages which economic commonsense indicates.

For this reason, Mr. Speaker, the continued viability of the operations at Linden became a matter of overriding national priority. The public exchequer was used fully – and

unapologetically – to ensure the flow of the financial resources required for the operations during the transitional period. Of necessity, other priorities were displaced and projections, hopefully valid at the beginning of the year, underwent qualifications as the implied assumptions which formed their basis were falsified or distorted by the turn of events.

Overshadowing the international scene has been the yet unresolved monetary crises. The brusque action of the U.S. Government on 15<sup>th</sup> August, 1971, in suspending the convertibility of the U.S. dollar plunged the international monetary system into chaos and disrupted the scheme of currency alignments and fixed parities to which the world had grown accustomed for over a quarter of a century since the Bretton Woods Agreement in 1944. The resulting crisis had had world-wide repercussions from which Guyana has not been exempt. A return to protectionist policies, a diminution of world trade and an abrupt contraction in the transfer of resources from developed to less developed countries have been some of the immediate consequences. The situation is still clouded by uncertainty.

The U.S. action was taken in breach of its obligations to the International Monetary Fund of which it is a member. But the U.S. Government has defended its action as one necessary to protect its economy in the face of a continuing deterioration of its balance of payments position.

It is futile, Mr. Speaker, to concern ourselves with the academic question as to whether or not the U.S. action was justified. For us, what is important is to draw such lessons as may be useful. There are three obvious lessons. The first is, that where their vital interests are concerned, powerful developed countries will take such action as they deem fit without regard to international agreements or conventions: for when they decide to breach the rules, who will apply the sanction? The second lesson is, that in pursuit of those vital interests the developed countries are not concerned with adverse effects of their policies on other countries and, in particular, on small developing countries. Thirdly, not only war, but trade also, is an extension of diplomacy. Small nations by themselves have no defence against the merciless buffetings of fate in the guise of economic policies devised by rich developed countries to enhance their own economic interests, but which policies militate against the interests of developing countries.

This serves to explain and justify our continued pursuit of Caribbean economic integration and political unity.

Mr. Speaker, the world of international economic and politics is one of harsh reality. In that world, charity is not a recognized virtue and its practice is rigorously eschewed; and “aid” is a euphemism for bargain-diving. It is a realization of this fact which has underscored and motivated the Government’s policy of economic self-reliance.

No informed Government today expects miracle from foreign aid. In this regard, it is apposite to allude to the remarks of the former Argentine President, Roberto Levingston, at a meeting of the Inter-American Development Bank earlier this year, when he commented on the unsatisfactory record of foreign aid programmes in Latin America during the last decade:

“A realistic analysis shows that not only has foreign aid been insufficient, but if net movement of capital is taken into account, it becomes clear that it was Latin America which, paradoxically, contributed to the development of the more advanced areas”.

Levingston merely echoed the universal experience of developing countries.

Mr. Speaker, the World Bank in its 1971 annual Report pointed out that aggregate net flows of investment funds from the principle countries providing development finance still do not exceed 0.75 per cent of their combined Gross National Product. At the same time, official development assistance from these countries – most of it on concessionary terms – has declined. However, this decline has been accompanied by a rise of non-concessionary capital flows which, in the main, take the form of export credits.

The flow of resources even from the World Bank Group has not been in favour of the poorer developing countries. In 1971, although the Group expanded its lending programme significantly, a smaller portion of the increase was channeled to the poorer developing countries of Asia, Africa and the Western Hemisphere.

Mr. Speaker, the stark truth is that the World is not getting to be a better place for the developing countries. We should note, Sir, CRI DE COEUR which emanated from the recent Ministerial Meeting in Lima, Peru, of the Group of Developing Countries known as the Group of 77. In the “Declaration” which was adopted at the end of the Meeting and forwarded to the United Nations for circulation as an official document of UNCTAD and the General Assembly, they pointed to the continued deterioration of the position of the developing countries in the world economy – a declining share of world trade, the growth of external debt burdens at an alarming rate, the sharp contraction in the flow of resources from developed to developing countries and the steadily widening technological gap between developed and developing countries. – and all of this, Mr. Speaker, when the United Nations First Development Decade has come to an end and a Second Development Decade has been piously announced.

In the light of these political and economic actualities, Mr. Speaker, Government’s policy of domestic resource mobilization and economic self-reliance has proved to be fully justified and was pursued with determination and urgency in the course of 1971.

Despite the more dramatic events which dominate the local and international scene, the painstaking task of consolidation proceeded inexorably.

In agriculture, the basic research and experimentation which must precede and support large-scale agriculture activity, continued apace. The demonstrated economic feasibility of new crops such as corn, soya beans and sorghum grown at Kibilibiri and Matthews Ridge, opens up exciting possibilities for agricultural self-sufficiency. And, of course, Mr. Speaker, the \$9 mn. livestock project launched in the course of the year is programmed to ensure self-sufficiency in beef and dairy products by 1976.

At the core of Government’s strategy has been, of course, the intensive mobilization of domestic resources. Our human resources, as in previous years, were organized and deployed into community self-help projects, one of which was the impressive national effort designated ‘Advance Guyana’, in which thousands of Guyanese turned out in their communities to dig and clean trenches, weed, paint, repair, and generally to clean up and improve the environment in

which they lived or worked. This was the prologue to our grand design to feed, clothe and house ourselves by 1976.

And we continued to do what we were told could not be done; namely, build the hinterland road from Madhia to Lethem by self-help. Even as I address the Honourable House, Mr. Speaker civilian volunteers and their fellow-citizens in the People's Army, the Guyana Defence Force, are engaged in the final effort to complete the first stage of the road before the end of this year – one year before the date originally projected. This tremendous achievement will mean that at the end of 1971 we will have 305 miles of fair-weather road from Bartica to Lethem.

Over 6,000 citizens of all walks of life and of every religious and political persuasion have worked on this National Self-Help Road. By so doing, they have demonstrated their faith in Guyana and their acceptance of the fact that Guyana's development is a task for the Guyanese people themselves. The Road has become a symbol of the spirit of the Guyanese people and of their dedication to the ideals of the Co-operative Republic.

Community self-help efforts were complemented by work in the co-operative sector, which was strengthened not only by numerical expansion, but by the improvement of skills, organization and opportunities for economic participation.

The task of consolidation went on, too, at the institutional level.

The External Trade Bureau brought a greater segment of imports under its aegis in pursuance of its responsibility for stabilizing prices of essential commodities and influencing our trade patterns. Its activities inhibited erratic fluctuations in prices and ensured their relative stability.

It was of critical importance, Mr. Speaker, that order, discipline and efficiency be brought into the financial administration and organizational structure of the public sector, including Public Corporations. Effective action in this area is vital to the success of our national policies. Thus, the Guyana State Corporation (GUYSTAC) came into being by virtue of the Public

Corporations (Amendment) Act, 1971, to co-ordinate the management, personal and financial structures and policies of Public Corporations with a view to ensuring efficient and businesslike performance. Mr. Speaker, the public is entitled to efficient service from Public Corporations. A corollary of this, of course, is that the Corporations in turn are entitled to economic rates for the services they provide.

The Fiscal Review Committee continued its work, as did the Committee for the efficient Collection of Revenue (CECOR) which handed in its Report on Saturday, 4<sup>th</sup> December, 1971. I wish to pay tribute to the valuable work of both Committees whose members have worked beyond the call of duty in the public interest without remuneration.

The unsatisfactory state of affairs which enabled foreign-owned companies to raise capital on the local market indiscriminately and to issue prospectuses which did not make full and accurate disclosure of pertinent facts was corrected by the enactment of the Capital Issues (Control) Act, 1971. This Act will protect the public from being misled by misrepresentations or suppression of relevant information, and will defend the economy from unwarranted capital outflows or undesirable intervention by aliens in critical sectors of the economy, and will ensure a more rational utilization, in the light of our development needs, of scarce capital available on the domestic market.

Mr. Speaker, of fundamental importance in this year of consolidation has been the significant work done in strengthening relations, not only with our immediate geographical neighbours, but with hemispheric states and, indeed, Sir, with friendly countries in Asia and Africa and of the Third World generally.

Domestic and foreign policies are sometimes erroneously considered to be mutually exclusive or unrelated fields. But indeed, Sir, for us there is a very close interrelation, and our domestic policy has therefore had a marked influence on our foreign policy.

Mr. Speaker, we are committed to the ideal of Caribbean economic and political integration. We believe that the Commonwealth Caribbean has no future as small separate units in view of the world trend towards large politico-economic groupings. For this reason, we

subscribed to the Grenada Declaration, thus renewing Guyana's commitment along with other Commonwealth Caribbean States to the early achievement of the goal of Caribbean political unity. The active pursuit of this goal in the months and years ahead will call for the involvement, not only of the Governments, but also of all the people in the region. The Guyanese people, in particular, will have a great responsibility for making wise and constructive contributions to the achievement of this goal..

Similarly, Mr. Speaker, we have pressed on with programmes to strengthen the economic integration of the Caribbean Region. In the course of the year, at meetings of the CARIFTA Council of Ministers, we have endorsed and sought to expedite the finalizing or implementation of programmes that, for example, seek the harmonization of fiscal incentives to industry, the adoption of a common external tariff, the rationalization of agricultural development, and the adoption of a regional policy on the location of industries. In addition, the Government continued to support all measures of the Caribbean Development Bank designed to promote the economic development and economic integration of Commonwealth Caribbean members territories. We will continue to support the strengthening of the Bank's resources through arrangements which do not dilute its West Indian character or weaken its capacity to function as an instrument of West Indian economic integration.

During the year, diplomatic relations were established with Colombia, Peru and Chile in our continuing search for new patterns of relationship and opportunities for co-operation and action in the field of international affairs. But our national economic interests took us further afield to the continents of Asia and Africa where fruitful developments have already occurred with several countries. Government's decision to establish two new missions next year in India and Zambia evidences our appreciation of the importance and value of increasingly closer collaboration with the countries of Asia and Africa. The visit of a Trade Team from the People's Republic of China to Guyana earlier this year and the return visit by a Trade Team from Guyana, highlight our changing perspectives in the field of trade and co-operation.

The Trade Agreement we have signed with the People's Republic of China will result in G\$30 mn. worth of annual bilateral trade and will open up new markets for our bauxite products,

timber and sugar. One only has to reflect on the uncertainty of our sugar industry when the U.K. enters the European Economic Community to appreciate the tremendous importance of the new market for sugar.

Mr. Speaker, we are now fully committed to the achievement of certain goals over the next five-year period; namely, to feed, cloth and house ourselves. The achievement of these goals will require a massive, disciplined effort by the three sectors of the economy – public, co-operative and private. This effort must be in co-operation and not in wasteful conflict. National interests, national objectives must be paramount.

A few people have expressed misgivings that the goals are too ambitious. Be that as it may. But this Government does not consider such misgivings a sufficient reason for shying away from the task. On the contrary, it is all the more reason to proceed with single-minded dedication.

We are relentless, Mr. Speaker, in our pursuit of economic independence; in our determination to ensure Guyanese dominance in our economic life; in our commitment to promote the economic ascendancy of the masses through ex-operative enterprises, and secure for them a just distribution of the wealth generated in the economy. In our long march towards the establishment of an egalitarian society, based on the principle of economic justice, we have already made substantial gains. We paused during 1971 to consolidate those gains. Despite the difficulties, we have been laying solid foundations for ht advancing Guyana.

## **REVIEW OF THE ECONOMY**

### **Production, Trade, prices,**

In 1971, despite some evidence of uncertainly and even minor contractions in certain sectors, the economy as a whole expanded faster than in the previous year. Production measured in terms of the Gross Domestic Product grew from \$473 mn. in 1970 to \$505 mn. in

1971. The rate of growth was therefore of the order of 7% in real terms compared with a growth rate of 5% in 1970.

As in the past, the economic fortunes of this country rested essentially on three major sectors – Bauxite, Sugar and Rice. In 1971, bauxite production, including alumina, expanded by 7% in terms of volume, but the value of shipments during the year remained in the region of \$135 mn. compared with \$138 mn. in 1970. Thus, while the growth rate in this sector was not spectacular in 1971, the industry certainly maintained its traditional level of contribution to the growth of incomes in the economy.

It is also significant to observe that the industry maintained a high level of sales, despite a very depressed world market for aluminum, and excess capacity in the smelting and fabricating industries – both of which affected the prices of metal grade bauxite and alumina.

It was the recovery in output in the Sugar Industry however which was mainly responsible for the higher growth-rate in the Gross Domestic Product during 1971. Output of sugar which had fallen to 311,000 tons in 1970, expanded rapidly in 1971 and is now expected to reach a record level of 370,000 tons by the end of the year. Exports of sugar rose in sympathy with production and, as most of the increase was sold to the more lucrative markets of the U.S.A., gross export earnings from sugar are expected to reach \$88 mn. by year end compared with \$72 mn. at the end of 1970.

I think it would be fair to ascribe the record level of production not only to efficiency within the industry, but also to the absence of any major industrial conflicts in the industry during this year. Sensible measures by the Ministry of Labour and responsible Union leadership in the industry have, without a doubt, contributed to this fairly quiet year for industrial relationship in the sugar industry, and its effect has been reflected in the high level of output and incomes that industry has been able to generate.

The Rice Industry, Mr. Speaker, has not been quite as fortunate as the Sugar Industry. Heavy unseasonal rainfall produced floods throughout the country and adversely affected production. Nevertheless, in spite of these difficulties, the Rice Industry has been able to record

an output which is estimated at 123,000 tons, only 19,000 tons less than 1970, when the weather conditions were more favourable and the industry realized a level of production that was nearer its potential. Despite the lower overall production, advance reports indicate a marked increase in the yield per acre in areas where yields were usually low. Significantly enough, however, shipments of rice to external markets have increased during 1971. Rice exports for 1971 are estimated at a value of \$20 mn. compared with \$18 mn. during 1970.

Generally, Mr. Speaker, construction activity, which can usually be relied on to stimulate the economy and render important support to other productive sectors in terms of income generation, maintained the buoyancy observed in the previous year. There has been some slacking in building construction, but other public sector works – sea defence, roads, telecommunication expansion, extension of pure water supply facilities, rural electrification and investment in the Rice Industry – have more than counterbalanced any stagnation in other sectors of the industry.

As private construction showed signs of abatement, private investment weakened; but the expansion in public sector capital outlays keep total investment expenditures at approximately the same level as in 1970, that is, about \$100 mn. Much of the decline in private sector investment was in the Bauxite Industry; but this phenomenon was not unexpected in a year when the larger of the two Bauxite Companies changed ownership as a result of nationalization. Government spending on capital works and services showed a substantial increase from \$34.5 mn. in 1970 to \$58.4 n 1971, while two Public Corporations pushed ahead with their expansion works involving large capital outlays designed in increase the availability of electricity and telephone service.

The lower level of investment activity in the Bauxite Industry and by the private sector was reflected in a relatively stable import bill, which is projected to reach just about \$270 mn. in 1971, compared with \$268 mn. in 1970, despite continual and sharp increases in the price charged by overseas suppliers for a large number of our imports.

In the area of external trade, there were some encouraging developments. Despite substantial price rise for a number of non-durable consumer goods like milk, this country has been able to hold the value of imports of non-durable consumer commodities to an increase of 12% and durable consumer goods to a level of about 8% below the value in 1970. Imports of raw material and fuel, which reflect the state of industrial activity within the country, rose by almost 10%. It should be remarked that, in 1971, Guyana, in common with other developing countries, experienced a level of inflationary price rises for its imports which was extraordinary compared with our experience in previous years. In fact, we have been importing the inflation of the industrialised countries which have so far been our traditional source of supply.

It is the Government's intention in the months immediately ahead to pursue a vigorous policy of establishing new trade links which will not only open new markets for our products but which will also constitute sources of cheaper imports.

Mr. Speaker, while there has been a stabilization of imports, at least in the terms of volume, exports have been rather buoyant. It is expected that by year end our exports would have valued about \$282 mn. – approximately \$16 mn. or 6% higher than in 1970. Sugar would be contributing most of the increase – about \$15 mn. – but bauxite and alumina, largely because of weaker prices for alumina and metal grade bauxite, would just about maintain their 1970 contribution to total exports.

Thus, Mr. Speaker, we are firmly on the way to earning a surplus of about \$12 mn. on our visible trade account. In the final analysis, however, after taking into account payments and receipts on account of profits, interest and services, there will be a deficit of just about \$12 mn. on the account of our Balance of Payments. This would represent a much improved payments position of about \$27 mn. compared with 1970 when Guyana's current account deficit stood at \$39 mn. As the net inflows of capital are expected to be lower in 1971 than in the previous year, it is projected that this would have a slight adverse effect on our foreign reserves.

**Bauxite Nationalisation**

Mr. Speaker, my review of the economy during 1971 would be incomplete without some reference to developments in the Guyana Bauxite Company Ltd. (Guyana) since it assumed control of the bauxite operations at Linden for and on behalf of the Guyanese people.

We were told that Guyanese did not have the capacity, the capability, the technology or the intelligence to run the industry, and dire predictions of disaster were gratuitously preferred. The facts are, Mr. Speaker, that despite a run-down of spares and equipment and the withdrawal of foreign key personnel, the transition to Guyanese ownership was smoothly effected, and the operations at Linden, I venture to say, are being conducted, not as efficiently as when foreigners controlled it, but, Mr. Speaker, more efficiently. In the first months of operations after Vesting Day, Guybay broke all previous records for the production of alumina by achieving a total of 31,010 long tons, 1,943 long tons more than the highest total ever achieved by Demba during a similar period. And this high level of productivity has remained a characteristic of Guybau's operations to date and augurs well for the future of the industry.

Let me emphasise the point, Mr. Speaker. Since Guybau has taken over, production of alumina and calcined bauxite has been higher than it was during the regime of Demba. The production figures for the period August to October 1970 and those for the same period in 1971 are as follows:

	1970	1971
Calcined Bauxite (long tons)	136,412	155,807
Alumina (long tons)	96,426	70,457

Current output on an annual basis indicates an annual production for 1971 of 650,000 long tons as compared with 614,000 long tons in 1970 of calcined bauxite, and 325,000 tons as compared with 312,000 tons of alumina.

These figures are instructive and require no gloss or further comment.

During next year, Guybau plans to produce 100,000 tons of dried refractory grade bauxite to be calcined abroad on a toll basis, pending an increase in the calcining capacity of the Company.

Markets for production are firm and include, not only the traditional markets of North America and Europe, but also the Soviet Union and the People's Republic of China, which latter country will, as a result of the recently signed bilateral trade agreement, purchase between 20,000 and 50,000 metric tons of alumina during 1972. Of vast significance for the local economy, is the fact that Guybau has already begun to integrate its operations with the Guyanese economy and establish linkages. The company is committed to a policy of using local goods and services as far as possible in substitution for imported inputs. Already, for example, local cassava starch is being used as a flocculent in the refining of alumina in substitution for imported wheaten flour used by Demba.

Surely, Mr. Speaker, it must be patent to all that, with an intelligent and dedicated management, a loyal, competent work force, and their combined will to succeed, the giant bauxite industry is already showing unmistakable evidence of success, and prophets who foretold doom and disaster are daily being proved to have been humbugs.

#### KAOLIN

For years bauxite was being mined in Guyana and the Kaolin found at the mine floor was covered up by the bauxite companies when backfilling the worked-out mines. This valuable economic asset was treated as rubbish and the country deprived of benefits which would accrue from its exploitation. Research has indicated that Guyana has large deposits of high quality kaolin which is well suited for use in the paper, rubber, ceramic, chemical and paint industries. It is proposed to establish a kaolin industry on a firm basis in the course of 1972, and the preliminary studies are now being conducted. The studies include the feasibility of producing white cement from kaolin and the setting up of a ceramic industry.

### INTERNATIONAL MONETARY SITUATION

On August 15 last, the United States of America suspended the convertibility of dollars into gold, and imposed a 10% surcharge on a long list of commodities entering the United States. These measures were taken to protect the United States foreign reserves and to reverse the continued deficit in that country's Balance of Payments.

The major trading countries were thus forced to take measures to stem and to forestall the huge speculative inflows of inconvertible dollars, by allowing their currencies to float. Thus the leading trading currencies of the world are now floating and, in the process, have appreciated against the U.S. dollar. The Guyana dollar, for the time being, has also been allowed to float and has appreciated by nearly 4%as against the U.S. dollar.

The system under the I.M.F. Articles of Agreement by which each currency maintained stable rates of exchange with other currencies has thus been abandoned, and the world deprived of the benefit of this stability which, in spite of periodic crises in recent years, has been reasonably successful in encouraging the rapid growth of international trade. Guyana would wish to see an early return to fixed parities within appropriately widened margins.

While the 10% surcharge on imports has not affected any of our major exports to the U.S.A., to the extent that its retention would lead to a growth in protectionism and a contraction of world trade, Guyana has an interest in its early removal.

Following the recent meeting of the Finance Ministers of the Group of Ten in Rome, there now seems to be some hope that there will be an early re-stabilisation of the foreign exchanges. However, it is clear that the system will always be crisis-prone f it continues to rest so heavily on national currencies and thus remain vulnerable to particular national policies. Lasting stability can be achieved only by divorcing the system from particular national currencies and establishing some kind of world reserve currency.

### THE GUYANA NATIONAL CO-OPERATIVE BANK

Mr. Speaker the Guyana National Co-operative Bank is the only indigenous Bank in Guyana. It is the People's Bank, owned by them through their Government, Trade Unions, Co-operative Societies and Friendly Societies. Its function is to mobilize the savings of Guyanese and deploy these resources to develop the co-operative sector in particular, and the economy in general. It is therefore an important instrument for the promotion of co-operative development and Guyanese economic ascendancy. Its growth is therefore an indication of the rate at which these twin objectives are being achieved.

The total resources of the Bank at 30<sup>th</sup> November, 1971, was \$17 mn. This indicates an increment of \$7.8 mn. on its resources at the end of 1970. Of the total resources, deposits, both current and savings, accounted for about G\$11 mn. – an increase of G\$4.3 or 64% above the level at the end of 1970. The increment in the Bank's resources has been directed almost entirely to the financing of loans to co-operatives, particularly building co-operatives, and to the private sector, including individuals.

The Bank established a branch at Linden during the year, and branches will be opened in the county of Berbice in New Amsterdam, Rose Hall and Springlands in January, 1972. Later in 1972, the Bank will establish a presence of Anna Regina on the Essequibo Coast.

### NATIONAL SELF-RELIANCE

#### Co-operative Movement

Mr. Speaker, I now turn to developments in the Co-operative Sector. At the end of 1970, there were 992 co-operative societies with a total membership of over 80,000 and share capital, savings and deposits of over \$7 mn. At 30<sup>th</sup> November, 1971, 115 societies had been registered for the year, bringing the total number to 1,107, with a membership of approximately 90,000 and share capital, savings and deposits of approximately \$8 mn.

During 1971, the consolidation of the movement continued and special emphasis was placed on the mobilizing of capital. Hence, 14 new Credit Societies, 5 Saving Societies and 45 School Thrift Societies were registered. Twenty-one (21) Agricultural Co-operatives of all types were also registered. Other Societies registered during 1971 included seven (7) Housing and five (5) Workers groups and three (3) groups engaged in leatherwork. The remaining five (5) registered Societies were engaged in transport, stone quarrying, clay-brick making, furniture manufacture and the making of general handicraft.

The Credit Unions, Thrift Societies and Savings Societies have accumulated nearly \$2 mn. in shares. Most of this sum has been lent to members for productive and other approved purposes.

### **Education and Training**

In the course of the year, 70 training courses were organized and not less than 275 societies and 1970 co-operators benefited from these. The curriculum included principles of co-operativism, book-keeping, management practices and principles and particular skills required to help the several types of co-operative organizations to function effectively.

Ministry of Works, Hydraulics and Supply officers have helped builders' co-operatives considerably to improve their skills in, and knowledge of, building operations, including the preparation of tender documents.

### **Agriculture**

The Agricultural Societies have continued to show progress, especially those groups involved in pig-rearing, cane farming and fishing. For 1971, it is estimated that over 900,000 lbs. of pork valued at \$0.75 mn. will be supplied by co-operatives to the Guyana Marketing Corporation.

During the year, 789 new acres of land were put under sugar-cane by co-operatives. This brings the total acreage of land under sugar cane to 6,319 acres. Sugar produced from the canes is expected to be about 19,000 tons – over 50 per cent more than the amount produced in 1970. Hundreds of acres have been cleared and occupied by Co-operative Societies along the Soesdyke-Linden Highway, while four (4) Beef Cattle Societies have been registered to occupy approximately 40,000 acres of state land under the Beef Cattle Development Programme which will benefit from credit totaling over \$4.0 mn.

Fishermen's Co-operatives have also done well and have through collective action been able to reduce the cost to their members of several items, including fuel for their boats and twine for their nets.

### **Housing**

The Housing and Builders' Co-operatives, together with the auxiliary groups, namely, clay-brick makers, stone quarry and furniture manufacturers, have played an important role in our attempt to house ourselves. The twenty-one (21) Builder's Co-operatives have so far handled contracts totaling more than \$3.5 mn.

### **Other Co-operatives**

The Garment Co-operative at Buxton has won justifiable praise for its shirt and other garments, but leathercraft, furniture, ceramics and clay brick making have all become increasingly important activities for co-operative groups. Workers' Co-operatives, such as the catering groups, have helped to provide useful and gainful employment for unemployed persons with little capital.

During 1972, the consolidation of the movement will be promoted with two main aims in view; namely,

- (a) To cater for import substitution and to promote self-sufficiency; and

- (b) to create jobs for the unemployed, especially through opportunities for self-employment.

One of the most important vehicles for achieving these aims will be the Wholesale Society. Work which started in 1971 on the building to house the Society will be completed early in 1972. This Society will serve, not only as a reliable market outlet for agricultural goods as well as industrial goods produced by the industrial and handicraft Co-operatives but, linking with the Consumer Co-operatives, it should help to distribute these goods throughout the country so that the items may become available to all Guyanese at reasonable prices. The aim is to establish during 1972 at least one Consumer Co-operative retail shop in every Local Government District, and it is expected that more efficient marketing and distribution will help to stimulate production. The wholesale Society will also link backward with producer-type Marketing Co-operatives.

Co-operatives will be fully involved in the national programme to feed, clothe and house ourselves. To this end, the Co-operative Department will promote societies organized to contribute to achieving these objectives and extend its supporting services to them.

In keeping with the drive to reduce unemployment, a new type of Co-operative Society the Labour Contract Society – will also be organized particularly among the unemployed and underemployed to do work with a pronounced labour bias.

### **DEVELOPMENT PLAN**

The Government has already announced the preparation of a new Development Plan which will take into account Government's socio-economic philosophy. The Plan, for the period 1972-1976, will be ready in draft by the end of the year. The plan will contain projects and programmes aimed at

- (a) feeding the nation,
- (b) clothing the nation, and
- (c) housing the nation

by the end of the Plan period.

The attainment of the level of production required to make unnecessary the importation of all but the barest minimum of foodstuff premises a revolutionizing of the agricultural sector.

To achieve self-sufficiency in food, it will be necessary to replace over \$30 mn. worth of imported food products. The first step will be taken in 1972 when agricultural production will be expanded in the area of peas and beans, meat and fish, and vegetables and fruit. The Plan will project agricultural expansion on the Coast, along the Soesdyke/Linden Highway, in the Intermediate Savannahs, in the North West and other parts of the hinterland. Processing facilities will be established in all these areas with a view to meeting the demand for processed foods by 1976. To stimulate production, special emphasis will be given to credit, marketing and guidance via the extension services.

This country imports annually \$13 mn of textile fabrics of all kinds. In order to clothe ourselves, it is necessary to produce over 30 million square yards of fabric. In 1972, the first textile mill will be established to produce cotton and mixtures with cotton fabrics. As production gets underway, the importation of ready-made clothing will be reduced and ultimately become unnecessary.

In the first instance, the mill will process imported cotton yarn; but local yarn will later be produced in large enough quantities to meet the requirements of the mill. Extensive research and experimentation is being undertaken to identify the variety of cotton most congenial to local climate and soil conditions. By the end of the Plan-period, not only fabrics will be produced locally, but also footwear and headwear to meet local requirements. To this end, a modern

tannery will be established in the Rupununi and the manufacture of headwear will be stimulated and expanded in every possible way.

A preliminary calculation has established that the nation must produce over 13,000 housing units annually to ensure that all are housed by 1976. In order to achieve this target all the resources of the nation which can be turned to house building will be mobilized. Minor industries to supply clay blocks, for example, will be established; major industries to supply timber and allied products will be expanded; while every effort will be made to influence designs and construction procedures in order to minimize imports of building materials.

The Plan will thus define the framework within which a better way of life for Guyanese will be assured. It will provide employment opportunities by promoting maximum material participation; it will lead to the greatest possible utilization of national resources; it will emphasise the development of regions which have the potential for rapid development. By these means, the transformation of basic economic relationships will be achieved, and organizations and institutions will be restricted to achieve this end.

### INCENTIVES

Mr. Speaker, I am satisfied that Guyana could move faster in its rate of economic growth, unemployment could be diminished and our import bill reduced, if more Guyanese businessmen show enterprise, imagination, and foresight. Much could be done by the enterprising businessman to utilize the waste of one industry for the raw material input of others; much of our agricultural produce could be saved and the diversification of agriculture promoted by the establishment of agro-based industries utilizing our agricultural output. The Government has stated on several occasions its policy of possessing and settling the hinterland. It is the intention of the Government to give positive encouragement to the efforts of businessmen which are calculated to further these objectives.

Government proposes to grant incentives in the form of income tax holidays duty-free importation of equipment and raw materials, income tax rebates and similar concessions to

industries established to harmonize with Government's policies. In keeping with its development thrusts, government proposes to grant similar concessions to new industries which satisfy the following criteria –

- (i) the industry manufactures for exports; or for import substitution;
- (ii) it is located in certain define areas in the hinterland;
- (iii) it utilizes a more labour intensive, rather than capital intensive technology;  
and
- (iv) the industrialist is a developer who proposes to build houses on an organized project basis for the low and medium income groups;

Further, Government proposes to grant incentives to the agricultural industry for the encouragement of large scale production of designated crops, anywhere in the country.

The detailed rules will be carefully worked out and published in due course.

## PROSPECTS

### Production, Trade and Investment

Now, Mr. Speaker, I turn to our prospects for 1972. There is every indication at this time that the economy would achieve another encouraging rate of economic growth.

Production of Sugar is expected to exceed the 1971 output, given fair weather conditions and another year of industrial stability. Trade with the People's Republic of China would open another market for a substantial portion of our sugar output, while it is expected that the US market would continue to absorb most of the increment in production at remunerative prices. The bauxite industry has forecast an expanded volume of output and a shift in production in favour of the better priced calcined bauxite and refractory grade bauxite. Accordingly, earnings

of the bauxite industry are expected to expand in 1972. Given reasonable weather conditions, the rice industry should also increase its output; while the shrimping industry, with the addition of new trawlers imported by the Guyana Development Corporation, should record increasing output and sales.

The Government is projecting the largest programme of capital outlays ever planned for Guyana, and, with the system geared for more effective implementation, a larger portion of the programme should be achieved by the end of 1972. In addition, private investment should recover, with increased investment expenditure by the bauxite industry. Total exports are therefore expected to rise by another \$14 mn. (or 55), while imports are projected to remain in the region of the 1971 value. Should these projections materialize, the visible trade balance would be again in surplus, and the current account deficit in our Balance of Payments would be even smaller than in 1971. In fact, the current account balance could be actually in surplus as the payments on account of profits would be substantially reduced because of the change in ownership of the bauxite industry at Linden.

Mr. Speaker, the Government's Capital Programme projects substantial outlays in sea defence, roads, the expansion of pure water supply systems and commencement of the building of six multilateral schools and a new Teachers' Training College.

The shrimping venture would be launched with the arrival during the year of ten trawlers, and the bus service operated by the Guyana Transport Services Ltd. would be expanded by the addition of a number of new buses. The Government intends to expand activity in the Kibilibiri agricultural project to increase further the production of corn, peanuts, soya beans and sorghum for local consumption and intermediate use. A number of pumps would be installed at different locations on the coast in order to improve further the drainage and irrigation facilities available to agricultural lands. In addition, most of the rice-silos for improving the storage of rice would be installed, and initial construction work done to improve storage facilities available to the Guyana Marketing Corporation.

A mobile sawmill would be brought into operation for the more intensive exploitation of the forests, and community development projects, designed to encourage and expand the marking of clay bricks, would be implemented.

In general, Mr. Speaker, 1972 would be a year of intensive activity.

### **External Trade Links**

The Government in 1972 proposes to expand the scope of the External Trade Bureau, through its participation in a bilateral trading arrangement with the People's Republic of China. By virtue of these arrangements, local timber, bauxite and sugar will be sold to the People's Republic of China; in return, a number of commodities normally imported by this country at high prices, will be available for import at much lower prices. Trade opportunities with Brazil will actively be pursued; a noteworthy development has been our new market for bauxite products in the Soviet Union.

### **Agricultural Credit**

Government recognises the need for credit to agriculture on a much larger scale and on a more reliable basis than at present, if we are to feed ourselves and diversify our economy. Accordingly, Government has decided to set-up two Committees to study the matter and to make recommendations.

It is expected that the Committees would recommend an outline of the objectives of an agricultural credit institution, would identify the most effective form of involvement of local financial institutions in the financial resources of any agricultural credit institution that might be established, would identify the sources of capital that could be utilised, and would give guidance as to the lending policies that should be pursued by the institution, loan eligibility and procedures, the nature and scope of Government support that should be made available to the

institution, and the need, if any, for institutional re-organisation within the agricultural sector arising from the establishment of such an agricultural credit institution.

The membership of the committees will include representatives of the various Government Ministries involved, the Central Bank, the commercial banks and insurance companies, and reports are expected during early 1972.

The future role of the Guyana Credit Corporation will have to be re-examined in the light of the recommendations of the Committees and the incentives being considered for Housing, Agriculture and Industry.

### **Electricity Programme**

For 1972, the gap in the supply lines of approximately eight miles between Mahaicony and Mahaica would be connected, thus enabling residents along the entire East Coast to obtain electricity. The Corporation has already commenced work on the Corentyne Coast and it is expected to supply the area during 1972.

Generation equipment is now being erected and will be commissioned in 1972 to provide 15½ megawatts of increased power generating capacity to supply additional electricity to Georgetown, West Berbice, Essequibo Coast, Essequibo Islands and Bartica.

This would increase the existing generation facilities from 41.9mw to 57.4mw – an increase of 37%.

The Corporation is also about to embark upon a five-year development programme of electrification to provide a further 38 mw of power which will cater, through 69Kv transmission line, for the inter-connection of the other major electrical systems with that of the Corporation.

This would then create an integrated system extending from Linden to Crabwood Creek on the Corentyne via Georgetown, and to Parika via the submarine cables across the Demerara River.

Because of the economic and technical benefits to be gained from inter-connection and integration of any adjacent power systems, it would also be necessary to standardise the frequency.

It has therefore been decided to operate at 60 cycles per second instead of the present 50 cycles generation.

## MINISTRY OF FINANCE

### Inland Revenue

During year, the Inland Revenue Department reduced arrears of income tax due from individual taxpayers and companies, and strenuous efforts will be made during next year to reduce the sum further and also to ensure that there is no accumulation of new arrears. With the new system of self-assessment by taxpayers introduced this year, and with specialized training from their training school, officers in the Department would be able to devote more time to other work, including arrears, and to carry out their duties with greater speed and accuracy to the benefit of taxpayers.

Mr. Speaker, I am happy to report that the Board of Review has been meeting four times weekly this year in an endeavour to complete all outstanding appeals and to give expeditious treatment to current appeals.

A new branch office of the Department was established at Linden during this year, and it is proposed to establish another on the Essequibo Coast during next year as part of the programme of decentralization. The primary objective of this programme is to make available

services to the taxpayer in his own area, thus avoiding the considerable expense and inconvenience of travelling to Georgetown to transact business with the Department.

As Members are aware, conditions at the Department's head office were improved during the current year for the comfort and convenience of the taxpayer. However, there is much more work to be done to achieve the level of efficiency which Government considers desirable. In the course of next year, every effort will be made to improve the facilities further and increase the efficiency of the Department.

### **Customs and Excise**

During next year, it is proposed to implement a new system of classifying goods for Customs purposes, in keeping with the decision of the Council of Ministers of the Caribbean Free Trade Association at its sixth annual meeting held in June, 1970. This system is known as the Brussels Tariff Nomenclature, commonly called the BTN. Unlike the Standard International Trade Classification (SITC) upon which our Customs tariff is based, the BTN provides for interpretative rules and legal notes and constitutes a comprehensive classification system which has been designed to ensure.

- (a) maximum simplicity, so that it can be readily understood by the public as well as by experts;
- (b) precision, so that the most appropriate head for a given commodity can be readily identified;
- (c) exactness in application, so that the same commodity can be classified in the same way in tariffs of all countries using the Nomenclature.

The work of transposing the tariff from the SITC to the BTN system has been completed,

and training courses and seminars have been conducted for officers of the Department and clearing agents who transact business so as to familiarize them with the new system. The system will be given a trial run for a period of three months early in the new year, and then legislative approval would be sought to give it effect.

The Department will continue organising programmes of in-service training, including those on Customs and Consumption Tax procedures for its personnel, so as to improve the efficiency of the officers in the Department, and consequently, the services provided to the public.

### **Ministry and Accountant General**

The Ministry of Finance and Accountant General's Department will strengthen their control over the public finances during next year, and this may involve amendment to existing legislation on financial administration. Because of its complexity, it was not possible to complete the Financial Regulations this year as was hoped, but the new Regulations should be completed during 1972. The new Regulations would be introduced about the same time as the amending legislation.

It is also proposed to institute new procedures during next year to ensure that merchants and companies are paid promptly for goods supplied and services rendered to Government. The details will be published in the Official Gazette and the press in due course.

## **EXPENDITURE AND REVENUE**

Mr. Speaker, I now turn to our performance with respect to expenditure and revenue collection.

Over the six years of the 1966-1972 Development Plan, capital expenditure totaled

\$259.6 mn. – an average of \$43.3 mn. annually. During the last three years, the tendency has been for capital expenditure to rise above the average. The absorptive capacity of the economy has been expanding - \$31.9 mn. was spent in 1966, \$41.3 mn. in 1967, \$39.7 mn. in 1968 \$44.9 mn. in 1969, \$43.5 mn. in 1970 and \$58.3 mn. in 1971.

The 1966-1972 Development Plan projected that Guyana should be able to absorb a level of public capital expenditure at a ceiling of \$42 mn. per annum. So, Sir, according to the records, we have been more than attaining that target.

The main items of public capital expenditure in 1971 were:

Industrial Development	\$ 2.3 mn.
Kibilibiri Land Development Project	\$ 1.5 mn.
West Demerara, Corentyne and Interior Roads	\$ 8.4 mn.
Sea and River Defences	\$11.9 mn.
Pure Water Supply	\$ 5.3 mn.
Technical and Higher Education	\$ 1.3 mn.
T.U.C. Housing	\$ 1.5 mn.
Rice Rehabilitation Programme	\$10.2 mn.

The 1971 Estimates provided for current expenditure at the level of \$130.6mn. which, with a revenue forecast of \$145.6 mn. projected a surplus of \$15.0 mn. The Revised Estimates, however, indicate a deficit of \$9.2 mn. attributable, in the main, to the temporary dislocation of our economy consequent upon the nationalization of Demba.

Current expenditure in 1971 is now estimated to be \$137.5 mn. – only \$7.0 mn. more than the Approved Estimates despite supplementary provision of \$18.8 mn.

On the other hand, Current Revenue is now estimated to be \$128.3 mn. Compared with

1970, the actual level of current expenditure was higher by \$14.8 mn. in 1971. Significant increases were as follows:

Economic Development	\$0.6 mn.
Communications	\$1.7 mn.
Education	\$1.7 mn.
Labour	\$0.7 mn.
Mines and Forests	\$0.8 mn.
Pensions and Gratuities	\$0.5 mn.
Public Debt	\$2.6 mn.
Interim Relief	\$5.4 mn.

The actual yield of the revenue (\$128.3 mn.) was \$17.3 mn. less than estimated - \$4.6 mn. (3.5%) lower than the actual receipts in 1970. At \$33.8 mn. import duties yielded \$4.0 mn. less than the estimate and \$1.7 mn. less than the actual receipts in 1970. This shortfall in revenue is the result of a combination of factors: the phased reduction in import duties in keeping with our obligations under the CARIFTA Agreement, the full impact of local substitution for imported inputs in the bauxite industry; and a lower level of dutiable imports, which partly reflects the increasing use of local commodities, especially foodstuffs, at the expense of imported commodities. The other major element of revenue – income tax – yielded \$45.7 mn. or \$8.0 mn. less than estimated and \$4.4 mn. less than in 1970. This shortfall resulted in the main from the non-receipt of the greater part of income tax from Demba. It should be noted that this tax has not been lost, but only deferred. Under the compensation agreement, it is a charge against the first instalment.

Capital receipts totaled \$43.9 mn., comprising \$28.3 mn. from external loans, \$14.5 mn. from internal loans, \$0.4. mn. from miscellaneous capital revenue.

There was an overall deficit of \$23.7 mn. - \$9.3 mn. on the Current Estimates and \$14.4

mn. on the Capital Estimates. This deficit is not an isolated phenomenon. It arises naturally from the unique events of 1971.

Mr. Speaker, I now present the estimates on Current and Capital Revenues.

The Current revenue of the Government – its ordinary revenue – is expected to yield \$148.3 mn. - \$20 mn. more than the revised estimate for 1971 and \$15.4 mn. more than the actual receipts for 1970.

Excise duties are estimated to yield \$13.5 mn. - \$0.5 mn. more than the revised estimates.

The income tax yield is estimated at \$63.3 mn - \$17.6 mn. more than the revised estimate. The increase is mainly due to anticipated payment of outstanding taxes by Demba and the increase in the advance payment of taxes from two-thirds to five-sixths.

Capital revenue is expected to yield \$77.5 mn. - \$4.8 mn. from miscellaneous receipts, \$0.7 mn. from foreign grants, \$45.5 mn. from foreign loans and \$26.5 mn. from internal loans.

Mr. speaker, with current revenue for 1972 at \$148.3 mn. and current expenditure at \$145.9 mn., the estimates show that there should be a surplus of \$2.4 mn. on the current estimates. On the other hand, with the capital expenditure estimated at \$79.4 mn. and capital revenue at \$77.5 mn., a deficit of \$1.9 mn. is projected on the capital estimates. The overall budget estimates – capital and current – now presented, therefore, show a surplus of \$0.5 mn. In the circumstances, no new revenue measures are proposed for 1972.

### **BUDGET MEASURES**

And now, Mr. Speaker, we come to the Budget measures. Except for three corrective measures, my proposals give to, rather than take from, the taxpayer.

The three corrective measures to which I refer affect pool operators, cinema owners and gamblers.

Section 8A of the Tax Ordinance, Chapter 228, which was enacted in 1969, sought to increase the licence fees payable by pools and betting shops. However, the operators of those businesses have devised a scheme to avoid the full impact of the legislation and to defeat its intention by combining their operations under one roof.

It is proposed to further amend the Tax Ordinance to ensure that the intention of the 1969 Act is not defeated any longer and to exact the licence fee in respect of each operation which is a separate and distinct business even though it might be carried out in conjunction with other operations on the same premises.

The cinema owners have been very dilatory in paying Government the entertainment tax payable on cinema shows. Notwithstanding the fact that the tax is included in the price paid to them before any one is admitted to see any film, the majority are usually months in arrears.

Government proposes to change the existing system to correct this unsatisfactory situation.

Mr. Speaker, Government proposes during next year, to print cinema tickets for sale to cinema owners at a price which will include the entertainment tax payable. There will be no more unauthorised borrowing of revenue interest-free on this account.

Again, Mr. Speaker, there are several wealthy or well-to-do persons in the community who evade the payment of income tax by attributing their accretion of wealth to gambling winnings. Government proposes from the year of assessment 1972 to treat gambling gains as income, and institute procedures during 1972 to ensure that pool operators and owners of betting shops and similar categories of persons deduct tax at the rate of 30% from winnings for payment

to the Commissioner of Inland Revenue. The taxpayer will, of course, obtain a tax credit when he submits his returns and the prescribed supporting documents.

I should make it abundantly clear that it is not proposed that this legislation should apply to authorised bingos and lotteries.

It is proposed too, Mr. Speaker, that every taxpayer should make a full and accurate return of all his income from every source, whether or not he alleges that such income or any part thereof is not subject to income tax.

Mr. Speaker, I now come to the measures which really affect the small man who is a Hardworking family man. It is proposed as from the Year of Assessment 1972 to grant the following additional allowances:

- (i) salary or wage earners in receipt of incomes up to \$4,800 per annum will receive an allowance of up to \$150 per annum and those in receipt of incomes between \$4,801 and \$7,200 per annum an allowance of up to \$100 per annum for hospitalization expenses, consultation fees and dental fees in respect of themselves and their families against proper receipts, provided they do not enjoy benefits under any medical insurance scheme:
- (ii) salary and wage earners in receipt of incomes to \$4,800 per annum who have more than three children attending school, will receive a school allowance of \$100 annually for each child in excess of three between the ages of 6 and 18 years attending school in Guyana.
- (iii) All tax payers who rent dwelling houses will be given a tax credit of ½% of their annual rent with a minimum of \$2.00 and to a maximum of \$10.00 annually. To

become eligible for this credit, the tax-payer will be required to submit particulars of his tenancy in the prescribed form to the Commissioner of Inland Revenue.

Mr. Speaker, it is also proposed from year of Assessment 1972 to exempt from income tax the interest earned on savings remitted from abroad. This concession would encourage Guyanese abroad to save at home.

### ADVANCING GUYANA

Mr. Speaker, in these Budget proposals, I have sought to balance, as fairly as possible, on the one hand, the need of the small man, the hard-working breadwinner, for a measure of relief from the fiscal stringency which he patriotically endured in the interest of national development and, on the other hand, the need for greater mobilisation of resources to finance our Development Programme.

I believe, Sir, that the measure of relief I propose has been fully merited by those categories of citizens who will benefit; but I am acutely conscious – and would be the first to admit – that the relief is in no way spectacular. It is, however, a beginning. We must in the course of any journey begin with a single step. We have taken that step.

But, Mr. Speaker, every improvement, every gain, whether at an individual or a national level, must be earned. It does not come by magic or wishful thinking. It comes from the expansion of our economy; and the expansion of our economy can only be achieved by hard work, discipline and co-operation.

Every citizen, then, has a vested interest in promoting that expansion. Indeed, Mr. Speaker, every citizen has a part to play and is afforded an opportunity to play his part.

Government's broad policy objectives are clearly defined – economic independence for Guyana and social justice for every Guyanese citizen. Our stated goals of feeding, clothing and housing ourselves are but dimensions of the broader policy objectives.

Now that year of Consolidation is almost ended, I believe that all Guyanese now have a keener perception of Government's philosophy and a clearer perspective of Government's policies. It will be patent that that philosophy and those policies eschew unnecessary conflict and are rooted in concepts of integration and co-operation.

And so, Mr. Speaker, Government views the economy as a unity which can, and ought to, pursue integrated policies to achieve national objectives. That view finds expression, I believe, Mr. Speaker, in the policies and proposals outlined in the Budget.

As we march forward, let us do so with confidence and in unity. There is no time for fear, doubts and unprofitable recrimination. We have a nation to build. Our young people are impatient for a better life. We cannot afford to defer their dreams. Whatever our differences, let us find common ground in the need to advance Guyana.

No citizen can legitimately excuse himself from this national obligation.

Let each Guyanese therefore, Mr. Speaker, accept the challenge of his responsibility and dedicate himself, in a spirit of earnestness and co-operation, to the task of ADVANCING GUYANA.

**4.10 p.m.**

**Mr. Speaker:** the Motion is proposed.

**Mr. Hoyte:** Mr. Speaker, I now name Friday, 10<sup>th</sup> December, 1971, as the day for the resumption of debate on the Motion.

7.12.71

National Assembly

4.10 – 4.17 p.m.

**Mr. Speaker:** copies of the Estimates, the Motion, and the Budget Speech will now be circulated to hon. Members.

**ADJOURNMENT**

**Resolved,** “That this Assembly do now adjourn until Friday, 10<sup>th</sup> December, 1971, at 2 p.m.” [Mr. Ramsaroop]

*Adjourned accordingly at 4.17 p.m.*

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