

HUGH DESMOND HOYTE, S.C.
NATIONAL ASSEMBLY SPEECHES
VOLUME 3

20th February 1981 - 24th January 1990

Hugh Desmond Hoyte, S.C.
National Assembly Speeches Volume 3
Compiled by Maurice B. Henry for the National Assembly, Parliament of
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PREFACE

On the death of Mr. Linden Forbes Sampson Burnham, President, on 6th August, 1985, Mr. Hugh Desmond Hoyte, Prime Minister, acceded to the Office of President. Following the 9th December, 1985 General Elections he was declared President. As his Biographical Summary shows, he held several Ministerial Offices including Vice-President and Prime Minister prior to these dates.

Following the General Election held on 5th October, 1992 Dr. Cheddi Jagan was declared President on the 9th October. Mr. Hoyte became Minority Leader and he held this office until his death on 22nd December, 2002.

This collection of his Parliamentary Speeches over the years 1969 to 2001 is the first step taken in keeping with the Fourth Resolved Clause of Resolution No. 67 dated 7th August, 2008 of the National Assembly, which states –

“Be It Further Resolved:

That this National Assembly calls on the Government to designate a State Institution to be responsible for Historical Research and Documentation to chronicle and archive all of the works of each of the Presidents of Guyana for the benefit of future generations of Guyanese.”

These speeches are recorded in four volumes as follows:

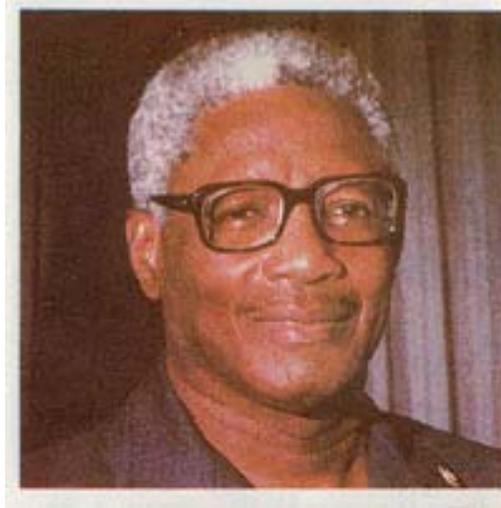
- (i) Volume I - National Assembly of the Second Parliament of Guyana, 1969 – 1970
National Assembly of the Second Parliament of the Republic of Guyana, 1970 – 1972
- (ii) Volume II - National Assembly of the Third Parliament of the Republic of Guyana, 1973 – 1980
- (iii) Volume III - National Assembly of the Fourth Parliament of the Cooperative Republic of Guyana, 1981 – 1985
National Assembly of the Fifth Parliament of the Cooperative Republic of Guyana, 1986 – 1992

- (iv) Volume IV - National Assembly of the Sixth Parliament of the Cooperative Republic of Guyana , 1992 – 1997
National Assembly of the Seventh Parliament of the Cooperative Republic of Guyana , 1998 – 2001
National Assembly of the Eight Parliament of the Cooperative Republic of Guyana , 2001 – 2006

Volume III of these speeches contains Mr. Hoyte's addresses to the National Assembly on the Ceremonial Opening of the First and Second Sessions of the Fifth Parliament of the Co-operative Republic of Guyana.

A number of Official Reports (*Hansard*) of the Proceedings of the National Assembly are missing for the years 1969 – 2002. Some of these contained speeches of the Late Hugh Desmond Hoyte, and it seems unlikely that these will ever be recovered.

Biographical Summary:



Hugh Desmond Hoyte was a former President of the Co-operative Republic of Guyana, former Leader of the main Opposition Party, the People's National Congress (PNC) and former Leader of the Opposition in the Parliament of Guyana.

Born in Georgetown, Guyana in March 9, 1929, Mr. Hoyte received B.A. and LL.B. degrees from the University of London. He was a British trained lawyer, a Barrister-at-Law of the Honourable Society of the Middle Temple and a Member of the Guyana Bar. He was appointed a Queen's Counsel in 1969, which designation was changed to Senior Counsel in 1970 when Guyana became a Republic.

Between 1969 and 1984, Mr. Hoyte held many Ministerial offices, including those of Home Affairs, Finance, Works and Communications and Economic Development and Co-operatives. In 1980 he was appointed a Vice President and in 1984 he became First Vice President and Prime Minister.

On the death of the first Executive President of the Republic Mr. Hoyte served as President of the Republic from August 1985 to October 1992. During his Presidency, he initiated far-reaching electoral and economic reforms which strengthened the bases of the democratic culture of Guyana, promoted market oriented policies, and stimulated economic growth.

As a Minister of Government, he had at various times responsibility for African, Caribbean and Pacific (ACP) affairs under the Lomé Convention

and was the ACP spokesman on sugar from 1981 to 1983. His portfolio also included Caribbean Community (CARICOM) Affairs. As a member of its Conference, the Heads of Government of CARICOM charged him with responsibility for promoting freedom of movement within the Community and for coordinating CARICOM's policy on the environment for the Earth Summit in Rio in 1992, and in general. He was also nominated CARICOM's spokesman on sugar.

Prior to his full-time service as a Government Minister, he held many other public offices. He was Chairman of the Legal Practitioners' Committee, a statutory body which deals with disciplinary matters relating to members of the legal profession; Chairman of the Timber Grants Wages Council; Chairman of the Customs Tariff Appeals Tribunal; and a member of the Elections Commission, among other offices. He was also deeply involved in the Trade Union Movement and was Legal Adviser to the Trades Union Congress and several member Unions.

In his ministerial capacity, Mr. Hoyte served as Guyana's Governor on the World Bank, the Inter-American Development Bank and the Caribbean Development Bank and headed many delegations to the Economic Commission for Latin America and the Caribbean; the Caribbean Committee for Development and Cooperation; the Commonwealth Finance Ministers Meetings; ACP/EEC Meetings; and other regional and international conferences on economic, financial and developmental issues. He was Guyana's chief representative at the deliberations which led to the establishment of the Latin American Economic System (SELA), and was a member of the Latin American Council from 1975 to 1983. He had maintained a strong interest in regional and hemispheric affairs and spoke and wrote widely on this subject.

Mr. Hoyte had a keen interest in ecological and environmental matters. In this area, he had worked closely with the London-based Commonwealth Human Ecology Council and had written and spoken on these issues, both locally and internationally. He was the architect of the Iwokrama International Rainforest Project in Guyana, which he initiated at the 1989 Commonwealth Heads of Government conference in Kuala Lumpur, Malaysia.

Mr. Hoyte was a Life Senator and a member of the Supreme Council of the Presidency of the International Parliament for Safety and Peace, which has observer status with the United Nations; a member of the Advisory Board of the Women's Federation for World Peace; and an honorary member of the Board of The Americas United Foundation. He was also a Patron of the Errol Barrow Memorial Trust Fund (a regional Trust established in honour of the late Barbadian Prime Minister) and a Patron of the Commonwealth Human Ecology Foundation based in London.

Mr. Hoyte, who was married to the late Mrs. Joyce Hoyte and had two children who predeceased him, died on 22nd December, 2002.

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VOLUME 3

20th February 1981 - 24th January 1990

**NATIONAL ASSEMBLY OF THE FOURTH
PARLIAMENT OF THE REPUBLIC OF GUYANA**

Motion on the Approval of Estimates of Expenditure for 1981 - Budget Speech:

20th February 1981

Mr. Hoyte: Cde. Speaker, in accordance with Article 171 (2) of the Constitution, 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 1981. I now move the Motion for the approval of the Estimates of Expenditure for the financial year 1981.

Introduction:

Cde. Speaker, there are periods in the history of a nation when the historian, from the vantage-ground of a later age, identifies as being watersheds in the development of that nation. These periods could be said in a general way to mark the end of one era and the beginning of a new. They witness the decline of outmoded institutions; the disintegration of alien value-systems; the triumph of more humane concepts of social organization and interrelationships; and the emergence of new norms that are more consistent with the prevailing national ethos. They are characterised by an upsurge of creative activity; a lively interplay of fresh and novel ideas; a spirit of bold experimentation and innovation; and a pervasive confidence that manifests itself in the enthusiastic and energetic way in which the masses involve themselves in the task of nation-building. But however long the professional historian might take to recognise the true meaning of these phenomena, the ordinary people with their natural instinct and perceptivity are always quick to sense and understand the deep significance of the changes that are taking place around them. And we Guyanese know with an absolute assurance that we are at an epochal stage in our history that is at once the culmination of long years of tenacious struggle and the starting point for new and more strenuous endeavours.

The Constitution we have fashioned for ourselves enlarges illimitably the bounds of opportunity for the people to manage and control their own affairs and, through self-reliant cooperative action, pursue and achieve their 'common purpose' and their 'common destiny'. Thus, it asserts the paramountcy of people and their welfare, and to this end establishes the ideological basis of the society. The basic human rights of our citizens are not defined as the dry legal abstractions beloved of jurisconsults brought up in the western European legal tradition; rather, they are conceived in concrete terms that reflect the people's social needs, command their easy understanding and make sense to them in the conditions of a poor developing country.

The Constitution gives a sense of direction to our people. It focuses their attention on the real substantive human rights such as employment,

decent housing, education, medical care and leisure; and it directs their attention to their right and duty to be involved in the task of national development and to strive for the highest possible levels of production and efficiency to ensure the realisation of these rights.

The system of local democracy provides the mechanism and the scope for the people to apply their experience, expertise, and initiative to the task of developing the rich resources in their communities and their regions. The recently concluded national elections and the elections to Regional Democratic Councils have ushered in the first phase of the new system of local democracy which is so integral to the economic structure and objectives of the State. These events have already demonstrated the dynamic nature of the People's New Constitution and its inherent possibilities for extending socialist democracy as defined in Article 13, releasing the creative energies of our people, liberating the productive forces in every region of our country and potentiating the development process. This new National Assembly, constituted as it is, provides clear, cogent and irrefragable evidence that the people of this country have at last begun the irreversible process of taking things into their own safe hands and shaping their collective destiny.

It is therefore with a profound sense of the historic significance of this occasion that I have the honour to present to this first Parliament elected under the People's New Constitution this 17th Budget of the People's National Congress Government.

The World Context:

As we manage our economy and plan for its development, not only in 1981 but for the rest of this decade and even beyond, we have to recognise the implications for us and take account of the international situation. In 1980 the world economic crisis deepened as was generally predicted. The price of oil escalated; inflation continued its rampage; and unemployment in the industrialised countries reached unprecedented high numbers. For example, in the USA at the end of the year, over 7,000,000 workers or 7.4 percent of the labour force were unemployed; in the United Kingdom over 2,000,000 workers or 8.8 percent of the labour force were out of work. Cheap money, like cheap oil, became a thing of the past, as prime interest rates in the money markers of the world reached and persisted at alarmingly high levels.

In the United States of America the prime interest rates peaked at 21.5 percent in December, 1980. World output diminished and the major countries – the industrialised countries of the 'West' and the socialist countries of the 'East' alike – recorded low or negative growth. Great industrial countries like the USA, Canada and the UK all registered negative growth rates. Real growth in G.D.P. in the world economy as a whole was estimated at just over 2 percent, while for the industrialised

countries of the 'West' it was just over 1 percent. Inevitably, world trade also suffered and showed little expansion. The economies of the non-oil producing developing countries deteriorated sharply. To make the picture even gloomier, the world food situation worsened for the second year in succession and grain stocks are expected to fall this year by some 20 percent and reach the lowest level since 1960. The spectre of famine once again menaces many a populous region of our planet. The North-South dialogue intended to advance the New International Economic Order has been fruitful of many words, but barren of concrete action.

The predictions for 1981 are pessimistic: oil prices will rise, inflation will continue to gallop; high interest rates will persist; unemployment in the industrialised countries of the world will get worse; economic output will stagnate; world trade will not improve and North-South dialogue is unlikely to get beyond the stage of 'dialogue'.

It is within the context and against the background of these world realities that we implemented our 1980 financial and economic programme.

Our 1980 Performance:

Given the present structure of our economy – which structure it is the prime objective of our investment programme and economic strategy to change radically – physical output and consequently financial out-turn are influenced heavily by a number of exogenous factors. These are well known: they include weather conditions and the terms of trade. The unfavourable impact of these and other well-known variables inevitably tend to depress production, reduce exports and constrict foreign exchange earnings. During 1980, all these factors exerted an influence as indeed was expected and anticipated; but one persistent problem which frequently checkmated our production efforts was the unreliability of electric power supply. Towards the end of the year, this situation improved considerably.

Within this frame of considerations, the performance of the various sectors may now be considered. The Bauxite Industry was plagued by a number of technical problems which affected both the volume and the quality of the alumina and calcined product streams. Rust and smut diseases continued to affect Sugar yields; and the Rice Industry seemed to have suffered more from management shortcomings and an inadequate supply and an unimaginative deployment of tractors and other machines.

I now give for each of the major industries the levels of production and export earnings, both projected and actual:

Industry	Target	Actual	Target	Actual
Sugar	335,000	269,000	\$310M	\$292M
Calcined Bauxite	800,000	601,000		
Dried and Metal				
Grade Bauxite	900,000	979,000	\$560M	\$484M
Alumina	300,000	211,000		
Rice	200,000	168,200	\$110M	\$87M

In terms of value of exports, the sectors earned \$863 million in 1980 as against \$634 million in 1979, or 36 percent higher than 1979 earnings. However, this was still 12 percent lower than the earnings projected. Overall, bauxite and sugar performances were disappointing. Rice managed to improve its output over 1979, but was still 16 percent short of its target. Obviously, the repercussions of the shortfalls in these major sectors were felt throughout the whole economy.

In the non-traditional sectors, there were reasonably good performances, with the following production figures: rum, 3.9 million proof gallon; textiles, 640,000 metres; garments, 392,000 dozen; stoves 5,000 units; refrigerators, 20,000 units; pork, 3.1 million lbs.; poultry meat, 28 million lbs.; eggs, 56 million; fish 39.5 million lbs.; and shrimp, 8 million lbs.

The Government gave strong support to activities in the non-traditional sectors in order to stimulate their expansion and growth. Government would continue to give encouragement so that they could have increasingly greater significance within the economy.

But while we pay attention to expanding the role of the non-traditional sectors, we have to ensure that we do everything possible to make the three major sectors as efficient as possible. The Bauxite Industry must ensure not only high levels of production, but a consistently high quality of the product. The Sugar Industry has to come to grips with and find solutions for the problem of low yields per acre. And the managers in the Rice Industry have to address their minds to the question of better yields per acre and more efficient deployment of machines.

The Industrial Relations Climate:

During the 1980, industrial relations were comparatively good. The number of man-days lost from strikes fell dramatically from 324,473 in 1979 to 67,620 in 1980; a drop of 79.0 percent.

Growth, Exports, Imports and Balance of Payments:

Our overall production efforts in 1980 enabled us to achieve real growth for the first time since 1976. Our GDP grew by about 2 percent in real

terms. Measured by ordinary standards and our own potential this growth is very modest. However, its true importance lies in the fact that after three years of stagnation or negative growth we have been able to reverse this pernicious trend and put our country once again on the growth path. It has a psychological value. We have earned this slender success under very difficult conditions. We must now build on what we have achieved. We must not now lightly dissipate our gains.

On the basis of our production, merchandise exports earned \$983 million as against the expected \$1,115 million and merchandise imports (projected originally at \$1,090 million) were restrained within the budgeted ceiling to \$1,084 million. It will be seen that exports fell 12 percent below the Budget projections, while imports were slightly below.

Net payments for services amounted to \$225 million which was \$45 million higher than was estimated.

In the circumstances, the deficit on the current account of our balance of payments has been provisionally estimated at \$311 million or 21.4 percent of GNP instead of the \$155 million or 10 percent of GNP as we had planned. This figure is very tentative and has to be treated with great caution, since the relevant records for part of the year were destroyed in a fire at the Customs Department and have not yet been reconstructed. This deficit was financed mainly by a net capital inflow of \$90 million, an increase in commercial arrears of \$6 million and running down of our reserves in the amount of \$215 million.

A current account deficit of this magnitude is unsustainable and the toughest possible measures would have to be taken to reduce it.

Public Sector Financial Performance:

The financing expectations for our 1980 programmes were as follows: public sector surplus, 181 million, net capital inflow, \$152 million, routine internal borrowing, \$6 million and residual financing from the banking system, \$155 million.

Obviously, there is an interconnection between the achievement of these financial levels and the realisation of our production expectations.

The public sector in the end achieved a surplus of a mere \$40 million, net capital receipts from external sources amounted to \$85 million, and internal borrowings yielded \$9 million. The end result of these shortfalls was an intolerable public sector pressure on the banking system. Banking system borrowing reached a level of \$353 million or \$197 million more than was projected.

When due weight has been given to the unanticipated or uncontrollable factors that contributed to reduced production, the dismal performance of the public sector is inexcusable. Notwithstanding clear guidelines and directives issued by the responsible authorities and agencies, some corporations failed to conform to the requirements of financial discipline

and business prudence. This was an important contributory factor in their poor financial performance. On this score, I wish to say that strict financial administration is an indispensable precondition for the success of our efforts at development. We are too poor to be saddled with the enormous financial and social costs of undiscipline and irresponsibility.

These structures are not intended to imply that all public corporations, all public sector managers or senior or other staff has been guilty of undesirable practices. Indeed, many of the managers are among the finest people in our country and have been outstanding examples of dedication, competence and leadership. The Government would like to pay tribute to them and congratulate them for their sterling contribution to the development of our country. But we really cannot afford to carry those who do not measure up to what is expected of them.

Central Government Revenues and Expenditure:

On the Central Government side, current revenues yielded \$454 million instead of the expected \$476 million. The shortfall was due principally to the failure of some corporations to pay their income taxes. Current expenditure (including debt charges) projected at \$668 million rose to \$723 million. The current deficit was therefore \$270 million, being \$78 million more than the Budget estimate.

Capital expenditure targeted at \$374 million amounted to \$338 million. Government maintained the momentum of the Capital Programme to avoid retrenchment of workers and speed up developmental activities.

Financial Out-turn: Analysis:

The financial out-turn disappointed mainly because both the production growth and external receipts fell below the expected levels. Because of the weak production performance, taxes and dividends from Public Sector corporations fell short of the expected G\$108 million and amounted to no more than G\$73 million. Surpluses of corporations after taxes, dividends and allowances for depreciation rose only marginally over their 1979 level and fell from the budgeted target of almost G\$200 million by \$100 million. Largely because income taxes on individuals more than maintained their 1979 level of G\$52 million instead of falling to G\$37.5 million as was envisaged when adjustments were made to personal income tax allowances, the current revenues other than dividends and taxes mobilised from corporations rose by some G\$13 million. Excise duties which had been projected to yield G\$53 million fell to G\$39 million. The budget estimates of consumption taxes, import duties and other miscellaneous taxes were G\$86 million, G\$37 million and G\$14 million respectively; while their yields amounted to G\$84 million, G\$37 million and G\$4 million.

The Extended Fund Facility:

During 1980, the Government renegotiated an Extended Fund Facility with the International Monetary Fund under which the country became eligible to draw resources amounting to G\$300 million over a three-year period. The Government drew two tranches amounting to G\$117 million in the course of the year. These resources helped considerably in stabilising the economy.

Physical Achievements in 1980:

The Capital Programme for 1980 had certain clearly defined objectives. Its broad sectoral emphases were in the area of agriculture (including fisheries), manufacturing and industry, and the social sectors of health, housing and education; but its specific objectives were to complete or speed up ongoing projects, recommence work which had been suspended the year before and rehabilitate and upgrade existing facilities. The Programme achieved a measure of success of which we can be proud. In 1980, over 100 community projects, spread throughout every region of the country, were completed. The Government gives a high priority to community projects for they provide facilities which have an immediate beneficial impact on the welfare and wellbeing of our rural, hinterland and other communities. They include community centres, schools, teachers' houses, agricultural bonds, stellingen, bridges and similar facilities upon which the communities for whose benefit they were provided have placed a great value.

In the socially sensitive area of pure water supply, 23 new wells were sunk and 9 pumping stations built in various parts of the country. In addition, by the end of the year, 30 miles of new pipelines were laid, either extending the supply of potable water or providing such water for the first time in 50 communities.

Fourteen new schools were built in different parts of the country; while the Ministry of Housing completed 417 houses in addition to a 13-apartment low-rental building in Ruimveldt.

The Onverwagt Irrigation Scheme, a project between the Government of Guyana and the Government of the D.P.R.K. involving some 500 hectares, was virtually completed. Hundreds of farmers are now enjoying vastly improved drainage and irrigation facilities and their production should show significant increases this year. In further efforts to assist our farmers and stimulate production, three electrical pumps were installed at Craig/Milne to improve the drainage of 1,250 hectares of agricultural lands.

All the major structures under Contract 1 of the Tapacuma Scheme were completed and farmers are already benefiting from the improved drainage and irrigation facilities and roads. Substantial progress was made on the MMA project: the seven-door sluice was completed and work

progressed rapidly on the conservancy dam. Here again, farmers are reaping the benefits of the work already done. On the Black Bush Polder project the consultants have been appointed and are on the job. Substantial progress was made on the MARDS, the East Bank Berbice Road, the Essequibo Sea Defence and the Pure Water Supply projects at Linden and Bartica and the Anna Regina Tourist Facility.

On the Upper Demerara Forestry Complex Project, the Mabura Hill Road was virtually completed and work progressed on the township and other aspects of the project.

Phase 1 of the Solvent Extraction Plant at Farm was completed and work continued on other aspects. Construction of the Bicycle Factory and the Tannery at New Amsterdam proceeded. The Sanata Textile Mill, a project between the Governments of Guyana and the People's Republic of China, was commissioned and went into production. Last year it produced 640,000 metres of textiles. The Glass Factory at Yarrowkabra was also completed. It will be commissioned as soon as the Guyana Electricity Corporation can confirm that it is in a position to supply the power requirements on a reliable basis.

Some activities by Public Corporations:

Among major activities by corporations were GuySuCo's investment in State Farms at Blairmont, Manarabisi, Kaituma and Wauna; Guyana Rice Board's construction of Rice Storage Bins at Somerset and Berks; Guyana's expansion of the Lurgi Calciner and the development of the Montgomery Mines; G.E.C.'s projects for the extension of the 69 KV Transmission line from Sophia to Canefield, Corentyne, and the rehabilitation of the Onverwagt substation, the New Amsterdam system and the turbines at Kingston; Diamond Liquor's modernization of its fermentation plant and improvement of its Bottling Plant and Winery; Guyana Pharmaceutical Corporation's investment in the Edible Oil Plant, soap and detergent plant; Guyana Lithographic's rehabilitation of its facilities; Guynec's expansion of its foundry capacity and rehabilitation of its facilities; Guyana Transport Services Limited's construction of a Bus Depot and workshop at Ruimveldt.

Local Private Sector Activities:

The scope for local private sector intervention and investment in the economy is ample and is guaranteed by our new Constitution. The private sector was quite active in 1980 and made fixed investments estimated at \$70 million. Some of this investment was in the area of forestry, the manufacturing of stoves and the manufacturing of plywood, among others. In particular, the Government noted with great satisfaction the many efforts which are being made by businessmen to produce spare parts and other components locally.

Institutional and Other Developments during 1980:

During 1980 there were encouraging developments and progress in those institutional arrangements which are necessary underpinnings of our policy or which are crucial to the strengthening of our economic and financial performance. Three of these are worthy of particular mention.

The first relates to the Incentive Schemes. The relationship between real improvements in workers' remuneration and increased efficiency does not need to be restated. It is now accepted on all sides without reservation. It was therefore extremely heartening to note that during 1980 nearly all public corporations had in place approved incentive schemes. Indeed, for the years 1979 and 1980 a sum totalling \$11.6 million has been paid out by Corporations as incentive rewards to workers. In the course of the Budget Speech last year, I announced that the Government had extended the incentive schemes to cover all public sector agencies including the Ministries, the teaching profession and the Disciplined Forces. I state with great regret that most of these agencies have not yet got down to the task of preparing their incentive schemes. The task poses no insuperable difficulties, for some Ministries did prepare and submit their schemes and had them approved. For example, the Ministry of Information not only submitted its scheme in 1980, but some employees of that Ministry were able to obtain incentive rewards based upon their achievement of the targets approved under the scheme. I mention, too, with commendation, the efforts of the Ministry of Works and Transport in submitting a well-thought-out-scheme. These however are reassuring developments and I would therefore urge those agencies which have not yet prepared their schemes to do so as urgently as possible for 1981 so that the workers would not lose the benefits of an important component of their wage package.

Secondly, I would like to refer to the pricing structure within public corporations. During the course of last year the Government, through the agency of the State Planning Secretariat, the Ministry of Trade and Consumer Protection and the Bank of Guyana, analysed the mark-up policies on a selected range of sensitive goods sold by public corporations. The volume of work was enormous. However, the Government was able on the basis of the interim report to issue certain guidelines on mark-up policy which affected some 4,000 items. As a result, there was a significant reduction in the prices of these items. The objective was to ensure that any movement in prices did not arise from arbitrary decisions, but was directly related to changes in the cost of acquisition. There is much more work to be done to enable the Government to arrive at a definitive pricing policy and this work is continuing. But the experience of 1980 has been encouraging.

The third development relates to the vexed question of spare parts. It has become clear that the spare parts problem, in the public sector at any rate, is not merely a result of foreign exchange shortages. It has much

wider implications and in one sense is a systems problem. Procurement methods, inventory control procedures, distribution mechanics – inefficiencies in all of these areas have contributed to the difficulties. In the circumstances, the Government secured the services of a consultancy firm –AESO SYSTEMS - to study this problem and to advise on appropriate systems and procedures. It is expected that the work done by AESO would help to remove or reduce this problem which has undoubtedly hampered production.

The 1981 Programme:

In designing our programme for 1981, we have to take into account the domestic and international economic realities and factor them into our plans. Thus, we must be conscious of certain facts such as the adverse terms of trade, long and uncertain lead times for the delivery of machinery and equipment and foreign exchange stringencies which inevitably reduce our ability to acquire both in terms of timeliness and quantity the spare parts and other inputs we require for production. And, of course, we have always to take into account the high and steadily increasing price of oil. In the light of these actualities we cannot have extravagant expectations, and we cannot expend or deploy our resources inefficiently. We have to exercise the tightest possible control over the planned utilisation of our resources, bearing in mind, however, that parsimony is not necessarily economy. All agencies within the public sector must therefore be cost-conscious and, wherever possible, harmonise their efforts to effect economies and ensure that they all go in the same direction within the general framework of Government's policy.

Some General Policy Guidelines:

The national objective of the creation of a socialist society is not at large. It is a directive of our new Constitution. A sensitivity to this objective and an awareness of its implications and requirements must permeate and inform the Programmes and policies of all our public sector agencies. These agencies have to operate under full public scrutiny; and they must involve the workers through their Trade Unions, their local democratic organs and other socioeconomic organs in the management process as required by the Constitution. Indeed, in the course of this year, in consultation with and with the involvement of the Trade Union Movement and other relevant interests, the Government will begin the experiment in cooperative management in certain selected enterprises in order to give meaning and substance to those constitutional provisions which confer a right and a duty on the people to assume more direct responsibility for managing and decision-making in our national life. We must approach this task with patience and goodwill and seek continuously to find and improve appropriate mechanism.

In conformity with the ideological objective and pursuant to the prescript of the Constitution, the principle of cooperativism must inform our planning, influence our organisational structures and pervade our interrelationships. The practice of cooperativism is inseparably bound up with our socialist ideology, our system of local democracy and our tactics and strategy for the development of our country. At all levels, we have to make a conscious and deliberate effort to encourage people to approach their tasks and their problems collectively; we have to win their interest and harness their enthusiasm and energies to productive purposes. Above all, we have to inform them about what we are doing or hope to do and draw upon their fund of knowledge and experience.

The system of local democracy, which began to be phased in with the election of the Regional Democratic Councils in December last, has among its main objectives the improvement of our efficiency in the management of our country and of the financial, human and material resources which have been mobilised for development. To this end, therefore, many functions which hitherto had been performed by the Central Government in the Regions would now devolve on the local democratic organs; and public officials within the various regions would be accountable to the local democratic organs of the elected representatives of the people whom the officials serve. The aim is to harmonise the activities of Central and Local Government and leave within the Regions a large measure of decision-making authority insofar as decisions relate to the efficient management and development of the regions; and, generally, by harnessing the wisdom, energies and initiative of the people to liberate the productive forces. The local democratic organs will have the task of identifying the resources in the Regions, organising these resources and mobilising the people for production.

It is important that all persons, particularly those in the public sector, understand these far-reaching changes that are taking place and cooperate with the efforts to bring about a smooth and orderly transition. It would be futile for anyone to think in terms of personal empires; such thinking is alien to the spirit and the letter of our new Constitution and is productive of stagnation and inefficiency rather than development and progress. We are now in the era of the people. We have to recognise their intelligence, ability and expertise; we have to trust them to manage their affairs; and we have to demonstrate in more than words our confidence in their ability and capability to do just that.

We in Guyana cannot postpone or defer the provision and upgrading of social services and amenities until, hopefully, we have accumulated great material wealth. Not only is such a thesis ideologically unacceptable to us, but it also is politically infeasible. We cannot develop the physical resources of our country unless we make strenuous efforts at the same time to develop the people, to upgrade the conditions under which they live and work, and to endow them with a sense of dignity, self-confidence and self-respect. They cannot respect themselves or other people if they

are doomed to exist in a squalid and depressing environment. The improvement of the physical environment throughout our country therefore becomes a matter of immediate and prime importance, not merely for aesthetic purposes, but because we consider it to be fundamental to the stimulation of production and to the advancement of our developmental objectives. In field, office, factory, in every community, where people live, work or foregather for productive or recreational purposes, we will have to pay strict attention to the quality of the environment.

It has been rightly remarked that in a modern state development can be summarised in one word: energy. Without an adequate supply of energy the developmental process cannot take place. If we are unable to afford the cost of energy then we will be unable to achieve the development goals we have set ourselves. In the course of this year, we have to do a number of things to ensure that we can have access to the energy we require for development. First, we have to continue to exercise the strictest control over the utilisation of our imported fuel; secondly, we must continue our search for and utilise alternative sources of energy; thirdly, we have to continue the process of rehabilitating the Guyana Electricity Corporation to enable it to function at optimal efficiency to ensure that there is no interruption of our production activities because of an absence of power; fourthly, we have to intensify our search onshore and offshore for oil; and fifthly, we have to pursue vigorously and methodically on all fronts our quest to make a reality of the hydro-power-cum-smelter project based on Upper Mazaruni. No public sector manager or official can discharge his responsibilities with effectiveness unless he understands and takes seriously the problem of energy.

The intensification of the process to strengthen our planning, management and supervisory mechanisms and our financial systems will be an integral part of our programme for 1981.

Some Specific Programmes in support of our 1981 Budget - Local Democratic Organs:

As a direct consequence of the emergence of local democratic institutions and the devolution of a wide range of responsibilities on them, Central Government Ministries and activities will be regionalised. This regionalisation will be reflected in the Estimates. The Estimates will therefore show the deployment of Governmental personnel within each Region, will identify the projects being undertaken in the Regions and will allocate the financial resources accordingly.

This presentation of the Estimates is not cosmetic. The Local Democratic Organs will be responsible for the achievement of the regional programmes and objectives. Consequently, they will control not only regional personnel but the money allocated for regional activities. Effective financial administration will be indispensable to the success of

the local democratic system. To this end, therefore, a number of measures will be taken. The Ministry of Finance will decentralise its activities by establishing sub-Treasuries in every Region in the course of this year. The Auditor-General will also decentralise his activities and establish a presence in each region. The Chief Executive Officer of the Regional Democratic Council will be made an Accounting Officer and will be responsible, in the same way as a Permanent Secretary, for the proper application of Central Government funds transferred to the Region. Thus, he will be responsible to the Accounts Committee of this National Assembly just as a Permanent Secretary is accountable. The Comrade Minister of Regional Development will in due course promulgate the necessary financial regulations and administrative and other directions to ensure that appropriate financial systems and procedures are put in place.

Financial Discipline and Accountability:

Financial discipline will be strictly enforced in the course of this year throughout the Public Sector. All public sector agencies whose Annual Reports and Accounts or other periodical Financial Reports are in arrears will be required to have them brought up-to-date in accordance with a clearly defined timescale. The Comrade Minister, Finance, in the Ministry of Economic Planning and Finance, has been assigned a special responsibility to ensure that this is done. Moreover, he will ensure that all public corporations pay their income taxes promptly as they fall due and also pay to the Central Government the dividends which ought to be paid. In addition, he will ensure that in every Ministry the proper financial systems are in place, the proper books of accounts are kept and written up in accordance with the Financial Regulations and other directions, and that all returns are made to the appropriate agency as and when they are required.

The Public Accounts:

The Government will ensure that the Public Accounts which had been for many years lamentably in arrears will be brought up-to-date in the course of the year. Much work was done in the course of last year and this year on this special assignment, and I would like to congratulate the officials concerned for their dedicated and commendable approach to the task.

The Government's financial statements and balance sheets which are required to be submitted to the Auditor-General in accordance with the Financial Administration and Audit Act, Chapter 73:01, will be brought up-to-date by June 1981. The statements and balance sheets for the outstanding years 1975 to 1977 have already been submitted to the Auditor-General by the Accountant-General. The statements and balance

sheets for the years 1978, 1979 and 1980, will be submitted to the Auditor-General by 30th June, 1981. Thereafter, these statements and balance sheets will be kept up-to-date by the strict discipline of their submission to the Auditor-General by 30th June in the year after the accounts have been closed.

As part of this discipline, the Inspection Unit in the Accountant-General's Department has been reactivated and strengthened and will ensure that the accounting and financial systems and procedures as well as internal controls in the Ministries, Departments and Regions are maintained and observed. Personnel from this Unit will make regular inspections and report on the work of all offices concerned. The Unit will also identify any weaknesses in the systems for accounting and financial controls and recommend the necessary corrective measures. In consultation with the Public Service Ministry, the Unit will also undertake some training of personnel working in this field. Moreover, financial transfers and other business transactions will take place between the Central Government and the Public Corporations.

Consequently, Public Corporations would also be required to maintain the same high standards of financial discipline and to submit promptly all financial data required by the Ministry of Economic Planning and Finance and other appropriate Government agencies. In other words, the systems for financial control and accountability in the public sector will apply equally to Public Corporations and to Central Government agencies.

CENTRAL GOVERNMENT MINISTRIES

Missions and Targets:

For the first time, all Central Government Ministries were required to document and submit to the State Planning Secretariat a work programme and targets for 1981 within the framework of a mission statement. Each Ministry's performance will be judged and assessed in relation to these programmes and targets. From now on Ministries will be required to adopt this methodology in organising their activities.

Women's Bureau:

This Government takes with the utmost seriousness the various mandates in the People's New Constitution. We are commanded not merely to remove discrimination against women and children from our statute books and administrative practices, but to provide all the necessary facilities and mechanisms to ensure that this equality is substantive and not merely declaratory. To give effect to these directions, the Government has created a Women's Bureau under the aegis of the Ministry of Public Welfare to monitor and expedite the work which has to be done to give substance and meaning to the constitutional provisions.

Cooperation with the TUC:

It has always been and always will be a cardinal principle of Government's policy to work in close cooperation with the Trade Union Congress (TUC) and the workers' organisations and leaders. Government has noted with satisfaction the expanded role and deeper involvement which the Constitution has assigned to Trades Unions in this new phase of our development. This role, as the Government understands it, is not discretionary but mandatory. To help the TUC to discharge its important responsibility for training and upgrading the skills of workers and trade union cadres, the Government will this year be making a total contribution of \$300,000 to the Critchlow Labour College, being a substantial increase over the contribution of \$190,000 made in 1980. The Government will continue to consult with and give due weight to the views of the TUC on matters of national importance or of interest to the workers.

Export Development Fund:

In order to assist manufacturers, the Government has this week set up an Export Development Fund (EDF) with World Bank financing, initially in the amount of US\$8 million. The EDF will be a revolving fund and will be administered by the Bank of Guyana. It will make available to manufacturers as foreign exchange for the purchase of their raw material imports and go a far way towards easing some of their production problems. The Government is also currently in discussion with the Caribbean Development Bank about a similar facility to be funded by the CDB under the Caribbean Industrial Finance Facility for Small Scale Enterprises Scheme. The Government continues to demonstrate by its actions its support for the manufacturing sector in the country.

The Maintenance of peaceful Conditions:

The development of our country at a pace and in the direction acceptable to our people requires an environment of peace and stability. Over the years it has been in office the Government has established and carefully cultivated the conditions conducive to internal tranquillity and will continue to do so as an absolute priority. The integrity of our country, the right of our citizens to go about their lawful occasions without fear, the maintenance of the conditions favourable to production and development –these are all matters to which the Government is firmly and unequivocally committed and on which it will never compromise. These are assurances to the nation.

THE 1981 BUDGET

Basic Assumption and Production Desiderata (Targets):

I now state the underlying assumptions and production desiderata which have informed the 1981 Budget. I use the term 'production desiderata' rather than 'targets' because in my conversations with workers and their Trade Union representatives I have noted a measure of understanding of the latter term as used in the Budget. Trade Unionists tend to confuse the targets set in the Budget with the targets they have negotiated, or hope to negotiate in the course of the year, as the reference point for ascertaining and quantifying certain benefits under their collective agreements. As used in the Budget, however, the term relates to production and other levels which we as a nation must achieve if we are going to ensure the financial and other out-turns projected in the Budget as being desirable and necessary for our economic wellbeing and progress. Needless to say, the production levels set out in the Budget are based upon our proven capability, our historical performance, existing plant capacity and infrastructure, and the known and anticipated constraints, among other things. The Budget attempts to set numbers that are realistic and attainable. But to the extent that we fall short of these desirable production levels at the end of the year, to that extent (and indeed usually to a greater extent) the Budget forecasts and the workers' expectations for improved wages and better conditions of life are reduced.

Sugar, Bauxite and Rice continue to be the critical sectors of our economy. For some years to come, until major ongoing investments are completed and begin to yield the expected returns, the nation's wellbeing will be bound up with the fortunes of these industries. This is a fact from which there is no escape. The projections and Programmes in the Budget are therefore based squarely on reasonable performances in these sectors and will require the following volumes of output:

Sugar	-310,000 tons
Bauxite:	
Calcined	-735,000 tons
Metal Grade	-919,000
Chemical Grade	-400,000
Alumina	-240,000
Other Grades	- 40,000
Rice	-217,000

Considering what we have done in the recent past, these volumes reflect a cautious assessment. When due weight is given to the known constraints, the tonnages are attainable. But we will have to address our

minds seriously to the technical and other problems which have thwarted our efforts in recent years to achieve relatively modest targets. In all three sectors there will be a vigorous and methodical effort to this end.

The Sugar Industry will pursue a number of Programmes and policies designed to stimulate better performance. There will be introduced and enforced an optimal ratooning policy to ensure better yields; stricter quality control to ensure the delivery of cane at the factories in a clean state; improved supervision throughout the Industry and more systematic inspection and maintenance programmes in the factories to reduce downtime to a minimum. The increased availability of spare parts will assist greatly in these Programmes. For the first time the industry will be introducing a crop or a reaping schedule to achieve the best balance between the reaping of the first and the second crop. But, of course, central to the success of these efforts will be, as always, a good industrial relations climate. In this connection, GuySuCo has introduced a scheme of monthly incentive awards for sugar workers from the first crop. This scheme, together with other measures aimed at improving the workers' welfare, should be conducive to securing reasonable industrial relations and a good harvest.

In the Bauxite Industry also, GUYMINE has adopted a set of strong and practical measures to help speed up its return to acceptable levels of production. It has contracted the services of the Green Construction Corporation to eliminate the lag between stripping and mining, and is collaborating with Maschinen Export/IBK Consulting Enterprise of the German Democratic Republic to acquire the techniques and institute the systems for effective forward planning and mine development. A contract with Kaiser is designed to help in overcoming the current problems being experienced with the quality of the alumina products and one with US Steel will increase the efficiency of the calcining operations in the Berbice Operations. In addition, the Industry will upgrade the efficiency of its ore-handling procedures through the expert assistance of the Austrian firm, Austro-plan; and at the same time it will be utilising the services of a well-known firm of auditors, Touche Ross, to revamp its accounting systems and practices with a view to improving its cost efficiency.

Simultaneously, the industry will be paying strict regard to the welfare of the bauxite workers. The special incentive scheme now in place produced high levels of productivity at Kwakwani and Everton last year and should have a similar effect throughout the Industry this year. Additionally, a fleet of new buses is being acquired to improve the quality of the transportation for workers. All of these measures, together with the increased availability of spare parts, should enable the industry to maintain the upward production surge which was observed in the last quarter of 1980 and restore the industry's reputation for reliability in meeting its contractual obligation both in quality and volume terms.

The Rice Industry will also be pursuing a vigorous Programme to improve efficiency. The Government has negotiated a Line of Credit with

the Brazilian Authorities for the importation of tractors, harvesters and spares. Under this Line of Credit, 150 tractors and 12 harvesters have been imported and deployed throughout the rice growing areas. In the course of this year the Government will ensure that there is a sufficient number of machines to enable the land to be prepared and the crop to be reaped. But, of course it is not merely or only a question of obtaining machines and equipment; it is equally one of people and management. The Government has already started the process of strengthening the management structure in the Industry and will take every appropriate action to this end.

On the basis of last year's performance in other sectors of production and certain supportive measures the Government will be taking this year, it is projected that in 1981 there will be good performances in the various fields. We estimate the production of rum to rise from 3.9 million proof gallons in 1980 to 5 million proof gallons this year; textiles from 640,000 metres to 1.5 million metres; refrigerators from 20,000 units to 30,000 units; gas stoves from 5,000 units to 40,000 units; garments from 392,000 dozen to 500,000 dozen; timber from 4.9 million cubic feet in 1980 to 5.2 million cubic feet. The production of shrimp is projected at 8.1 million pounds; fish at 40 million pounds; poultry at 27 million pounds; eggs at 58 million units; pork at 36 million pounds; while the production of plantains, ground provisions, green vegetables and fruits should continue to show the increase which they have been showing continuously over the past years.

The attainment of these production volumes would increase our GDP at factor cost from \$1,370 mn. to \$1,640 mn., representing a real growth of about 7.9 percent. I stress again, as I did in 1980, that this growth rate is superficially high. We are starting from a relatively low base and we are aiming at levels we have achieved and sometimes exceeded in the fairly recent past. Given careful planning and strong commitment, we can attain and surpass them once more.

Exports and Imports:

On the basis of the production figures considered to be desirable and known to be achievable and the measures being taken to stimulate productivity, merchandise export earnings should reach \$1,316 mn., being an increase of 34 percent over the relatively low 1980 earnings.

Sugar prices improved last year and, notwithstanding certain difficulties looming on the horizon with respect to sugar imports into the EEC, these prices should remain reasonably favourable. Sugar exports are therefore expected to yield \$402 mn. Reasonable weather being assumed, rice should contribute \$128 mn., as a result of increased production and increased exports. There is every indication that the Bauxite/Alumina production graph which climbed during the last quarter of 1980 would maintain this trend, and the industry should as a result of the good markets, earn \$636

mn. The real issue in the Bauxite Industry, as indeed in the other two major industries, is really one of production and exports. The markets are there and the prices are good.

Other exports are projected to earn \$150 mn., an increase of \$30 mn., or 25 percent over 1980. All relevant factors having been taken into account, merchandise imports will be budgeted at a value of \$1,325 million.

The 1981 Capital Programme:

In conformity with the Government's firm insistence on planning and a methodical approach to the development process, capital outlays will be made within the framework of the 1978-1983 Investment Programme which is included in the Annual Estimates of Revenues and expenditure laid in this House. An important component of the Programme will be the rehabilitation of our capital stock including plant and machinery, roads, drainage and irrigation systems and buildings. Major investments will go into upgrading our transportation services, housing, and the construction and upgrading of educational facilities. In the course of this year, several major projects or phases are scheduled for completion.

The Onverwagt Irrigation Scheme will be completed; as will be the Hospital at Aishalton, the Anna Regina Holiday Facility, the Pure Water Supply System at Bartica, the Mechanical Workshop at MARDS, the Bicycle Project and Leather Tannery in New Amsterdam. Phases II and III of the Vegetable Oil Mill will also be completed.

Work will continue apace on the water control projects at Tapakuma, MMA and Black Bush Polder, and also on the Upper Demerara Forestry Complex. Included in the work to be done in the latter project will be the installation of five generating plants. Construction on the East Bank Berbice Road, the new Customs Building, the new Teachers' Training College, schools and other buildings under the Second Education Project and the Health Care Delivery Project will gather momentum; and the Linden Pure Water Supply project will be virtually completed. The ongoing Programme of constructing or upgrading hinterland airstrips will be maintained. A new aspect of the Coldingen Mechanical Workshop Complex, namely, the Training Centre, is due for commencement this year as are several facilities such as marketing centres in rural areas under the Food Crop Project. The development of the Demerara Fish Port Complex will proceed to a new stage: the wharf and berthing facilities will be extended, a repair and maintenance workshop established, cold storage facilities provided and a generating plant installed.

The Plant Maintenance and Hire Department of the Ministry of Works and Transport will embark upon a Programme to rehabilitate some 200 land rovers, trucks and pieces of heavy equipment.

The ongoing programme of well drilling and extension of pure water supply systems will be intensified this year.

Public Corporations 1981 Programmes:

During this year, the capital expenditure of public corporations will amount to \$195 mn. Guysuco will invest \$25 mn. mainly to rehabilitate facilities in the sugar estates and to replace equipment and machinery. Guyana Rice Board will invest \$21 mn., the major elements of which will be the construction of rice storage and export facilities. Guyana Fisheries Ltd. will expend \$16 mn. to purchase new trawlers and refrigerated trucks to rehabilitate the New Amsterdam Fish Processing Plant and to expand processing capacity. GUYMINE will outlay \$60 mn. in a Rehabilitation and Replacement Programme.

Guyana Electricity Corporation's investment will amount to \$25 mn. for its Expansion and Rehabilitation Programme, and Guyana Pharmaceutical Corporation will spend \$4 mn. mainly in completing the Edible Oil Plant. Construction of the Corrugated Carton and Box Plant, part of the Seals and Packing Plant Complex, a subsidiary of Guyana Liquor Corporation, will absorb \$10 mn. Other investments will be made by Guynec in the expansion of foundry capacity and by Guyana Transport Services Limited in the construction of a workshop and depot for its buses.

The Housing Programme:

This year will witness the start of a massive housing drive. With the completion of the Belfield Housing Scheme last year, work will be intensified with the expansion of Melanie Damishana and Wisrock Housing Schemes and the completion of the Schemes at Clonbrook, Burma and Grove. Some 100 houses, part of the Upper Demerara Forestry Complex township, will also be completed. The Government, through the agency of the Ministry of Housing, will be leading the way in housing construction this year; but the Guyana Cooperative Mortgage Finance Bank, insurance companies, pension funds and credit unions will all be deploying their resources in support of this effort. Insurance companies have already indicated that they would mobilise at least \$30 mn. over the period 1981–1983. This is just the beginning of a renewed and sustained drive by the Government to ensure that every Guyanese has an opportunity for adequate and decent housing.

To encourage private citizens to rehabilitate and extend their residences, consideration will be given to the possibility of making the interest payments on mortgages obtained for such purposes tax-deductible.

Culture and Sports:

In the Government's view, culture and sports cannot be divorced or separated from national development. The Government will therefore be making substantial allocations for the development of these areas

of activity and will commence preliminary work on a project to build a National Stadium so that our citizens can be properly and comfortably accommodated for sporting and cultural events and on national occasions. Work will also proceed on the further development of the Cooperative Youth Palace which, when completed, will enable our children to be endowed in a pleasurable way with technical and cultural skills along with the habit of self-reliance and service to people.

The 1981 Financial Programme:

The total public expenditure of the public sector is projected to increase from the level of G\$1128 million in 1980 to about G\$1330 million in 1981.

It is expected that current expenditure of the Central Government would total G\$733 million, net of any provision for adjustments to wages and salaries in the traditional public sector. This could well increase to slightly more than G\$745 million. The exact level at which these extra payments will settle will depend on the extent of the increases in productivity on which incentives are paid.

Capital expenditures of the Central Government are targeted at present at G\$429 million; but G\$26 million of this amount represents transfers to corporations in the public sector, particularly within the Guystac Group, for financing the Capital Programmes which the corporations will be undertaking. The Investment Programme of these corporations amounts at present estimates to G\$195 million. Taken together, these expenditures require financing in the amount of G\$1331 million, net of any provision for adjusting wages; and it will require financing of slightly more than G\$1340 million if productivity increases justify a higher wage bill.

Financing the Programme:

The financing of this Programme rests considerably on increases in surpluses of the public sector corporations which after allowing for taxes, dividends and depreciation provisions should rise from G\$100 million in 1980 to G\$135 million. The dividend and tax payments of the corporations are projected to rise from G\$73 million to G\$128 million. In addition, it is projected that gross borrowing by the Central Government will almost double the 1980 level, rising from an estimate of G\$197 million in 1980 to one of G\$382 million in 1981.

To support these measures and to maintain the buoyancy of the total tax system in the light of proposals to reduce marginal rates on the direct taxes of personal incomes, a set of tax measures is proposed. These will be applied only to the following items: cigarettes, alcoholic beverages and aerated beverages.

The first proposal relates to the rationalisation of specific and *ad valorem* at present applied to alcoholic beverages. The specific consumption taxes

on rum which is at present G\$10.18 per proof gallon and which include an *ad valorem* rate of 8 percent will be consolidated into a specific consumption tax rate of G\$16.10 per proof gallon. The method and amount of consolidation will be the same in respect of specific and *ad valorem* taxes applied to gin and vodka. The amounts in respect of whisky and brandy represent respective increases in specific proof gallon consumption tax from G\$19.77 to G\$27.00 and G\$28.00 per proof gallon. The *ad valorem* consumption tax rate of 8 percent on these items will be removed. In respect of beer, the excise duty rate will be increased from G\$7.16 to G\$8.40 per liquid gallon, and in the instance of cigarettes, the consumption taxes will be raised from G\$12.89 per lb. to G\$16.00 per lb. A similar, small increase will be applied to the consumption tax on aerated beverages. This will be increased from 2c. to 4c. The price effects of these proposals will not be substantial. The price of a 24 oz. bottle of rum should not increase by more than 50c. per bottle; that of a 24 or 26 oz. bottle of gin, vodka, whisky and brandy should not increase by more than 65c. The price of a bottle of beer should be increased by no more than 10c. retail, and the price of a pack of 20 cigarettes should go up by about 15c. per pack, that is, less than 1c. per cigarette.

These measures will together raise about G\$14 million in taxes in addition to revenue projected on the present excise and consumption tax rates. These taxes will be applied to sales as from today.

THE WORKER, HIS PRODUCTIVITY AND HIS REWARDS

Principles and Proposals:

In considering the question of workers' wages and rewards, I wish to reiterate two basic principles upon which the Government and the Trades Union Movement are agreed: first, that increases in workers' real wages can come only from increases in production; second, that in designing any wages package there has to be a linkage between an increase in wages and an increase in productivity; otherwise, any wages increases given would be merely illusory.

The Government has consistently made it clear both in this House and elsewhere that it is not prepared to treat the vital issue of workers' remuneration as a game or to resort to financial *legerdemain* in dealing with so serious a matter. On this and indeed on all matters affecting their welfare, it is the Government's invariable policy to deal openly and frankly with the workers and their unions; for the Government is satisfied that the workers have a shrewd understanding and grasp of the economic facts of life. As I indicated in last year's Budget Speech, the Government has a genuine interest in improving the workers' take-home pay, that is, their after-tax earnings. It was for this reason that, as part of the 1980 wages package, the Government made substantial income tax adjustments and

increased personal tax allowances by 25 percent. These adjustments, together with the across-the-board increases, enabled the workers to enjoy enhanced pay packets.

As I also explained on that occasion, the Government recognised and sympathised with the problems which members of the traditional Public Service were experiencing with the levels of their remuneration, a problem which was compounded by the differentials between their rewards and those in the rest of the Public Sector.

Because it was actuated by a sense of urgency, the Government had appointed the nucleus of a Committee even before the public announcement in the Budget to commence work on analysing this problem. The Committee, which was chaired by Comrade Malcolm Johnson, Chief Executive Officer of the Central Recruitment and Manpower Agency, was fully constituted immediately after the Budget presentation and comprised members of the Public Service and nominees of the Unions representing the employees. Under its terms of reference it was to make recommendations to the Government relating to the salary structure of the Public Service.

I have been advised that this Committee has been grappling manfully with what has apparently turned out to be a very complex and complicated question and is not yet in a position to present its Report to the Government. The Government had intended to use this Report as a basis for discussions aimed at finalising an agreement with the TUC. However, the Government is not prepared to allow the absence of the Report and the consequential lack of a basis for definitive negotiations to prevent it from proposing a substantial measure of relief to our hard-pressed public officers in view of the exigency of their claims. These, of course, will be interim arrangements and will not prejudice any adjustments in differentials to be negotiated on the basis of recommendations arising from the Johnson Report. In keeping with Government's policy, these present proposals will be implemented in consultation with the TUC.

I now propose the following principles for the guidance of discussions on the implementation of these interim arrangements:

First, there should be income tax relief so as to defend and protect the workers' take-home pay by ensuring nominal increases earned by increased effort are not unduly eroded by taxation.

Secondly, incentive awards should be an integral part of the configuration of the wages structure.

Thirdly, there should be a greater premium by way of wider differentials for certain critical skills.

Fourthly, all benefits accruing from any agreement under these interim arrangements should take effect from 1st January, 1981.

The Government has held preliminary discussions with the TUC and expects that immediately after the presentation of this Budget all parties will meet with a sense of urgency and in a spirit of goodwill and realism to arrive at agreements and work out details within the compass of these

proposals. Government sees no good reason why general agreement could not be reached by end of March, 1981.

There are some categories of public officials, the peculiar circumstances of whose case the Government fully appreciates and whose just claims the Government proposes to deal with on a special basis and with immediacy. These include our judges and permanent secretaries and some comparable officials.

I have already explained Government's concern for the quantum of after-tax income of the workers. While all citizens must bear their just share of taxes for the development of our country, the Government is anxious that taxation should not have the undesirable effect of being a disincentive. Two years ago, I announced to this House that the question of the impact of personal income tax on wages and salaries was being carefully examined.

As a result of an initial report on this matter, the Government made substantial adjustments to personal tax allowances last year. Within the ambit of the principles I have outlined for reaching a consensus on interim arrangements to enhance workers' take-home pay, I am now happy to announce more extensive proposals for income tax relief based upon adjustments to the income tax bands. The existing tax bands will be widened in such a way that every tax payer will benefit and the marginal rates will not erode taxable incomes as sharply as they do under the existing tax regime. Tax payers will gain substantial benefits from these proposals in terms of taxes saved. Such savings will range from 33 1/3 percent for lower chargeable tax bands to 15 percent in higher.

The actual details of the new bands will be published in the press.

The National Insurance Scheme is one of the proudest monuments of the People's National Congress Government and constitutes the most powerful evidence of its commitment to the interests of the workers during their active working life and in retirement. The Government continues to ensure that benefits accruing to workers under the Scheme are progressively extended. In the circumstances, therefore, I wish to announce the following new important benefits that workers will now be enjoying:

- (1) All Old Age and Invalidity Pensions will be increased by 30 percent as from 1st January, 1980. The Scheme has already paid out \$1.5 million in arrears of pensions under this decision;
- (2) the minimum rate of Old Age and Invalidity Pensions will be increased from 30 percent to 40 percent of the relevant wage.
- (3) the relevant wage for the purposes of Old Age and Invalidity Pensions will be redefined to enable the insured worker to so utilise his contributions in the various wage-groups that he can get the highest possible pension payable on his contributions;

- (4) the conditions for eligibility for Invalidity Pensions will be made easier;
- (5) the qualifying age of 55 years for Invalidity Pension Benefit will be removed. A worker who has been invalidated will now qualify at any age once the other conditions are satisfied;
- (6) medicare benefits will now extend beyond industrial accidents and will accommodate normal illness.

Old Age Pensions:

Cde Speaker, last year Old Age Pensions were increased by 100 percent. Our new Constitution directs that our aged citizens should be entitled to live in reasonable comfort and dignity. The Government is ever anxious, Cde Speaker, to give effect to the mandate of the Constitution and, consequently, as from 1st January, 1981, will increase further the pensions payable to our senior citizens by 50 percent. It will be noted, therefore, that between 1st January, 1980, and 1st January, 1981, the Government will have increased Old Age Pensions by 200 percent. This People's National Congress Government does not pay lip service to the clear mandate of the People's New Constitution. It acts with promptitude and decisiveness.

Price Policy:

The Government intends, in support of its wages policy, to maintain and pursue the further development of its Price Policy. This Price Policy will continue to aim at defending the wages of the workers by ensuring that the mark-up on essential commodities bears a reasonable relationship to acquisition and selling costs. This policy, however, is not intended to be a disincentive to production or result in unsustainable or undesirable subsidies. The Government remains firmly committed to the policy objective of ensuring that basic commodities vital to the workers everyday existence are available at the most reasonable prices in all the circumstances. The régime of price controls over these sensitive items would remain and price movements would have to be justified on the ground of increased costs.

Conclusion:

Comrade Speaker, the harsh economic climate of today's world, few oil-importing developing countries can claim to have survived with dignity. Few countries, developed or developing, can claim to have done better in 1980 than in the year before. Few countries can claim to have

produced enough food to feed their population. Few countries can claim to have avoided massive retrenchment of workers in the pursuit of policies to salvage their economies,

Comrade Speaker, Guyanese have done all of these things. We are entitled, I concede, to feel a restrained satisfaction in the results of our efforts; but we know and we accept that we can do better. And I am sure that in 1981 and in the years ahead we will do better!

For, Comrade Speaker, we have the resources, and we have the energy, the capacity and the will to develop them. In the past, our political institutions circumscribed the opportunities for the direct intervention of the masses of people in an organised and authoritative way in the development task. The People's New Constitution has dismantled these old, cramping arrangements and has opened up new horizons for the creative use of freedom; and the system of local democracy, which the Constitution has established as the foundation of the political organisation of our State, has set the stage for the dynamic interaction of the people and their resources.

The conditions, in these circumstances, are favourable for the people to liberate the productive forces and assert their mastery over the development process in their various communities and regions.

And, Comrade Speaker, judging from the enthusiasm with which they have already committed themselves to the task through the embryonic local democratic system, I have no doubt that they understand and fully accept the truth of the Comrade President's statement that our destiny lies in our own hands. We Guyanese have chosen our own path to development and have defined our own goal, and that goal, Comrade Speaker is nothing less than the creation of a commonwealth of prosperity based, as our Constitution envisages, on the unshakeable foundations of social justice.

And as we advance steadily towards that goal with a clearer vision, a firmer step and greater confidence, the Party will continue to give strong, decisive and effective leadership in the service of the people of Guyana.

Statement on the Review of the 1981 Budget: 1st June, 1981

Mr. Hoyte: Cde. Speaker, it is a characteristic of Budgets that the projections they contain are based upon a number of assumptions and expectations relating to production volumes, export commodity prices, terms of trade, revenue yields and similar technical considerations. Judgements have to be made even about such problematic factors as weather conditions and the industrial climate. Obviously, the budgetary projections cannot be sustained if factors intervene to invalidate any critical assumptions or defeat any major expectation. Our 1981 Budget was framed against the background of the several assumptions and expectations which were detailed in the Budget Speech. But we also assumed – and we were entitled to assume – that in accordance with the norms regulating the relationship between neighbouring states and the principles of international law, we would have been able to proceed with the task of developing our country free from the menace of economic terrorism and the threat of an assault on our territorial integrity.

Of a certainty, we did not expect our large, oil-rich neighbour, Venezuela, to reactivate and prosecute with such virulence her bizarre, irrational and unjust claim to five-eighths of our country. We reject that claim absolutely and in its entirety. The Arbitral Award of 1899 which settled the boundaries between Guyana and Venezuela was, is and forever shall be a “*full, perfect and final settlement*”. But however ridiculous and immoral the claim may be, its revival at this time and in the form it has taken has imposed on our small country a grave and serious financial and economic burden. The present Government of Venezuela, spurning the ideals and insulting the memory of the Great Liberator and champion of self-determination, Simon Bolívar, has not only failed to disassociate itself from the advocates of a military adventure into our country, but has itself mounted a frenzied campaign to stop the flow of development finance into our country from institutional and other sources. In the face of this naked aggression against us, we have no option but to deploy substantial financial and other resources for the purpose of mobilising our people and taking all other appropriate initiatives and action for the protection of our country. The outlays we have to make represent unanticipated, unplanned but vitally necessary expenditures for the preservation of our territorial integrity. In these times and in these circumstances, the defence of our country is an absolute priority. Everything else has to give way to it.

The 1981 Budget presented to this Honourable House on 20th February had a financing gap. This was conscious and deliberate. In the first place we knew that we were eligible for drawings under the Caricom Facility established by our sister State of Trinidad and Tobago and, secondly, we

were confident that the various investments we were making in the major productive sectors together with our ongoing Programme to motivate and mobilise our workers for a higher quality of performance would have yielded a sufficiently large increment in national output to enable us to close that gap. We have been able to draw on the Caricom Oil Facility in respect of 1980 transactions; but the indefensible pressures from Venezuela have forced us to divert much of our energies and resources away from development and direct production into the effort of mobilising for defence. As a direct consequence, the budgetary projections have been distorted.

In the light of these developments, logic and prudence have compelled the Government to undertake a review of the Budget for the purpose of reordering our priorities and reallocating our resources. This has to be done if we are going to keep the economy on an even keel and put ourselves in a position to ensure that the development process in our country is not brought to a halt. We must take strong, decisive action now. Delay would be fatal. We must close the financing gap in our Budget by a vigorous internal effort in accordance with our accepted strategy of self-reliance. We cannot look initially to others, unless we want to jeopardise the very independence we are making such great sacrifices to defend. For there are those who are always waiting in the wings for a chance to intervene in our country, dictate to us what should be our development strategy and re-establish the neo-colonial nexus and the old relationships. It is hardly necessary for me to say that such people are as dangerous to our freedom as the present Government of Venezuela.

To meet the developmental and security requirements and demands of this dangerous period of our history, the Government has designed a comprehensive set of measures with the clear and specific objective of enabling us –

- (1) To maintain and finance a viable Investment Programme for 1981 and 1982;
- (2) To continue work on our major development projects;
- (3) To preserve the jobs of our working people and avoid the need for widespread retrenchment;
- (4) To protect those important gains we have made over the years in the social sector, such as free education from nursery to University and free medical services;
- (5) To have the necessary flexibility to meet the security requirements for the preservation of our territorial integrity.

The achievement of this fivefold objective will depend crucially upon our having the political will and the ability to take vigorous and urgent action –

- (1) To reduce the relatively high public sector expenditure, including the elimination of unintended or socially unjustifiable subsidies which, in the final analysis, only lead to inefficiencies;
- (2) To increase revenue by a fiscal effort and by more efficient collection; and
- (3) To raise overall levels of production.

It is only by doing these things that we can attain the internal fiscal balance at which we are aiming and which is vitally necessary if we are to ensure that our economy does not disintegrate under the Venezuelan pressure and that we can continue to finance our Development Programme. The Government therefore proposes to act along these lines.

Reduction of Public Sector Expenditure:

It is proposed to reduce overall expenditure in the public sector by \$64 mn. The public sector Capital Programme will be reduced by \$60 mn. from \$598 mn. to \$538 mn. Of this amount, \$17 mn. will come from the Central Government Capital Programme and \$43 mn. from that of the Corporations. Central Government current expenditure will be curtailed by a minimum of \$4 mn. Attachments I and II to this Statement provide details of the projects to be affected on the capital side and the Ministries or group of Ministries whose current expenditure will be reduced.

I wish to say a word about these expenditure cutbacks. First of all, they may appear to be very steep; but it should be noted that the public sector expenditure for 1981 was originally projected at \$295 mn in the 1978-81 Capital Programme settled in the 1978 Estimates. Thus, the level of \$598 mn. projected in the 1981 Budget represented a determined effort by the Government to accelerate the pace of development by an increased expenditure of over \$300 mn. Part of this increase resulted from price escalations but much of it reflects an expanded Capital Programme. However, the reduced figure is still higher than the original projection by \$243 mn. Secondly, the cutbacks have been made in such a way that they will not affect any ongoing Central Government Programme and therefore will not in themselves lead to any retrenchment. No reduction has been made in the allocation for the major development projects such as Tapacuma, MMA, Black Bush, Upper Demerara Forestry Project, the Second Education project and other major projects included in the 1981 Capital Programme. The revisions have been made by and large in respect

of projects which have not yet started, or where because of slippages in the project, the amount allocated is unlikely to be fully utilised. In these cases expenditure will be rephrased appropriately. With respect to the public corporations, Capital Programmes in the Bauxite, Sugar and Rice Industries have not been affected and no ongoing project has been curtailed. Generally in the corporations, reductions have been made where projects have experienced slippages, where expenditure can be delayed or rephrased without adverse consequences or where project financing can be shifted to external sources.

Subsidies:

In keeping with Government's policy to remove subsidies where they are no longer justifiable on social or economic grounds, the subsidy on flour will be eliminated, and those in the rice industry phased out. The original basis for subsidies in the production of rice has disappeared and their continuation is a fruitful source of inefficiency in the Guyana Rice Board and irregularities.

With respect to flour, I already gave notice of Government's intention on this matter in the course of the Budget Speech of 1980 when I said that as follows: *"Government will...discriminate unapologetically in favour of Guyanese farmers and local foods and will cease to hold the price of wheaten flour at its present unrealistic level."* The subsidy on flour, essentially an imported commodity, cannot be justified in an agricultural country like Guyana where our farmers are responding with such enthusiasm and success to the call for increased production. The commodity will therefore cease to enjoy exemption from consumption tax and will be allowed to attract a more realistic selling price.

The Guyana Rice Board's subsidies to rice farmers on fertilisers, chemicals, machinery services and bags and twine rose from \$5.3 mn. in 1978 to an estimate of \$7.5 mn. in 1980 and to the projection of \$14.2 mn. for 1982. These subsidies have led to deep-rooted inefficiencies in the operation of the GRB, and it is certain that a substantial part of the fertilizers and chemicals do not benefit the rice industry at all. It finds its way into other markets both inside and outside the country. It is proposed, therefore, that the subsidy be reduced this year by 50 percent and eliminated altogether in 1982. The rice farmer will be compensated by an increase of \$1.50 per bag which represents the full value of the subsidy which he hitherto enjoyed. In consequence, the price would be adjusted appropriately.

As a result of the elimination or reduction of these subsidies, public sector expenditure will be reduced by \$7 mn. in 1981 and over \$17 mn. in a full year.

Fiscal Measures:

To strengthen the economy to cope with unpredictable exigencies, the mere abridgement of public sector expenditure will not be sufficient. There has to be a substantial increase in public sector savings and, to this end, fiscal measures are therefore proposed. These will take the form of adjustments in (a) consumption taxes on certain selected imports, (b) Highway Tolls and Transport and Harbours Department Fares and (c) Motor Vehicles and Miscellaneous Licences, fees etc.

Consumption Taxes:

Consumption taxes will be adjusted upwards on certain selected imports under the following broad heads:

- (1) Food Imports
- (2) Paper Imports
- (3) Fabrics
- (4) Certain items of electrical equipment
- (5) Metal Sheets and Metal Chairs
- (6) Gasolene and Cooking Gas
- (7) Certain miscellaneous items.

Attachment III to this Statement sets out the details of the import items affected and the rate of tax. Certain food items such flour, garlic and coffee; refined soya bean oil, hydrogenated animal and vegetable oil which never attracted a consumption tax before will now attract such tax. Cooking gas which attracted neither import duty nor consumption tax will now attract the latter impost. Consumption tax on gasoline will be levied at the rate of \$1.80 per gallon (or 39.6 cents per litre) for premium and \$1.65 per gallon (or 36.3 cents per litre) for regular grade. Kerosene will for the first time be subject to consumption tax at the rate of 7 cents per gallon.

The consumption taxes are estimated to yield \$24 mn in a full year and \$12 mn in 1981.

Price adjustment to apply to imports after shipments:

Inevitably, the measures proposed on subsidies and consumption taxes will affect the selling prices of the items to which they apply. These will have to be adjusted appropriately. However, I wish to make it clear that only commodities imported after the date the relevant Orders come into force will be affected by these measures.

Fares and Tolls:

The Transport and Harbours Department will be increasing its fares on an average of 20 percent in order to reduce the yawning deficit of \$7 mn. per annum in its operations. The adjustments should yield \$1.2 mn. in a full year and \$0.6 mn. in 1981.

Additionally, tolls on the highways will increase on average by 20 percent and are expected to yield \$1.2 mn. in a year and 0.6 mn. for 1981.

Miscellaneous Licences, Fees etc.:

Miscellaneous licences and fees will be increased. These include Motor Vehicle, Trade, Cinematograph and other licences; Travel Voucher Tax, Exit Tax and passport fees; Life and Fire Insurance Companies licences; Banking licences; Hotel and Liquor Restaurant licences; and Firearm licences. Some of the miscellaneous licence fees have not been increased for some 60 years; others 30 years; and yet others for 15 years. In many cases, the fee is so small that it does not ever cover the cost of its collection.

Attachment IV to this Statement sets out particulars of the miscellaneous licences and fees to be affected. These increases proposed are expected to yield \$6 mn. in a full year and \$1.5 mn. in 1981.

More Efficient Revenue Collection:

The fiscal measures will be supported by an intensive, systematic drive to collect revenues due, owing and payable to the Government. Many persons owe large arrears of income tax; these taxes will be collected. Many persons owe large amounts of customs duty and consumption taxes; these also will be collected. In addition, ongoing Programmes to combat irregularities and evasion in the areas of income tax, import duty, and consumption tax will be relentlessly pursued. From current trends, it is estimated that this Programme alone will garner revenues amounting to \$30 mn. in 1981.

The total yield from the measures (including more efficient tax collection) is estimated at \$172.3 mn. in a full year and \$123.8 mn. in 1981. (See Attachment V).

Premium Bond Issue:

During the course of this month, the Central Bank will be making a special Defence Debenture issued in the usual denominations and with the usual characteristics as to interest rates, maturity and so on. These Bonds will be attractive to institutional investors, but the average citizen also will find them an excellent means of savings. However, later this year,

the Central Bank will be initiating a Defence Premium Bond Scheme as another means of mobilising and encouraging savings. These bonds will have the characteristics of a lottery in that, from time to time, prizes will be drawn and persons holding the lucky Bond will obtain a large cash prize. However, the essential difference between the Premium Bond and the lottery is that in the former, if the purchaser does not win a prize, the investment is not lost. The Bond can be encashed at any time for its face value. Premium Bond Schemes have long been in existence in many developed and developing countries and have proved to be a popular means of mobilising savings. Notices and advertisements will appear in the press later on when the Bank has finalised arrangements for the issue and management of these Bonds.

It is expected that these Bonds will yield about \$8 mn, in a year and \$3 mn, in 1981.

WAGE ADJUSTMENT IN THE PUBLIC SECTOR

(1) Emoluments of persons on Fixed Salaries in the traditional Public Service

In the Budget Speech earlier this year I gave an undertaking that the emoluments of our Judicial Officers and our Permanent Secretaries and similar managerial-type personnel within the Public Service would be revised as a matter of justice and urgency. These Officers enjoy fixed salaries which have not been upgraded since 1973. The Public Service Union had urged, and the Government had accepted, that these Officers had in consequence been placed in a very disadvantageous position and had been suffering undue hardships. In many instances, too, the salaries and conditions attaching to high Judicial and State Officers have over the years become woefully inadequate and certainly do not reflect the importance of these Officers and the onerous responsibilities attaching to them.

The Government has had this anomalous and undesirable situation under review for some time and I am happy to be able to report to the House that the Government now has clear proposals for correcting it. I wish on behalf of the Government to pay tribute to the senior officials who over the years did not allow the inadequacy of their emoluments to affect the quality of their work, their dedication on their integrity as Public Officers.

In accordance with the commitment given by the Government that, pending the submission of the Johnson Committee Report, interim action would be taken to improve the salaries of all Officers on fixed scales. I wish to indicate that Government has proposed to the Public Service Union that, in general, all such fixed salaries be increased by between 32 percent and 39 percent over the salary enjoyed at 31st December, 1980.

As I have noted, these salaries have not been upgraded since 1973. When the facts are considered dispassionately, it would be conceded that these increases are not extraordinary or unfair when compared with the increases which will later on be proposed for junior grades. Indeed, between 1964 and 1980 the basic wage of workers has increased by 300 percent; and between 1973 and 1980 by 110 percent. Again, the salaries of junior categories on the fixed establishment have increased by 200 percent between 1964 and 1980; and by 56.3 percent between 1973 and 1980. In comparison, the salaries of Senior Officials (i.e. those on fixed scales) increased by only 56.3 percent between 1964 and 1980, and by a mere 5 percent between 1973 and 1980.

Moreover, whereas the ratio of the salary of most Junior Officers to that of a Permanent Secretary was 1: 8.75 in 1964, by 1980 the ratio had been compressed to 1: 4.56. In all the circumstances, and in the light of experience, the Government conceded the point that the ratio has become unrealistic and needed to be reconsidered.

The depressed salaries of Permanent Secretaries and other Senior Officers have had an adverse effect on the quality of the Public Service. It has become difficult to keep within its ranks Officers of high calibre and competence. It is even more difficult to attract bright young people who are prepared to make their career in it. They opt sooner or later for the superior emoluments in the Public Corporations or the private sector. The high rate of mobility has left many Ministry establishments in a state of flux and, with the high vacancy rate which exists in the senior and middle ranks, junior inexperienced and untrained Officials are to be found acting in senior, responsible posts. All these things have affected efficiency. The Permanent Secretaries and the other Senior Officers are managers. If we are to retain Officers of ability and experience in the Public Service, we have to ensure that their emoluments bear some reasonable relationship to those enjoyed by their peers in the Corporations and the private sector.

I have referred to the anomalous and undesirable situation affecting certain key posts, some of them of high constitutional importance. These posts have been reappraised and special principles have been applied in assigning reasonable and appropriate salaries to them. They include the offices of the Chancellor of the Judiciary and other members of the Supreme Court of Judicature, the Magistrates and comparable Legal Officers, Permanent Secretaries, the Auditor-General, and the Commissioner of Inland Revenue, among others.

With reference to the Permanent Secretaries, the Government has notified the Public Service Union of its proposals that they be classified into three grades. The assignment of a Permanent Secretary to a particular grade will, of course, be the constitutional responsibility of the Comrade President. Having regard to the managerial functions of a Permanent Secretary and the need to attract persons of the highest qualifications and ability to this office, it is considered reasonable that the salaries should

reflect the onerous and complex nature of the attendant duties and compare favourably with that of his peers both within and outside the public sector. In the Government's view maxima of \$3,750.00, \$3,000.00 and \$2,250.00 per month are considered reasonable.

Attachment VI to this Statement sets out the salary scales and the proposed new interim salaries for public officers on fixed scales.

Associated with the proposals for the grading of Permanent Secretaries and the assigning of appropriate salaries is the recommendation that certain Heads and Deputy Heads of Departments be equated with one or other grade of Permanent Secretary for the purpose of salary. A list of such Heads and Deputy Heads would have to be settled.

Perhaps before leaving the question of the necessity for reasonable salaries for our most Senior Public Officers, I should observe that, while Junior Officers will be able to enhance their salaries by incentive awards, these top Officials will not be eligible for such awards.

By way of explanation and clarification, I would like to make some general remarks on the Government's proposals for the adjustment of salaries in the traditional Civil Service and on some other matters about salary adjustments. Apart from those proposals relating to the Judiciary and the top Government posts, the Government regards the salary adjustments as an interim measure since the whole question still has to be decided within the context of the recommendations of the Johnson Committee and, of course, after due consultation with the Public Service Union. This confirms the Statement made in the 1981 Budget Speech and the understanding reached between the Government and the Public Service Union.

With reference to the teaching profession, the President of the Guyana Teachers Association has made representations to the Government on the question of the proper grading of teachers according to their skills and the appropriate level of remuneration for specific skills. I wish to announce that the Government is sympathetic with these representations and will shortly begin discussions with the GTA on appropriate mechanisms for identifying and remunerating such skills.

Moreover, the Government has been studying the recommendations of the Vice-Chancellor of the University of Guyana for a revision of the emoluments of the teaching and other staff of the University. The Government accepts in principle that such a revision is necessary and will endeavour, in consultation with the appropriate bodies, to finalise this matter in an expeditions and satisfactory way.

And finally, I wish to state that the Government is about to complete consideration of and make the necessary decisions on the question of appropriate adjustments in the emoluments and other remuneration of the members of our Security Forces.

These adjustments will all necessarily be constrained by proportionate increases in overall output of the economy. It is expected that higher

salaries to the managerial staff will help to develop the conditions for higher levels of sustained efficiency and greater output and the environment for more effective application of incentive schemes.

(2) A wage package for the Public Sector for 1981 - Government's Proposals:

In the 1981 Budget Speech, I set out the principles for a general public sector wage package for 1981. These may be summarised as:

- (1) Income Tax Relief
- (2) Special consideration for public officers on fixed salaries
- (3) Increased premiums by way of wider differentials for identified skill categories within the traditional public service
- (4) Incentive awards.

The Government has designed a wage package for the public sector which contains these four elements.

The Government has already honoured its commitment to give income tax relief by widening the tax bands. This measure together with the tax relief given last year by way of increased personal allowances will greatly enhance the workers' take-home pay. On the question of the whole package for the public sector (including wider differentials for identified skill categories within the traditional public service and appropriate across-the-board increases) the Government has been in discussion with the Trades Union Congress and has transmitted its proposals. The TUC has asked for time to consider these proposals. The Government has acceded to this request and expects to be in a position to be able to make an announcement during the course of next week. These discussions with the TUC have been conducted in spirit of frankness and goodwill which the Government greatly appreciated.

Government has also held cordial and successful discussions with the PSU on those proposals which relate exclusively to PSU members. In the light of these discussions, I have already explained the proposals.

The Government has sought to make it clear to all parties that wage increases cannot be open-ended: they bear a direct relationship to increases in production and, moreover, are constrained by the financial capability of the country. There needs to be a popular acceptance of this fact if we are to be successful in our efforts to keep our working people employed throughout the public sector and to prevent widespread retrenchment. A central purpose of these measures which I have proposed to the House today is to ensure that the jobs of those workers who are fortunate enough to be in employment are in fact guaranteed and that there is scope for creating new employment opportunities.

It should be noted, also, that the Government intends to ensure that workers continue to have access to basic and essential goods and that manufacturers should be able to import necessary raw materials, spare parts and other inputs they require for production. In the circumstances, it is no part of these measures to reduce the levels of imports which have been projected in the Budget. I make this point so that we can be aware of the responsibility which we all bear as citizens and as trade unionists to ensure that we do not jeopardise our ability to maintain employment and sustain reasonable levels of imports.

Incentive Scheme:

The Incentive Scheme will continue to be an integral part of the public sector wage package and an important means by which workers can, through sustained and efficient performance, earn tax free awards and greatly enhance their take-home pay.

The Government has noted with great satisfaction that every single corporation in the public sector now has an Incentive Scheme in place and that workers who have done well have been able to benefit from them. Less satisfactory has been the position in the traditional public service. Some Ministries, such as the Ministry of Public Works and Transport and the Ministry of Information, to name two of them, have been able to devise excellent Schemes, and employees of these Ministries have earned incentive awards in respect of 1980. Permanent Secretaries and the relevant unions owe a duty to the workers to have their Schemes formulated for submission to the Central Incentives Committee for consideration and approval. The Public Service Ministry had given Permanent Secretaries up to 30th June to have their Schemes submitted to the Central Incentives Committee. The workers should insist that their Permanent Secretaries and their Unions discharge their duty to them.

In accordance with assurances given in the Budget Statement, the Government proposes that all salary increases take effect from 1st January, 1981.

In due course, after all necessary consultations and consensus, the Secretary to the Treasury will issue detailed instructions to Permanent Secretaries and Corporation Heads for their guidance on all relevant matters relating to salary or wage adjustments. All Permanent Secretaries and Corporation Heads should proceed to act only on the basis of such instructions.

Increased Production – The Key to our Security as a Nation:

As I have already observed, the effect of the unwarranted claim of the Venezuelan Government to our territory is to thwart our developmental efforts and undermine our economy. Even at this moment, Venezuelan

emissaries are visiting the various Foreign Ministries in Europe and other parts of the world making representations and leaving diplomatic notes in a frenzied attempt to prevent those Governments from participating in or supporting our Developmental Programmes. Similar machinations are also evident in the World Bank and in other multilateral financial institutions. Indeed, recently, the Venezuelan Executive Director in the World Bank attempted to obstruct the passage of a loan for the development of our power sector and has also had the effrontery to demand that maps of Guyana appearing on World Bank documents should not show the so-called "zone under reclamation".

These are but a few examples which evidence a massive, well-financed aggressive campaign by the Venezuelan Government to destroy us economically as part of a wider strategy to seize five-eighths of our patrimony.

The fiscal and other measures which the Government has put forward are intended to put us in a stronger position to counter economic aggression and minimise its effects. We cannot successfully defend our country and preserve our territorial integrity unless we maintain a viable economy. However, these measures are short-term. In the final analysis, the long-term viability of our economy and the security of this nation will depend upon our being able to lift our production and keep it on an upward trend. There is no doubt that the people of this country are making strenuous efforts in all the productive sectors. In normal times, it would be possible for us to take satisfaction in the fact that we have achieved 95 percent or even 90 percent of our targets. However, in this dangerous period, such an achievement would not be good enough. Notwithstanding the vicissitudes of the weather and the numerous imponderables which can affect production, somehow or other we have to find the superhuman energy to meet and surpass the targets for 1981.

But the meeting of production targets, vital though as it is, is not necessarily the most formidable or complex of our immediate problems. Small developing countries like Guyana have to cope perennially with problems which arise from external causes over which they have no control. One such problem arises from the fact that the external value of our money is determined, not by anything we do, but by what happens to the exchange rates of the major currencies, i.e., the US dollar, the Deutschmark and the Japanese yen. Within recent months, as the United States Government has implemented a policy of high interest rates as one means of combating what it considers to be an unacceptable level of domestic inflation, the US dollar has strengthened appreciably against the pound sterling and other currencies including those in the Joint European Float and yen. Inasmuch as the Guyana dollar is aligned to the US dollar – and has been aligned since 1975 – the Guyana dollar has automatically strengthened against the pound sterling. Whereas the exchange rate between the pound sterling and the Guyana dollar in January

this year was £1 to \$6.30 (Guyana), it is today £1 to \$5.25 (Guyana). In other words, the Guyana dollar has appreciated against the pound sterling by 17 percent.

Such a sharp level of appreciation of the currency of a small developing country like Guyana against that of a highly industrialised country (which is also a major trading partner) is harmful to our economic interests. I would like to illustrate this point by taking an example in a simplified form from our sugar exports. Let us make three assumptions:

- (1) That the price of sugar is £200 (sterling)
- (2) That we fully achieve our second crop target of 220,000 tons;
- (3) That we export 200,000 tons against contracts for payment in pounds sterling.

Simple arithmetic would show (1): that every pound sterling when converted into Guyana dollars would give us (G) \$1.05 less than before, (2): that for every ton of sugar sold, Guyana would earn \$210 less than before in local currency; and (3): that on a scale of 200,000 tons, Guysuco would lose \$42 mn. merely because of the exchange rate.

It may, of course, be argued that the cost of goods imported from sterling areas would be correspondingly cheaper to Guyana. I would merely say this: that while in theory that argument is correct, in actual practice the exporter from the industrialised countries can and does continually increase the price of his manufactured exports to us: he dictates his price. On the other hand, we do not and cannot dictate the price of sugar on the international market.

In these circumstances, the time has come for us to look at our exchange rate policies. In a situation of stability in the international monetary system, there is value in our currency having fixed relationship with one of the reserve currencies. The underlying assumption is that that currency would remain relatively stable over a long period and would not show sudden, sharp upward or downward movements. Today such an assumption can no longer be safely made. If we continue the old practice of having our exchange rate anchored to one or other of the major currencies of the world, then we will never be able to determine, as a matter of deliberate choice, the external value of our currency that suits our internal circumstances.

The Government has therefore decided to abandon the practice of having the Guyana dollar fixed rigidly to the US dollar or the pound sterling as has been the practice in the past. Instead, the external value of the Guyana dollar will be fixed in relation to a basket of currencies which will include the Trinidad and Tobago dollar, the pound sterling, the Deutschmark, the US dollar and the Japanese yen. On the basis of a technical consideration of the interrelationships of these currencies, the Bank of Guyana has today set new exchange rates for the Guyana dollar as follows:

G\$1	=	TT \$0.80
		B \$0.67
		EC \$0.90
		J \$0.59
		US \$0.33

With the adoption of this new mechanism, the automatic movement of the Guyana dollar with the US dollar will cease. The new mechanism will give the Guyana authorities flexibility in fixing the external rate of our currency and that rate would be determined as a matter of conscious and deliberate policy as our internal requirements dictate, and not automatically by external factors. Under the new procedures the rate will be reviewed whenever there is a significant divergence between the existing Guyana dollar exchange rate and its rate as determined by the basket.

The Governor of the Central Bank this morning requested all banks to cease trading in foreign currencies to permit a smooth transition to the new rates. The new rates will take effect from tomorrow.

Conclusion:

Cde. Speaker, these measures I have announced today must be understood within the context and against the background of the 1981 Budget. They are admittedly stringent; but they demonstrate the intensity of our response to the perceived threat to our very existence. They represent the barest minimum of what we have to do to preserve our freedom and bequeath to our children, as our fore parents have bequeathed to us, in the words of the Constitution *"our inalienable patrimony for all time, this green land of Guyana"*.

Throughout the course of history, independence and liberty have never been gained or maintained at a cheap price, and the development of a country has always been a slow, painful and dangerous process. There is no evidence that can reasonably lead us to believe that history will make an exception in the case of Guyana. But we are a proud people, capable of struggle, sacrifice and achievement. At critical junctures of our history, we have always found that inner strength and ultimate wisdom to unite against the common foe.

We are now at such a critical juncture. And as we close our ranks in this mighty endeavour which has as its purpose nothing less than the survival of our nation, we will do well to remember an incident in the life of Simon Bolívar, the Great Liberator, whose ideals are so fashionably in disrepute these days in the Palace of Miraflores. During the war for freedom and independence of Peru, Don Joaquin Mosquera, Gran Columbia's Ambassador in Lima, visited Bolívar in Pativilca at a time when Bolivar was prostrate in bed with serious illness, surrounded by treason and in a very disastrous political and military situation. *"What do you intend to do, General?"* enquired Mosquera. Bolívar replied: *"To win"*.

And surely it must be this indomitable spirit which must inspire is as, with wonted calm and dignity we confront those who menace us and organise ourselves to produce, to press on with the development of our country and to win.

**Motion on the Confirmation of Travel Voucher
Tax (Amendment) Order 1981 (No. 26):
1st June, 1981**

“Be it resolved that this National Assembly, in accordance with Section 4 of the Travel Voucher Tax Act, Chapter, 80:09, confirm the Travel Voucher Tax (Amendment) Order 1981 (No. 26), which was made and published in the Gazette on 26th May, 1981.”

[The Vice-President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, this is a short Motion really, representing part of the fiscal effort to which I referred in the Statement I have just made to this Honourable Assembly. It seeks to increase the Travel Voucher Tax from 20 percent of the fare of the journey to be undertaken to 30 percent. That is the simple point of this motion.

Mr. Hoyte (Replying): Cde. Speaker, as you so sagely remarked, we will be having an opportunity to debate in depth the state of the economy. It is a little unfair of the Leader of the Opposition.

The Leader of the Minority alleges that he did not have the opportunity for a debate the last time there was a statement by me in this Assembly on the economy. On that occasion I presented a report, which was a review of the half year's performance. It was an entirely different matter from the present statement. Had he been familiar with the Standing Orders, I am sure he would have been able to introduce his own Motion to debate the Statement which I had made.

But I am rather intrigued with the asseverations of the Leader of the Minority that there are other areas where we could have imposed taxes. I look forward with great interest to his developing this point and helping the Government to identify those areas where a fiscal effort should be made other than in the areas in which I have indicated we intend to move. After all that is his duty as a Member of this Assembly – to help us to ensure that there is fair incidence in the distribution of taxes.

The Leader of the Minority raised some questions with me, Cde. Speaker, and I would really like to help him. I am anxious to give him the information which he requires if he would only tell me exactly what he means, if he would only say precisely what he means. I find it difficult to deal with general questions, and, probably, by reason of my training and temperament, I like to be specific.

[Question put.]

[Assembly divided: Ayes 48, Noes 5.]

[Agreed to.]

[Motion carried.]

Affirmation of Travel Tax (Amendment)
Regulations 1981 (No. 2):
1st June, 1981

*“Be it resolved that this National Assembly, in terms of Section 57 (13) of the Tax Act, Chapter 80:01, affirm the Travel Tax (Amendment) Regulations 1981 (No. 2), which were made and published in the *Gazette* on 26th May, 1981.*

[The Vice-President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, again this is an amendment, an amendment to the Travel Tax Regulations 1981, which seeks as part of the fiscal effort, to which I alluded in the Statement made to this Honourable Assembly, to increase the travel tax payable by travellers from ten dollars to twenty-five dollars.

[Motion proposed.]

[The Speaker: Cde. Vice-President, I don't think you wish to reply.]

[The Vice-President, Economic Planning and Finance indicated in the negative.]

[Question put, and agreed to.]

[Motion carried.]

Motion on the Approval of Proposals in Statement on Review of the 1981 Budget: 4th June, 1981

“And whereas the Government of Venezuela has belligerently reactivated its spurious, absurd and unjust claim to five-eighths of the territory of Guyana;

And Whereas in pursuance of its unjust claim the Government of Venezuela has embarked upon a course of economic aggression against our country and has publicly mounted threats to our territorial integrity;

And whereas by these actions, the Government of Venezuela has breached both the letter and the spirit of the existing Protocol of Port-of-Spain and the Geneva Agreement which were intended to promote normal, friendly relations between Guyana and Venezuela and thus enable the people of both countries to devote their energies to the vital task of their economic, social and cultural development;

And whereas the aforesaid oppressive behaviour by the Government of Venezuela has burdened Guyana with unanticipated and unplanned expenditure to protect herself from the dangerous consequence of such behaviour;

And whereas, as outlined in the Statement on the Review of the 1981 Budget made in the National Assembly on the 1st June, 1981 it has become imperative that major adjustments be made to the 1981 Budget to enable the country to sustain a viable and financeable Capital Programme for 1981-82, protect the jobs of the Guyanese working people and maintain the social services, while at the same time ensuring the necessary flexibility to meet the cost of preserving our territorial integrity;

Be it resolved:

That the National Assembly approve the proposals made in the Statement on A Review of the 1981 Budget (including the proposals for reviewing and upgrading the salaries of public officers) as an urgent and necessary measure to ensure the sustainability of our economy, the preservation of the jobs of the Guyanese working people and the maintenance and defence of Guyana a territorial integrity.”

[The Vice-President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, I believe that there is one thing that all Guyanese are agreed upon and that is the need to develop our country in a way which would provide a continual expansion of employment opportunities, in a way that would give our people increasing access to social services and enable them to enjoy the basic amenities for modern civilised existence and in a way, too, which would enable us to provide all the necessary infrastructure for the accelerated exploitation of our resources and the providing of our people with constantly increasing benefits, if I may borrow the current jargon, to enhance the quality of their lives and their standard of living.

As we try to achieve these objectives, we bear in mind the character of our economy, for our economy has been described as a tripod, having as its

legs sugar, bauxite and rice. Over the years we have known the present structure of our economy to be unsatisfactory because, as has been rightly observed, if anything happens to one of the legs of the tripod, well then the whole tripod comes tumbling down; and that metaphor is quite apt when we apply it to the circumstances and structure of our economy.

Nevertheless, these three areas of economic activity are extremely vital in that the bauxite industry provides direct employment for some 8,000 workers, the sugar industry for some 30,000 workers and in the rice industry it is estimated that there are some 26,000 families who are involved and who earn a livelihood from such involvement in it.

However, basically our economy is vulnerable because all three of the major sectors are liable to be buffeted by a number of extraneous factors over which nobody can have control. These have to do with weather conditions, they have to do with the international markets and the prices which are paid for export commodities and things like that.

And so, another fact upon which I believe all Guyanese are agreed is that there is urgent need for structural re-adjustment of our economy; and it is in pursuit of this re-adjustment of our economy that the Government has been pursuing a clear and systematic policy for investment aimed at diversifying and expanding our economy.

Such a process is neither simple nor quick. It is complex and it is long, slow and tedious. That is so in any country, but it is particularly true of Guyana because of our wide geographic expanse, the smallness of our population and the peculiar conditions of our soil. It sometimes involves us in additional costs which many other countries are able to avoid. For example, the cost of building one mile of road on our coastland is about \$ 1 ½ million and the cost of building one mile of sea defence is about \$4 million. Those two illustrations give some idea of the magnitude of the investment which has to be made in infrastructure alone if we are to provide the basic conditions not only for building up a strong productive base but also for accelerating the pace of development of our country. Over the years such heavy investment has been made in strategic areas to accelerate the pace of development of our country, the Government...

Cde. Speaker, the point made by Cde. Reepu Daman Persaud is completely without foundation and invalid. His misrepresentation flows from a belief that this Motion seeks to increase sums allocated for specific purposes or to provide funds for Heads and Subheads where funds have not been provided before. There is absolutely no such proposal. The net effect of this Motion is really to indicate to this Honourable Assembly that the Government is proposing a net of measures which will increase its revenues. There is absolutely nothing in the Constitution or the Standing Orders which requires the Government to come to this Assembly on this issue. The Government always increases the Travel Voucher Tax and brings a Motion subsequently as we have not done before. But here was an opportunity, since it was not an isolated measure but a comprehensive set

of measures taken against a specific background to adopt a procedure to involve the Assembly. It was in these circumstances that the Government felt that it was right that this Assembly should have an opportunity to debate the underlying reasons.

To the extent that the Member is of the view that this is to provide funds where funds were not provided, he is absolutely wrong. To the extent that he felt that this is really a matter for a new Appropriation Act, again, his submission is without foundation.

[The Speaker: Cde. Hoyte, I take it that any increase in salaries will have to come by way of supplementary estimates for an appropriation.]

Mr. Hoyte: If the Government decides from its enhanced revenue it would like to allocate more resources, let us say, to the Ministry of Foreign Affairs, then that allocation would only come through a vote of a supplementary provision. Consequently, it has to come to this Assembly. The question of an increase in salaries is an executive matter that has nothing to do with this Assembly. The Government does not have to come to the Assembly for permission to increase the salaries of public officers.

[The Speaker: Secondly, I take it that there is some provision in your proposals that would have to be enacted by legislation.]

Mr. Hoyte: Either by way of Bill or by way of a Motion to approve a Regulation or an Order.

Cde. Speaker, at the point where the Comrade intervened, I was making the point that the development of our country is a very costly exercise requiring massive outlays of resources. The Government is the prime mover and in our circumstance can be the only mover, the real mover of development in this country. There is, of course, a role for the private sector and I will deal with that a little later on; but for anyone to suggest that the kind of developmental effort we need in this country can be brought about by the local private sector is to indulge in an exercise of exhibition of crass stupidity or of cynicism.

The fact of the matter is that in 1964, Cde. Speaker, public sector investment in this country amounted to \$9.4 million and private sector investment to \$43.7 million, so that in those colonial times the public sector investment was 18.5 percent of the total investment. In relation to private investment, it would be borne in mind that a substantial part of that investment would have come from Alcan on behalf of Demba, and from the sugar industry. By 1970, however, this relationship began to change.

In 1970, public sector investment amounted to \$56.2 million with the private sector at \$67 million. This gave the public sector investment 45.6 percent of total investment in the country. By 1975, Cde. Speaker, public

sector investment had increased rapidly to \$250 million or 78.1 percent of total investment as against 70 million by the private sector. In 1980, public sector investment was \$360 million as against \$65 million in the private sector, making public sector investment \$84.7 million. In 1981, now with the revised Programme which the Government is suggesting, public sector investment would be \$495 million as against \$70 million by the private sector so that public sector investment would amount to 87.12 percent. During the period 1964 to 1981, the total investment in this country amounted to some three billion dollars of which 80 percent was provided by the public sector.

The purpose of this investment was clear and has often been discussed and articulated in this Assembly. It was to provide the infrastructure to enable the exploitation of our resources. It was to diversify and expand agriculture and was to increase our manufacturing and industrial capabilities. All of these things have been happening over the years as a result of this massive investment in which the Government has been engaged. One could hardly imagine the local private sector providing the resources for the M.M.A. Scheme or Tapakuma or Black Bush. That is not the kind of investment that the private sector would make, but it is the kind of investment which is vitally necessary for the development of our country and for forcing the pace of that development.

But, as we develop our country, we, like all other nations similarly circumstanced, have faced a number of problems such as the escalating prices of oil, adverse terms of trade, restrictions on the entry of our exports into some highly industrialised countries and things like that. I would like to pay attention first of all to this problem of escalation. The rate of escalation over the past decade has been phenomenal and I would like to draw attention to what happened to just three of our major projects to show the need for the magnitude of the resources which we allocate and how, with the best will in the world, very often our objectives are not achieved optimally.

The Upper Demerara Forestry Project started out in 1978 with an estimated cost of \$76.3 million, but in 1980 that cost had escalated by 28 percent to \$97.7 million and we have had to cut and contrive and reduce the scope of that project to accommodate it within a figure, or ceiling, of \$8.6 million.

Similarly, the M.M.A. project was originally estimated to cost \$187.2 million in 1978; but by 1980 that cost, through sheer price escalation, had risen to \$277.2 million or an increase of 48 percent. We have had to hold that project cost down to \$200 million; but, in doing that, we have had to sacrifice, in the first place, some of the things we would have wanted to do to make that project yield maximally.

The cost of the Tapakuma project, which started out with an estimated cost of \$48 million has now risen to \$116.5 million, registering an escalation rate of over 100 percent.

I make these points to illustrate and underscore the problems of development; to illustrate and underscore the continuing need for high levels of financial resources if we are not going to abandon our developmental efforts and if we are going to press on to achieve our objectives in the various sectors of our community.

But, while we develop our country, we cannot behave as if we are acting in isolation, as if the impact of what is happening in the rest of the world has nothing to do with us; for, in fact, we are part of the world system and some of the problems which manifest themselves in our economy are problems of the wider world community. One fact which we cannot escape is the decline in world trade, a decline which has taken place steadily over the past decade. Whereas the volume of world trade in 1973 increased by 7 ½ percent, in 1980 it had increased by only 1 ½ percent; and in 1981 it is projected to remain at the same low depressed level. World trade is an index of the economic health of the world community. The diminution in world trade is a mirror, so to speak, of what has been happening in the internal economy of individual countries and I would like to draw attention to what has happened to the economies of the major industrialised countries to show why it is there has been this contraction of economic activity, of trade, and of output and to say something about the consequence of such contraction for a country like Guyana.

In the OECD countries in 1973 real GNP grew at a rate of 6.3 percent; in 1980, it had declined to 1.4; and the projection for 1981 is that it would be a mere 1.1 percent. When one looks at what has been happening to some of the industrialised giants one can understand the magnitude of the problem. The United States of America, admittedly the greatest industrial and economic power in the world today, had a growth rate of 5.8 percent in 1973; but in 1980, it registered minus 0.2 percent and hopes in 1981 to register 1.5 percent. In Japan, the economic miracle of recent times, registered a growth rate of 10 percent in 1973 but this declined to 5.5 percent in 1980 and 4 percent in 1981. The Federal Republic of Germany, another economic giant, registered 4.9 percent in 1973 but only 1.8 percent in 1980. The projection for 1981 is minus 1 percent. The United Kingdom had a growth rate of 7.1 percent in 1973, but only minus 1.7 percent in 1980. The projection for 1981 is minus 2.8 percent. This diminution in output, coupled with other factors like the increasing price of oil, has resulted in their collective current account balance moving from plus \$14 billion in 1978 to minus \$31 billion in 1979 and minus \$70 billion in 1980.

What has been happening in the developed countries and in the industrialised countries has been happening in a more acute form in the developing countries. Even the oil-producing developing countries have registered successive decline in output. But the developed countries have taken a clear position on how they will cope with their economic problems and their response, in part, has been to tackle the question of inflation at the expense of employment. So, consistently with their strategy and their

outlook on their social and other objectives, they have consciously decided that they would permit massive unemployment and their monetary and other policies have been geared to achieve that particular effect.

Today, in the OCED countries to which I have referred, there are 23 million unemployed workers, eight million of them in the US representing 7.8 percent of the labour force. In the U.K. the unemployed number 2.5 million, representing 10.2 percent; in the FRG, 1.1 million representing 5 percent; in France 1.5 million, representing 7.5 percent of the work force. For those countries, these constitute traumatic levels of unemployment. They have not only faced their problems by permitting high levels of unemployment, they have also taken a defensive position against developing countries and more and more have been adopting restrictive policies designed to exclude from their markets an inflow of goods from their countries.

We have seen what has happened to ACP sugar in the EEC countries. I do not want to take up the time of this Assembly with the story which every one of us should know; but in the *Financial Times* of May 20, there is an article which is captioned as follows: **'Pledges to Third World being abandoned'**, and the relevant part of the article/ I will read. It says "*The EEC, Japan and US are abandoning pledges to admit a steady increase in the exports of the developing countries on preferential terms*". Then it went on to say that as a result of the policies being pursued by highly industrialized countries, they have harmed the interests of those developing countries which have the capacity to take advantage of the generalized system of preferences; and that this restrictive policy which they have adopted has been reinforced by a cut-back in the flow of official developmental funds, and even private developmental funds.

The Reagan administration has taken a position that it would curtail its contributions to the multilateral financial institutions, so that the sources to which developing countries such as Guyana have looked traditionally for developmental finance, are indicating that they would not be able to maintain the level of financing for development, because their own resources are contracting.

What do we do in these circumstances, Cde. Speaker? Our position is quite simple. Notwithstanding the problems, we want to maintain our Investment Programme at the high level at which we have kept it over the years, and this is crucial to the second point. We want to maintain a high level of employment because we do not see that widespread retrenchment of the kind practiced in the developed countries is a solution for us. And thirdly, Cde. Speaker, we want to maintain our production volumes. In order to do this, we have to ensure that we can maintain the level of imports, particularly of intermediate goods and other raw materials which are necessary for sustaining our production effort.

Cde. Speaker, we have organized a Capital Programme for the period 1978 to 1983 which calls for an expenditure of three billion dollars, and it

is that Capital Programme which we have to preserve for two reasons: first, to maintain the momentum of our development and, secondly, to ensure that we keep our workers in employment. Of that three billion dollars, the Central Government's share is \$2.1 billion and the Corporations' share is \$0.9 billion. I would like to draw attention, Cde. Speaker, to the details of this Programme, to the areas in which investments are being made so that comrades can understand the critical importance to our economy of continuing our high levels of investment in the particular sectors to which I will refer.

Over the period, Cde. Speaker, the investment in agriculture has been pitched at \$530.8 million; in forestry, \$110.2 million; in fisheries, \$30.8 million, in mining and quarrying, \$15.9 million, in power generation, \$94.7 million; in roads and other infrastructure, \$287.4 million; in manufacturing, \$236.3 million; in transport and communications \$74.8 million; in housing, \$60.9 million; in health, including pure water supply, Cde. Speaker, \$92.9 million; in education and culture, \$206.5 million.

These projects in the sectors to which I have referred and the investments I have referred to are Central Government investments. They take no account of the Capital Programme of Corporations, the details of which could be examined in the Estimates which were presented to this Assembly in February. But what is important about the development projects we have on-going is that they give direct employment to some 6,000 workers. We intend, Cde. Speaker, to maintain those 6,000 workers in employment. We intend to keep our Development Programme going. We do not intend to put ourselves in a position where our development will come to a halt or be retarded in a way which makes it impossible for us to achieve our economic objectives.

These are the facts. In a situation of world recession, in a situation of reduced access to funding from multilateral and even bilateral sources, we have to take a decision to continue with the development of our country. But as we take this decision, Cde. Speaker, we find ourselves harassed by this absurd claim by Venezuela, which is putting on this country a heavy financial burden. I do not wish to spend any length of time on this matter or to pre-empt the general debate which will be taking place on the Venezuelan question, but I would point to the fact that the President of the Advisory Commission of the Ministry of Foreign Affairs, a Senor Iturbi, stated that Venezuela would have no alternative but to resort to war on the territorial claim. A certain Charles Brewer Cerrias, Minister of Youth, advocated penetration into our territory and, recently, the President of Venezuela himself travelled to Bolivar State and re-affirmed Venezuela's claim to our territory in an address to the military, whose support he sought, as he said, for the defence of Venezuela's sovereignty over our Essequibo region.

I have referred, Cde. Speaker, to the instructions given to Venezuelan officials in the multilateral agencies like the World Bank to oppose the flow

of developmental funds to Guyana and also to the fact that even now their emissaries are knocking on the doors of the Chanceries in European and other countries of the world in this effort to resort to blackmail us. In these circumstances I do not think that anyone could reasonably expect that the people and the Government of Guyana would sit idly by and not make some effort to set the record straight, to tell our story, and to protect ourselves for the worst consequences of the Venezuelan offensive.

There are things which have to be done. There are missions to be sent abroad. The work of the Ministry of Foreign Affairs, of necessity, has to be intensified, and has been intensified. Honourable Members will note that I have laid on the Table agreements relating to the acquisition of aircraft for the better supply of goods to our hinterland region. These are, as I have said, unplanned and unanticipated expenditures. So, Cde. Speaker, how do we do the things which we have to do in these circumstances? How do we maintain the Development Programmes? How do we ensure that there is not widespread and massive retrenchment? How do we keep our production going in a situation in which external inflows are no longer to be relied on and in a situation in which extraordinary and unanticipated demands are being made upon our revenues for the purpose of preserving our territorial integrity?

We can, of course, throw our hands up and say: "*We give up. We abandon our country, we abandon the people of this country*", and leave our citizens to their own devices. But that is not what the way of the People's National Congress. The People's National Congress has always given leadership and, in this period of difficulty and crisis, will continue to give clear and positive leadership to the people of Guyana. Leadership, love of Guyana which is being so widely proclaimed, loyalty to Guyana which is also being loudly voiced- these things must be shown to not be merely rhetoric. The people who make these protestations must be prepared to make some effort to forego some things temporarily for the defence of our country.

In these days, Cde. Speaker, I do not believe that any right-thinking person would dissent from the proposition that defence must be our highest priority. In the circumstances which I have outlined, we have to resort first and foremost to the strategy of self-reliance. We have to organize internally first of all. We have to start by mobilising our resources, because even if any person outside, any country outside is going to help us, that person, that country, will not help us if we do not show that we are prepared to take our own strong initiative.

It was in these circumstances that I announced on behalf on the Government a number of measures to produce the revenues which are required to maintain the high level of investment which I have already indicated, and to provide the flexibility for us to meet the demands which are being made for the security of our State.

The measures, admittedly, are stringent, but they are not draconian. In our country, we have a number of advantages that very few developing

countries can claim or boast of. We are an agricultural country, producing the food we require for our existence in large and steadily increasing quantities. The problem of starvation cannot arise. We have ample resources which we can turn into economic goods. We have the possibility all the time for greater and better production. We have a country which is rich in resources/ and in people, so that we can buffer the effects of these measures by an intelligent application of our minds to the resources that we have.

The Government has already taken some initiative on the question of wage and salary adjustments and has explained in clear and frank terms to the major interest groups in this country what are the economic realities of our situation and what is required. And so it is in these circumstances that the Government has, in its continuing dialogue with the Trades Union Congress, discussed these matters and indicated to the representatives of the workers not only what the actual situation is but what the Government's proposals are and has discussed the options open to us.

Surely the only alternative to this effort at self-reliance is to shut down the developmental projects with all the awesome consequences of unemployment.

At this time I would like to observe that we have to exercise restraint in all things, particularly in expenditure. Over the years, as I pointed out in the Statement, this Government never said "*Not a cent more*" or "*not a penny more*" as some people whom I could call name are known to have said. This Government increased the basic wage of workers by over 300 percent over the period it has been in office. Even today, as we face these problems and the issue of our survival as a nation, it is important that all persons, all Guyanese, all workers, realise that the basis of our continued existence has to be restraint in all things requiring expenditure.

I said to one trade unionist who was telling me about \$26 a day minimum wage and some such nonsense that it could be done. One can play tricks with an economy. One can favour a few at the expense of the many by retrenching workers and having high unemployment levels; but, as I have said, the Government does not intend to do that and no amount of pressure from anybody will put the Government in a position in which it would indulge in widespread retrenchment. Or the Government could print 'monkey money', unbacked money, and create money illusion. The worker would have plenty of money in his pocket but it would purchase smaller amounts of goods and services than before: his last stage will then be worse than his first.

The People's National Congress has always been frank and straightforward, and as a matter of basic policy, appraises the people of the real situation and of the rationale for measures which the Government has to take.

I said earlier on that I would return to the question of the role of the private sector. As we face this problem of continuing the development of

our country, as we proceed with the development of this country in these difficult times, our local private sector can play a significant part. Our Constitution provides for the private sector to exist and participate in our development. In playing that part, the private sector has to understand - and I believe that most businessmen accept and understand - that their first loyalty is to Guyana and that in their activities and their objectives must be to help build an independent economy. I do not think that the few who haunt the Chanceries of Foreign Missions with complaints and representations are the kind of people who can help us to build an independent national economy; but the majority of businessmen has been working very hard, have been cooperating with the Government and people of this country in our effort at development. That is why the Government continues its consistent support for them; that is why the Government has established the Export Development Fund to enable manufacture to have access to foreign exchange to purchase the raw materials they need to produce their manufactures.

It is important that this point be made for there are, unfortunately, some meddlers in our society who are attempting to give an impression to the private sector that they can go it alone, that they can prosper without cooperating with the rest of the economy and that they themselves, by themselves, can develop this country.

I have already referred to the magnitude of the investment which is required and to the fact that our local private sector does not have the manpower or experience to attract the financial resources which are necessary for most of the work which has to be done.

We have to press on in the Public Sector with the drive to achieve greater efficiency, to suppress of all kinds of slackness and irregularities, to combat evasion of taxes and other malpractices and to ensure that all revenues due, owing and payable to the Government are, in fact, garnered for use in development of our country. And there are so many things we can do to buffer the effect of the measures, such as a greater reliance upon local foodstuff and things local generally. We can also avoid waste and ensure that in everything we do we try to achieve the highest levels of efficiency, for, in the final analysis, fiscal measures are short term. They are not a basic or fundamental solution. The solution has to be found to the problem of lifting levels of production and ensuring that production can continue on an upward trend. If we do not, we would find ourselves facing decreasing revenues, notwithstanding any increase in production, because of the effects of the adverse terms of trade. So, our investment has been geared to ensure that those production levels can be achieved and can be surpassed. That is why in the 1981 Investment Programme we have not attempted to reduce the investment in the Guyana Electricity Corporation which at the very heart of our system of production, or in GuySuCo or in GUYMINE or in GRB. Those corporations will invest

respectively \$35 million, \$18 million, \$57 million and \$14 million in rehabilitation of their plant and facilities and in the expansion of their productive capacity.

More than that, Cde. Speaker, we have to make sure that we can sustain the level of imports we have projected in the Budget. This year our imports have been fixed at a level of \$1.4 billion or 30 percent above the 1980 level. The importance of this can easily be recognized when we remember that a great part of those imports goes into the productive sector - the raw materials, spare parts and intermediate goods generally, which are required not only for the large industrial activities but for the small manufacturing efforts of small businessmen.

Cde. Speaker, it is clear those if we are going to do the things which I have outlined, namely, maintain our Investment Programme, maintain employment, maintain the level of imports, then we have to find additional resources in the light of what I have said about unanticipated and unplanned expenditures. And the Government does intend to maintain the level of expenditure required to achieve the objectives. The choice is ours.

We believe that the people of this country have a shrewd understanding of the political and economic realities. Some people in the hope of gaining cheap notoriety will go to the street corners and say that the Government has raised taxes, the Government has raised prices. They are naïve enough to believe that kind of activity is going to influence anybody. One has to go with alternatives, not with negative criticism. This Government has set forward in the Statement which I had the honour to read, the clear principles upon which it has acted, the underlying reasons for the measures which have to be taken, and the things which we have to do as individuals and collectively to ensure that we defend this country.

To my thinking, the defence of this country hasn't got necessarily to do with things military. The defence of this country starts with its economy; and everyone who claims to love this country and to have an interest in its people has a duty to do everything possible to stimulate the growth of our production and to encourage higher levels of efficiency so that we could meet the targets we have set ourselves - not only to meet them but to surpass them. Cde. Speaker, this is not the first time we have faced a critical point in our history. We have had many difficulties because that is inherent in the process of development, particularly the development of small countries which have known backwardness and which are now trying desperately to achieve a place in the sun. We have had them in the past and we will have them in the future. The real question is, how do we surmount them? We have surmounted crises in the past and we have emerged stronger people like well-tempered steel. In this particular situation in which we find ourselves, Cde. Speaker, the Party and the Government will give that kind of support, encouragement and leadership to the Guyanese people which they have given in the past to

ensure that we overcome our difficulties and continue our onward march to progress and development.

Motion on the Confirmation of Consumption Tax (Amendment) Order 1981 (No. 31): 8th June, 1981

“Be it resolved that this National Assembly, in accordance with Section 5 of the Consumption Tax Act, Chapter 80:02, confirm the Consumption Tax (Amendment) Order 1981 (No. 31) which was made and published in the Gazette on 2nd June, 1981.”

[The Vice-President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, this Motion seeks to give effect to some of the fiscal measures which were announced in the Statement on the Review of the 1981 Budget which I made to this Hon. Assembly on Monday, 1st June, 1981. There has been a rather full debate in this Assembly on these issues and it remains for me merely to move the Motion formally.

Mr. Hoyte (Replying): Cde. Speaker, as I remarked in moving the Motion, all of these matters were thoroughly thrashed out in the course of the debate on Thursday, 4th June, so that today we have had nothing new. Indeed, the major issues today were raised by the Statement which was made and the answers given, for example, the rationale for withdrawing the subsidy on flour and split peas and in the rice industry. It is really otiose at this time for me to repeat what was said in the Paper and what was said in the course of the general debate on this matter.

It is a little alarming to hear an Hon. Member of this Assembly alleging that all the items, all those thousands and thousands of items in the Customs List have in fact been affected. In fact, only a very small range of items has been affected. The consumption taxes have been applied selectively to items which the Government is satisfied, in the particular circumstances, can bear the additional increases.

As Your Honour rightly observed, the percentages contained in the Order are not percentage increases. They are the rates to which the taxes have moved and, in many cases, if the Members of the Minority parties had just taken the time to compare the new rate of tax with the old rate, they would have seen that the movements were marginal.

For example, let us look at the case of the items which the member Mrs. Jagan referred to – knee-caps and things like that. The Hon. Member Mrs. Jagan, with some facetiousness, I believe, referred to virtue. The virtue I would commend to her would be the virtue of truth and accuracy. It is a little disgusting to say the least to hear a Member accusing the Government of hoarding flour and not selling flour from the flour mill. The Government does not own the flour mill: the flour mill is privately owned and certainly the Hon. Member will know that. It is perhaps necessary for me to remark that no Member of the Government has ever said that the workers were

living above their means. She has accused my colleague, Cde. Sallahuddin, of saying that. Cde. Sallahuddin, as the record will show in this Assembly, has never said that in this Assembly and certainly has never said it outside of the Assembly.

The Hon. Member Mr. Feilden Singh wanted to know why there were two movements in the price of gasoline. The answer is simple: the first movement in the price of gasoline had to do with an increase given to the distributors, the oil companies, who have been pressing for a long time for an increase based upon an agreed formula with the Government. This formula relates to increases in their overheads. They have not made out a case and, in accordance with that formula, the Government, in honour bound, has had to give an increase.

The second increase has, of course, to do with the current fiscal measures, so the fact that within a fairly short space of time the price moved twice has nothing to do with a failure to think through. It has to do with separate considerations, both of which had to be met.

Motion on the Second and Third Readings of the Tax (Amendment) (No. 2) Bill 1981: 8th June, 1981

A Bill Intituled:

"An Act to amend the Tax Act."

[The Vice-President, Economic Planning and Finance]

Mr. Hoyte: Well, again, Cde. Speaker, this arises out of the fiscal measures proposed. We propose to increase the fees charged in accordance with the few figures which now appear in the Bill.

My good friend Mr. Ram Karran has such a charming disregard for truth. Nowhere in the Budget Speech last year did I speak of increasing taxes in one area to maintain subsidies on flour as he alleged. Indeed, I went out of my way to point out that the Government will not defend the unrealistic price of flour; and, more than that, in my statement on 1st June, that is, on Monday last week, I actually quoted the section in which I had made that statement; but I do not think that anyone takes the Hon. Member too seriously.

Now, it is true that we have not imposed a tax on the item which was suggested by the Hon. Member, Mrs. Jagan, and that is not out of solicitude for her. Were we to increase the tax on that item, then having regard to the large number of such items that she needs for her daily ablutions, we would certainly destroy her financially, and we do not want to do that to a colleague in this Assembly.

Cde. Speaker, what interests and intrigues me with the Hon. Member Mr. Ram Karran is that he knows the answers to the questions and he essays to give those answers. For example, he wanted to know why the increase in the passport fees. Now, unlike him, I do not make all this nice distinction between a fee, a tax, an impost, a duty. They are all fiscal measures; they are all taxes. But he identified the reason for the increases quite clearly, namely, the high cost of printing. The cost of paper, as everybody knows, has gone up tremendously and I made that point in the Statement. I explained that in many cases the fee charged or the duty imposed does not even cover the cost of administration, therefore, it is a little surprising that he would ask the obvious.

Cde. Speaker, the points raised are not new; the answers have already been given, and I reiterate that we have a package of fiscal measures which the Government considers necessary in our circumstances, the justification of which has been fully articulated in the statement made on 1st June and in the contribution from Members of the Government in the debate on Thursday, 4th June, 1981.

Public Business - Question of Privilege: 11th November 1981

[Cde. Reepu Daman Persaud rose.]

[The Speaker: There is no Public Business.]

[Cde. Reepu Daman Persaud: I wish to rise on a question of privilege. Cde. Speaker, I want to refer you to Standing Order 20. I know you are conversant with the wording of this Standing Order, but purely to record my point of view, it states:

- “(1) *Public Business shall consist of Motions and Bills.*
(2) *Subject to the provision of these Standing Orders, Government Business shall have precedence on every day except on Wednesdays when Private Member’s Business shall have precedence.”*

I proceed to read the last paragraph which states:

“Government Business shall consist of Motions and Bills sponsored by Ministers and shall be set down on the Order Paper in such order as the Government think fit.”

My submission to you is that in so far as the Government Business is concerned the Standing Order is clear, that the Government enjoys the express right of putting its business on the Order Paper and also to say in what order that business should come. My interpretation of this provision of the Standing Order is that once this Parliament meets on Wednesday, seeing that there is nothing written into the Standing Order to say that the Government must decide when the Private Member’s Motion and Questions must go on the Order paper, Private Member’s business should automatically be taken.

I want to link that, Sir, with Standing Order 12 which sets out the order of business of the day. It states:

“Unless the Assembly otherwise direct, the business of each sitting day shall be transacted in the following order.”

While it can be argued that the words *“the business ... shall be transacted in the following order”* can be in so far as the order of the business concerned, I want to say that that is not the intention. The intention is that once this Parliament meets the expenditure is fantastic. Are we going to call this Parliament only for two and three minutes and involve the taxpayer’s

money when there is business that can be dealt with, business that is of interest to the public?

You are not without information that Private Members have got a number of outstanding Motions and Questions that are qualified under the rules to go on the Order Paper. In the circumstances, I want to record a very strong and vehement protest on behalf of the Members of this side of the House. Parliament is nothing if it is not deliberative and surely the intention of the Parliament, the intention of the Constitution and the intention of the Standing Order is not that Parliament must only meet when Government has business and it must meet on no other occasion. If we were to traverse the record of this Parliament in the current session, not one Wednesdays' business has been dealt with. Somebody has to be the custodian, and guardian of the privileges of this Assembly and I want very humbly to suggest that that custodian is yourself. I want, on behalf of Members of this side of the Assembly, to ask you to see that Members' rights, the privileges of this Assembly, are protected. My point is that once the Parliament meets on a Wednesday then Private Member's business ought to be put on the Order Paper.

We can play with words. Will Government argue that, good, you have several Motions and Questions and they are qualified under Standing Orders, but there is no one to say when those Motions and Questions must be put on the Order Paper. Are we to assume that Private Members' Motions and Questions will never see the light of day and will never be put on the Order Paper for debating in this Assembly? That will be a sad day. That sad day has already dawned. I want to strongly record the protest of Members of this side of the Assembly and to say that today we are wasting taxpayers' money and we are denying Members the right and the privilege of debating Motions and Questions that are qualified and that can come on the Order Paper. It is true that the Standing Order says Private Members' business can take precedence. The argument can be that there is no business on the Order Paper. But how will it reach there? Who will put it? Shall we?]

[**The Speaker:** Before Cde. Hoyte speaks, I do not think you have raised a question of privilege.]

Mr. Hoyte: That is quite true, Cde. Speaker. but I wish to assure my good friend, Cde. Reepu Daman Persaud, that his interpretation, as is usually the case with his interpretation of all matters legal, is wrong. Private Members' Business will take precedence if there is Private Members' Business. If there is no Private Members' Business the point raised by my good friend really falls to the ground. That is all Cde. Speaker.

Motion on the Approval of Government's Policy: 25th January, 1982

Mr. Hoyte: Cde. Speaker, the Programme outlined in the Cde. President's address to the National Assembly on Friday last has as its prime objective the defence of Guyana, as he himself said, the defence of our territory against would-be external aggressors, the defence of our country at a time when the world is beset by serious economic problems and the defence of the hard-earned gains of the Guyanese revolution. This Programme is entirely consistent with the ... of 1982, which has been described as the Year of Defence. But the Programme has to be financed; and the prevailing conditions in the world today, and more particularly in Guyana, are going to make that financing very difficult.

As Cde. Seeram Prashad, my colleague, said a few minutes ago, the world continues to be in deep recession. All of the forecasts indicate that there is unlikely to be a change in this very serious situation in the year of 1982. It is interesting to note that the growth of the economies of the industrialised countries of the world is either low or very negative. It is interesting to note that in all of those countries the unemployment figures at the end of 1981 was higher than it was at the end of 1980. It is clear that during the course of the last year the situation in those countries deteriorated seriously.

Today, in the United Kingdom, the unemployment rate is pushing hard on 12 percent, representing an official unemployment figure of well over 3 million workers. And in the mighty United States of America, undoubtedly the richest country in the world, the unemployment figures are verging on ten million, and well over 9 percent of the work force. While all of this is happening in the developed world, the oil-importing countries in the developing world have been experiencing the same difficulties and the latter have been also afflicted with certain problems which are peculiar to them since, because of the way the world economy is structured, they are appendages to the economy of the developed world. Their economies are buffeted by high oil prices which continue to escalate and to have a serious effect upon their net foreign exchange, receipts and upping their production. They continue to be affected by the adverse terms of trade which, in our case, can be illustrated by a very simple example. For example, in 1978 one ton of our calcined bauxite bought about nine and a half barrels of oil but in 1981 one ton of calcined bauxite bought only seven barrels of the same oil. Additionally, the depressed prices for the exports of the developing countries have served further to put their economies in disarray. In these circumstances their debt burden has become almost intolerable.

Here, in Guyana, we have suffered the full impact of all these adverse external factors and we have seen the result of this in low production, and

in low standards of efficiency. As this Cde. President said, these things are not to be blamed wholly on the external costs, for we ourselves have to accept a large measure of responsibility for the indifferent quality of our production and efficiency.

We have a particular difficult problem as we consider the financing of the Programme outlined by the Cde. President, namely, the threat which Venezuela has mounted against us both in military and in economic terms. There are a few people who like to be contrary; some of these are members of the Minority Party, I regret to say. They have been saying that the Venezuelan threat is not real. I would think, Cde. Speaker, that in the light of all the available evidence one has to be cynic or a traitor to this country to maintain that position, in the light of the fact that there have been some 80 or more incursions into our airspace during the year. Additionally, there is a economic campaign which Venezuela mounted against us in the multilateral institutions like the World Bank and in various countries of the world. So I repeat that in the light of all these circumstances, the financing of our Programme is going to be a difficult task. Traditionally, we have depended upon external and internal sources of financing. The external sources are going to contract in the course of this year. The official development assistance will not be at the level at which we have enjoyed it in the years gone by, even in 1981. The flows from the multilateral agencies such as the World Bank and the Inter-American Development Bank, will also be reduced because of the problems which those banks are having with replenishing their resources and the new rules which are being instituted which will make the price of the money they lend much higher and the terms more stringent. Commercial Banks, too, are becoming a little timid about lending because of the fact that so many developing countries have reached a stage where they cannot service their debts.

As a result, commercial banks are pulling in their horns, so to speak, insofar as their exposure in non-oil producing countries is concerned. For a multiplicity of reasons, some of which are applicable to the other institutions to which I have referred, the other sources of financing, that is, 'supplier's credit', which also may not be available on terms which may be considered to be easy. These sources will not supply inflows at the level we have experienced or enjoyed in the past. Perhaps, it is appropriate at this time Cde. Speaker, to refer to the Trinidad and Tobago oil facility of which we were beneficiaries in 1981. This facility was established by the Government of Trinidad and Tobago to help countries which are its traditional oil customers.

It is certainly the most generous of such facilities which have been established and we have benefited from it in 1981. We have already through the Cde. President and other Ministers of the Government expressed publicly our gratitude to the Government and people of our sister Caricom State. But in 1982, any resources coming from that facility

will be at a much lower level than that which flowed in 1981 because the formula prescribes that the flows will be at a diminishing rate over the life of the facility. Cde. Speaker, in these circumstances, although external flows will continue to be needed and will continue to play an important part in financing our Programme, the mobilisation of internal resources will be crucial to its financing and to the achievement of its success. There are perhaps three reasons for this. First, I have already referred to the fact that external resources will be reduced. Second, I think that we need to keep a strict latch on our debt burden and avoid, as far as practicable, any recourse to further borrowings and, third, Cde. Speaker, is the principle of self-reliance which we preach as a people and to which we claim we are committed. Nobody is going to take us seriously unless we demonstrate the will to mobilize our resources first of all.

We need to demonstrate that we are serious, that we are prepared to mobilize our own resources, that we are prepared to start from a basis of self-reliance before we can reasonably ask people outside of Guyana to contribute to our development.

In fact, it is the foundation of self-respect and respect by other people. Therefore, Cde. Speaker, in financing the Programme for 1982 we have to pay very great attention to the mobilization of internal resources. But in considering this matter, we need to bear in mind that it is not merely a question of garnering revenue and savings. We need to pay strict attention to the avoidance of waste. We need to mount a war on waste in all forms and manifestations. This would include, Cde. Speaker, preventing with all the power at our command, the inefficient use of resources, whether they be human, material or financial and the misapplication or wrongful diversion of such resources. In doing this, we have to strengthen the measures we have already been taking to improve our planning and control mechanisms to ensure that every cent we invest in this country gives an appropriate return and, indeed, Cde. Speaker, gives the return which has been planned from the investment. To do this, we have to look very carefully at the organization of our bureaucracy, and I use the term in no opprobrious sense. We have to look at our mechanisms and our procedures, and we have by constant monitoring and evaluation to make sure that these are appropriate to our needs and will enable us to achieve as successfully as we wish. But in doing this, Cde. Speaker, the further expansion of local democracy is important. Unfortunately, there is still some resistance to decentralising of authority, particularly decentralising of decision making. We see it every day, we experience it everywhere, but we need to keep pressing on. We need through education, and if necessary, coercion to get people and agencies at the centre to understand that the future of this country lies in the involving as many people as possible in the task of its development and so the Local Democratic Councils have this critical role to play, not only in 1982 but in the development of our country and in the management of our resources in the years ahead.

Additionally, Cde. Speaker, we have to strengthen our revenue administration and control agencies, such as the Inland Revenue Department and the Customs Department, in order to reduce leakage and irregularities which have been responsible for the diversion of large sums of money – millions of dollars – away from the Public Treasury and into the pockets of unauthorised persons. These things have started and the process will be intensified.

But I would like to make this point about organizing for the involvement of people in the mobilization of resources. It is not merely a question of money. We need to harness people's energies, their enthusiasm, their creativity, their imagination so that they could apply all of these attributes to the task of managing and developing the areas and communities in which they live. And this, to my mind, Cde. Speaker, is sufficient justification for the continued expansion of local democracy which the President has remarked will be attempted in the months and years ahead.

We need to increase our national savings. We have not been doing too well recently. I would now just wish to mention a few figures relating to our national savings. In 1978, Cde. Speaker, our gross national savings amounted to \$211 million; in 1979, \$171 million; in 1980, \$149 million; in 1981, \$65 million. It has been a steady, rather steep decline. Those sums represented the following percentage of GDP. In 1978, it was 18.7 percent; in 1979, 14.5 percent; in 1980, 11.2 percent and in 1981, a mere 4.5 percent. Now, national savings at the level of 4.5 percent of our GDP cannot really be said to represent the principle of self-reliance to which I have referred because, certainly, we are not making a sufficiently determined effort to mobilise our internal financial resources. But having said that, Cde. Speaker, I should also remark that in a situation of low production and heavy financial losses, there would be very little savings to mobilise. It is perhaps apposite at this stage to remark that in two of our major industries, the losses in 1981 were shattering. From the unaudited figures which I have seen from GUYMINE, the bauxite industry in 1981 made a loss of nearly 100 million. But, it is said that this is the first time in the 10 years of the existence of the National Company that it has made a loss, but the first time it has made a loss, it has been a loss of staggering magnitude.

GuySuCo, from the figures I have seen, will be making a loss of about \$75 million. I would not wish it to be thought, Cde. Speaker, that this poor performance is attributable only to the short-comings of the people in the industry, that is, management and non-management workers or to the short-comings of the people of Guyana. There has been these short-comings, but there have also been other factors some of which I have referred to in my brief reference to the world economic situation. The bauxite prices are soft because of the recession in the industrialised world. All of us would have read of the fact that the automobile industry in the United States and other industrialised countries is virtually at a standstill. And many industries which depend upon aluminum, or the use of aluminum in large quantities are either bankrupt, not producing or producing at low levels.

The price of sugar, Cde. Speaker, which reached as low a figure as £147 sterling per ton, contributed significantly to GuySuCo's poor financial performance. It is ironic that in a year when the production was reasonably good, the price should have been so terrible. One other factor that has bedeviled GUYMINE more than GuySuCo, though both of them to some extent, has been the fluctuations in the foreign exchange rate. GUYMINE, for example, attributed some \$20 million of its losses to fluctuations in foreign exchange rates. Cde. Speaker, it is because of these circumstances that we have to do everything possible to raise the saving rate. We cannot do this by increasing taxes. The people of this country already, I think, bear more than their fair share of taxation. We have to look to the production base. We have to look to our performance in the area of efficiency, and we have to make a conscious effort to conserve our resources to make sure that our financial resources, slight though they may be, are not frittered away and dissipated.

In this respect, therefore, I would like to draw attention to Defence Premium Bonds, which the Government would be issuing. On the 1st of June last year I made a statement in this Assembly. I announced that the Government was going to issue Defence Premium Bonds. We have had some problems in getting these Bonds from the Security Printers but now we have been advised that they will be ready by the middle of next month. These Bonds will give an opportunity to people who are patriotic, to people who want to play some part in the defence of the country, to make that contribution. Perhaps I should spend a few minutes to say something about the characteristics of these Bonds.

The Bonds will be issued in denominations of twenty-five dollars and one hundred dollars. They will be encashable at any time after six months after their purchase, which means that they are virtually cash. Every month there will be a price drawing so that the holder of the lucky Bonds will receive substantial cash prizes. The Bonds have the characteristic of a sweepstake, except that, unlike the sweepstake the investment is not lost. If you buy a sweepstake ticket and you do not win, well your money is gone. When you buy a Defence Premium Bond and you do not win you still have your Bond and, more than that, you have another chance to win. As long as you keep your Bond, there is always a chance every month that the number of your Bond will be drawn.

Cde. Speaker, in order to ensure public confidence in the integrity of the scheme, the scheme will be managed by a Committee of Management comprising both Government officials and persons in the Private Sector. The Committee will include representatives of the Bank of Guyana and the Ministry of Finance, the Trade Union Congress, the Guyana Consumers Association, various service associations like the Lions Club and representatives of the Minority Parties.

Cde. Speaker, it is interesting that the Leader of the Minority Party, Cde. Jagan, was complaining earlier today that Government did not give

Members of the Minority an opportunity to become involved in things, an opportunity to be consulted, an opportunity to play a part in the management of national affairs and yet it is to be regretted that although he was invited by the Governor of the Central Bank to send a representative to sit on this Committee of Management, he refused. Consequently, we have only the United Force being represented. Suffice to say, Cde. Speaker, that that place is still there and whenever the Leader of the People's Progressive Party changes his mind, if he ever changes his mind, a representative of his Party can sit on the Committee of Management because this Committee of Management has got nothing to do with the PNC or the Government. It is not serving the PNC. It is not serving the Government. It is serving the people of this country. It is a Committee set up to ensure that the drawing is above board, that the people who buy Defence Bonds are not tricked in any way and that everything is done with due regularity.

I have referred, Cde. Speaker, to the losses suffered by GUYMINE and GuySuCo and to the fact that these losses would have contributed to the low public sector savings and low national savings. I was interested. I used a neutral word, to read in the *Mirror* newspaper last Sunday, because I make a point to read everything that is printed in this country as far as practicable. I was reading the *Mirror*, the mouthpiece of the People's Progressive Party, an article which called upon the TUC to resist retrenchment. The article said there were rumours that there was going to be retrenchment in various sectors of the economy and the TUC must resist it. Now, that remark was either cynical or naïve. I would say first of all, Cde. Speaker, that the Government has been in consultation with the TUC and has explained to the TUC the economic situation in this country regarding the financial and economic out-turn for 1981 and proposals for 1982 within the context of the global economic situation. I cannot fathom the reason for this call by the *Mirror* to the TUC to take such action. I do not know, Cde. Speaker, that strikes can create employment. I do not know that low production can create employment. I do not know that losses can finance investment. These things create unemployment and no industrial action of any sort – strikes, go-slow or what have you – can change the objective fact that we have not done well in production. Consequently, we have not done well financially and in situations like these the employees interests are likely to be affected. What is required now is not the kind of call made in the *Mirror*. Even the British miners who used to be the most militant of Trade Unionists and workers now seem to have understood that striking cannot create employment, cannot increase or improve their well-being. Employment can be created only from increased production and higher levels of efficiency. What is required now, Cde. Speaker, is that the Government, TUC, Political Parties, other people's organisations cooperate to create the conditions for restoring production to acceptable levels and for increasing the efficiency with which we get about our

productive tasks. Indeed, this is what is prescribed in the Constitution. The Constitution has not merely said that people should be entitled to certain economic rights. It says quite clearly and in equivocally that the enjoyment of these rights would depend on our creating the necessary economic conditions and it goes on to impose a duty on Trade Unions, upon social economic organisations, upon Government, upon the people as a whole, to cooperate to bring about those conditions which will create a reality of economic rights enshrined in it.

So, Cde. Speaker, the real question is this. It is not a new question. It is posed in the popular song, now a national song written by Billy Pilgrim. **'Let us cooperate for Guyana'**. Can we do this? Can we cooperate for Guyana? I am sure that all intelligent people will, all Members of this Assembly, all Guyanese who are proud of their citizenship, of their nationality who respect themselves will answer resoundingly in the words of that very song, "*Yes, we can*".

Motion on the Approval of Estimates of Expenditure for 1982 Budget Debate: 29th March, 1982

Mr. Hoyte: Cde. Speaker, in accordance with Paragraph 2 of Article 171 of the Constitution, I signify that Cabinet has recommended that the National Assembly should proceed upon the Motion for the approval of the Estimates of Expenditure for the financial year 1982.

I now move the Motion for the approval of the Estimates of Expenditure for the financial year 1982.

Introduction:

Comrade Speaker, partisans of the old International Economic Order had regarded the convulsions that had thrown the world system into confusion and disarray during the 1970s as aberrant and transient phenomena. These developments were not consistent with settled doctrine, contradicted conventional wisdom and did not accord with the orthodox thesis that continuous growth and prosperity of the industrialised economies were an inevitable and irreversible process. They brought into question not merely the adequacy of the arrangements that had regulated international economic relations since Bretton Woods, but also the validity of their underlying assumptions. Admittedly, the system was malfunctioning; and the syndrome of inflation without growth, high interest rates, fluctuating exchange rates and massive unemployment pointed to a systemic disorder. But its defenders conceded no structural weakness: the system was basically sound, self-regulating and self-adjusting, and would automatically purge itself of any anomalies and current malfunctioning that might accidentally appear. Comforted by these doctrinal certainties, forecasters were convinced that the abnormal conditions could not outlast the 1970s and would right themselves by the end of the decade.

These early years of the 1980s have not fulfilled the confident expectation that they would have restored to the world system the stability of earlier years and renewed the process of growth and prosperity in the industrialised countries. Instead of getting better, the situation has worsened, and the dreaded word 'depression' has begun to appear tentatively in the literature of economic forecasts. The symptoms that manifested themselves during the 1970s have persisted with a stubborn intensity. Indeed, the problem is rooted in the skewed and inequitable arrangements institutionalised in the world economic system and there is little likelihood of a solution without the fundamental changes by the developing countries as the basis of a New International Economic Order. It has become evident that the economic well-being of the developed countries can be sustained only on the basis of a parallel

well-being of developing countries which provide the markets and sources of raw materials for their manufacturers.

In the meantime, as the world system becomes increasingly unmanageable, economic adversity has shown itself to be no respecter of ideology, social systems or geographical locality. It has afflicted capitalist and communist countries alike. It has exacted as severe a toll in Europe as in North America. It has ravaged the economies of developed and developing countries, and has been particularly brutal on the economies of non-oil developing countries. And it has brought to the brink of bankruptcy not only least developed countries but also many a middle-bracket country which was thought to be well on its way to industrialised status.

In spite of these grave economic problems or perhaps, indeed, because of them, the prospects for world peace have receded and the danger of armed confrontation between major power blocs has become a disturbing possibility. The world 'détente', so fashionable among the statesmen of the great powers only a few years ago, has now been quietly deleted from the diplomatic lexicon. The 'game of nations', cynical and cruel at all times, has degenerated to the simplicity of undisguised power-plays. Astronomical sums are now being spent to develop and deploy sophisticated weapons of mass destruction. Spheres of influence are being arrogantly claimed of the big powers are being armed with weapons which many of them cannot even operate or maintain.

In this climate of growing hostility, the developing countries have been the prime victims. The issues which affect their vital interests have been removed to the bottom of the agenda in world affairs. The North/South Dialogue, initiated to promote a New International Economic Order, has been reduced to a barely audible soliloquy.

The Cancun Summit has come and gone – and, with it, the hopes for early progress in the Global Round of Negotiations. In the meantime, the Old International Economic Order remains entrenched, chaotic and unreformed and the New International Economic Order no longer rates a passing mention in the media of the developed countries. The civil debates on the issues of peace, development and human survival, in which the developing countries had placed such high hopes, can now scarcely be heard above the harsh rhetoric of belligerence and bigotry.

Our own region of the Caribbean has become infected with the menace of the wider world. Indeed, never in history has the region been so unstable, so flammable and so threatened. And in this unhappy situation, Venezuela's continued economic aggression against us and her repeated violations of our airspace and territorial integrity, in her frenzied pursuit of a spurious claim to our land, have been a major factor in the unsettled and volatile condition of the region.

At the best of times, small countries, particularly non-oil developing countries, have the greatest difficulty in maintaining volatile economies. Thus, their main preoccupation has always been with development issues. But in the prevailing economic and geo-strategic realities,

the problem of overriding immediacy for most of them is now to preserve independence and their territorial integrity and survive with dignity. The world has suddenly revealed itself to be a most dangerous place, especially for small countries.

It is against the background of these disquieting international and regional developments that I have the honour, Cde. Speaker, to present this eighteenth annual Budget of the People's National Congress Government.

Budget Methodology:

The 1982 Budget reflects a further advance on the methodological innovations introduced in 1979 and continued since then. The changes are aimed at improving the presentation and quality of the data and other information contained in the Estimates. Thus, they will enable a ready understanding of the organizational structures of Ministries and make it easier to determine their capability to implement their Programmes. They are also intended to ensure stricter financial control and facilitate the analyses that are necessary for monitoring, evaluating and planning.

The format of the Current Estimates has been completely recast. The line item or cost centres approach formerly used by Ministries in preparing their Estimates has been abandoned; and, in its place, has been adopted a materials input format which enables us to identify more accurately the true employment cost of agencies, the number and categories of staff and the materials, supplies and services inputs required to carry out the Ministries' Programmes. The revised format permits a more coherent presentation of the Estimates.

This new format was conceptualized and designed after intensive preliminary work. It was based on a management appraisal which the Public Service Ministry undertook in 1981 to assess the consistency between Ministries' Programmes and their Mission Statements and, within this context, to evaluate their staffing and financial requirements. On the basis of the appraisal report, Ministries for the purpose of the 1982 Budget submitted their annual work programme in a 'logical framework': which set out their goals and objectives, the inputs needed to achieve them, the outputs or specific results to be achieved by the Programme, and the mechanisms by which the result could be verified. The State Planning Secretariat analysed these Programmes to establish that they were practicable and relevant within the ambit of the Ministries' Missions, the organizational structures proposed by the Public Service Ministry and the financing required for their implementation. The Secretariat then compiled an overview and critique in a booklet entitled '**Review of the 1981 Targets and Summary and Review of the 1982 Targets for Ministries and Government Departments**'. This document was circulated to all Ministries, Permanent Secretaries, Regional Chairmen and Regional

Executive Officers for their information, criticisms, suggestions and guidance.

Furthermore, in keeping with the Mandate of the Constitution which confers a right and a duty on the people to manage and develop their regions, the Estimates have been regionalised, and financial allocations (both current and capital) have been made direct to the Regions to enable them to discharge their responsibilities.

It was on the basis of these appraisals and analyses and the evolutions in the political organization of the State that the format of the current Estimates was redesigned and the financial allocations made to Ministries. It should be noted, therefore, that any stringency that might appear to be inherent in the 1982 current allocations resulted not simply from a process of mechanical arithmetic, but from overall management and a systematic approach to the preparation and structure of the Budget. Inevitably, therefore, with the rationalization activities and the removal of excess staff, Central Government expenditure has been trimmed considerably.

1. ECONOMIC PERFORMANCE IN 1981

The World Situation:

Comrade Speaker, our own cautious hopes for an upturn in the economies of the industrialised countries in 1981 were disappointed: the conditions remained bleak. Output stagnated again; inflation continued unchecked; interest rates fluctuated but remained at high levels; exchange rates moved unpredictably; and balance of payments deficits were still very large. The growth rate of the industrialised countries, as a group, declined by 0.2 percent to 1.2 percent, some of them recording negative growth.

The human side of three problems manifested itself in the persistence of widespread and massive unemployment. The OCED countries, the total number of unemployed workers soared from 21 million in 1980 to 27 million in 1981; and, in Western Europe, it increased from 9 million in 1979 to 13 million in 1981. These numbers, high though they appear to be, may still be an underestimate. For example, in the United Kingdom, official statistics reported unemployment at 3 million, the Manpower Services Commission at 4 million and the Trades Union Congress at 5 million. In the USA, the number of unemployed was reported as 9.5 million (or 8.9 percent of the work force). The grimness of the situation may further be illustrated by the fact that in the USA, there were 500,000 personal and some 17,000 corporate bankruptcies. At the end of 1981 in every one of the industrialised countries, the number of unemployed workers was significantly higher than it had been at the beginning of the year.

The global nature of the economic woes might be illustrated by the difficulties of the Soviet Union which announced a 30 percent shortfall in

its grain harvest – the third bad grain harvest in a row. The Soviet trade deficit with Western countries exceeded US\$5.5 billion, which was double the 1980 deficit. Faced with a hard currency liquidity problem, Soviet trading corporations have been forced to ask Western and Japanese companies to defer the collection of about JS\$1 billion in short-term debt.

These general economic problems were paralleled in the economies of Eastern European countries. The pressures on the economies of COMECON countries might be gauged from their rising indebtedness to Western countries and international financial institutions. Their net indebtedness rose from US\$70 billion in 1980 to US\$80 billion in 1981 and is estimated to reach \$US100 - 130 billion by 1985.

The recession in the industrialised countries is not a matter of mere academic interest to the developing countries. The state of the economies of the former had a profound effect in the economies of the latter. The objective reality is that the world economic system is interlinked and dependency relationships have been institutionalised over the years. The developing countries market their exports, mainly raw materials, in the developed countries. They also buy from them much of their manufactured goods and raw materials and other inputs for their own industries. In these circumstances, recession in the latter countries is bound to impact severely on the former. During 1981, the repercussions on the economies of non-oil developing countries were particularly harsh. They were buffeted by the high oil prices, adverse terms of trade, high interest rates and shrinking demand for their exports. As a result, their balance of payments deficit on the current account which was US\$37 billion in 1979 leapt to \$84 billion in 1980 and \$100 billion last year. Their debt service payments which were US\$75 billion in 1980 amounted to almost US\$100 billion in 1981; and their debt service ratio continued its steady upward trend, climbing from 18 percent in 1980 to 21 percent in 1981. At the end of the year, their liquidity had deteriorated by 15 percent and their net foreign exchange reserves had become precariously low.

The continued stagnation of the world economy and the worsening situation of developing countries were disheartening features of 1981 and caused grave anxiety.

2. THE GUYANA ECONOMY

(a) General Performance:

To put it bluntly, the performance of our own economy in 1981 was disastrous. Physical output was unacceptably low and in consequence financial outturn disappointed.

Undeniably, the interaction of many external or uncontrollable factors contributed to the poor result. Weather conditions were not always propitious; the lead-time for the delivery of spare parts and other

essential imports was sometimes unduly protracted; and the terms of trade, one of the most serious and intractable problems continued to move against us. Indeed, during 1981, the terms of trade declined by 10 percent: they have therefore deteriorated by 30 percent since 1976. The unreliability of electric power supplies to manufacturers was also a great impediment to production.

But when all these things have been taken into account, they still constitute an insufficient reason for the poverty of our production volumes and the mediocrity of our standards. We, as a people, cannot evade a collective responsibility for a failure to manage our systems efficiently. And to implement with a time-line ruthlessness desirable policies and Programmes. With our existing plant capacity, our infrastructure and our skills, we were – and are – capable of doing much better.

Our economy still depends crucially on the three major sectors of sugar, bauxite and rice. We have therefore to examine the performance of these sectors to understand the extent by which our efforts fell short of what was desirable – and possible.

The bauxite industry made strenuous efforts to overcome the technical and manpower problems that have been bedeviling it for some years now. These endeavours proved to be still inadequate and production fell far below the targets. Moreover, the difficulties of the industry were aggravated by the reduced demand for some of its products and by a significant decline in its share in the world market for calcine bauxite. The Bauxite Industry suffered a loss of nearly G\$100 mn in its operations during the year.

Although not reaching the original target, the sugar industry did reasonably well and improved on its 1980 performance. It was ironical that the benefits that ought to have been accrued to the industry from the increased effort were nullified by a sharp decline in the world price of sugar. Estimated at the beginning of the year at some £ 300 sterling per ton, the price of sugar plummeted, at times, to level below £150 sterling per ton. These and other setbacks including losses from currency fluctuations, had such a serious effect upon earnings that the industry recorded a loss of G\$81 mn. instead of its projected profit of G\$18 mn.

The Rice Industry during the first crop achieved about 79,000 tons out of its target of 83,000 tons. But the failure of the short dry season to materialize hampered land preparation for the second crop and resulted in decreased acreages being cultivated. In the end, the industry fell short of its original target of 217,000 tons by 54,000 tons or nearly 25 percent. However, there still continue to be too many shortcomings in the organisation of the industry. These include weak management, poor planning, inefficient machinery deployment and maintenance systems and ineffective procedures to prevent losses through carelessness or irregularities.

I will now compare the targeted levels of production and export earnings in the three major industries with the actual volumes and receipts.

Industry	Tonnes Target	Actual	Export Earnings	
			Target	Actual
			G\$	G\$
Sugar	315,000 (310,000)	306,000 *(301,700)*	402.0	300.0 mn
Bauxite				
(1) Dried Bauxite	919,000	637,000		
(2) Chemical Grade	400,000	333,000		
			636.0	428.0
(3) Calcined	735,000	513,000		
(4) Alumina	240,000	170,000		
(5) Other Grades	25,000	27,000		
Rice	220,500 (217,000)	165,600 *(163,000)*	128.0	110.0
*Long tons				

Other merchandise exports earned \$125 mn. or 20 percent below the estimated receipts.

(b) The Bauxite Industry - Special problems:

Given the present structure of our economy, the Bauxite Industry is, and will continue to be for many years to come, the most crucial sector of our economy. A sustained high level of production, efficiency and export earnings in the industry is vital to our economic well-being and survival. In the present circumstances, the country cannot maintain viability of the industry's performance when it is indifferent – and the stark fact is that performance has been indifferent for the past three or four years. There are admittedly, managerial and technical problems afflicting the industry. The management has been addressing these with the energy and urgency that they deserve. But there are other severe problems confronting the industry of which we must all be aware, particularly those workers employed in the industry and those citizens whose livelihood depends indirectly upon the existence of the industry. It is important, therefore, that some time be devoted to an explanation and analysis of these matters.

Because of the recession in the world, the demand for aluminum has contracted sharply. The automobile industry, one of the largest users of the metal, is in a state of depression. Producer inventories are high (up 47

percent) and there is a marked increase on the recycling of aluminum scrap which, for example, now contributes about 20 percent of aluminum metallic supply in the USA as against 16 percent a few years ago. All of these factors have affected the demand for primary ingot and have depressed its price. The aluminum industry is said to be now experiencing the worst recession in its history. As a direct result, the demand for alumina has shrunk severely. Several aluminum smelters have been shut down in many parts of the world, some of them permanently, and the bauxite majors have cut back production in the mining operations which they control in several parts of the world. As a consequence, thousands of workers have been retrenched and their jobs made redundant.

Even when the other problems of the GUYMINE operations are solved and production levels are restored, the marketing of the product stream will not be as easy as it used to be. World demand is weak. As the recession deepens in the industrialised world, the forecasts are that the demand for bauxite products will decline further. This is inevitable. In fact, during last year and already in the course of this year some of GUYMINE's customers have preferred to cancel their orders for product and pay a monetary penalty.

But the most serious problem facing the industry is the fact that it has lost its near monopoly of the supply of calcined bauxite to the world market. In large measure, this is attributable to our own default. During the years 1977-1979, in particular, primarily because of low production, the industry was unable to satisfy the market demand for calcined bauxite, and this circumstance presented an opportunity for the entry of competitors into the refractory markets. First, China (whose refractory grade bauxite has some less desirable chemical and physical properties than ours) gained a foothold as users adjusted their technology to handle that material; and second, research was undertaken to use non-bauxite ores such as South African andalusite as a substitute for calcined bauxite. These materials have proved to be price competitive even though Guyana's calcined bauxite continues to be the technically preferred material, if it can be provided at a competitive price. Thus, the challenge to the industry is to improve reliability of supply and cost efficiency.

In these circumstances, China has intervened actively in this market over the past two years and has become a fiercely competitive rival. Last year, for example, Chinese product was sold at a price of almost \$US50 per ton below GUYMINE's in a tender to supply calcined ore for the United States' strategic stockpile. Guyana's share of the world market for calcined bauxite has now slipped from 85 percent to about 57 percent. We need to ponder this fact soberly.

With a knowledge of these facts, we cannot therefore, in the circumstances, tolerate any complacency in the operations of the industry. Its very existence is at stake. It should now be clear to all that strikes, irregularities and all such negative activities which can impair the efficiency of

GUYMINE's operations are luxuries that we just cannot afford. The industry needs to implement bold innovative strategies, even if they are painful, to ensure its viability and survival. These strategies could include more effective collaboration with agencies whose technological and management expertise could reinforce our own efforts to resuscitate the industry.

All workers involved in the industry must understand that their job security and their general self-interest demand of them an inflexible commitment to high quality of performance. Low production, lack of cost-consciousness, casualness and general inefficiency are the surest ways to destroy the capacity of the industry. To maintain its workforce at present levels or, indeed, to sustain its operations at all, both management and non-management workers must collaborate to create the work environment and conditions necessary to restore the production and efficiency standards we have achieved in former years.

(c) Industrial Relations Climate:

The industrial relations climate during the past year deteriorated. The number of work stoppages recorded increased from 333 in 1980 to 621 in 1981 – an increase of 288 or 86.5 percent. The number of man-days lost increased by 47,962 from 67,620 in 1980 and to 125,582 in 1981 – an increase of 70.4 percent. Wages lost as a result of these stoppages amounted to G\$2.55 mn. – an increase of G\$1.3 mn. or 108 percent. It is apposite to remark that 585 or 90 percent of the strikes in 1980 occurred in the sugar industry. These stoppages accounted for 1,130 or 90 percent of the man days lost and 89 percent of the wages lost.

I wish to say that sugar is an ailing industry. It lost G\$81 mn last year. In a situation of low world prices, protected markets and strong competition from high fructose syrup the position of the industry is precarious. Management and non-management workers must appreciate the importance of eschewing all behaviour patterns which will have an adverse effect on production and productivity of the industry. If the industry's viability is impaired, it will not be able to guarantee job security of its employees or maintain existing levels of services and benefits to them and to the communities in which it carries on its operations. Government cannot deficit corporations indefinitely as a matter of course – and Guysuco is a deficit corporation. All workers in the industry need to reflect very carefully on its problems and prospects.

The right to strike is a basic right of all workers and is enshrined in and guaranteed by the Constitution. The Government is committed as a matter of settled policy, to defending and upholding this inalienable right. However, we cannot at any time – and much less in these critical times – afford the luxury of wild-cat work stoppages, unnecessary strikes and other avoidable actions which can prevent the achievement of our

production targets. Trade Unions and individual workers must understand that any action that retards production not merely prevents the creation of new jobs but destroys existing jobs. Strikes should be a weapon of last resort and its efficacy ought to be demonstrated by the rarity of its use. These times demand responsible and mature trade union leadership and highly disciplined work performance. So-called 'trade unions militancy' must transform itself into action designed to enhance job security, expand employment opportunities, and ensure increases in material and social benefits to workers through steadily increasing volumes of production and standards of efficiency. We are already tasting the bitter fruits of low production.

(d) Growth, Exports, Imports and Balance of Payments:

In 1980, we managed to achieve a real growth rate of 2 percent. We then expected that the period of stagnation we had passed through had ended and that our country was once again on a growth path. However, our performance in 1981 did not justify that expectation. We did not improve on our 1980 achievements and, in fact, the economy declined marginally by about ½ of 1 percent. It is paradoxical that while the economy failed to grow, real consumption increased by 5 percent, this growth in consumption was achieved by a significant increase in our imports. This was an act of improvidence which, as a nation, we could neither justify or afford.

Merchandise exports earned G\$962 mn., representing a shortfall of \$G354 mn., or some 26 percent from the estimates. Merchandise imports amounted in value to G\$1,237 mn, that is G\$178 mn. or 10 percent below the targeted ceiling. In view of the large shortfall in export earnings, this value of imports was much too high. It is interesting to note that the value of our imports of goods and services amounted to some 109 percent of our GNP in 1981 as against 90 percent in 1980. This illustrates the excessive openness of our economy and indicates an insufficient growth in investment calculated to achieve a greater internalizing of our economy. Net payments for services amounted to G\$288 mn.

The deficit on the current account of our balance of payments was not kept to the planned level of G\$314 mn. or 18.5 percent of GNP. It reached the alarming amount of G\$558 mn., or 39 percent of GNP. I had said last year that the 1980 deficit of 21.4 percent of GNP was unsustainable, and that we had to work strenuously to reduce it. The intention was to reduce it progressively. The deficit in 1981, representing 39 percent of GNP, is the largest balance of payments deficits we have ever experienced. With a deficit of such magnitude, we are clearly not running a viable system. Last year, we shied away from the draconian measures that were necessary to restrain the deficit within manageable proportions and ensure its progressive reduction. We cannot avoid the issue any longer since the

present situation permits us no free will at all. The economic system cannot remain viable if we do not contain and drastically reduce this deficit. The 1981 deficit was financed by a net capital inflow of G\$346 mn. and an increase in commercial arrears of G\$62 mn. The capital inflows were unexpectedly large and reflected mainly the drawings from the Trinidad and Tobago oil facility which amounted to G\$187 mn. The increase in commercial arrears can be described as forced loans from our suppliers; it represents the value of goods which we have imported into this country but for which we have not paid.

(e) Public Sector Financial Performance:

The 1981 Programme required a total outlay of G\$1,361 mn. Current expenditures of the Central Government were projected at G\$763 mn., and the total public sector Capital Programme at G\$598 mn. Of this amount, G\$429 mn. was earmarked to be spent by the Central Government and the Capital Programmes of the Corporation was fixed at G\$195 mn. Of this latter amount, G\$26 mn. was to be financed by transfers from Central Government to the Corporations. The major sources of finance for these expenditures were as follows:

- Taxes and dividends from Government Corporations of G\$128 mn.
- Other current revenue of G\$382 mn.
- Public Sector surpluses of G\$135 mn.
- Net Capital Inflows of G\$312 mn.
- Routine Capital borrowing of G\$4 mn.
- Residual Financing from the banking system of G\$138 mn.

In the result, the borrowing from the Banking system increased from the projected G\$138 mn. This deterioration derived primarily from reduced non-bank resources which fell from a projected level of G\$1,222 mn. to G\$1,101 mn. Current revenue receipts (other than dividends and taxes from public sector corporations) increased from the budgeted G\$382 mn. to G\$491 mn. Gross external inflows to the Central Government rose from G\$382 mn. to G\$422 mn. On the other hand, the resources available from the Government Corporations fell from G\$263 mn. to G\$54 mn. – a deterioration of G\$317 mn.

These weak performances require some elaboration. The projected surplus from GUYMINE of \$G70 mn. turned into a loss of G\$96 mn. and that of Guysuco from a surplus of G\$18 mn. to a deficit of G\$81 mn. A listing of the most significant corporation losses is as follows:

Corporation	Losses in G\$ millions
GUYMINE	96
Guysuco	81
Guyana Electricity Corporation	21
Guy Construct	19
Guyana Fisheries Ltd	6
Guyana Timbers Ltd	3
Guyana Rice Corporation	2

The downtrend in the financial performance of the Government Corporations more than outweighed a strong collection effort by both the Inland Revenue Department and the Customs and Excise Department. Total revenue collections by the Inland Revenue Department rose from the projected G\$196 mn. to G\$245 mn., while those by the Customs and Excise Department increased from the budgeted G\$181 mn. to G\$229 mn. About G\$15 mn. of these increases derived from the effects of the additional fiscal measures introduced on 1st June 1981, but a substantial portion of the remainder resulted from improvements in the administration of tax revenue collection.

The most outstanding increases over budgeted projections were in collections of import duties and excise taxes. Import duties rose by G\$9.5 mn. over 1980 and by G\$8.9 mn. over the budgeted target. Because of foreign exchange difficulties, excise taxes on beer rose by a mere G\$0.9 million over the collections in 1980 and fell by G\$0.7 mn. below the original forecast. Consumption taxes increased by G\$54.5 million over 1980 collections and were G\$45.2 million higher than budgeted.

There were also improvements in tax collections by the Inland Revenue Department. Company tax receipts increased by G\$12 million over the 1980 levels and by G\$20.5 million over the Budget forecasts.

Despite these performances and a tightening of the expenditure control arrangements, the current Budget deficit of the Central Government widened considerably. Total current revenues amounted to G\$558 million, G\$48 million more than was projected in the Budget. However, the excess in the current expenditure level over the budgeted amount was even greater. Total current expenditures are estimated to have enlarged from the Budget level of G\$750 million to an estimated G\$832 million. Accordingly, the current deficit widened from G\$257 mn. in 1980 and from G\$250 mn. as projected in the Budget to G\$274 mn.

It needs to be placed on record that the Budget received G\$187 million in external receipts from the Trinidad and Tobago Oil Facility which cushioned the impact of the escalations in expenditures arising from the higher oil prices.

(f) Some Consequences of our Poor Performance:

The paucity of our production has had some serious repercussions on the country's creditworthiness. Low exports exacerbated the already critical foreign exchange problem. We were unable to pay overseas suppliers for some of the goods we had imported, and we were unable to meet some debt instalments to commercial banks and to bilateral and other creditors when these fell due. In consequence, many suppliers have stopped exporting goods to us other than on a cash basis; and in some countries, their export insurance agencies have withdrawn cover from us. We are not deemed creditworthy at this time.

(g) Relations with the International Monetary Fund:

Last year Guyana entered into an Extended Fund Facility with the International Monetary Fund. Under its terms, the country would have qualified to obtain resources amounting to about G\$500 million over a three-year period. Within a fairly short time after the arrangement had been agreed, it became clear that the assumptions which formed the basis of the programme were being invalidated. For one thing, the prices of sugar fell and remained at levels far below those which had been projected. The upturn in the bauxite industry proved to be a slower process than we had hoped; and the heavy, unseasonal rainfall during what should have been the short dry season hampered land preparation for the second rice crop. As a result, the second rice crop was smaller than planned.

Thus, while we were able to manage the internal system adequately and restrain public sector bank borrowing within the appropriate ceilings, our foreign exchange receipts were insufficient to enable us to observe the external ceilings. Although the arrangement is technically still in force, we are ineligible to draw upon the resources which were made available under it.

(h) Financial Discipline:

During the year there was a great improvement in financial discipline throughout the public service. A system was instituted requiring all accounting officers to certify on a monthly basis to the Comrade Minister of Finance that they have complied with the provisions of the Financial Administration and Audit Act, have applied all allocations strictly to the purpose for which they were released and have paid over to the appropriate agencies all PAYE, national insurance and all other deductions made from employees' salaries and wages in respect of the previous month.

The Accountant General's department resumed its inspection functions which had been neglected for some years. During 1981, there were

21 inspections for the accounting systems of Ministries as against no inspection in 1980.

Substantial progress was made in the updating of annual reports and accounts of those Departments and Ministries that had fallen into arrears; for example, the Commissioner of Insurance completed the backlog of reports for his Department for the years 1971 to 1980 and the Accountant-General compiled and submitted to the Auditor-General the reports on the Central Government financial accounts for the years 1975 to 1980. The Auditor-General has completed the audit of the national accounts for the years 1972 to 1974 and these have already been laid in the National Assembly. In accordance with his work programme, he will complete the audit of the accounts for the years 1975 to 1980 in the course of this year.

In general, there has been a more timely payment of revenues and submission of reports and other information to the Accountant-General and other officials and agencies responsible for administering and enforcing our financial procedures.

Arrangements to ensure strong financial control in the regions have been put in place. All Regional Executive Officers of Regional Democratic Councils have been made Accounting Officers and will be accountable to Central Government for funds transferred to the regions for the management and development of those regions. The process of decentralisation was advanced by the establishment of Sub-Treasuries in eight of the ten regions. Sub-Treasuries will be established in regions 8 and 10 this year to complete the exercise. In the course of this year, the Auditor-General will continue the process of decentralizing his Department and activities. Financial discipline must pervade the entire Government system and be the foundation of our arrangements to ensure efficiency.

(i) Physical Achievements in 1981:

The achievements of the 1981 Capital Programme were substantial notwithstanding the financial exigencies. Much progress was made in rehabilitating or constructing physical assets and infrastructure in the manufacturing, social and agricultural (including fishery) sectors. The Programme was designed to continue work on those projects identified in the 1978-83 Investment Programme and also to give emphasis to community projects which, although small in many cases, have an immediate and beneficial impact on the quality of life and standard of living of our citizens who live and work in rural areas.

In the agricultural sector, the Onverwagt Irrigation Project was completed in cooperation with the Government of the DPRK. The Contract 1 Phase of the Tapakuma Project was completed and work substantially advanced on Contract 11. In addition, the work on the MMA Project proceeded ahead of schedule, while the survey and design work for the

Black Bush Polder Project was completed. Work began on seven (7) marketing and extension centres under the Food Crop Production Marketing Project. These were some of the major developmental works, but they were complemented by work on numerous smaller projects such as improvements to farm-to-market roads, drainage and irrigation systems and other infrastructure vitally necessary for farming activities.

The Upper Demerara Forestry Road was completed and significant progress was made on the East Bank Berbice Road.

The Tannery and the Bicycle Factories were completed and went into production, and work continued on Phase II of the Solvent Extraction Plant. The saw-mill site of the Upper Demerara Forestry Project was completed and 30 new houses were built and an additional 20 started in the Township area of the project. The current phase of the Demerara Fish Port Complex was virtually completed.

In the social sectors, the hospital at Aishalton was completed in addition to 13 other Health Facilities in different parts of the country under the new Health Referral System. Eight new schools were built and extensive rehabilitation work was completed in several others. The Pure Water Supply Projects at Linden and Bartica were well advanced towards the stage of completion and the target of 36 new wells in Regions 8 and 9 under the Netherlands Programme was virtually achieved. Guyana continued its programme countrywide to carry potable water to many new communities.

In the meantime, the Central Housing and Planning Authority continued to be active in housing development. Twenty four apartments were completed in Ruimveldt and work continued on schemes in no less than 13 locations in different parts of the country.

3. FACING 1982 - WORLD REALITIES, PROSPECTS AND IMPLICATIONS FOR GUYANA

We cannot plan to stabilize our economy and promote its expansion without taking into account the actual probable developments in the world economy. It is unlikely that the recession in the developed world will come to an end this year. The industrialised countries will undoubtedly, therefore, continue their policy of protectionism and strengthen their tariff and non-tariff barriers against the entry of the manufacturers of developing countries. Demand for bauxite products will remain slack; and with recent forecasts that world sugar production this year will reach a record of nearly 98 million tonnes, 5 million tonnes higher than the record production of the 1977-78 season, any expectation of high world sugar prices would be unrealistic. In the meantime, the cost of our imports will continue to rise.

In particular, the price of oil to the non-oil developing countries will continue to be the single most important factor retarding their growth

and development. It is true that at the moment there is an oil glut and a reduction in the price of crude, but past experience has not shown that such price reductions have benefited those countries which have to import the refined product. In these circumstances, we have to adopt bold policy measures and innovative programmes and implement them with vigour and firmness.

With their huge balance of payment deficits and low foreign exchange reserve, non-oil developing countries will continue to be classified as high credit risks and will be unable to have easy access to the financial resources of commercial banks. Moreover, the resources of the multilateral financial agencies have been reduced, the cost of borrowing from them has been increased and the conditions for lending have been tightened. The scope for non-oil developing countries like Guyana to raise external financing will be greatly diminished in the course of this year.

In the light of the continued recession in the industrialised countries and the consequential contraction of demand and stagnation of world trade, the developing countries will find it difficult to restore and stabilize their economies by an export-oriented strategy that relies merely on traditional exports or customary markets.

4. THE 1982 PROGRAMME

(a) General Considerations:

The Programme for 1982 has been constructed against the background of the objective realities and will have to be implemented with them clearly in mind. It takes into account the improbability of the large external inflows we had in 1981; our massive oil bill; our limited foreign exchange which must inevitably constrain our ability to import; the necessity to increase our foreign exchange receipts; the importance of stimulating manufacturing activities, promoting exports, and ensuring our food security.

But overshadowing all these issues is the question of the security and defence of our country.

The Venezuelan Government has not only intensified its economic pressures against us in pursuit of its spurious claim to our land, but it has also been indulging in dangerous adventurism in violating our air space and our territorial integrity. During the past year, there were over 80 violations of our air space by Venezuela aircraft. Their aircraft have penetrated as far as Timehri as they try desperately to gather intelligence about our preparedness and our capability to defend our country. Their military personnel have from time to time violated our borders and actually entered upon our soil. They have been engaging in a flurry of military manoeuvres and activities in areas contiguous with our borders. The squandering of oil money on such activities cannot convert a baseless

and immoral claim into a legitimate and just one, but it puts a heavy burden upon our resources and diverts us from our developmental purposes. Countering the Venezuelan threat has an absolute priority claim to our time, our energies and our resources. The 1982 Programme, therefore, takes into account the imperatives of our territorial security.

(b) Some Policy Guidelines:

The success of the Programme will depend on how faithfully it is implemented within the framework of vital policy considerations. These relate to our ideology, the welfare of our working people, the principle of self-reliance, cooperativism, regional democracy and performance criteria. Our Constitution prescribes the social objectives of our people. These derive from our historical experience, our cultural heritage and the objective realities in our country. The constitutional provisions are merely formal expressions of the national ethos and the overwhelming consensus which has evolved over time about the nature, quality and direction of our society. The development of our country cannot therefore take place outside of the framework of the national objectives. The objective of building a socialist society remains an absolute national priority; and, of necessity, this consideration must influence our politics and guide our actions as we carry out our various assignments and duties in the implementation of the Programme.

We must ensure that we establish or strengthen those institutions and mechanisms and inter-relationships that will enable us continually to demonstrate to our citizens that the well-being of the people is, ultimately, the paramount objective. The socialist ethic must be proved to be not an abstraction but a practical working tool for promoting better human interrelationships and for generating increased wealth and better social conditions through enhanced production and productivity.

In furtherance of our Programme, we have to ensure that we create, maintain and continually improve the environment in which our workers need to produce. There tends to be a direct relationship between the workers' productivity and the quality of the environment in which they work. Managers, supervisors and those in functional authority are very often insensitive to this very important matter affecting the workers' welfare. Workers become irritated and resentful and their productivity falls, if for any reason the work environment is unacceptable and not conducive to production. We need to be always aware of the importance of this subject and, in consultation with the workers and their representatives, ensure that we maintain reasonable and acceptable conditions. We should also bear in mind that the work environment is very often wider than the work place and may include the community in which the workers live. We have to pay strict attention to ensuring that the necessary facilities, such as transportation, distribution outlets, community facilities, are not only provided but maintained at proper standards.

The principle of self-reliance has been a dominant theme in our history. It sustained our forefathers in the harsh and hostile periods of slavery, indentureship and colonialism. We have accepted it as a national policy; we have enshrined it in our Constitution; we have practiced it as a way of life. We have to intensify and extend our practice of self-reliance and ensure that it permeates all segments of national life. Nobody will help us unless we first of all demonstrate a willingness and a capacity to help ourselves and rely on our own resources. Self-reliance will involve the maximum mobilization of internal financial resources and a commitment to the use of local foods, raw materials and other resources generally instead of imported ones. It will also include a policy of regional self-sufficiency in which each region will organize its people and resources to satisfy their basic needs. Our Programme rests crucially on the application of the self-reliance principle at the national, regional and individual level.

Inextricably bound up with self-reliant activities is the concept of cooperativism. Cooperative endeavour is an ingrained habit with us, a vital aspect of our culture. Its capacity to liberate the productive energies of the people and to promote unity has been one of the best and most enduring lessons of our history. We must therefore plan, organize and manage our Programmes and Projects on the principles of cooperativism, to harness more effectively for productive effort the special expertise, the enthusiasm, the energies and the collective wisdom of the people. It is important to encourage and strengthen formal cooperative societies to increase dramatically the number of people who are involved in productive activities in the triple capacity of producers, managers and owners. Cooperativism remains for us the dynamic principle of socialist transformation.

We have also to plan and organize our activities on regional principles. The Regional Democratic Councils have a constitutional responsibility to manage and develop their regions and for this purpose to mobilize the people and cooperate with their social organizations. They have been assigned the necessary material and human resources to discharge their responsibilities. They have to operate on their basis of the principles of efficiency and accountability. The mandate to the Regions, therefore, is to organize themselves to achieve self-sufficiency, which is the very essence of regionalism.

Permanent Secretaries and other facilities in Ministries and other agencies based in Georgetown must acknowledge and recognise the fundamental change in the political organisation of the State and cooperate with the Regional Democratic Councils. It would be disruptive and contrary to the letter and spirit of the Consultation if such Officials were to attempt to interfere unduly or fail to cooperate with the Regional Administrations in matters which fall within the latter's jurisdiction and competence.

Finally, we will achieve nothing unless we set performance norms and enforce them. The only acceptance standard must be that of excellence. We have to keep insisting on the norms of excellence until it becomes a part of our culture. The criterion for continued tenure and promotion in the Public Sector must be a prompt, courteous, meticulous and disciplined approach to the execution of assignments. Unkempt personal appearance, rudeness, unpunctuality, absenteeism, carelessness, dishonesty, cannot be tolerated in the Public Sector. There can be no compromise now on the question, if we are to succeed. We have to start to acknowledge the prescript of the Constitution which requires us to ensure that the substantive economic rights enshrined in it are realised *“through sustained and disciplined endeavours to achieve the highest possible levels of production and productivity to develop the economy.”*

5. THE 1982 BUDGET

(a) Basic Assumptions and Targets

Last year I indicated that the targets set in the Budget represented the minimum volume of production which was necessary to ensure the foreign exchange and other financial receipts to implement the Programme outlined for the year. I also explained that if these targets were not met, then the financial projections which were dependent upon them would not be attained and workers would not be able to obtain improvements in their wages, salaries and conditions of employment. I repeat this point. I reiterate also that the targets set in the Budget are based upon a careful assessment of existing plant capacity and infrastructure, available skills and the production levels we have attained in the past.

When consideration and due weight has been given to actual and probable constraining factors, it will be noted that production targets upon which the Budget has been based, and which I will now indicate, are extremely modest in the light of the historical performance of sugar, bauxite and rice. The projected production levels are as follows:

	Tonnes
Sugar	340,000 (335,000)*
Bauxite	
Calcined	619,000
Metal Grade	600,000
Chemical Grade	400,000
Alumina	165,000
Rice	213,000 (210,000)*
*Long tons	

These three sectors, as I have already remarked, are still the main pillars of our economy. For the time being, the country's economic well-being and, consequently, the welfare of all our workers and other citizens depend critically upon the performance of these three industries. A comparison with the production series over the past 10 years will show how very restrained have been these projections. Given the will on the part of workers in these industries and competent management, there is no reason why these targets should not be met. The industries will all undertake energetic and methodical measures to ensure the achievement of these targets.

The programmes and policies pursued by the Sugar Industry in 1981 achieved reasonable production notwithstanding the excessive number of work stoppages. Its Programme for 1982 includes the continuation of the measures to improve husbandry practices, quality control, supervision in fields and factories and maintenance programmes in factories. In addition, it will spend G\$17 mn. in refurbishing factories, replacing obsolete equipment and upgrading and rehabilitating its field assets. It will reinforce its policy of promoting good industrial relations and will continue the scheme of good incentive awards. The industry is, of course, particularly vulnerable to weather conditions; but, given reasonable weather conditions and satisfactory industrial relations it should be able to achieve it targets.

The Bauxite Industry in a spirit of self-criticism and objectivity has been addressing the internal managerial and technical problems which have been affecting its operations. It retained the services of various consultant groups to deal with these problems and, on the basis of recommendations received, it has mounted a comprehensive programme of corrective actions. The programme, which affects every facet of the company's operations, is focusing on measures and mechanisms to overcome problems relating to recruitment and remuneration policies, mine planning and ore extraction of the transportation system for delivering ore from mining locations to the processing plants. It will include work to refurbish and rehabilitate both the Bauxite and Alumina Plants, to reorganize and improve the cost monitoring systems, to devise new inventory and spare parts acquisition arrangements, to review new marketing strategies designed to regain, particularly for calcined bauxite, the market share which has been lost within recent years.

Much of this work started during 1981, and the industry spend \$27 mn. under the programme to refurbish the crushing and washing, and concentrate and calcining sections of the Bauxite Plant at Linden, to rehabilitate locomotives and ore cars and the Heavy Earth Moving Equipment Department, and to acquire buses to transport workers to and from the mines.

During this year the industry will spend over G\$60 mn. to continue the implementation of the programme. Some of this expenditure will go towards the improvement of the mines, the Heavy Earth-Moving

Equipment Department, the Alumina Plant and the Services area. Expenditure on the overall rehabilitation programme will continue into 1983 and beyond.

The objective of this extensive and costly programme is to restore the reliability and cost-efficiency of the industry and put it in a position to regain the confidence of the former customers, to compete effectively with those suppliers who are now under-selling it and to recapture the market share that it has lost.

Action begun last year to improve efficiency in the Rice Industry will continue. The management of the Guyana Rice Board will be reorganized and the management system strengthened and improved. In particular, there will be regional decentralisation of management functions and direct responsibility of Regional Managers to the regional administration. In the meantime, through the Brazilian Line of Credit and the Tractor Assembly Plant in Georgetown, the Government will ensure the availability of the tractors and other machinery and equipment necessary for land preparation and for harvesting.

In its drive to improve its efficiency the Board, after an appraisal of its work force, trimmed its staff by some 600 employees who were in excess of its needs.

Government will continue to give every encouragement and support to the activities of manufacturers in the non-traditional sectors. These manufacturers make an important contribution to the economy and to our foreign exchange earnings. On present estimates, the production of rum in 1982 will be 4.1 million proof gallons or 0.2 million gallons higher than last year's production. Production of neutral alcohol will be 1.5 million proof gallons. Textile production will be maintained at 1.8 million metres. Production of refrigerators will rise from 15,850 units to 30,300 units; gas stoves from 11,810 units to 32,500 units; garments from 266,610 dozen to 297,700 dozen; timber from 4.9 mn. cu.ft to 5.3 mn. cu.ft. The production of shrimp (5.9 mn. lb. in 1981) is estimated at 7.5 mn. lb; fish (42 mn. lb in 1981) to 48 mn. lb. Poultry and eggs will maintain their 1981 level at 23 mn. lb and 48 mn. units respectively. Pork will increase from 2.9 mn. lb in 1981 to 3.5 mn. lb; beef, from 4.6 mn. lb to 5.5 mn. lb. Beer and Stout production will increase from 2.4 mn. cases to 3mn.; cigarettes from 602 mn. units to 662 mn. units; matches from 177,000 gross cartons to 185,000; stockfeeds from 116 mn. lbs to 120 mn. lbs. The production of plantains, ground provision, green vegetables and fruits continues to increase and production should reach very high levels this year.

Given the attainment of the production volumes, the economy would achieve a real growth of 3 percent, with GDP rising from G\$1.350 billion at factor cost to G\$1.520 billion. When we consider the low level of our production on 1981, the projected increase in growth is unpretentious. We have done so much better in the past that there is no valid reason why we cannot surpass the targets set.

(b) Exports and Imports:

When all factors are taken into account, including measures being taken to improve the efficiency in the overall system and stimulate productivity, it is projected that merchandise export earnings should reach G\$1.1 billion, being an increase of 19 percent over the low 1981 earnings.

Sugar prices continue to give cause for concern. During the year EEC agreed to increase the price for quotes from ACP countries under the Lome Convention by 8½ percent. However, with the world sugar price being now in the vicinity of £150 sterling per ton or over £50 sterling per ton below our cost of production, the prospects for high sugar receipts are not promising. Moreover, the United States authorities have just announced an increase in the import fee on sugar entering the USA with effect from 1st April, 1982. This will further reduce our earnings from sugar. The industry, if it is to aim at breaking even this year, would have to enjoy the combination of good weather and high productivity. Given this combination, sugar exports should yield G\$315 mn.

This assumption of good weather has also been made for rice. Improved efficiency of Guyana Rice Board's operations, the recent increase in the price to the farmer of about 20 percent and the increased yields per acre to those areas where water control has been established, should enable the rice industry to be on target. When the increased export prices are taken into account, the rice industry is expected to earn G\$161 mn.

The Bauxite Industry has shown a strong commitment to improving its efficiency and has been investing very large sums in a programme to do this. The production trends to date raises hope that the industry will be able to reach its targets this year. However, careful management and a sensitivity of all workers in the industry to the absolute necessity for a sustained high-level performance are vitally essential. Exports are estimated to earn G\$517 mn.

It is projected that other exports will earn \$133 mn. or an increase of G\$8 mn. or 6 percent over 1981.

On the assumptions mentioned above, merchandise imports will be budgeted at a value of G\$1.2 billion.

6. THE 1982 CAPITAL PROGRAMME

(a) Central Government:

Notwithstanding the grave financial stringency, the Government has made strenuous efforts to maintain a high investment in the Capital Programme to ensure the continuation of the development process. The Programme will absorb G\$382 mn. Basically, the projects to be financed are those identified and included in the 1978-1983 Investment Programme. Obviously, in the present situation, priorities have had to be reordered

and restraint put on some expenditures; but the Programme follows essentially the outline of that for 1981. Consequently, the allocations reflect the continued heavy emphasis on expanding and diversifying our agricultural base, on rehabilitating our fixed assets, upgrading of land, air and water transportation services and on improving social facilities particularly in the areas of housing, education and health care. The energy, forestry and fisheries sectors will also attract substantial outlays. A breakdown of the investment allocations will show that nearly 30 percent is being deployed into the agricultural sector and 20 percent into the social sector.

In the Agricultural Sector, Contract II of the Tapakuma Irrigation Scheme will be completed and work will proceed on the M.M.A. and the seven marketing and extension centres in the Food Crop Production/Marketing project.

In the Manufacturing Sector, phase two of the Solvent Extraction Plant will be completed. In addition, the Rebuild Workshop at MARDS, the East Bank Berbice Road, the Anna Regina tourist facility will all be completed and a new phase of the Demerara Fish Port Complex will be begun.

Government will continue to strengthen both the Health and Education Delivery systems throughout the country. Three district hospitals in Regions 1, 3 and 6 will be completed and work will continue on the district hospital in Region 2. In addition, 5 hospitals and 7 health centres throughout the country will be extended and rehabilitated. There will be 20 houses constructed in the various regions to accommodate Medex personnel. In the Educational field, 10 new primary schools, extensions to 5 secondary schools, 3 new Community High Schools and the new Secondary Teachers Training College at Turkeyen will be completed. Eight new teachers' houses will also be built.

The Central Government would continue to be active in housing development.

(b) Public Corporations:

The Public Corporations will invest G\$160.0 mn. on their Capital Programme during the year. Guysuco will spend \$17 mn. in rehabilitating factories and replacing equipment and upgrading its field assets. GUYMINE will spend over \$60 mn. on an extensive Programme to rehabilitate plant and machinery and to improve its management systems. The Guyana Rice Board will expend G\$17.0 mn. mainly on the construction of rice storage and export facilities under the Rice Modernisation II programme. Guyana Electricity Corporation's Programme will call for an investment of G\$20 mn. to finance its Expansion and Rehabilitation Programme; and Guyana Pharmaceutical Corporation will spend G\$2.5 mn. to complete Phase II of the Edible Oil Plant at Farm. The Seals and Packaging Plant project being undertaken by Guyana Liquor Corporation will require G\$2.6 mn.

to enable it to be completed by the middle of this year. Guyana Transport Services Limited will spend G\$1.3 mn. on the completion of a workshop and depot for buses and on the acquisition of buses; while Guyana National Engineering Corporation's Programme calls for expenditure of G\$8 mn. for the expansion of foundry capacity.

(c) The Housing Programme:

On the Government's agenda for development, housing has always been a priority. Even in difficult times, it continues to be. In the course of this year, housing development will proceed on thirteen (13) schemes across the country and will include three hundred and twelve (312) aided self-help units. Additionally, construction will begin on sixty-one (61) rental apartments in Georgetown and twenty-five (25) hire purchase houses will be completed. A Sites and Services Project for the development of two hundred (200) houses in the Ruimveldt area will be completed. In addition, the Housing projects jointly financed by the Central Government and GUYMINE in the Mining Communities of Linden, Ituni and Kwakwani will continue.

It is expected that the private insurance companies, pension funds and credit unions will intervene more actively this year in the housing sector and that their investment will supplement the outlays provided by the Central Government.

In order to facilitate persons of moderate income and financial resources, the Guyana Cooperative Mortgage Finance Bank and the Dependants' Pension Fund will assume a special role as lenders to such persons. Government will, in the first instance, transfer \$14 mn. to the Bank to enable it to intervene more actively in the area of housing development. In the first place, its lending ceiling will be increased to G\$50,000; and it will be permitted to lend not only for new construction but also for the purchase of existing buildings to be used as residences. It will also be allowed to lend up to G\$25,000 for repairs or extension to houses. If the initial transfer to the Bank is fully utilized, the Government will make additional resources available.

Similarly, the Cabinet has authorized the Dependants' Pension Fund to increase the amount of its funds which it could invest in mortgages from G\$7.5 mn. to G\$13 mn. The DPF's lending ceiling has also been increased to \$50,000. Both institutions will keep their interest rates on mortgages at a maximum of 8 percent. The Bank will continue to grant lower rates to cooperative and self-help housing schemes.

Last year I gave an undertaking that Government will study the question of making tax deductible the interest payments on loans obtained by private citizens to repair, extend or otherwise improve their residences. I wish to announce that the Government has agreed to make such interest payments tax deductible. In addition, interest paid on loans obtained for

the purchase of buildings which were occupied previously by another person, for a period not exceeding 5 years, will be tax deductible, provided the claimant has acquired the building for his private residence. The Government hopes that these concessions will help in encouraging citizens to repair or improve their residence or to acquire their own homes.

(d) The 1982 Financial Programme:*

The 1982 Budget envisages a total public expenditure of G\$1,396 mn. This represents an increase of G\$27 mn. over the 1981 levels of G\$1,369 mn.

Some G\$891 mn. of the total is earmarked for the finance of the Current Expenditure of the Central Government and 13\$505 mn. will be applied to financing the Capital Expenditure Programme of the overall public sector. The Central Government capital expenditure is fixed at G\$382 mn., which amount includes transfers totalling G\$37 mn. to Corporations for the execution of their capital projects. The capital budgets of the Corporations total G\$160 mn.

When these Central Government transfers are netted out from the total budgets of Corporations, the net capital expenditure of both Central Government and Corporations is expected to amount to G\$505 mn.

The ability to finance these expenditures rests very heavily on the collection of current revenues of the Central Government. Taxes from Government Corporations are expected to decline marginally from their 1981 level to G\$52 mn. These agencies are required to increase their dividend payments to the Central Government by G\$8 mn. to G20 mn. By far the more substantial portion of Current Revenue will derive from direct tax payments of other business and from indirect tax payments of Government and private businesses. These latter payments are projected to increase by G\$51 mn. to G\$42 mn.

The Public Sector will be financed in an amount of G\$12 mn. from grants and other capital revenues. Funds generated in respect of depreciation provision are estimated at G\$96 mn. Much more significant, however, is the expected surplus of G\$08 mn. of Corporations after meeting charges for taxes, dividends and depreciation funds. This projected improvement in the Corporations' position will add G1210 mn. to the weak 1981 performance.

External receipts for project financing and for balance of payments support are not expected to match the 1981 inflows. At present it is estimated that these will fall by some G\$85 mn. to G\$336 mn.

The receipts by way of debentures, including Defence Bonds, are likely to increase to G140 mn., but some G\$90 mn. of this amount will originate from investment decisions of Government Corporations. The net capital borrowing of Corporations is projected at no more than G\$10 mn. while the miscellany of other public sector financial transactions will result in new increases of short term assets of about G\$24 mn.

These amounts appear, at this stage, to be the maximum financial resources that we can expect realistically to mobilise. They total G\$1,146 mn. and fall short of the expenditure requirements of G\$1,396 mn. by some G\$250 mn. Since the banking system can provide no more than \$60 mn. of this total, the Financial Programme requires additional resources in an amount of G\$190 mn. If we are unable to find these additional resources, it will become necessary to reduce still more sharply the current and capital expenditure to achieve the balance dictated by financial prudence.

It is clear that the Programme, as conceived, can be financed only if a massive production effort is forthcoming or larger external inflows can be mobilised.

(e)The Worker, His Productivity and His Rewards:

Last year, the Government instituted substantial salary and wage adjustments, accompanied by income tax relief based on the widening of income tax bands. In announcing the improved wage package, I reiterated two basic principles upon which both the Government and the Trade Unions were agreed and about which there can be no dispute: first, that increases in workers' real wages can come only from increases in production; and second, that there has to be a linkage between an increase in wages and an increase in productivity.

As I have already indicated, productivity did not improve last year and economic output declined by about a half of one percent. In these circumstances, there has been no increment to the national product out of which there can be any general increases in the salaries and wages of public sector employees in 1982. The Government would be hypocritical if it were to hold out to workers any hope at all that there can be general salary and wage increases in the absence of an increase in productivity.

In the course of the year, however, the Government proposes to amend the salaries of some employees whose salaries were not properly adjusted last year because of the pressure of work on the Officials dealing with this matter. Second, the Government had given an undertaking last year that it would examine the question of teachers' salaries. There have been discussions between the Guyana Teachers Association and the Government and principles have been accepted upon which a revised salary structure for the profession can be constructed. The profession deserves better conditions and the salaries of teachers ought to be revised. The Government concedes this point. However, in the present circumstances, the Government can give no commitment that a revision will necessarily take place this year. If, in the course of the year, it becomes evident that there is an economic upturn which is likely to be sustained, the Government will give consideration to the legitimate claims of the teaching profession.

Although there will be no general salaries revision, the incentive scheme throughout the public sector will be maintained.

All Ministries have submitted Work Programmes for 1982 and their eligibility for incentive awards will depend strictly upon their achieving the targets in their Work Programmes. The incentive schemes for Public Corporations will, of course, follow the normal criteria and awards paid on the established principles.

7. PROGRAMME FOR ECONOMIC RECOVERY

(a) Improving our Overall Management Systems:

Comrade Speaker, the Government does not intend to impose or increase taxation to finance the 1982 Programme. We already have an austere regime of taxation. Our problems are not on the demand side: they stem rather from our indifferent production performance. It is on this area therefore that we must focus our attention.

We have in our country ample human and material resources, plant capacity and infrastructure to permit far higher levels of production than we have been attaining within recent years. Our real failure has been in the management of the overall system.

We have perhaps taken too casual an approach to this issue; have not intervened with sufficient decisiveness to prevent the situation from drifting; have not insisted on the introduction of appropriate systems and the strict observance of them; and have not compelled compliance with existing procedures. There is little doubt that throughout the Public Sector many managers and supervisors have abandoned their functions and abdicated their responsibilities. We need therefore to strengthen our management systems, assign areas of responsibility and authority with precision and establish clear lines of accountability. The system must be reinforced by the principle of recognition and rewards for competence and sanctions for indiscipline and incompetence.

(b) Specific Policy Measures in Activities in Support of the Budget:

To enable us to cope with our immediate problems, to stabilise the economy and to try to get it once again on an upward economic trend, the Government has devised a set of initiatives as part of the Recovery Programme. These initiatives are a complex of specific policy measures, programmes and activities and some institutional arrangements.

8. POLICY CONSIDERATIONS

(a) Public Corporations:

The Government has decided that it would not indefinitely carry deficit Public Sector Corporations which are of a commercial type and therefore

expected to make a surplus. These Corporations will be given until the end of June to come up with firm and practical proposals to reorganise themselves and be profitable. They will not be allowed to improve their profit and loss account by the simple expedient of increasing charges to the public. They have to begin from the position of internal efficiency, constant and imaginative marketing of their goods or services. Those corporations that require management services or expert assistance will have to go out and get it.

In the special case of GUYMINE, that corporation has already put in train a number of measures to strengthen its operations and restore its profitability.

If necessary, it may have to consider more objective and pragmatic approaches to the problems of its management requirements and marketing strategies.

The Central Government will no longer make any financial transfer to the Transport and Harbours Department to cover its deficits. The scope of operations of this Department has been greatly reduced with the transfer of many of its activities (such as civil engineering) to other agencies. To enable it to eliminate its deficits, the Government will permit the Department to retain the harbour dues which are now paid into the Consolidated Fund; but it is expected also to rationalise its operations and effect internal efficiencies and to breakeven on its operations

(b) Export Policy:

Given the slack demand in the industrialised countries for major exports, it is doubtful whether by concentrating on improving our performance in traditional exports alone, we can achieve the external balance that we need to stabilise the economy. Government will therefore formalise an Export Policy and will seek to expand our trade on a multilateral basis with our CARICOM sister states, with some of which discussions on this matter have already been started. The private sector will have an important role to play in achieving the objective of expanded trade. Government will activate as soon as possible the Export Development Council in the work of which the private sector will be involved.

(c) Import Policy:

Procurement by Public Sector Agencies of spare parts and intermediate type goods has tended to be inefficient and therefore unduly costly as a result of a lack of coordination. Government has decided to reduce the cost of these imports by instituting a more rational procurement system. Discussions have already begun with a prestigious financial institution to set up and finance a central warehousing facility in Guyana under which spare parts and intermediate goods would be financed and held in stock.

This arrangement would ease the pressure on our foreign exchange inasmuch as payments will be made only when goods are withdrawn from the warehouse.

(d) 'Land to the Tiller':

Government has accepted the broad recommendations of the Kennard 'Land to the Tiller' Report which was commissioned to give effect to Article 18 of the Constitution. The Government has set up an implementation committee and envisages that the distribution of land to landless farmers and the allocation of larger acreages to those who need it would have a dramatic effect upon the productivity of our farming communities and the financial returns they get from their labour.

(e) Investment Code:

In 1979, the Government issued an Investment Code setting out its policy on investment in Guyana – public, co-operative and private. Notwithstanding a number of meetings between the representatives of the private sector and Government Ministries, which were held to clarify the document and explain its purpose and intent, private sector businessmen have continued to complain that the document is ambiguous and inadequate. In the circumstances and in deference to the views of our indigenous entrepreneurs, the Government has sought the assistance of the World Bank which has made the necessary funds available to enable it to retain the services of a consultant whose terms of reference would require him to refine the document.

The Government continues to seek ways and means of giving assurances to and encouraging the local private sector. Government hopes that, once the document has been recast, local businessmen will make use of the enormous opportunities open to them in their native country. The Government through its regime of fiscal and other incentives, and in all other practical ways, will continue to aid the endeavours of all Guyanese businessmen who are loyal to this country and who wish to contribute to its development.

(f) Interest Rates:

The Government has decided to rationalise the structure of interest rates and to adjust some of these rates in order to remove certain distortions and anomalies which have crept into it over time. The details of this rationalisation and adjustment will be announced shortly.

(g) Import Licensing System:

From representations which have been made to the Ministry of Trade and Consumer Protection by manufacturers, it appears that many of them are able to make special arrangements overseas for the supply to them of certain spare parts and machinery that they need for their operations on a 'no foreign exchange requirement' basis. The Government does not pretend that it understands fully the complexities or ramifications of these arrangements. However, it is prepared to be flexible and to authorise an experiment in the relaxation of the licensing system.

As from 1st May, 1982, therefore, a manufacturer will be permitted to import spare parts up to the CIF value of G\$5,000 and any item of equipment or machinery up to the value of G\$10,000 without the need to apply for an Import Licence, where such manufacturer does not require any foreign exchange from Guyana to pay for the imports. This relaxation will be permitted until the 31st December, 1982, during which time the experiment will be reviewed and any necessary decisions about its future operations taken.

(h) Rescheduling Of External Debts:

The low foreign exchange receipts which we obtained last year together with the projection that receipts this year are unlikely to be buoyant has put the country in a position where it is unable to service the debt installments to commercial banks and bilateral creditors which have already fallen due or will fall due for payment in the course of this year. In the circumstances, the Government has no alternative but to seek a rescheduling of these debts. Success in rescheduling the debts is vital if we are to sustain the programme envisaged in the Budget.

9. SPECIFIC ACTIONS AND ACTIVITIES

(a) Reduction of Central Government Current Account Gap:

We have to reduce to manageable proportions the huge gap of G\$276 mn. in the Central Government current account which we had in 1981. This reduction cannot be done at one fell swoop but we have to begin the process of reducing it systematically so that over a period of four years we can eliminate it altogether and, ideally, show a surplus in the current account. We have therefore curtailed Government expenditure and trimmed staff by some 6,000 employees. There are four reasons for this reduction of staff:

- (i) The scope of operations of some Ministries has contracted greatly and, as a result, they have become over staffed, for example, Ministry of Works and Transport.

- (ii) The establishment of many Ministries became bloated as a consequence of unsystematic recruitment and the absence of managerial assessment of the Ministries' structures in relation to their functions. As I have already remarked, the Public Service Ministry carried out such a survey and their report recommended the reorganization of many Ministries and a consequential reduction of staff.
- (iii) With the establishment of the Regional System, Governmental activities and personnel in the regions have been integrated. With the resulting elimination of overlapping and duplication of functions and activities, the staffing needs were lessened.
- (iv) In the light of the present economic difficulties, the Government just cannot pay for the large number of persons who were formerly on its payroll. The fact of the matter is that we are not producing at a sufficiently high level to sustain the level of employment and services to which we have grown accustomed over the years.

I wish to say that retrenchment in the Public Sector does not necessarily connote massive unemployment. It is paradoxical that while the Public Service is overstaffed, many areas of productive activity are starved for workers. The Government, through the Central Recruitment and Manpower Agency, has mounted a special programme to redirect retrenched work to other areas of employment, to facilitate retraining and to assist them to establish themselves in areas of self-employment.

(b) Practice of Self:

We will enforce rigidly the practice of national self. This principle will apply to all sectors and all aspects of national life, but it will apply in full measure to our eating habits. The Government will not allow the absurd situation to continue in which we spend millions of dollars to help our farmers to be productive and then permit people to ignore our farmers and their produce and expend large sums on exotic foods. Unless an import is absolutely necessary it will not qualify for an allocation of foreign exchange. This rule, however, will not necessarily apply rigorously to manufactures from our CARICOM sister states, with which we would like to expand mutual trade.

(c) War on Waste:

We will mount a vigorous campaign to eliminate waste in all areas of national life. As far as the public sector is concerned, a directive has been given to all agencies to practise the strictest economy and to wage an all

war on waste. The Public Service Ministry will be re-issuing the booklet 'War on Waste' which details the actions that can be taken to effect savings and avoid waste.

(d) Energy Conservation:

The exorbitant cost of oil has been eroding our foreign exchange earnings and undermining our economy. It is the single most important cause of our foreign exchange and economic problems. This year our oil bill will be nearly G\$500 mn. representing nearly 34 percent of our GDP and 41 percent of our projected gross foreign exchange earnings. As part of its conservation drive, the Government has decided this year to cut back on the importation of fuel by 10 percent in volume. This will represent a substantial saving in foreign exchange. This cutback is not intended to reduce manufacturer and industrial activities. We are satisfied that there is enormous wastage of high-priced fuel all over the country and that managers are not sufficiently cost-conscious in their particular respect. Every major user of fuel in the public sector has been required to prepare an Energy Budget, to monitor its use of energy, to establish the relationship between fuel used and output and to ensure the most efficient use of fuel.

Studies already made have indicated that with careful management we can cut back on fuel us by the proposed 10 percent without affecting our production activities.

The Energy Unit established within the Ministry of Energy and Mines has been charged with responsibility for overseeing and enforcing the Policy.

(e) Increased Production Of Non-Traditionals:

We estimate that in order to bring our receipts and payments into balance this year, we will have to obtain an additional G\$20 mn. net per month in foreign exchange. I have already expressed my doubt that we could earn this additional amount from our traditional exports. But we can earn it from our non-traditional exports which have enormous market potential and value, but which we have been neglecting both at the production and the marketing end. In order to stimulate production of non-traditionals with a view to increasing our export earnings at least by the required amount, every Ministry having a responsibility for a productive area has been required to submit a detailed Programme, with a regional breakdown, for organising the required increased production in its specific areas of activity. This responsibility is one personal to the Minister. The main Ministries affected are Agriculture, Forestry, Energy and Mines and Manufacturing. In all these areas, there are enormous resources; skills and plant capacity.

10. INSTITUTIONAL STRENGTHENING

(a) Task Force:

There has been established, under the aegis of the Office of the President, a Task Force comprising both Public Officers and private sector personnel to coordinate the several Programmes and activities to which I have referred, to break bottlenecks, to expedite procedures and to ensure that the momentum of the Recovery Programme is maintained, and that the overall objectives are being kept in and achieved. I am sure that all persons will understand the importance of cooperating with the Task Force in the discharge of its responsibilities.

(b) Other Agencies:

The policies and Programmes outlined above need to be developed and implemented within an appropriate institutional framework. I have already referred to the Export Promotion Council, the Central Recruitment and Manpower Agency and the Energy Unit, all of which will have specific responsibilities with regard to particular aspects of the Programme. The Regional Development Councils are crucial to the success of the production effort inasmuch as the regions will be responsible for ensuring that there are the necessary infrastructure and supportive measures and mechanisms to enable their production quota to be met. A Gold Board will be established to purchase all gold produced in the country. The State Planning Secretariat will have the vital function of ensuring that all our efforts are integrated and coat a national level and have an internal consistency. Its capability will therefore be strengthened through a programme of collaboration with a Yugoslav firm which will begin next month. The objective of this programme is to sharpen the Secretariat's planning techniques, to establish a project cycle unit and train the necessary staff.

There will also be very shortly a thorough re-organisation of Ministries with a view to reducing costs and increasing efficiency and productive capacity.

It is expected that this combination of policies, Programmes and activities will help considerably to arrest the drift in our economy and, by giving direction and purpose to our activities, stimulate production. There is no naive belief that they will work magic and effect a transformation overnight. This however is the beginning of a process. Of necessity, there will be some rough edges and some gray areas, but the broad intention is discernible and the objective is clear.

11. OUR RESOURCES AND OUR PROSPECTS

(a) General:

We are passing through a difficult economic phase, but this not doomsday. Our country is richly endowed. We are not without valuable assets. Our problems do not spring from a lack of resources, but from a lack of liquidity. The investments to generate the required liquidity are proceeding apace everywhere to develop our resources with a view to diversifying and expanding our economic base. Economic activity related to resource development, is dynamic, not stagnant; and our prospects remain bright.

(b) Illustrative Cases From Two Sectors:

I wish to illustrate this point by a reference to ongoing Programmes in two sectors, namely, the mining and forestry sectors.

(i) The Mining Sector

In the mining sector, there is much serious and exciting work in progress. The French Government firm, COGEMA, is intensifying its exploration for uranium in the Mazaruni area in Region 8. In the same region, the United Nations Revolving Fund is engaged in a programme of exploration for gold and base metals and Republic Mines Limited, a Canadian firm, is exploring for gold. A joint venture between the Yugoslav firm, RUDI5 Mining Co., and the Geology and Mines Commission has started work to exploit gold in the middle Konawaruk area, and a joint venture between the Romanian firm, GEOMIN, and the Commission, is being negotiated to exploit the gold and molybdenum deposits of Eagle Mountain.

Under a technical and economic co-agreement signed between Guyana and France, the French Government agency, Bureau de Recherche Geologiques et Minieres (BRGM) will carry out investigations into the gold and other mineral potential in the greenstone area of the lower Barama, preparatory to developing a feasible project. Under an agreement with the American corporation, Harry Winston Inc., which is financing the project, the Commission has undertaken a programme of research in the diamondiferous areas of the country. In the meantime, too, with a grant from the Government of Iraq, the Commission is carrying out further investigations into the gold and other mineral potential of the Eagle Mountain area.

In order to stimulate our pork-knockers to increase their production, the Commission will be reactivating the Aid to Miners Scheme and, at the same time, it has begun to develop the semi-precious stones industry. The Commission has re-established the Lapidary in Ruimveldt, is buying semi-precious stones and is training persons in the identification,

cutting, polishing and faceting of these stones. The work of the Commission has already resulted in a sharp increase in the production of gold and other precious and semi-precious minerals.

In the meantime, the Canadian Company, Home Oil, is drilling for oil in Region 9 and the US/Canadian Consortium of Dennison Mines/Seagull is expected to commence off drilling later this year.

(ii) The Forestry Sector

The vast potential of our forestry sector for generating employment and for contributing to our growth and foreign exchange earnings is well-known.

The Forestry Commission and the private producers have worked out a carefully conceived plan to increase production by some 33 percent this year as the first phase of a sustained drive to enlarge the importance of the sector in our economy. The increased production will come from new capacity installed by sawmillers and additional machinery and equipment acquired by them. We have firm contracts with Caribbean countries for the supply of wallaba poles and the demand for our woods in the region has always been strong. The export market is good and sales abroad are expected to increase by at least G\$16 mn. this year. The British Standards Institute has recently approved the quality of our poles and already there has been an inquiry for 3,000 poles from the United Kingdom.

The Sector has also been reactivating the charcoal industry which has great export possibilities. The industry has set itself an export target of 2,000 tons this year. In order to help producers achieve this target and expand operations in the future, the Forestry Commission has ordered 200 Mark V metal kilns. These are now being fabricated and will be used to ensure that charcoal is produced by scientific methods to satisfy the quality and other characteristics stipulated by overseas buyers. GAIBANK is intervening actively in this sector to provide the financial support required by the manufacturers; and the Forestry Commission has established a charcoal production department to give technical support and advice to them.

In order to promote the use of indigenous materials, as an aspect of the principle of self, the Commission is encouraging manufacturers to expand the production of shingles and is popularising their use.

The intensive work going on in the mining and forestry sectors is being paralleled in all other sectors of our economy. We have every reason to keep our spirits buoyant and persevere with our productive activities in every field.

12. CONCLUSION

Budget of Resilience:

Comrade Speaker, few citizens will fail to understand the gravity of the situation which confronts us or the magnitude of the danger which threatens us. The Government has not attempted to gloss over the problem because, in the final analysis, it is the people who have the answers and will provide the solutions. But, first of all, they need to understand the nature and the extent of the problem.

At the Party and Government level, therefore, in keeping with our normal policy and practice, we have held meetings with the people in every region and community of the country to explain to them the realities of our situation. What is heartening and impressive is not merely the fact that they have been turning out in large numbers, but that they have offered a diversity of shrewd and constructive proposals for shoring up our economy, for lessening the impact of the difficulties and for safeguarding our vital national interests.

Periods of difficulty test our self and our character. There is always a temptation to yield to doubts and fears and to compromise principles in the vain hope of finding an easy option. There are no easy options for us. There is no short, no royal road to development. We know that development is a slow, painful and sometimes dangerous process. Success comes in the end only to those who have patience, fortitude and moral strength.

We have a beautiful, fertile and richly endowed country. Since Independence we have ploughed massive investments of our time and energies, of our financial and material resources, into its development. Let us not make the mistake of forgetting what we, as a people, have done and achieved together. We have only to look around us to see the schools, the health facilities, the housing projects, the roads and the drainage and irrigation systems that we have built. We can all recognise the enhanced quality of life in rural areas brought about by the extension of pure water supplies, electricity and social amenities. We are far from perfection, of course, and we are yet to satisfy the legitimate basic needs of all of our people. But those of us who are old enough to compare the present with colonial times know how wonderful have been the changes we Guyanese have wrought in this country of ours. Perhaps the most palpable manifestation of our progress is our children and young people. They have sloughed off the docility and lethargy which were their distinguishing traits in the colonial area. We see them now eager and self-confident, their heads held high. They know that they possess this land, that the future is theirs and that, together with their comrades, they have the right, the duty and opportunity to shape that future and to mould this country nearer to the heart's desire.

It is the shaping of that future with which we are now concerned. This is no time for weakness and vacillation; this is no place for the fearful and

pusillanimous. Clear minds, strong wills, a steady purpose and a common resolve – these are the qualities we need to sustain us at this critical period and these are the qualities we have always found among the masses of the people. The Party and the Government have always worked with and trusted the people in confronting and overcoming difficulties. In the people, therefore, we place our faith; with them we make our stand.

The combination of the Party, the Government and the people has never been beaten. It will prove yet again to be invincible as we close our ranks to defend our economy, to defend our hard social gains and to defend our country. But our ambition transcends mere survival. Our inflexible purpose continues to be the development of our country and the creation of humane society on the foundations of social justice.

And so, Comrade Speaker, I present a Budget of resilience for the proud and resourceful Guyanese people. We are possessed of a tough moral fibre; we have a capacity for achievement. To the task now before us, let us turn with all our strength.

Appendix A

Table 11.1 - Total Public Sector Expenditure and its Financing
 * Includes G\$57 million which represents a re-financing of portion of external public debt.

Item and Number	1979	1980	Budget 1981	Revised 1981	Budget 1981
Financial Requirements					
1. Current Expenditure - Central Government	576	723	763+	832	891
2. Capital Expenditure - Central Government	210	345	429	422	382
3. Less Capital Transfers to Corporation	112	105	195	133	160
Total Financial Requirements	877	1120	1361	1325	1396
Financing from Non-Bank System					
4. Taxes from Government Corporations	48	58	69	55	52
5. Dividends from Government Corporation	28	15	59	12	20
6. Other Current Revenue of the Government	319	381	382+	491	542
7. Capital Revenues - Grant, Sales of Assets, etc.	18	16	7	13	12
8. Depreciation Funds	63	75	80	84	96
9. Surpluses of Corporations (after taxes, dividends and depreciation)	91	100	135	121	88
10. Gross External Borrowing - Central Government	130	197*	382	421	336
11. Gross Domestic Non-Bank Borrowing	107	127	145	129	155
12. Changes in Corporations holdings of security	-69	-101	-64	-33	-87
13. Net External Borrowing - Corporations	+5	+6	+7	-17	+11
14. Net Domestic Non-Bank Borrowing - Corporations	-1	+10	+3	+5	-2
15. Other Miscellaneous Financing	-44	-117	+18	+18	-59
Total Financing from Non-Banking System Sources	695	767	1223	1057	1164
Banking System Borrowing					
16. Central Government Banking System Borrowing	+136	+290	+158	+134	+156
17. Other Public Sector Borrowing from the Banking System	+46	+63	-20	+134	+76
Total Banking System Borrowing	+182	+353	+138	+268	+232

+ Adjusted for provision increases in Current Expenditure, for net changes in taxes resulting from the tax band changes and for additional revenue measures.

Motion for the Approval of Estimates of Expenditure for 1982 in Committee of Supply: 5th April, 1982

Mr. Hoyte: Cde. Chairman, my good friend Cde. Reepu Daman Persaud always plunges into the depths of matters legal and ends up by floundering. It is true that the Standing Orders speak of appropriate details. But what are the details which could be considered appropriate? I spent a great deal of time in the presentation of the Budget Speech explaining the rationale and the purpose of the change in the format. As early as 1979 I pointed out that the old format was not appropriate to our needs. A Member of Parliament does not want to know that there are two cooks and three cartmen in a Ministry. What the Member of Parliament wants to know are the following things:

What is the structure of the Ministry; what is the organization in relation to the tasks of the Ministry; what is the total employment cost; what is the total 'other expenditure' or 'other charges', broken up appropriately so that he could compare the staff of the Ministry and the emoluments which are to be disbursed with the tasks of the Ministry?

In other words, one has to be able to see from a management point of view how the Ministry and the whole Governmental system is working. One can put down fifty thousand names showing how many cooks there are, how many cartmen and how many charwomen. That is not for us at this time and in this place. We are trying to get away from the old system which was unhelpful and have presented a Budget in a format and with the details which make sense.

In fact, this Budget has more details which are important to a Member of Parliament and to the public than the old Budget had. But as far as the narrow interpretation point is concerned, I think my friend has misread and misunderstood the Standing Orders.

I would like my friend Cde. Ram Karran to put his money where his mouth is. He alleged that I have no bookkeeping qualifications that is unimportant because a politician does not have to have booking-keeping qualifications. But is he willing to stand up and bet a thousand dollars? Well how much you have?

I want him to put his money where his mouth 'unqualified' mouth is.

Cde. Chairman, it is a pathetic performance that a seasoned Member like Cde. Ram Karran has not taken time to study the Estimates before he launches into an attack. He says that people do not know how many employees there are in the various categories and yet the numbers are there. If one were to look at, say Ministry of Information at Folio 36, one

would see that in the Administrative Section of the Ministry there are 11 persons employed, comprising one Head of Section, 5 senior policy and general administrative staff and so on right down. Every member is there. Then he says that I have not done my work well because there are no totals. Yet, if he had taken the time to look at these estimates and study them he would have seen every subtotal and every total.

He says the total is not at the bottom of the page. Who says the total must be at the bottom of the page? The subtotals are set out and below them are the details. I wonder if he will be gracious enough to admit his error.

Cde. Chairman it is so difficult to get out of the colonial mould. We had a type of Estimate which was appropriate to a different kind of Governmental organization and a different set of Governmental activities. I took a lot of time when preparing the Budget Speech to deal with this section and I hope that my Comrade of the Minority Party would have read the section to understand what the new format is all about. The change in the state of the Estimates is nothing that has come suddenly, this was something which was signalled since 1979 and every year since then there has been some change leading up to the far-reaching changes in this year's. It provides a managerial approach to the formulation of the Estimates (that is a matter for the Government, that is not a matter for you). I said also, Cde. Chairman, in the Budget Speech, that it was to facilitate a better understanding by Members of this House and the public and yet both Cde. Ram Karran and Cde. Reepu Daman Persaud got up and said that the estimates are not only for Members of this House but also for members of the public. I can only give an explanation; I cannot supply intelligence.

Motion for the Approval of the Estimates of Expenditure for 1982 in Committee of Supply: 5th April, 1982

Mr. Hoyte: Cde. Chairman, the allocations under **Subhead 231 Agricultural Statistics** are made in relation to specific Programmes every year. This year we are going to undertake two Programmes. One would be a survey of the fisheries industry, that is, gathering data in relation to the fisheries sector, and the other relates to the livestock industry. I think Members must also bear in mind that there has been a great deal of decentralisation and many of the people involved in activities in the regions who were formerly based at the centre are now physically in the regions and the allocations relating to them have been transferred to the regions. Under this arrangement, not only is there a greater regional involvement and a regional responsibility, but also a great saving in cost. The agricultural statistics are being gathered and I think it is true to say that with each passing year the techniques are being sharpened and the volume and quality of the data have been improving.

Let me deal with the questions raised by Cde. Narbada Persaud. The two posts of economists have not been filled. In fact, technically there is only one post vacant. The incumbent of the other post is on pre-retirement leave. We are not in a particular hurry to fill the post because there is a great deal of reorganising going on both in the Ministry and within the State Planning Secretariat.

We are establishing within the State Planning Secretariat, as I said in the Budget Speech, a capability to handle the project cycle. We are in collaboration with a Yugoslav firm establishing a project cycle unit. We have to ensure that we do not have any duplication of activity between the project cycle unit in the State Planning Secretariat and the work which the Economists will be doing in the Ministry of Economic Planning.

The Member raised a question under **Subhead 230 – Consumer Expenditure Survey**. This survey is ongoing. You do not compile a new basket, so to speak overnight. One has to do surveys, one has to do investigations, one has to gather a lot of raw data and those data have got to be refined. Also, there has to be a number of tests on the ground, so to speak, before one can come out and say, well we have got a new set of goods and services that people buy which can serve as the foundation for a new C.P.I. This work is being done by the Statistical Bureau. In the course of this year we hope that the survey will be completed and the field work started.

Cde. Chairman, the Member raised a valid question on the population census. I pointed out last year that the processing of the data was being done regionally. It was not being done in Guyana. It is being done at the Regional Centre in Barbados. We still have a lot of data. We cannot send that data until it is requested and the agency in Barbados apparently has

not been able to cope with the flood of work which it has to do on behalf of all the Caricom countries. So we are patiently in the queue. I cannot tell him when the agency in Barbados will say to us that it is in a position to handle all the tons of paper we have piled up there in the Ministry.

Thank you Cde. Chairman.

[Question proposed that the sum of \$3,079,000 for Head 60, Ministry of Economic Planning stand part of the Estimates.]

[Agreed to and Ordered to Stand Part of the Estimates.]

Mr. Hoyte: Cde. Chairman, to reply first of all to the question raised by Cde. Narbada Persaud. The list of capital projects in the Budget Speech is meant to be illustrative. I do not intend – and never intended – to give a list of all the projects we are going to undertake this year in the Capital Programme. The leather tannery is completed, as I said, but the tannery project is separate and distinct from the shoe-making project. I hope, before we finish here, to bring some samples of the leather we are now producing at that tannery so that Comrades could see the kind of work that is being done. The equipment for the shoe-making aspect of this project is here and this sum is requested to pay for the equipment. Work will proceed this year to finalise the shoe-making component of the project. I cannot say what the price of the product will be. That has to be governed by economic considerations. This is an economic enterprise which is being managed by Guyana Stores Limited, but I would hope, like the Comrade, that the prices will be competitive in all the circumstances.

Subhead 11, Cement Plant. Comrades will recall that some years ago we undertook a study to establish the feasibility of establishing a cement manufacturing facility in this country. It was to be a joint project with the Government of Barbados. The project in the end was not considered feasible and was placed in abeyance. We cannot manufacture cement on our own because we have not yet found limestone deposits in this country. We have never discovered any. Maybe there are limestone deposits somewhere but, unfortunately, we have not discovered deposits to serve as a basis for cement manufacture.

One of the questions addressed by this study was not that of importing clinker for grinding; but, here again, that is always a hazy proposition unless one can guarantee the source of clinker. We have not been able to guarantee any source. So the sum here is really to make the final payment for the study which has been commissioned.

Cde. Reepu Daman Persaud was correct when he said that there was at the moment excess capacity for manufacturing edible oil but I think we have to look beyond the present. The vegetable oil plant will be utilising not merely copra but rice bran, cotton seed and the wild nuts which we have in abundance in this country. Also oil palm and a variety of other inputs which the traditional mills, which are copra specific, cannot utilise.

In addition, Comrades will know that there is a drive on now to encourage people to rehabilitate their coconut plantations and I think that the Cde. Minister of Agriculture may have something more to say about that. But we are looking forward to self-sufficiency based on utilisation of all the resources we have for edible oil. I wish to assure him, too, that the Wauna project is not abandoned. In fact, it is being very actively pursued and oil from the nuts there is being made, at San Jan in the Demerara River.

My good friend, Cde. Ram Karran, continues to be as incorrigible as ever. The State Planning Secretariat is an organ of the State Planning Commission. You will recall, Cde. Chairman, that we laid in this House and debated the State Planning Bill and the regulations which were subsequently made under that Act. It is envisaged that the Commission will have many organs to be served by what I may call the 'technicals' under the Secretariat where the professional planners and economists will be gathered together. This sum of \$2 million represents, as he himself said, the allocations for wages and salaries and the cost of running the Secretariat. It also includes the cost of some physical work that has to be done to the building to enlarge the accommodation and also provide some financing for some of the associated organs.

The regulations laid in this House spelt out what the associated organs are. We have said time and time again that we do not see the Commission as a centralised bureaucratic institution attempting to plan by diktat - attempting to plan for the people in Region 1 or Region 9 for example. We feel that there has to be a great deal of decentralisation, so within every region, there will be built up over time, a planning capability and each planning organ within a region is going to be an associated organ so that planning will have to start in the region and information will flow up to the centre. Of course, information will flow back to the region in a two way flow or what my technical friends call the iterative process.

[Cde. Reepu Daman Persaud: There was a short question I think which the Vice-President omitted. I said it was subject to correction, that we were exporting rice brand to Trinidad. I do not know if that is true. Probably he could let us know because my information is that we are.]

Mr. Hoyte: I could not say, Cde. Chairman. Maybe the Minister of Trade or the Minister of Agriculture will be able to answer that.

[Division 535, Ministry of Economic Planning - \$9,258,000 – agreed to and ordered to stand part of the Estimates.]

[The Chairman: Pages 150 and 151.]

[Question proposed that the sum of \$6,318,700 for Head 61, Finance, stand part of the Estimates.]

[Agreed to and Ordered to Stand Part of the Estimates.]

[The Chairman: Pages 152 and 153.]

[Question proposed that the sum of \$13,635,500 for Head 62, Accountant General, stand part of the Estimates.]

[Agreed to and Ordered to Stand Part of the Estimates.]

Question to Ministers - Question No. 3: 17th November, 1982

[**Cde. Narbada Persaud:** Cde. Speaker, I wish to ask the Vice-President for Economic Planning and Finances Question number three on the Order Paper standing in my name.

- (a) Will the Vice-President, Economic Planning and Finance, say what were the financial ceilings established by the International Monetary fund in the agreements entered into by Guyana with the Fund?
- (b) If these ceilings were not met, will the Vice-President say by how much did the economy fall short on each occasion?]

Mr. Hoyte: Cde. Speaker, for the purpose of answering this question, I assume that the Member means by the term 'financial ceiling' which he used 'performance criteria', and that is the term I will use in replying. In replying Cde. Speaker, I wish to advise that Guyana entered into three stand-by arrangements with the IMF in the years 1978, 1979 and 1980. I will refer to details and other relevant particulars with respect to the quantitative performance criteria in a moment. The critical criteria, however, related to net domestic assets and net banking system credit to the public sector. The 1978 Agreement was successful in that the performance criteria were all met at the relevant dates. The 1979 Agreement was aborted almost as soon as it was signed because of the disruption of the economy caused by strikes in the bauxite and sugar industries which destroyed the production assumptions upon which the Agreement was negotiated.

In 1980 a new extended Fund Facility Programme for three years was concluded to cover the period July 1980 to June 1983. It soon became clear that the worsening of the international economic situation, the continued decline in world commodity prices and the inability of our production, particularly bauxite, to recover fast enough from the damage done in 1979, had rendered the Programme unrealistic. As a result, it fell into abeyance after the second drawing. In 1981 the Government entered into what was in essence an extension of 1980 Programme under which 1981 was treated as the second year of the 1980 extended Fund Facility. After the first drawing, this Programme also came to an end *de facto*, although it was not formally terminated by the Government until 26th July, 1982.

I will now give the particulars of the three Programmes: the 1978 Programme was signed on the 15th August 1978. It was a one-year

Programme. The limits of the net domestic assets for the year were as follows: on the 13th August, 1978 - \$240 million; on the 31st October, 1978 - \$240 million; on the 30th December, 1978 - \$255 million; on the 28th February, 1979 - \$255 million. The actual levels reached were - I am following the same date sequence - \$221 million; \$178.6 million; \$222.6 million and \$185.7 million. Credit to the public sector by the banking system and again, I follow the same date sequence were as follows:- \$645 million; \$645 million; \$675 million; \$675 million and the actual credits on the relevant dates were \$635.7; \$636.2; \$676.4; \$662.7 million.

Now, in the second Programme, that is, the 1979 EFF, the relevant dates for the performance criteria in 1979 were as follows- 13th June, 1979, 31st August, 1979, 29th September, 1979 and 31st December, 1979. The net domestic assets levels were as follows: \$270 million; \$270 million; \$270 million; \$279 million. The actual levels reached were \$255 million, \$338.7 million. Credit to the public sector - \$690 million, \$690 million, \$275 million, and \$275 million. Actual levels were \$693.4 million and \$766.5 million and \$766.5 million. As I have remarked, the Programme was terminated after the first drawing.

In 1980 the Programme commenced on the 1st July, 1980 and the relevant dates for 1980 were as follows: 30th August, 1980; 30th September, 1980; 31st December, 1980. Net domestic assets - \$516.1 million; 519.6 million; \$543 million. The actual levels were \$567.0 million, \$582.9 million, \$696.5 million. After the second drawing we were out of line with that Programme and it fell into abeyance. Similarly on the public sector borrowing, the levels targeted were \$1010.9 million; \$1010.9 million; \$1013.9 million, and the actual public sector were \$1030.3; \$1066.3. Thereafter it really did not matter in terms of the Programme.

In 1981 there was an effort to revive the Programme and the relevant dates in 1981 were - 31st July, 1981, 31st August, 1981 and 30th September, 1981. Net domestic assets relevant to those dates were - \$687.3, \$688.3 million. Actual achievement was \$716.4 million on the first date mentioned. After, that the Programme was in abeyance because there was no way that the Programme could come back on track.

With respect to the public sector borrowing, the figures were \$1314.3 million and the same figures for the rest of the year. The actual public sector credits were \$1,293.6 million, \$1,340.6 million. The Programme fell into abeyance after that. It was actually dead but it was not formally terminated by the Government until the 26th July, 1982, when, by the way of letter, the Government informed the Fund it considered the Programme terminated.

Details of Expenditure of Ministry of National Development

[Cde. Narbada Persaud: Cde. Speaker, I wish to ask the Vice-President, Economic Planning and Finance, Question No. 4 on the Order Paper standing in my name:

Will the Vice-President, Economic Planning and Finance, give details of the expenditure for the years 1976, 1977, 1978 1979 an 1980 in respect of the block votes (Coded Number 092,0898) of the Ministry of National Development?]

Mr. Hoyte: Cde. Speaker, the answer to the question is as follows: The expenditure for the Ministry has been categorized under 20 Heads and I will give each Head in respect of the years for which information was sought, 1976 to 1980:

Personal emoluments, including allowances – I am going to read 1976, 1977, 1978, 1979 and 1980 - \$2,998,786, \$2,804,226, \$2,734,168, \$3,034,294, \$3,275,299. (Details in Appendix II on following page).

APPENDIX II
 REPLY OF VICE-PRESIDENT, ECONOMIC PLANNING AND FINANCE, TO QUESTION NO. 4

ITEM NO	1976	1977	1978	1979	1980
1	\$ 2,998,786	\$ 2,804,226	\$ 2,734,168	\$ 3,043,294	\$ 3,275,299
2	\$ 250,934	\$ 224,304	\$ 214,392	\$ 245,060	\$ 285,648
3	\$ 348,447	\$ 187,694	\$ 178,660	\$ 236,656	\$ 448,531
4	\$ 503,851	\$ 304,283	\$ 350,253	\$ 702,580	\$ 1,212,942
5	\$ 1,293,617	\$ 605,389	\$ 624,009	\$ 745,271	\$ 950,193
6	\$ 479,875	\$ 141,369	\$ 61,049	\$ 93,305	\$ 732,468
7	\$ 886,729	\$ 419,087	\$ 582,719	\$ 760,101	\$ 1,082,745
8	\$ 405,170	\$ 110,209	\$ 117,342	\$ 440,177	\$ 698,743
9	\$ 78,826	\$ 34,173	\$ 49,941	\$ 290,087	\$ 562,308
10	\$ 69,687	\$ 53,293	\$ 61,860	\$ 55,131	\$ 77,254
11	\$ 282,810	\$ 235,870	\$ 246,080	\$ 205,789	\$ 325,570
12	\$ 16,997	\$ 14,974	\$ 12,130	\$ 10,857	\$ 13,197
13	\$ 896,887	\$ 155,693	\$ 224,591	\$ 360,554	\$ 574,975
14	\$ 459,742	\$ 76,284	\$ 139,480	\$ 209,038	\$ 549,854
15	\$ 778,605	\$ 40,696	\$ 47,468	\$ 435,038	\$ 1,511,943
16	\$ 887,550	\$ 146,615	\$ 232,100	\$ 363,777	\$ 494,608
17	\$ 497,785	\$ 318,196	\$ 335,630	\$ 436,935	\$ 628,785
18	\$ 827,980	\$ 48,211	\$ 117,087	\$ 197,339	\$ 225,049
19	\$ 26,593	\$ 19,045	\$ 24,112	\$ 38,291	\$ 64,959
20	\$ 371,678	\$ 92,638	\$ 223,262	\$ 297,411	\$ 394,458
TOTAL SUM	\$ 12,322,549	\$ 6,031,639	\$ 6,576,333	\$ 9,166,691	\$ 14,109,729

Motion to Approve the Estimates of Expenditure for 1983 - Budget Debate: 15th February, 1983

Mr. Hoyte: Cde. Speaker, I have the honour to present the nineteenth annual Budget of the People's National Congress Government.

This Budget Statement is designed to be a summary review of last year's economic performance and this year's prospects; but it will also identify the changes we will have to make in our economic structures in order to survive in a world which is becoming more unpredictable and more perilous.

The brevity of this statement is intended to be a reminder of the need to be economical in the use of both words and resources, as we confront the pressing problems which beset our country.

Essentially, we will be making proposals for the survival of our small nation, whose very existence, like that of most developing countries, is at risk in an international system made founderous by a deep seated recession and dangerous by the social tensions it has engendered.

The uncertainties inherent in this situation of necessity make it impracticable for us to make other than highly tentative predictions about the likely behaviour of our economy or to link our tactics rigidly to any forecasts. In such circumstances, our strategy for survival must include strong structural transformation of our economic and administrative machinery to enable us to respond to the variations of the economic environment; to emphasize production in the areas indicated by world market conditions and domestic requirements; and to ensure that all sections of our society are involved in the Economic Programme.

Accordingly, we must see this year's Budget as an indicative statement. It gives warning of what lies ahead if we fail to make appropriate structural and tactical adjustments, it signals the radical changes we are determined to make; and it outlines specific facilitating policies designed to underpin our programme for survival. This Budget, therefore, is an initial step in what is intended to be a sequence of resuscitative activities which will derive from widespread consultations, and which will be closely monitored and readily adjusted in response to our changing situation.

These are the main thoughts which have informed our approaches to the Budget presentation and they have also determined the methodology used. I conclude this introduction by summarizing the salient characteristics of our strategy for survival. These are:-

- a. an unwavering emphasis on efficient production;

- b. a major production and export drive centred on non-traditional agricultural and manufactured commodities, in accord with external market possibilities and our own food security needs;
- c. the allocation of adequate resources to preserve the health and morale of our population and secure our territorial integrity, with all else committed to efficient production and export;
- d. the creative pursuit of export initiatives, particular attention being given to the area of counter-trade.
- e. The gearing and re-gearing of our of our corporate, administrative and regulatory structures to facilitate production and export in both the public and the private sectors, especially where productive activities correlate positively with the national objective.
- f. Speeding up the process of devolution of authority to the regions, within the context of centrally adumbrated policy guidelines, to improve effectiveness of decision-making, facilitate the efficient use of resources and ensure accountability.

1. Budget Methodology:

Within recent years, we have been adapting our methodology to ensure that the Budget became not simply a catalogue of numbers but a guide to action and a tool for development. This year, we refined the methodology further. We began the process of giving effect to those articles of the Constitution which confer upon socioeconomic organizations the right and the duty to participate at a national level, in the task of economic decision-making and management. Consequently, the Budget Preparation Team circulated to the major participants in the economy documentation which outlined other things: economic policy issues, Governmental objectives and budgetary targets. The team invited them to discuss these matters, express opinions and criticisms and make suggestions and recommendations. Organizations which contributed to this dialogue were the Government Ministries, Public Sector Corporations, the National Congress of Local Democratic Organs, Regional Chairmen, the Trade Unions Congress, the Georgetown Chamber of Commerce and Industry and the Guyana Manufacturers' Association.

The discussion with these various groupings proved invaluable in terms of informing the thinking of the Budget Preparation Team. They served to clarify the directions in which the Central Government wishes to go and ways in which various sectors and interests can best participate in the task of development. This type of consultation and dialogue will be institutionalized in order to develop a tradition of national economic

planning organized on the basis of close collaboration among the public and private sectors, the major socioeconomic organizations such as the TUC, the local government institutions and the State Planning Secretariat.

It is our belief that, with this deepening of involvement, a closer harmony of understanding and action will result among the various participants who comprise the economic machinery.

Nevertheless, despite this consultative approach which included a clear statement of economic objectives and directions, we did not achieve a complete understanding by the whole of the Public Sector and a consequential adequacy of response. We have noted some areas of weakness which will have to be addressed with vigour and a sense of urgency. For example, the consolidated submissions of the Public Corporations indicated levels of capital expenditure and banking system borrowing which are untenable in our economic circumstances. Thus, there is clearly a need for further Programme adjustments in that group. As a result, the Budget has proposed performance criteria for the Corporations that the Government considers reasonable desirable and achievable in all the circumstances. A readjustment of the Corporations' Programmes will be obligatory and will have to be pursued with immediacy once the overall targets and directions have been approved by this Honourable House.

This year, budgetary allocations have been used deliberately to achieve two interrelated policy objectives, the achievement of which is vitally necessary to the success of both short-term and long-term National Programmes. The first concerns our continued development of the Regional System. Our view is that responsibility and accountability for implementing all but the larger national projects should devolve on the Regional Administrations. They are on the spot and are best placed to monitor and ensure efficiency of implementation. The role of institutions at the centre is being changed progressively to one of coordinating, facilitating, advising and providing common core services which the Regions need not duplicate. Obviously, for this effort to succeed, we must strengthen the Regional Administrations. This objective has been advanced by shifting financial allocations and personnel away from the central agencies to the Regions.

The second objective is to divert current expenditure away from the bureaucracy of central administration into the more directly productive activities based in the Regions. This attempt is admittedly difficult for two reasons: the first is of course the overall paucity of resources; and, the second arises from the fact that, the real success of these efforts will depend ultimately upon the creative restructuring of the central institutions which have a 'natural' tendency to retain their bureaucracies.

Accordingly, the indicative figures of the Budget represent an attempt to achieve these objectives while still allowing adequate allocations for the critical social services and those activities directly connected with the maintenance of our national security and integrity.

This method of approaching our economic problem has produced a package of policies which we regard as an indispensable adjunct to our thrust. The package will be discussed in the final section of this statement. However, it is best to highlight the step-wise nature of our intended application of these policies. Our own analyses have indicated in respect of each of the policy initiatives, the advantages and drawbacks which require a nicety of judgment in assessing their likely net effects. In these circumstances, we have opted for an empirical approach. We will try out the policy, monitor its effects and determine the manner in which we should vary its applicability, if necessary. This method accords both with our pragmatic approach to the pursuit of our socialist objectives and with the need to be flexible in the prevailing conditions of economic uncertainty in the world in which we live.

2. Economic Performance in 1982:

In 1982, the world's economies across the spectrum of ideological persuasion continued to slide downwards in a deepening recession which in some circles was described as a 'depression'. Predictably, our economy with its openness, low domestic demand and structurally rigid dependency on the tripod of bauxite, sugar and rice found its own internal inefficiencies dwarfed but exacerbated by the sharp contraction of demand and the softening of prices for its traditional exports.

In 1982, export earnings from bauxite fell by about 33 percent, sugar some 14 percent and in the case of rice by almost 50 percent below the 1981 level. In relation to the targets set in 1982, bauxite achieved about 54 percent; sugar 84 percent and rice only 50 percent.

These three major exports, taken together, earned about G\$607 mn. in 1982, a shortfall of G\$386 mn. from the 1982 Budget target, and a decline of G\$230 mn. from the actual 1981 performance.

This depressed export performance denuded the overall economy of its capacity to import both goods for consumption and inputs for production – a serious setback which throttled production performance in the public and the private sectors. Total imports of goods fell by 30 percent from G\$1209 mn. in 1981 to the inadequate level of G\$846 mn. in 1982, some 27 percent below the 1982 budget level of G\$1,152 mn.

The resulting shortage of intermediate and capital goods had at least two major disruptive effects: the progress of important capital projects was impeded severely, and strong stimulus was given to the 'parallel' market which trafficked in one fashion or another in a wide range of commodities.

The inadequacy of the standard data-gathering mechanisms to deal with economic aggregates in the presence of a very active parallel market is well-known. Economic activity takes place outside the accounting mechanisms of the system and estimates of the overall valued-added

become increasingly unreliable. That unreliability apart, it is clear that, Gross Domestic Product fell significantly – as opposed to the small 2.5 percentage increase which has been targeted at the beginning of the year.

Simultaneously, the Government's attempt to pursue its development objectives and in particular to implement its Capital Programme was severely hampered. The shortage of building materials, especially cement, brought many objects to a standstill or imposed stop/start inefficiencies. Cost over-runs necessitated reformulation and reduction of many others. Additionally, foreign inflows did not materialize as expected. Out of a total anticipated inflow of about G\$178.5 mn. approximately two-thirds was realized.

The financial reflection of these occurrences was a decline in the net international reserves by G\$176.8 mn. and a build-up of external payment arrears of G\$147.4 mn.

These bald economic facts when aggregated do not, however, highlight all the main aspects of the problem. More important than the unsatisfactory performance was the clear warning given by the external stringencies that some of our economic structures were unresponsive to the radically changed circumstances and therefore inappropriate to the times.

It became clear, in the first place, that some major problems in the State Enterprise Sector had nothing to do with any alleged inherent inefficiency in the Corporations themselves, but arose out of the way the sector is structured. In its ongoing efforts to impose a regime of efficiency and high-level performance in the Public Corporations, the Government commissioned a study of the State sector and on the basis of the report recently received, has taken certain policy decisions which are intended to correct the identified shortcomings and stimulate improved performance.

Then, given our current circumstances and our apparatus for allocating foreign exchange in support of export earning activities, these proved to be not sufficiently flexible to cope with the unusual situation which had developed in our economy.

Moreover, experience has show that the chain of command through which our central institutions seek to coordinate and exercise control over major activities is too long and allows those who should be accountable to 'delegate' their responsibilities upwards and otherwise evade responsibility.

And, additionally, the various shortages we suffered have highlighted the inadequacy of relevant research and development activity aimed at utilizing local resources and maximizing employment opportunities which would be provided by the use of such resources. Simultaneously, they caused the commercial possibilities of hitherto ignored local resources to be identified, but full advantage is yet to be taken to them. We need to motivate both our public sector and private sector entrepreneurs to be truly enterprising.

Perhaps, most important of all is the fact that with our very existence threatened we must now rely in a mature manner primarily on our own

ordered efforts to survive in a hostile world environment. The developed nations are increasingly looking inward with decreasing dispositions to make financial transfers in the form of 'aid'.

3. The 1983 Thrust:

The overall objectives which we must continue to pursue can be encompassed in nine categories, all of roughly equal interdependent importance. These are: Nutrition; Health; Education; Housing; Recreation and Culture; Utilisation of Human Resources and Production Capacity; Income; Investment, and National Security.

We have to produce food sufficient in amount and nutritional variety to ensure the wellbeing of our population and, at the same time, deliver health care, at acceptable standards, under a system which makes such care available to the entire citizenry without reference to individual incomes. Similarly, equal access to education for children; the opportunity for workers to acquire their own homes; the creation of facilities for all people to have ample scope for personal development through recreational and cultural activities; these are, Cde. Speaker, policy objectives which we must endeavour to maintain.

We have to seek to deploy all available human and material resources to productive use, maintaining a balance between resources destined for direct production and those allocated for supporting services; and we have to be conscious of the importance of using technology which is optimally appropriate. It is important that we achieve a discernible measure of fairness in the distribution of income, linking rewards to work and removing disincentives to greater effort. And equally vital is the need to gear our society to pursue, in a systematic way, production and saving activities which result in a continual increase in the society's capital stock as the basis for self-sustaining economic growth. But all of these things require social order and tranquillity. A necessary objective must therefore be to maintain internal peace, so that all citizens can be assured of their own security and that of their families and their personal possessions.

These are not new objectives; but it is important to reiterate our inflexible adherence to them as the basis of the just, productive and humane society we would like to build.

Given the prevailing market and other conditions in 1983, we cannot rely on either bauxite or sugar to provide the resources for achieving the norms we desire in the nine areas described above as the overall objectives.

This, although we have to expend effort and resources in resuscitating and restructuring these two major industries in anticipation of their future contribution, our policy in 1983 must involve reliance on the efficiency of other initiatives.

These initiatives have been clearly set out in two recent speeches, by the Cde. President, namely, his address to the first session of the Supreme

Congress of the People on Friday December 10th, 1982, and his New Year Message to the nation. The Cde. President outlined the course we have to take, based upon our understanding of the following principles:

1. that efficient maximum production of goods is the key to survival and revival;
- b. that, in 1983, the role of agriculture is pivotal and inputs to agricultural activity must have the highest priority;
- c. that an aggressive and imaginative export drive is necessary to finance the importation of those foreign goods and services which we need as inputs for production;
- d. that one of the principal objectives in 1983 is to be self-sufficient in food at an individual level, and by projection at the regional level and a national level as well, bearing in mind that though no one person can produce all food he needs, as a joint effort, national food self-sufficiency can be achieved.
- e. that included in the agricultural thrust should be emphasis on and support for production of rice, legumes, greens, plantains, root crops, edible oil (from coconuts, oil palm, cotton seed, wild palms and rice bran), fish, shrimp, animal protein, fresh and preserved fruits and vegetables. In all these, the objectives should be to supple our own basic needs and export the surpluses, particularly to CARICOM territories but also further afield;
- f. that in the area of non-agricultural activities, there should be an emphasis on:
 - i. the reorganisation and restructuring of the gold industry;
 - ii. mineral oil exploration;
 - iii. textile production and export based on the operations of Sanata Textile Mill;
 - iv. Clay Brick production particularly for export;
 - v. timber and wood products, and
 - vi. pharmaceutical products.
- g. That specific attention has to be paid to efficiency of energy utilization. This arises from the fact that our fuel import bill for 1983 is estimated at about G\$360 million, so that even small percentage improvements in efficiency can yield very large savings in foreign exchange. A planned, concerted, monitored effort in this area is therefore of the highest priority;

- h. That regional self-sufficiency is to be vigorously and imaginatively pursued, not only in food but also in commodities of everyday use, including energy sources. The aim is to identify and utilize optimally the resources native to each Region to satisfy that Region's internal needs, and to generate surpluses which could be exported from the Region to other Regions and other countries;
- i. That in our choice of the sources of imports and markets for exports we should endeavour to promote trade with our CARICOM partners. Additionally, in a wider sense, we should be alert to and seek to accept opportunities for counter-trade.

4. The 1983 Targets:

The indicative figures for 1983 derive from an intention to put a brake on the slide of overall economic performance through a strategy or reliance on agriculture and manufacturing. Realism constrains us not to set too ambitious a target. Despite the faith which we have in the efficacy of the policies which we have proposed, we estimate that time lags are bound to occur.

Accordingly, we have aimed to hold Gross Domestic Product at slightly above the 1982 performance to achieve a level of G\$1,274 million. This is to be achieved mainly through a 7.8 percent rise in the contribution to the GDP by the agricultural and forestry sectors, i.e. sugar, rice, other agricultural, livestock, forestry and fishing. Manufacturing is programmed to increase its contribution by at least 7.5 percent.

The traditional sector of bauxite and sugar are together expected to yield export earnings of G\$562 million, about 69 percent of total 1983 merchandise exports, as compared with the 1982 proportions of 75 percent. Total exports of goods and services expected to rise by about 13 percent to just under G\$900 mn., while the rate of increase of imports of goods and services will be held to about 3.5 percent thereby rising to G\$1,243 mn. Priority in imports will be given to the raw materials and capital goods required to support the Programme.

The Central Government's Capital Programme for 1983 will be restricted to G\$311 million, a level deemed to be manageable in terms of the likely availability of foreign financing (approximately G\$237 million) and its relevance in terms of its concentration on agricultural development and activities supportive of agriculture.

On the side of the Central Government's current expenditure, this will be held to about G\$760 mn., while the revenue effort is targeted to yield G\$600 million.

We intend to re-configure the activities of the Public Corporations to restrict the increase in borrowing from the banking system to about G\$60

million, some 30 percent of the likely level of savings through the banking system which is estimated at about G\$200 million.

We expect that this type of internal effort, together with the long-run benefits which should flow from the specific facilitating policies described in the following sections, will form an adequate basis for a formal rescheduling of our external debt and for the kind of balance of payments support which will complete the financing of the balance on current account.

5. Specific Facilitating Policies:

The specific facilitating policies which we propose arise out of our analysis of the economic system which we are operating, that analysis having had the benefit of pre-budget dialogue with the representatives of the major participating segments of the economic machinery. It is our view that the Budget targets set can be met and surpassed if these policies are speedily implemented, and if the potential beneficiaries seized the opportunity and react with enthusiasm.

The policies cover the following categories:

- a. Policies designed to stimulate greater efficiencies in the existing system by closing obvious loopholes;
- b. Policies designed to bring about structural changes in the existing system and allow the pursuit of efficiencies in the areas of production and export;
- c. Policies designed to remove disincentives to individual and corporate earnings;
- d. Policies designed to provide incentives to individual and corporate saving;
- e. Policies designed to enhance the coordination of planning and plan implantation;
- f. Policies designed to enhance revenue collections to support the thrust.

Category 1. Policies Designed to Generate Efficiencies in the Existing System by Closing Obvious Loopholes.

In this category is a set of measures designed to improve tax collection efficiency by restricting the incidence of tax evasion and increasing the penalties for tardy compliance with the law. They include:

- a. substantial increases in the penalty rates of interest for late payments of Income Tax, National Development Surtax and Estate Duty;
- b. restrictions on the amounts which individuals can denote from their personal incomes to approved charitable organizations and legitimately claim as tax deductible. Some individuals have been donating their full incomes to organizations classified as charitable while these organizations have in turn fed, clothed, and housed them and even provided them with luxuries.
- c. Revisions to inhibit the avoidance of the payment of withholding tax on deemed distribution by the technique of investing in short-term securities which mature within a year.

Category 2. Policies Designed to Change Structurally the Existing of Efficiencies to Allow Pursuit of Efficiencies in the Areas of Production and Export.

This category comprises initiatives which include the following:-

- a. Restructuring of the Guystac group of corporations to achieve improvements in financial performance and overall efficiency and weld them into an economically vibrant grouping. The restructuring will include the closure of some corporations, mergers and joint ventures where such joint action presents clear technological, marketing or other economic advantages. The general scheme will provide corporations with a constrained operating autonomy through the device of performance contracts which will hold their management accountable for and will link their remuneration to corporate performance.
- b. Special measures for the resuscitation of the Bauxite Industry. Shortly the Industry will be signing contracts with one or more major transnational corporations to do studies to establish the steps required for its resuscitation and long-term viability. These studies, which are expected to take about three to four months from the date of signing, will be the basis for determining the form and content of the marketing and production management arrangement which the industry might require for its revival.
- c. Reconfiguration of Ministries. Pursuit of the Regional thrust will result in the transference to the Regions of a number of the functions and the staff associated with implementation of projects in the Regions. The opportunity will be seized to rationalize the

Ministries which will perform the common core services for the Government system.

- d. Instituting a system of foreign exchange accounts to facilitate the importation of needed spares and inputs by operations in selected sectors which are pivotal to the export thrust and whose performance clearly accords with the policy objectives. The underlying principle will be the automatic allocation of a proportion of their export earnings for the import of needed spares and inputs. These arrangements, which we are programming to be in place by the end of March, will bolster initiatives already being taken to support manufacturing industries through the devices of the Export Development Fund, the Export Promotion Council, the Industrial Development Council, the Industrial Development Council, the Industrial Recovery Programme to be financed by the Inter-American Development Bank and special lines of credit being established on a Government-to –Government basis. These devices will reinforce the concessions recently given to the manufacturing sector by way of remission of consumption taxes on imported inputs for the production of goods for export. The sectors which will attract initial attention will be Gold, Forestry, and Manufacturing. The assistance will aimed at both private and public sector entities operating in these sectors.

Category 3. Policies Designed to Remove Disincentives to Individual and Corporate Earnings.

These respect to individual earnings it is proposed to ameliorate the effects of the incidence of income tax by instituting the following devices:

- a. Raising the exemption limit of G\$500 per annum to chargeable income to G\$1,000 per annum.
- b. Putting a ceiling of 50 percent on the average rate which an individual pays as income tax on his total chargeable income. This avoids the open-ended application of the high top marginal rate of 70 percent on an individual's chargeable income.

Category 4. Policies Designed to Provide Incentives to Individual and Corporate Savings.

These changes will include the following:

- a. Revising the valuation date for property tax purposes from 1st January, 1956 to 1st January, 1981, and increasing the exemption rates for certain personal assets to bring them more in line with current market valuations. It is also proposed to amend similarly the Capital Gains Tax Act.
- b. Instituting schemes to allow tax deductible contributions to be made from personal income for specified categories of saving. The three categories under consideration are: savings for individual retirement income; savings for house building or home acquisition; and savings based on deferred income. In each case the applicable principle will be that of giving a tax benefit to the individual for the act of choosing to save his income for specified periods of time and for specified purposes. These schemes should be operable from the second quarter of 1983.
- c. Making a special provision by which holders of Government securities can choose to reinvest their principle and interest payment in two-year securities at attractive interest rates. These two-year securities will be available only to investors who have first invested in the Government securities and only amounts accruing as principal or interest can be invested in them.

Category 5. Policies Designed to Enhance the Coordination or Planning and Plan Implementation.

These policy initiatives involve essentially the establishment of standing arrangements designed to ensure a continuity of discussion and monitoring of performance. These institutional links will involve the TUC, the Private Business Sector and the Local Democratic Organs.

Category 6. Policies Designed to Enhance Revenue Collections to Support the Thrust.

The rates of excise duties on beer, ale and stout will be increased with immediate effect by \$9.60 per liquid gallon to a new level of \$18.00 per liquid gallon. The consumption tax on cigarettes, aerated and alcoholic beverages excluding rum will also increase to \$67.00 per kg., 10 cents per bottle and to \$24.15 per proof gallon respectively. The Travel Voucher Tax will increase from thirty percent to fifty percent of the fare for the journey to be undertaken by a traveller. It is estimated that these new measures should yield an additional \$48 million during 1983.

6. Conclusion:

Cde. Speaker, This budget is intended to chart a course for dynamic aggressive action. It is a measured response to the difficulties and problems which beset us in these troublous and disquieting times. While we would be foolhardy to underestimate the magnitude, the complexity and the dangers of these problems, we would serve ourselves ill, if, on the other hand, we were to rush precipitately into the slough of despair.

We are not a passive people who readily succumb to difficulties. We are possessed of strong moral fibre. We survived 1982 – and that was a great achievement.

There were those who in their arrogance, if not stupidity, had predicted our demise in that year; but they can never understand the resilience, fortitude, and ingenuity of the Guyanese people. Undeterred by their failures as soothsayers they continue to prophesy; but the date of our disappearance as a Nation has become a movable feast. In their efforts to make their prophecies self-fulfilling, they have intensified their efforts to corrupt and subvert our senior functionaries. But their attempts to create dissensions in our society and undermine public order will continue to fail, because they cannot recognise a simple truth, namely that the Guyanese masses are a proud people who cling tenaciously to their human dignity and have no intention of ever submitting themselves again to the colonial yoke.

Because we place a transcendental value upon our human dignity, we will continue to maintain our integrity as a free people, pursue our own path to development, and continue to strive unwaveringly to organize our society on those principles of social justice for which there is an overwhelming national consensus.

We pursue this ideal of a just society, even as we struggle for survival; because for us, survival is not an end in itself by a necessary condition for the process of national development. We have now set our course. Let us follow it resolutely with courage and confidence and above all, with that priceless Guyanese virtue of good humour.

There cannot be any doubt about it. We will survive, not because of any accident or fortuitous circumstances, but because we as a proud and independent people, individually and collectively, have the WILL to survive.

Motion on the Approval of Estimates for 1983 In Committee of Supply: 22nd February, 1983

Mr. Hoyte: If we were in judicial forum I would have raised a point of *res judicata* against my friend and that would have been fatal. If one examines the relevant paragraph of the Standing Order one would see, following the normal rules of construction, a very simple matter emerging. First, that the Standing Order requires that the Head should have appropriate details. Each of the Heads in the Estimates has been supplied with the appropriate details. Last year, in the course of the Budget Speech I went to great lengths to explain that there was no particular virtue in cluttering up the Estimates with a number of insignificant and unhelpful details, that it was of no value to Hon. Members of this Assembly to know that there are four cooks in some establishment or two handymen. We want to be able to use the Budget as a tool of management and a tool of national policy.

All the Standing Order requires of those responsible for presenting the budget to do is to ensure that each Head of expenditure has appropriate details. Who decides the appropriateness of the details?

[**Reepu Daman Persaud:** The Speaker.]

Mr. Hoyte: The Speaker! May I refer you, Cde. Chairman, to the relevant section of our Constitution which casts that duty upon the Prime Minister or other Minister designated by the President. That is Article 218, Paragraph 1 of our Constitution, page 124 of my copy. It says the relevant Minister shall cause to be prepared and he shall lay in the National Assembly within the appropriate time the Estimates of Revenues and Expenditure of Guyana. If one were to merely put a Head, Head 42, \$1 million, that would be inappropriate and unacceptable. But where the Head is broken down into, first of all, employment categories and, secondly, into other charges showing the specific Heads of Other Charges, I fail to understand, one, what is the complaint and, two, how –

[**The Chairman:** His complaint is the same point you were making.]

Mr. Hoyte: Except, I would say that there is nothing in the Standing Order which compels the Minister laying the Budget to put that type of detail.

[**The Chairman:** His point is that the practice over the years has been that these details are given. That is his point and on this occasion – I am summarising his point – that is not given and, therefore, they are

handicapped in making the relevant enquiries as to the administration ... or proposing the expenditure. That is his point.]

Mr. Hoyte: Yes, Cde. Chairman, I appreciate that point. Starting as early as 1979 in the Budget Speech I indicated that we were changing the whole approach to Budget methodology and, in fact, that changes had already started in 1978. In each year from 1979 we made changes which were explained in great detail, culminating in the 1982 Budget from a mere catalogue of numbers to a tool for management. The changes were signalled. I really do not see how Members could be prejudiced, because what we have here are the categories of government employees and there is nothing to prevent him, in Committee, from probing as to numbers and all those things he would like to know. That is why we are in Committee, so that Members can probe each item in the Subhead, if they so desire.

In so far as the main point of my friend is concerned, I would submit that really it is unmeritorious.

Cde. Chairman, I beg to ask that the following corrections to the 1983 Estimates be made before the Heads are taken:

Corrections to the 1983 Estimates:

Page	Head No.	Correction
8	7	Substitute name of Ministry to read 'Ministry of Party and State Matters' for 'Ministry of Parliamentary Affairs, Party and State Relations'.
		Opposite Total Employment Costs and under Budget 1983 substitute '192' for '114'.
		Opposite Wages and Salaries and under Staffing 1982, Staffing 1983, and Budget 1983, substitute respectively '12 for '8', '17' for '8' and '115' for '94.
		Opposite Subhead 101 - Administrative and under Staffing 1983 and Budget 1983, substitute respectively '4' in the blank space and '54' for '-'
		Opposite Subhead 102 - Senior Technical and under Staffing 1982 and Staffing 1983, substitute respectively '4' for '-' and '4' in the blank space.
		Opposite Subhead 105 - Clerical and Office Support and under Staffing 1983, substitute respectively '7' in the blank space and '47' for '44'.
		Opposite Subhead 106 - Semi-skilled Operatives and Unskilled and under Staffing 1983, substitute '2' in the blank space.
		Opposite Employment Overhead Expenses and under Budget 1983, substitute '41' for '20'.
		Opposite Subhead 201 - Other Direct Labour Costs and under Budget 1983, substitute '8' for '3'.
		Opposite Subhead 203 - Benefits and Allowances and under Budget 1983, substitute '27' for '13'.
		Opposite Subhead 204 - National Insurance and under Budget 1983, substitute '6' for '4'.

Corrections to the 1983 Estimates:

Page	Head No.	Correction
8	7	Opposite Total Other Charges and under Budget 1983, substitute '62' for '140'. Opposite Subhead 301 - Expenses Specific to Agency and under Budget 1983, substitute '22' for '100'.
19	18	Opposite Total Employment Costs and under Budget 1983, substitute '450' for '456'. Opposite Employment Overhead Costs and under Budget 1983, substitute '108' for '114'. Opposite Subhead 203 - Benefits and Allowances and under Budget 1983, substitute '42' for '41'. Opposite Subhead 204 - National Insurance and under Budget 1983 substitute '20' for '27'. Opposite Total Other Charges and under Budget 1983, substitute '71' for '65'. Opposite Subhead 304 - Rental and Maintenance of Buildings and under Budget 1983, substitute '3' for '2'. Opposite Subhead 306 - Services Purchased and under Budget 1983, substitute '20' for '22'. Opposite Subhead 307 - Electricity Charges and under Budget 1983, substitute '18' for '8'. Opposite Subhead 308 - Transport, Travel and Postage and under Budget 1983, substitute '9' for '12'. Opposite Subhead 101 - Administrative and under Budget 1983, substitute '17' for '84'. Opposite Subhead 102 - Senior Technical and under Budget 1983, substitute '1,775' for '1,708'.
34	33	

Corrections to the 1983 Estimates:

Page	Head No.	Correction
39	38	Opposite Subhead 302 - Material, Equipment and Supplies and under Budget 1983, substitute '105' for '200'. Opposite Subhead 303 - Fuels and Lubricants and under Budget 1983, substitute '200' for '105'.
47	46	Opposite Total Employment Costs and under Budget 1983 substitute '1,276' for '1,376'.
60	59	Opposite Total Employment Costs and under Budget 1983, substitute '246' for '158'. Opposite Wages and Salaries and under Staffing 1983 and Budget 1984, substitute respectively '24' for '14' and '222' for '150'. Opposite Subhead 101 - Administrative and under Staffing 1983 and Budget 1983, substitute respectively '8' and '125' for '102'. Opposite Subhead 102 - Senior Technical and under Staffing 1983 and Budget 1983, substitute respectively '4' for '2' and '42' for '20'. Opposite Subhead 104 - Other Technical and Craft Skilled and under Staffing 1983 and Budget 1983, substitute respectively '2' for '1' and '12' for '8'. Opposite Subhead 105 - Clerical and Office Support and under Staffing 1983 and Budget 1983, substitute respectively '6' for '5' and '27' for '16'. Opposite Subhead 106 - Semi-skilled Operatives and Unskilled and under Staffing 1983 and Budget 1983, substitute respectively '4' for '1' and '16' for '4'. Opposite Employment Overhead Expenses and under Budget 1983, substitute '24' for '8'.

Corrections to the 1983 Estimates:

Page	Head No.	Correction
60	59	Opposite Benefits and Allowances and under Budget 1983, substitute '15' for '2'.
		Opposite National Insurance and under Budget 1983, substitute '0' for '5'.
		Opposite Total Other Charges and under Budget 1983, substitute '54' for '142'.
		Opposite Subhead 301 - Expenses Specific to the Agency and under Budget 1983, substitute '4' for '109'.
		Opposite Subhead 302 - Materials and Equipment and Supplies and under Budget 1983, substitute '4' for '6'.
		Opposite Subhead 303 - Fuel and Lubricants and under Budget 1983, substitute '4' for '5'.
		Opposite Subhead 306 - Services Purchased and under Budget 1983, substitute '1' for '3'.
		Opposite Subhead 307 - Electricity Charges and under Budget 1983, substitute '33' for '9'.
		Opposite Subhead 309 - Telephone Charges and under Budget 1983, substitute '3' for '4'.
		Opposite Subhead 312 - Subsidies and Contributions to Local and International Organisations and under Budget 1983, delete '2'.
		Opposite Subhead 314 - Miscellaneous and under Budget 1983, substitute '1' for '-'.

**Motion on the Second and Third Readings of the
Financial Administration and Audit
(Amendment) Bill 1983 – Bill No. 3/1983:
24th February, 1983**

A Bill intituled:

“An Act to amend the Financial Administration and Audit Act.”

[The Vice-President Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, the Bill before this Assembly is the Financial Administration and Audit Amendment Bill 1983, seeks to extend the powers of the Auditor-General to enable him not only to audit the limited range of Public Corporations and Public entities which is permitted him under the Act, but also to take in a larger number of Public Authorities having regard to the fact that such Authorities have multiplied over the years. Article 225 of the Constitution of Guyana establishes the Office of the Auditor-General and defines his functions. It empowers him to audit the Public Accounts of Guyana and Authorities of the Government of Guyana. The Financial Administration and Audit Act which was passed in 1966 formed part of the set of legislation which was part of the Independence package. This Act spells out the way in which the Auditor-General should exercise his functions and limits the range of entities and authorities which he is permitted to audit.

The Act does not specifically give to him the power to audit Public Corporations or any corporate body in which the controlling interest is vested in the State. Now since the Financial Administration and Audit Act was passed in 1966 it is common knowledge that the number of Corporate bodies which the Government controls absolutely or in which the Government has a controlling interest has increased enormously and it is therefore desirable that those Corporations and Authorities should be brought within the net, so to speak of the Auditor-General. So this Bill therefore seeks to enlarge his power to enable him, under the direction of the Minister, to audit such bodies and to submit reports to him and to the National Assembly. There is just one further point I would like to bring to attention. It is provided in the 1966 Act in order to expand the powers of the Auditor-General it is necessary to have a resolution of this Assembly. In the opinion of the Government this is a cumbersome procedure and has no merit in it inasmuch as one is seeking to bring under the authority of the Auditor-General entities and bodies which hitherto had the authority of the Auditor-General plus entities and bodies which hitherto have escaped his purview, so the opportunity is taken in this Bill to vest that power in the Minister, so that it is the Minister who will give the direction to the Auditor-General to expand, so to speak the range of his activities.

With those remarks I wish to present this Bill to the Assembly.

Mr. Hoyte (Replying): Cde. Speaker, it is refreshing to be able to find a point of agreement with my friend, Cde. Reepu Daman Persaud, But we on this side of the House have no difficulty on the Amendment which he is proposing because the whole purpose of the Bill ...

[The Speaker: He is not proposing an Amendment. He is suggesting that probably an Amendment would come from your side.]

Mr. Hoyte: I have thought he wanted the kudos of having put the Amendment. I said the purpose of this Bill was to strengthen the authority of the Auditor-General and not dilute it in any way. The proposal that the National Assembly should retain a power to give direction to the Auditor-General as to areas to be audited is therefore something we would not wish to oppose. So I would move the Amendment subject to the form of words being put together.

[The Speaker: Would you like to develop that at a later time?]

Mr. Hoyte: I think we have to do that because the draftsmen are not here.

Resumption of the Consideration of the Financial Administration and Audit (Amendment) Bill 1983: 24th February, 1983

[**The Speaker:** Cde. Hoyte, this might be a convenient time to revert to the provision of the Financial and Audit Act. You will move the Amendment in respect of the Clause?]

Mr. Hoyte: When we reach in the Committee Stage I will give notice of it. Now Cde. Speaker, I was saying that the Government benches have no difficulty with the Amendments suggested by Cde. Reepu Daman Persaud and I would be prepared when the Assembly resolved itself into Committee to move a suitable Amendment which would preserve the right of the Assembly to give directions to the Auditor-General. I would like to take this opportunity to reply to a point made by Cde. Persaud about the need to strengthen the Auditor-General's staff. We have in fact been doing this not merely by looking at numbers, but also by looking at the quality of staff. We have been professionalizing the Auditor-General's Department. We have improved the pay scales so that they accord with professional scales and, as a result, we have been able to attract very many people with professional skills. In fact, over the past two years we have appointed 91 persons with accounting and auditing qualifications and there are at this moment with the Public Service Commission, submissions for the filling of 62 new posts, all of them being professional posts. We do look forward to increased activity and increased quality of work and surveillance from the Auditor-General and his staff. In fact, I would like to report on the way in which the Audit of the Public Accounts has been proceeding. Comrades will remember that, from time to time, I have reported on this matter to the Assembly. The Public Accounts for the years 1971 to 1975 have been completed and are now being printed, and the accounts for 1976 to 1980 are in draft and have now been finalized for submission to the Minister as a prelude to their being printed and laid in the Assembly. Similarly, the Public Accounts for 1981 and 1982 are in the course of preparation. The Auditor-General has assured me that he intends to have them finished by the end of this year, so come the end of this year the Auditor-General would have brought the Public Accounts up to date.

Members will recall how very much concerned we all were over the fact that these accounts had been in arrears so to speak, not through any fault of the Auditor-General and his staff, but through the problems in other parts of the system. We hope that we will never revert to that sorry state in which the Public Accounts were in arrears for such a long time. I therefore have the pleasure Cde. Speaker, in moving the Second Reading of the Bill.

[Question put and agreed to.]

[Bill read a Second time.]

[Assembly in Committee -Clause 1 agreed to and ordered to stand part of the Bill.]

Clause 2:

Mr. Hoyte: I to propose an Amendment to Clause 2 by deleting all the words in the last two lines of the clause and substituting the following: insertion of the words "*or the Minister*" after the words "*National Assembly by resolution*". So that the clause would now read, "*Section 33:1 of the Principle Act is hereby amended by the insertion of the word 'or the Minister' after the words 'the National Assembly by resolution'.*"

[Put and agreed to.]

[Clause 2, as amended, agreed to and ordered to stand part of the Bill.]

[Clause 3, agreed to and ordered to stand part of the Bill.]

[Assembly resumed. Bill reported with Amendment; as amended, considered; read the Third time and passed.]

Motion on the Second and Third Readings Of The Companies (Amendment) Bill 1983: 24th February, 1983

A Bill intituled:

"An Act to amend the Companies Act."

[The Vice-President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, the Companies (Amendment) Bill 1983 is also intended to extend and enlarge the powers of the Auditor-General. When the Financial Administration and Audit Act came into force in 1966 it was not then envisaged, at least by those people who drafted the Act, that the Government would intervene so very actively in the economic life of the country and own business entities which are registered under the Companies Act and whose accounts are required to be audited in terms of the provisions of the Companies Act. What this Bill seeks to do is to confer upon the Auditor-General the power to audit Companies which are registered under the Companies Act and which are owned by the State or in which the State has a controlling interest. I therefore, with those words, move the Second Reading of the Bill.

[Question put and agreed to.]

[Bill read a Second time.]

[Assembly in Committee. Bill considered and approved.]

[Assembly resumed. Bill reported to the Assembly, read the Third time and passed.]

Motion on the Second and Third Readings of the Guyana Export Promotion Council Bill 1983: 24th February, 1983

A Bill intituled:

“An Act to establish the Guyana Export Promotion Council to promote export trade in Guyana.”

[The Vice-President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, for many years now, attempts have been made to establish an Export Promotion Council. I think that all persons concerned with the development of this country would agree on the importance of developing the export sector with a view, not only to stimulating internal economic activities but also earning foreign exchange. Previous efforts, for one reason or another, did not meet with success. But I believe our current economic difficulties must have stimulated people to action and to serious effort. As a result, there was renewed interest in all sectors of economic activity in this country in the establishment of some entity charged with the responsibility for developing the export trade. There was, during last year, very constructive and valuable dialogue between the Government and the representatives of private and public sectors, the private sector being represented by the Guyana Chamber of Commerce and Industry and the Guyana Manufacturers Association. These discussions which also included individual, manufacturers and exporters, led to a meeting on 16th August 1982 in which the various sectors and individuals interested in Manufacturing and Export made representation.

At that meeting a decision was taken to establish an Export Promotion Council on an informal basis. That Council comprised 35 persons who represented both private and public sectors.

These twenty-three persons elected a management committee which was charged with responsibility for putting together ideas and proposals which would serve as the basis for the drafting of legislation and the establishment of the Council.

I would like to pay tribute to Cde. Francis Gobin, who served as Chairman of that informal Council and to Cde. Bernard Fernandes, popularly known as Bunny Fernandes, who served as Vice-Chairman and also all the persons who participated with such enthusiasm in the work of the Committee and the informal Council. Much valuable work was done, and finally certain submissions were made to the Government. These submissions served as the basis for the legislation which is now before this House and also for the proposed structure of the Council. In brief, Cde. Speaker, the Bill seeks to establish an Export Promotion Council on a legal basis and it defines its functions and powers. In terms of the schedule to the Bill, the Council will consist of no less than nine and no

more than fifteen persons drawn from the public and private sectors. These persons are expected to have knowledge of manufacturing and export; to have a lot of experience in these fields and to have an interest in promoting the work of the Council. The functions of the Council shall be to advise the Minister on national export policies and on practical measures which may be necessary to stimulate the export trade and promote the orderly and structured development of the export sector.

For this purpose, the Council has been given very wide powers. It is empowered to do all things necessary to enable it to discharge its functions. Thus, it is expected that the Council will engage itself in the work of training, in the consultancy and advisory services, in the identification of markets, in the establishing of standards, in helping people to organize their production and manufacture. In fact, in doing everything which is likely to help the manufacturer to manufacture the kind of commodity which can penetrate external markets and also in doing the things which will facilitate the export of commodities to external markets. The Minister, as is usually done when this kind of entity is set up has the power to give general and special policy directions to the Council, but subject to those general or special policy directions the Council will organize its work as it deems fit. The Council, because of the nature of the work it is expected to do, will be exempt from the payment of all customs duties, income taxes and all taxes whatsoever, because of the work of the council's promotional activities and those very important to the kind of economic development which we are striving after.

It is expected, Cde. Speaker, that this Council will give a great fillip to our export trade and will also provide a forum for the participation in a very active and substantive way of non-governmental people and agencies in the work of the economic development.

Therefore, I beg to move the second reading of the Bill.

[Question put, and agreed to.]

[Bill read a Second time.]

[Assembly in Committee. Bill considered and approved.]

[Assembly resumed. Bill reported to the Assembly, read the Third time, and passed.]

Motion on the Second and Third Readings of the Tax (Amendment) Bill 1983: 24th February, 1983

A Bill intituled:

"An Act to amend the Tax Act."

[The Vice-President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, I beg to move the Tax (Amendment) Bill 1983 and ask that it be read a Second time. This Bill becomes necessary as a result of the fiscal measures proposed in the 1983 Budget which called for a substantial increase in the excise duty levied on certain alcoholic beverages, in this particular case, beer, which definition includes ale and stout.

The proposal is to move the excise duty on locally manufactured beer from \$8.40 per liquid gallon to \$18.00 per liquid gallon. The excise duty collected in 1982 from this impost amounted to \$23.7 million and it is expected that as a result of the proposed measure the duty would be raised to \$43.8 million. As a result of these imposts, the price of beer is expected to move from \$1.30 to \$1.90 per bottle.

I ask that the Bill be read a Second time.

[Question proposed.]

Mr. Hoyte (Replying): Cde. Speaker, in the field of taxation it is well known that, first of all, alcoholic beverages always offer themselves as prime candidates for taxation, not merely as a source of revenue but also because taxes in this particular area are meant to be a tool of social policy. In this particular case, I think it is widely known that, notwithstanding what one may call the official price of beer which was \$1.30, people were buying it in the nightclubs and restaurants for as much as \$3 a bottle. Therefore, the indication is that the demand is not all that inelastic and that this area of taxation is open to the Government for further action.

I think also that a comparison of prices in the region will show that these retail prices are still very low, if one compares them with prices which are being paid in neighbouring countries and in the region as whole.

[Question put, and agreed to.]

[Bill read a Second time.]

[Assembly in Committee. Bill considered and approved.]

[Assembly resumed. Bill reported to the Assembly, read the Third time and passed.]

**Motion on the Confirmation of the Customs
Duties (Amendment) Order 1983 (No. 7):
24th February, 1983**

*“Be it resolved that this National Assembly, in accordance with Section 9 of the Customs Act, Chapter 82:01; confirm the Customs Duties (Amendment) Order 1983 (No. 7), which was made on 14th February, 1983, and published in the **Gazette** on 15th February, 1983.”*

[The Vice President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, I beg to move the Customs Duties Amendment Order 1983 No. 7 and ask that it be confirmed by the House. This is more a precautionary order than anything else in that it relates to imported beer and it seeks to increase the duty on imported beer from \$8.40 per liquid gallon to \$18.00. This, however, as I said, is precautionary since we do not import beer and have not imported beer for some time.

[Question proposed, put and agreed to.]

[Motion carried.]

Motion on the Confirmation of the Consumption Tax (Amendment) Order 1983 (No. 8): 24th February, 1983

“Be it resolved that this National Assembly, in accordance with Section 5 of the Consumption Tax Act, Chapter 80:02, confirm the Consumption Tax (Amendment) Order 1983 (No. 8), which was made on 14th February, 1983, and published in the Gazette on 15th February, 1983.”

[The Vice-President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, I beg to move the Consumption Tax Amendment Order No. 8 This Order is also related to the fiscal measures proposed in the 1983 Budget which sought to increase consumption tax payable on aerated beverages, vodka, gin and cigarettes.

The rate of tax proposed on aerated beverages, Cde. Speaker, will be 10 cents per bottle, being 6 cents increase per bottle and the selling price, therefore, for aerated drinks, that is the large bottle, will move from 37 cents to 43 cents and the small bottle from 34 cents to 40 cents.

Similarly the order seeks to increase the consumption tax payable on gin from \$16.10 per proof gallon to \$24.15 cents. This item is not controlled. The price of the item is not controlled, but if one assumes that the circumstances remain static, the price for a large bottle of gin, that is the 26 oz.-bottle, will move from \$10.30 cents to \$11.57 cents. The tax proposed on vodka is at the rate of \$24.15 cents moving from \$16.10 cents per proof gallon. Again it is expected that the price for a 20 oz.-bottle of vodka will increase from \$13.00 to \$14.07 cents.

The order also seeks to increase the consumption tax on cigarettes, from \$36.37 per kilo to \$67.00 per kilo. Cigarettes are controlled items and therefore the increases or the new prices would be controlled and in fact the Cde. Minister responsible for these matters, the Minister of Internal Trade and Consumer Protection has issued a consequential order. The prices will move as follows: Alaska brand, King-size containing 20 cigarettes, I am told will move from \$2.05 to \$2.69. The Bristol King-size 20 cigarette pack will move similarly from \$2.05 to \$2.69 and the Broadway 20 pack regular size will move from \$1.25 to \$1.75. Bristol regular 20 pack will move from \$1.30 to \$1.80 and Players No. 10 from 80 cents to \$1.07. Now these are controlled prices but again I think it is perhaps useful to draw to the attention of Members of the House that people have been paying exorbitant prices for the cigarettes well above the controlled prices

[Question proposed, put and agreed to.]

[Motion carried.]

Motion on the Confirmation of the Travel Voucher Tax (Amendment) Order 1983 (No.9): 24th February, 1983

“Be it resolved:

That this National Assembly, in accordance with Section 4 of the Travel Voucher Tax Act, Chapter 80:09, confirm the Travel Voucher Tax (Amendment) Order 1983 (No. 0), which was published in the Gazette on 15th February, 1983. “

[The Vice President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, I beg to move the Travel Voucher Tax Amendment Order 1983 No. 9. Again this is related to the fiscal measures proposed in the 1983 Budget and seeks to raise the Travel Voucher Tax from 30 percent of the cost of the fare to 50 percent thereby generating a yield of some \$13 million over and above the 1982 figures.

Cde. Speaker, I think that I should use this opportunity to draw the attention of this House to a number of irregularities which have been committed and which are being committed by travel agencies since the time of the Budget Statement on the 15th of this month when it was announced that the Travel Voucher Tax would be increased. Acting upon reports we had received, the Commissioner of Inland Revenue caused a number of audits to be carried out into the operations of various travel agencies and he has discovered that some of them have been conspiring with others to evade the increased taxation. They have been backdating tickets in the hope that this would cause the tax to be evaded. They have been arranging for people who travel to buy tickets to a destination which is not the intended destination, for example, the traveller would buy a ticket to Trinidad, pay the Travel Voucher Tax on the cost of the fare between Georgetown and Port-of-Spain and then, when in Trinidad buy a ticket for the rest of the journey.

I would wish to point out that the law makes provision for this kind of evasion and the Commissioner of Inland Revenue has powers, notwithstanding the devise of buying a ticket to a destination other than the one the traveller is going to, to really collect the full taxes due. He has powers to call upon travellers to produce their passport and all necessary documentation.

Apart from this, there are several other irregularities which are coming to light, such as failure on the part of these agencies to make returns to the Commissioner of Inland Revenue on the due dates, their failure to make payments of the Travel Voucher Tax which they have collected from travellers on the due dates, the failure to charge or levy the Tax at the prescribed date and, most serious of all, arranging or causing to be arranged, transportation for people who have not produced their current tax certificates as required by law. These are all very serious matters which

I think I should bring to the attention of this Honourable Assembly, I wish to indicate that, within the course of the next week, the Commissioner of Inland Revenue will be launching a series of charges against those persons who have been found indulging in these practices and that the Government is prepared to invoke the harshest possible measures against these defaulters. I think I would like to give public notice of this and to caution these people to desist from these irregular practices. The powers open to the Government are not necessarily legal ones but they are administrative and, if it becomes necessary, the Government will shut down some of these operations where people believe that they can indulge in revenue evasion with impunity.

Cde. Speaker, the Travel Voucher Tax Amendment Order 1983 (No. 10) contained a paragraph which really is superfluous in that it purported to deal with a matter which in fact is dealt with by the Principal Legislation. The Amending Order No 2 therefore seeks to remove that superfluous paragraph in order to prevent any overlapping between an Order made by subsidiary legislation and the provision of the Principal Act.

[Question proposed, put and agreed to.]

[Motion carried.]

**Motion on the Second and Third Readings of the
Appropriation Bill 1983 – Bill No. 7/1983:
24th February, 1983**

“A Bill intituled:

An Act to provide for the issue from the Consolidated Fund of the sum necessary to meet the expenditure (not otherwise lawfully charged on the Consolidated Fund) of Guyana for the Financial Year ending 31st December, 1983 estimates whereof have been approved by the National Assembly, and for the appropriation of that sum for specified purposes, in conformity with the Constitution.”

[Vice-President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, I beg to move the Second Reading of the Appropriation Bill 1983 – Bill No. 7/1983 and published on 24th February 1983.

[Bill read a Second time.]

[Assembly in Committee. Bill considered and approved.]

[Assembly resumed. Bill reported without Amendment, read the Third time and passed.]

Motion on the Second and Third Readings of the National Data Management Authority Bill 1983: 14th April, 1983

"A Bill intituled:

An Act to establish an Authority responsible for data processing and information system in the Public Sector."

[The Vice-President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, the rise of electronic data management technology has been one of the most remarkable developments in modern times, and the widespread application of this phenomenon to management and Governmental activities has been regarded as the single most important factor in influencing changes fundamental changes – in the organisation of Government and business structures.

This rise of EDP technology has been accompanied by a widespread application of that technology to the task of management, research and planning. This is because the tasks involved are those activities which are now carried out on the basis of large flows of data and information which human beings just cannot cope with. This mass of information has to be stored and retrieved. It has to be analysed and it forms the basis of modern managerial decisions making. So the Government agencies, private businesses, organisations, centres of learning such as universities, in the offices of professions, all tend today to have a common denominator, and that is the presence of a computer.

These developments have not escaped Guyana, for many public sector managers have over the years been utilising computer hardware and software to assist them in managing their entities and in making complex business decisions and forecasts which they are required to make if they are going to manage efficiently. But this acquisition of electronic data processing technology has brought in its train many problems which require to be addressed by the Government. There were three main problems which manifested themselves. First, many of the agencies that acquired computers did not have the skills and the knowledge to assess the equipment which they were acquiring, and very often were influenced merely by the glib talk of the salesman. So that hardware was acquired which was not suitable for the needs of the particular agency.

Secondly, a problem arose out of the first. This was that several agencies acquired computer hardware which was incompatible one with the other, so that the Public Sector as a whole did not get the maximum benefit from the fact that it had a number of electronic data processing machinery and equipment in the system.

The third problem was that since there was no single agency responsible for developing the skills necessary to use this new technology, those skills

were developed in a very unsatisfactory and haphazard way. Individual Corporations or agencies tended to do their own training and this was unsatisfactory because they did not have the necessary personnel or even if they did have people who could do the training, those people were involved in full-time activities in line management. So there was a bit of confusion in this area, not the least of which was that people did not recognise the importance of this new skill and this was reflected in the remuneration which their own EDP personnel received. Some of them were paid emoluments which were just a trifle better than those paid to unskilled persons. There was a constant exodus from one agency to another and some of the trained people even left the country, carrying with them this important resource with which the Public Sector had provided them by means of the particular skills which they had learnt.

Against this background the Government, through administrative action, appointed a group of skilled and qualified people to an agency called the National Data Management Authority. But although called an Authority, it was an informal agency having no legal character. This little group was mandated to keep an overview of the acquisition of computer hardware and software in the Public Sector, to sanction the acquisition of these items in a way which would ensure that we were developing a structured and rational policy in this field. Needless to say some agencies did manage to slip by and to circumvent the authority of the NDMA. But, by and large, over the years it was done quite a good job in correcting some of the problems which I have identified.

Because of the experience which has been gathered over the years by the NDMA, it is now considered expedient to do what was intended initially, that is, to put the Authority on a legal basis. Hence this Bill. The Bill as I remarked will confer legal status on the Authority, but it will also widen the scope of its operations and its responsibility. Its main responsibility would be, of course, to ensure the development of data processing and information systems in a rational and orderly way. But more than that, Cde. Speaker, it will have the responsibility for planning the development of these systems, looking to the future, so that as technology changes – and technology in this areas has been changing very rapidly – we will be able to respond and adapt ourselves very quickly in an intelligent and knowledgeable way.

But it is to have other responsibilities as well. It retains its responsibility for keeping an overview of the acquisition of computer and related equipment - its authority to sanction such acquisition, both hardware and software, and its duty to give advice to Public Sector Agencies which require such advice preparatory to acquiring electronic data processing equipment or changing such equipment. It has the responsibility for monitoring and evaluating the performance of various EDP equipment and systems in the public sector. It has responsibility

for planning the development of such systems in our country and, most important of all, I think, it has a particular responsibility for the training and development of the skills which are necessary to support this technology. This last responsibility is very important because, hitherto, there has been no Agency which had the personnel, which had the knowledge, and the experience to undertake this work. So now we will have a single agency with the responsibility and the capability for discharging this important function.

The Bill sets up a structure which is extremely simple. There is, first of all, the National Data Management Authority which is going to keep what I may call the strategic policy overview to make sure that the systems are developing in a logical way and that EDP information systems and so on are being acquired and utilised and developed within the framework of broad national policy. Then there will be an executive committee which will have the responsibility for managing a data centre, so that the NDMA is into going to function in a vacuum. It is not going to be just giving advice and talking to people. It will be also managing and operating a data centre. That data centre has already been established on the campus of the University of Guyana of Turkeyen. There has been installed a large computer, IBM system 370, model 115 Computer. The centre has been staffed with highly skilled professional people and, therefore, it is ready to provide the services envisaged under the Bill.

Then there is going to be a technical and advisory panel which will draw upon the expertise of people in the country who are knowledgeable either about the technical aspects of electronic data processing equipment or who know what are the needs of businessmen, what are the needs of researchers, what are the needs of Governmental and other Agencies.

I have been saying, Cde. Speaker, that the NDMA will keep an overview of the system and will attempt to plan for the Public Sector, but I would like to make two qualifications to that statement. The first is that the Public Sector has been extensively defined by the Bill to include not only the Governmental Ministries and Public Sector Corporations but also Local Democratic Organs, UG and all institutions of education, Coop societies, Agencies in which the Government has a controlling interest and any entity which the Ministry from time to time designates as a Public Sector Agency for the specific purpose of this statute.

The second qualification I want to make in this – that the Bill makes provision for the services of the Authority and the Data Centre to be available to the private sector, so that if private businessmen require the services of the centre for training of personnel or providing information or for other business purposes the Authority will be able to do that in terms of the law. It will also be able to provide services to individual persons, non-Government Agencies and professional people who have some particular type of work to be done for which the computer will be suitable.

So. Cde. Speaker, over the years ... from people who have come from abroad, we have expert people here but they are scattered ... we will be providing for our people who are skilled in this particular field to acquire that purpose of knowledge and experience so that they could provide help and expert services not only to Agencies and persons in Guyana but outside of Guyana. This Bill for the NDMA is expected to provide it with the resources to develop the skills which will be important in the future, and to enhance those services which it will be rendering. With these remarks Cde. Speaker, I commend this Bill to Members of the Assembly and asked that it be read a Second time.

Motion on the Second and Third Readings on the Fiscal Enactments (Amendment) Bill 1983: 6th May, 1983

"A Bill intituled:

An Act to amend certain Fiscal Enactments."

[The Vice-President, Economic Planning and Finance]

Mr. Hoyte: Cde. Speaker, this Bill presents a miscellany of Enactments to several Fiscal Statutes. These Amendments arise out of proposals which were contained in the Budget Statement presented to this Assembly on 15th February 1983. The Bill, therefore, seeks to give effect to the proposals which were made in that statement. Broadly speaking, the Amendments can be placed in two categories.

Firstly, those which seek to strengthen our compliance procedures and secondly those which seek to close certain loopholes in the Statutes of which people have taken advantage to avoid the incidence of taxation.

I think it will be convenient if I dealt with the various Amendments in the order in which they appear in the Schedule to the Bill.

The first amendment affects the Deceased Person Estates' Administration Act, Cap 12:01. One problem which the Commissioner of Inland Revenue has been facing, as he attempts to administer this Act, is that it is virtually impossible for him to really verify what are the assets of a deceased person. Very often the deceased person might have a bank account, might own shares, might own movable and other kinds of property, but there is no means by which the Commissioner of Inland Revenue can ascertain that the list of assets presented by the legal personal representative is an accurate one; and when the list is defective, of course, the duty which is paid upon the estate of a deceased person is not the correct amount.

This Bill seeks to ensure that the legal personal representative is compelled to present an accurate list. Therefore, it provides for a list of assets to be attached to a probate or letters of administration and further provides that the administrator cannot deal with any property of the deceased unless it appears on that list. So, if he attempts to deal with a bank account, for example, and that account is not on the list, well the bank is precluded by this law from allowing him to do so. If he attempts to sell a property and that property is not included in the list, then he is precluded from doing so. So that, once he comes up against this difficulty, he has to return to the Commissioner of Inland Revenue and amend his list and, of course, have the estate revalued so that the appropriate duty can be paid.

The next amendment affects the Tax Act, Cap. 80:01. That Act provides for a wide range of taxes upon a number of activities. Under the present law, when a taxpayer is in default of the payment of his taxes under the

Tax Act, the tax attracts an interest of six percent annum. In these days of high interest rates, that rate is ridiculously low. Therefore, the opportunity is taken to increase the interest on overdue payments to 25 percent, the purpose being really penal, to persuade the tax payer to pay his taxes promptly so as to avoid a penal rate of interest.

The next Amendment affects the Miscellaneous Licences Act, Cap. 80:04. Under that Act the Competent Authority issues licences for very many activities and purposes, but he has power under the law, when a person does not take out his licence, to deal with the matter administratively. Rather than taking the citizen to Court, he can compound the offence and impose a penalty for failure to take out the licence and for the late payment of the licence fee. But that law limits the Competent Authority to dealing with licences which do not exceed \$50.

Over the years, licence fees have gone up; and therefore the purpose of this Amendment is to increase the amount from \$50 to \$2,000, so that the Competent Authority can settle administratively with the citizen in respect of any licence which has a ceiling of \$2,000 without having to take that person before the Court than await a hearing which is very often a time-consuming and unnecessary procedure.

The Travel Voucher Tax Act, Cap. 80:09, is also being amended. First of all, to clarify a point which has been causing certain difficulties. If one reads the Travel Voucher Tax Act, one would realise that the tax is really a tax on travel. It is not a tax on a ticket. The value of the ticket is merely a base on which the tax is calculated, but the tax is a tax on travel so that if a person buys a ticket today and he holds that ticket until sometime next year and then he sets out to use that ticket to travel abroad, the tax he has to pay is not the tax which exists today but the tax which exists at the time he sets out on his journey. If the tax is increased, he will therefore have to pay the difference between the prevailing rate today and the rate at the time he sets out to travel. Conversely, if the rate is reduced, he will be entitled to a refund. Opportunity is taken to make this matter abundantly clear since there seems to have been confusion in the minds of agents who deal with the sale of airline tickets.

One strategy used by travellers to escape the incidence of the Travel Voucher Tax in the past has been to buy a ticket for a destination to a neighbouring country, so that if the person is going to the United Kingdom, he will buy a ticket to Trinidad and therefore he pays a tax on the value of the ticket between Georgetown and Port-of-Spain. When he gets to Trinidad he then buys another ticket and he proceeds on the journey he intends to make. Under the law as it stands, the Commission has power nevertheless to require that traveller to pay the tax based upon the value of the ticket from Georgetown to the United Kingdom. However, he could only make a request for payment if the traveller proceeds within four days of his arrival in Trinidad. This Amendment seeks to extend that time to fourteen days. What the law is trying to do is to make it unprofitable for a

person to go to Trinidad with a view to evading or avoiding the incidence of the Travel Voucher Tax in Guyana.

The National Development Surtax Act is also being amended and the purpose of the Amendment is to make compliance with payment of National Development Surtax quicker.

At the moment if a taxpayer does not pay his National Development Surtax on the due date, it attracts interest at the rate of fifteen percent (15%) from that date to the date of payment. Now, again having regard to the prevailing interest rates, it is good business not to pay tax. If a taxpayer puts that money into a deposit account or if he buys Treasury Bills, he would get a rate of return which is higher than the interest rate which he would have to pay as a penalty for not paying his tax on the due date. Consequently, opportunity is being taken to change the rate from fifteen percent (15%) to twenty-five percent (25%) in the first year, and to thirty percent (30%) if the tax remains unpaid for a period in excess of one year. The objective is to persuade the taxpayer to pay his National Development Surtax as promptly as possible.

Then, Cde. Speaker, there are several Amendments to the Income Tax Act, Cap. 81:01. The first Amendment relates to Section 13 (x). This is a very important Amendment for the small earner, the worker at the bottom, so to speak, of the income scale. Under the current law, a citizen becomes liable for income tax when his taxable income reaches \$500.00. This Amendment will increase the ceiling so that the citizen becomes liable for taxation only when his taxable income reaches \$1,000.00. The effect of this Amendment will be to remove 55,000 workers from the income tax register because right now, at the bottom of the income scale, there are thousands of workers who have found themselves on the income tax register. This measure is part of the Government's policy to cushion the cost-of-living impact on low-income earners in practical and realistic ways.

The second Amendment, Cde. Speaker, to the Income Tax Act, affects section 26 (a). This section is being amended to close certain loopholes and prevent tax avoidance. A person who contracts for any deferred annuity on his own life or the life of his wife or reputed wife, with any Insurance Company, is entitled to an income tax allowance of the annual amount of premium paid by him. He can deduct it in the same way as he deducts the premium paid by him on an ordinary policy of life insurance; but many people, particularly people with large incomes who are in the high tax brackets, have been taking out these deferred annuities just before the end of the year, have been claiming the tax deductions and, then, immediately after the year encashing the deferred annuity policies. This, Cde. Speaker, is really against the purpose for which the law was enacted. Such contracts are intended to provide annuities to be paid in the event of death or old age and so on. So, in order to ensure that a person takes out an annuity policy for the genuine purpose of providing for old age or

dependants, the law is now being amended to say that the annuity contracted must be for a period of not less than ten years if the taxpayer really wants to take advantage of the tax benefits granted under the Act. The Amendment provides that, in any event, the taxpayer should not surrender the policy before five years, because if he were to do that, the Commissioner of Inland Revenue would then reassess him on the basis that he did not pay the premiums or was not entitled to the allowance. The whole intent of the Amendment is to close the loophole and make sure that the tax allowance which is provided for in the income tax law is indeed used for the purpose for which it was intended. The tax allowance for premiums paid on deferred annuity contracts is meant to encourage people to provide for their old age and dependants, and not really to be used as a scheme for avoiding taxation.

Section 35 of the Act is being amended to allow persons to facilitate tax deductions in respect of donations made to certain institutions of a national character or international character. We are members of the Caribbean, the Economic Community, and CARICOM which has many regional institutions to which people might want to subscribe or donate amounts. In keeping with our regional commitments, the Government will prepare to consider certain required institutions like the Council of Legal Education as being institutions in respect of donations to which a taxpayer might become eligible to claim a tax deduction. There are many lawyers who feel that it would be a good thing to contribute to the work of legal education in the region. If, therefore, they were to contribute or donate some sum of money to that institution, such donation would be treated as if it were donation to a national institution.

Cde. Speaker, the Amendment proposed to section 39 (8) is also designed to close a loophole which people have discovered for avoiding the payment of taxes. Under the law, a branch office or Agency of a non-resident company is liable to withholding tax on deemed distribution, unless the company reinvests its profits in Guyana in certain prescribed ways. Now, non-resident companies have been investing in Treasury Bills which as we know, mature in three months, towards the end of the year the companies would take out Treasury Bills, to be able to show in their accounts for the year that they have not exported the money, but have invested in Guyanese securities in accordance with the law. They would therefore claim exemption from the payment of withholding taxes and be technically correct in so claiming.

Again Cde. Speaker, section 56 (6) identifies an attempt to deal with another area of avoidance in the law and this has to do with Life Insurance policies. Now, under the law, if a person surrenders a life insurance policy, he has to pay a surrender tax unless he has reached the age of 60. If he is 60 years and he surrenders, then there is no surrender tax. What usually happens is that, having taken out a policy, a taxpayer would then assign the policy to his father or grandfather and or an uncle who has reached the

age of 60; and because the term 'insurance policy holders' was defined to include an assignee, the father or other assignee could encash the policy and get the money without paying a surrender tax. Of course, the money is then paid over to the young person who is under the age of 60 who was the real owner of the policy. In this way, the payment of the tax was awarded.

Income tax provisions can influence people to save. They can encourage people to make provision for their old age, for their retirement and for their family and so on; but many people have been using them merely as a means of tax avoidance.

Section 60 (1) Cde. Speaker, attempts to clarify a matter, which although very clear in the mind of the Commissioner of Inland Revenue, did not appear to be equally clear in the minds of people who manage companies. Many of those people believe that if their company's income, their surplus, was less than \$1,250, they need not file income tax returns. Well, that was never really the law. However, the fact is that many companies never filed returns and when the Commissioner talked to the managers they said "*But look! We did not make any profits.*" But the law requires all companies should file income tax returns. This Amendment, therefore, makes the matter abundantly clear: whether companies allege that they are losing money or not they have to file a return with the Commissioner of Inland Revenue.

The amendment to section 75 (3) again deals with another stratagem for avoiding the payment of income tax. Within recent years, there has been an alarming increase in the number of persons and companies who and which claim that they are donating all of their income to charitable institutions. According to the law, a citizen can do that and escape paying income tax on his income. In many cases as the Commissioner of Inland Revenue found out when he carried out an investigation, the donees turned around and maintained the donors. The citizen gave all his money to an institution and the institution fed, clothed and housed him and very often kept him supplied with a fair amount of luxuries including motor cars. This practice clearly could not be right. This Amendment, therefore, seeks to limit the amount which an individual citizen can donate a charitable institution and claim for income tax purposes and the limit is 10 percent of chargeable income.

Then Section 99 (1) of the Act attempts to persuade people to pay/comply in a timely fashion. In a similar way as in the National Development Surtax Act, the penalties, or rather the interest rates were changed. The interest chargeable on income tax which has not been paid have been changed to 25 percent in the first instance and 30 percent if that tax remains unpaid for a period of one year.

I now want to deal with Section 36, a most important section, in the light of Government's ongoing policy of attempting to mitigate the incidence of income taxation avoidance. For some years now, certainly

over the past four years, the Government has done something every year to ease the burden of taxation. There have been movements in the income tax bands and there have been increases in the allowances which people can claim. What the Government is attempting to do now is to deal with the rate which is payable at the higher levels of income. We know that that rate was 70 percent and many people particularly people in managerial positions and people who —

[Cde. Ram Karran: Vice Presidents and Senior Ministers.]

Mr. Hoyte: - Leader of the Minority Party -

[Laughter]

Mr. Hoyte: - important Trade Union Comrades holding big posts and holding shares in companies and so on.

[Laughter]

Mr. Hoyte: They all pay that, but for years, Cde. Speaker, this was a sore point with professional people particularly managers, and also with working couples since income in our country is consolidated for tax purposes.

What this Amendment proposes to do is to ensure that nobody pays an average rate of more than fifty percent of total chargeable income.

If Comrades read the newspapers recently or listened to the Caribbean news, they might have heard that the Prime Minister of Barbados in his Budget Speech has just reduced the average rate to sixty percent in Barbados. In the CARICOM area, at any rate our rating is not really the highest. At present, when this Bill is passed, assuming it is passed, we will certainly be below many other countries.

Now, Cde. Speaker, I would like to deal with the two remaining Amendments together because they are interlinked. This is the Capital Gains Tax Act, Chapter 81:20 and the Property Tax Act, Chapter 81:21. The Amendment proposed for the Property Tax Act is one which is designed to allow the calculation for property tax to be based upon the value of the property as at January 1, 1981. At the same time opportunity is taken to increase the amount of the exemption which can be claimed in respect of property tax. For example, a tax payer was able to claim the value of tools for his business or trade of up to \$5,000. This amount has been increased to \$10,000. He was allowed to claim household furniture up to \$2,000. That has increased to \$10,000. He was allowed to claim jewellery up to \$2,000 and this has been increased to \$5,000.

Now having advanced the date of valuation for the purpose of the Property Tax Act to January 1, 1981 it seems only fair that, for the purpose

of the Capital Gains Tax we should also take the same date and not the basis which was hitherto used. Thus, if a person acquires a property and the person subsequently sells it then the differential would be as between the valuation of the property as at January 1, 1981 and the value of the property on the date it was sold. Of course, there are many deductions which the property owner can lawfully claim in order to reduce the actual amount upon which the tax is calculated.

Cde. Speaker, these are the main points which affect these Amendments contained in the Bill now before the National Assembly and I ask that the Bill be read a Second time.

Mr. Hoyte (Replying): Cde. Speaker, I am grateful to my friends on the Minority benches for the contributions they have made. They have certainly made some interesting points. I think that it would be true to say that there are obviously very many other defects in the Income Tax law which we will have to deal with. This Bill does not purport to be a comprehensive and exhaustive reform measure. As people recognise shortcomings, I hope they would raise them not only in this Assembly in a formal way but also by letter to the Commissioner or the appropriate Minister. The Government certainly would examine proposals and recommendations.

May I touch also on the few points first raised by Mr. Feilden Singh. The first one relates to his comments on the Travel Voucher Tax Act Amendment. What I would like to stress is that a ticket is not deemed to have been issued for the purposes of the law until that citizen produces a valid exit tax certificate; that even though the travel agency might gain a citizen a ticket today, that ticket is not necessarily deemed to have been issued. In fact, for the purpose of law that ticket is not deemed to have been issued until that citizen gets an exit tax certificate. As is well known, a Certificate is normally valid for a period of a month. So apart from businessmen and similar categories who because of the frequency of their travel, get exit tax certificates for longer periods, the average person should not find himself legally in a predicament arising from the fact that he might buy a ticket and many months after might find that he is required to pay more money. The legal position is that the issuing of the ticket is really coincident with his issuing of the tax exit certificate. Now, as I have already said about this Amendment, it merely clarifies the extant law.

Members will recall that during the debate on the Travel Voucher Order which I made consequent upon the announcement in the Budget Statement that this matter surfaced and I pointed out that many people, because of an erroneous interpretation of the law, had been backdating tickets and doing all kinds of strange things. I did announce that the Commissioner was going to prosecute them. Fortunately, we were spared that acrimony because all of them, having reflected and I believe having been properly advised, settled these matters with the Commissioner and

paid their taxes which were properly due. The need to go to court or take any particular action against people did not, therefore, arise.

The other point I want to refer to is the raising of the ceiling from \$500 to \$1,000 for sort of getting on to the tax register. Now this sum of \$1,000 is chargeable income, that is, it is the amount which is left to the citizen after he has made his deductions for NIS, wife, husband, insurance policies and all other allowances which he can claim. The calculation is that a man who is earning \$500.00, that is the average unskilled worker with a wife and three children, ought not to be liable for income tax. When we consider that we have a large number of people in that bracket, I think it is not quite right to say that this measure will benefit a large number of people. It is indeed a great benefit to them. Mr. Singh wanted to know how valuation will be affected for the purposes of property tax. The law provides that the valuation should be made by what the law in its esoteric language calls the accountable person. We know there are many people who make a living by valuing property. They appraise the property and they swear to an affidavit of valuation. These are competent expert people who tell you what property values were in '38, for example, so that that is not a difficulty. The difficulty will arise if the Commissioner disagrees with the valuation, as he sometimes does, but I think in most cases these affidavits of valuation are accepted because the people giving the valuation know that their reputation, their livelihood, depends upon people respecting them, their judgment on their affidavits.

Mr. Singh also raised a question on wear and tear and suggested that the amount should be increased. The problem here is a difficult one because under acceptable accounting practices, certainly for tax purposes, wear and tear is calculated upon cost and never on market value. I think you will know that this whole question as to what is now appropriate accounting practice is being debated worldwide now that there is the phenomenon of inflation, and people have been talking of inflation accounting and coming up with all kinds of models. As a matter of fact, in the United Kingdom, the Government appointed a Committee to make recommendations as to what should be the rates of inflation and so on. These people – they are all experts – sat for many months and produced a report which was promptly rejected by the accounting profession. The debate is a very fierce one also in the United States of America, so that we are on difficult ground and I don't think it is beyond us to try to work out some solution which is appropriate to our circumstances, but we will have to do a lot of work on that.

On the question of separate assessment, I know that you will have very many people with you on that. I know there are many of our womenfolk who have been very vocal on this issue and it may be that if the campaign mounts there may be something which might come out of that. I couldn't really say.

Just a few comments on what Cde. Narbada Persaud said. First of all, the interest rates which have been increased are not intended to raise

revenue. The amounts which one will get from that will be negligible. It is a compliance mechanism. It is intended to persuade people, as I said, to coerce them, if you wish, into paying promptly and if people are complying with the law they ought not to find themselves in the position where they owe large amounts of income tax because we have a PAYE system. Any difference between the taxpayer and the Commissioner ought to be a very small one. As you rightly observed, many people overpay and have to be refunded. Generally, I think it would be wrong to interpret this Bill as a revenue measure. It does confer substantial relief upon various categories of taxpayers and I think we need to see it in that light.

I remember, many years ago, when I was at the Bar, a certain gentleman, now deceased, who was a well known property agent and buyer and seller of properties, told me one day, quite humorously, that he never paid rates and taxes to the Town Council because, when he did not pay, the penalty was very, very low. The interest charged upon outstanding amounts was far less than he could get if he took that money and put it on a deposit account in the bank. That is precisely what he used to do. Instead of paying his rates and taxes, he consciously put the money on a deposit account and then, a long time after, he would pay the money, because he made a profit on that.

That is precisely what we are trying to prevent. I think you need to look upon it not as a revenue measure but rather as a measure to induce people to pay their taxes promptly.

Those are the points I wanted to make, Cde. Speaker. Perhaps I should say that Mr. Feilden Singh brought to my attention, before the sitting began, a point arising out of the Amendment proposed to section 26 (1) (a) of the Income Tax Act, Cap. 81:01. He pointed out that if we were going to delete the phrase which is proposed to be deleted, then in section 26 (1) we would have to delete the words "*or contract*" wherever those words appear.

[The Speaker: In that section?]

Mr. Hoyte: Yes. I am grateful to my colleague. I have consulted with the Attorney-General who agrees that Mr. Singh's observation is accurate. I will seek leave during the Committee Stage to have the necessary Amendment made.

[Question put, and agreed to.]

[Bill read a Second time.]

[Assembly in Committee. Clauses 1 and 2 agreed to and ordered to stand part of the Bill.]

Schedule:

Mr. Hoyte: May I propose an Amendment to the Schedule, that would be an Amendment to the Income Tax Act, Cap. 80:01: After section 13 (x) insert section 26 (1). The Amendment will be –

“Delete the words ‘or contract’ wherever they appear.”

[Amendment put, and agreed to.]

[Assembly resumed. Bill reported as amended, read the Third time and passed.]

Motion on the Second Reading of the Temporary Borrowing by Government (Amendment of Existing Laws and Validation) Bill 1983: 21st July, 1983

"A Bill intituled:

An Act to amend the provisions contained in the Financial Administration and Audit Act and the Bank of Guyana Act regarding borrowings by the Government for meeting current requirements, direct advances by the Bank of Guyana to the Government and credit operations by that Bank with Government securities and to validate certain borrowings, advances and ownership of Government securities."

[The Vice-President, Administration]

Mr. Hoyte: Cde. Speaker, the Financial Administration and Audit Act regulates the management of the financial affairs of this country. It makes provisions for dealing with revenues and the disbursement and management of those revenues. This Act, however, has a peculiar and perhaps unique provision in that it sets rigid limits on the power of the Government to receive advances from the banking system or to effect borrowings by way of the issue of treasury bills. That provision is absolute; it does not give any flexibility at all. But one can perhaps understand why such an extraordinary provision should be in the Statutes when one remembers that the legislation was passed in 1962 when we were still a colony.

But even so in 1962 the imposition of an inflexible limit on the short-term borrowing powers of the Government was something unique. The researches of our legal and financial technicians have not been able to find a similar provision in any of those countries which used to be British colonies and certainly not in the laws of any independent Commonwealth country. So that there must have been some particular reason, known only to the British, why they should have put such a provision in the Act in 1962. There were of course consequential limitations on the power of the Bank of Guyana to make advances to the Government or to hold negotiable instruments which belonged to the Government.

I think everyone knows how Government finances its operations. It does so principally by levying taxes, but those taxes accrue to the Government over a period of time and there is always a lag between the inflow of the taxes and the need to make expenditures. The differences between the inflow of revenue and the actual expenditures which have to be made is really met by short-term borrowings, either advances from the banking system or the issue of short-term treasury bills. We have, therefore, inherited a provision which, in the circumstances of an independent country and certainly in 1982, really does not make any sense. It is meaningless. In the colonial times, that limitation could have been

enforced by the Governor and by the Colonial Secretary. But in the circumstances of an independent nation we have a provision which is neither here nor there. The limitations placed by that statute are ineffectual in that if they are breached nothing really happens.

Therefore, Cde. Speaker, for the purpose of tidiness and good order, is it important that we should amend our laws to give them some meaning and in this particular case, to tidy up this legislation to bring it into modern times. Now, if I may develop this point about this provision being unique, I would refer first of all to the United Kingdom itself where in its Exchequer and Audit Department Act of 1866, there is not such limitation. In the Exchequer and Audit Act of 1922, there is not such limitation. Indeed, there is absolutely no limitation upon the power of the British Government in the Act, and one finds the same provision in the United Kingdom National Loans Act of 1968. Nearer home in Trinidad and Tobago, even when that country was a colony, in 1959 when there was passed the Exchequer and Financial Administration Ordinance as it was then called in that country, there was flexibility. In other words, the Government could always have gone to the legislature with a proposal to fix a limit. There was never a rigidity in the law which said that that limit could not be exceeded; and, similarly, we find Barbados, when that country became independent, it adopted a provision which was similar to the Trinidad provision in its Financial Administration and Audit Act.

If one were to go a little further afield and look at the Act in Canada, one finds again an absence of inflexibility. It is always left with the legislature, on a proposal from the Government, to say what the limits should be. The purpose of this Bill, therefore, Cde, Speaker, is to amend our Financial and Audit Administration Act, to introduce a provision which would enable the legislature to fix the limits to govern the short-term borrowing powers of the Government.

While this Bill is before the House, the opportunity is also being taken to validate those instances in which short term borrowing did exceed the rigid limits set by the Act over the years. As I have said, over the years, the limits were being exceeded because we were in a situation where the limits were meaningless and nobody bothered to raise the question, even in this House – even my friends on the Minority Benches would have accepted that we were not dealing with a situation as in 1962 when our total expenditure both on the capital and current side was \$82,000,000. We are in 1983. In last year's estimates we saw that the capital and current expenditure was 1.6 billion dollars. So we are in a different situation in which the Government is no longer confined, as it used to be in colonial days, to merely holding the ring while other people get on with economic activities.

Governments today all over the world, whatever the system is, are very active in the economic development of their countries. So that I present this Bill Cde. Speaker, and commend it to the Members of the House.

Mr. Hoyte (Replying): I would really like to express my disappointment at the tenor of this debate. I thought Comrades would have focused on the matter in hand and would have sought clarification on some of the main issues with which this piece of legislation deals. Let me remove what seems to be misapprehension on the part of speakers of the Minority Parties who believe that this is a provision to increase the overall limits of Government's borrowings. This has to do with the mechanism of borrowing. When I was introducing the Bill I thought I would be polite and I would like to continue to be polite. But the fact of the matter is, that this particular provision was placed in the Financial Administration and Audit Act to put a bridle and bit upon the them Premier of this country, one Dr. Cheddie Bharat Jagan whom the British considered to be recalcitrant and that is the reason you would not find such provision in any other law in the Commonwealth. The very fact that all these years nobody bothered to raise a question of the breach of the limits showed that even on the Opposition Bench people realised the futility of this provision in an independent country.

The point I was making was that the British could enforce the limits in colonial times because they had the apparatus to control a colonial Government. But in the circumstances of an independent country, the legislation is meaningless. My friend the Hon. Feilden Singh will tell you that legislation without sanction is meaningless. What is the point of having a limit if there is not sanction, if there is nothing to really restrain or compel the Government.

[**Cde. Ram Karran:** Expel you from the Government.]

Mr. Hoyte: That is a long time, you have the right and you can always do it, I am sure.

Cde. Speaker, I think it falls ill from the mouth of anybody in this Assembly to say that the Government took 20 years to amend the legislation. One would expect that legislators would be the monitors and guardians of the system. The Government's figures are there. They are published in estimates, they are published in the various reports emanating from Government agencies like the Bank of Guyana and the Ministry of Finance, and anyone examining the figures would see what was happening. So I do not take seriously this allegation of a disregard for Parliament.

We were taken upon a grand tour of the world and I do not intend to follow my friends there, except to say merely one thing, and this is in reply to the Hon. Feilden Singh. It is this; if Alcan still maintained its control of our bauxite industry that industry would have been shut down a long time ago, in the same way as Alcan has shut down all its smelters in Scotland and contributed powerfully to the 3.5 million British workers who are out of work today.

Statements by Ministers - Discussion with Minority Leader on Acquisition of Lands (Not Beneficially Occupied) Bill: 12th December, 1983

Mr. Hoyte: Cde. Speaker during the course of last week the Minority Leader telephoned me and asked whether he could have an interview to discuss the Acquisition of Land (not Beneficially Occupied) Bill, 1983, which was scheduled for its Second Reading in the National Assembly last Thursday. I suggested to him that it might be a more convenient course to have the Bill adjourned and to hold the discussions with him after the sitting of the Assembly. Pursuant to that undertaking, I applied to have the Bill adjourned and I did hold discussions with the Minority Leader after the adjournment of the Assembly. Those discussions, I thought, were very useful and very cordial; and, on that basis, I undertook to present the views of the Minority Leader to the Government and Members of the Cabinet, and to revert to him and let him know what the reaction of the Government was. Those discussions were held in good faith, and therefore, Cde. Speaker, I was particularly disturbed and perturbed, to read in the *Mirror* newspaper of Sunday 11th, December 1983, the following report:

“The People’s Progressive Party moves to shelve Land Bill. The controversial Acquisition of Lands not Beneficially Occupied Bill which was scheduled for debate on Thursday was deferred in order to facilitate a discussion on the issue between the PPP and the PNC in the House. The PPP is seeking withdrawal of the Bill and had requested a postponement in order to put its views to the Leading Party. It is understood that the PNC will now, having heard the arguments of the PPP Parliamentary Group, decide whether or not it will proceed with the Bill.”

Cde. Speaker, that publication put me in a very invidious position because I understood the discussions to be proceeding in good faith. I myself, as long as I hold a ministerial position, will always be ready to listen to representations made by Members of this House or members of the public on matters affecting my Ministry or my portfolio. However, I am not prepared to be coerced. If I have the slightest impression that any one is attempting to pressure or coerce me, then I will dig my heels in and ignore any representation from such persons.

My first inclination had been to forget the undertaking I had given and to proceed with the Bill today. However, on reflection I think that notwithstanding what I consider to be an act of bad faith on the part of my colleagues on the other side of this house I would fulfil the undertaking I had given. I would present the views of the PPP parliamentary group to the Government and I would let them know what those views are. But I do deplore this action.

Motion on the Approval of Financial Paper No. 2/1983: 12th December, 1983

“Be it resolved that this National Assembly approves of the proposals set out in Financial Paper No. 2/1983 – Schedule of Supplementary Provision on the Current and Capital Estimates totalling \$55,962,956, for the period ended 1983-10-31.”

[The Minister of Finance and Economic Planning]

Mr. Hoyte: Cde. Chairman, the Government has targeted the cattle industry and, more particularly, the dairy industry for very serious attention next year and in the years ahead. There are three aspects of this matter to which I would like to refer this afternoon. First, there is a Ministry Programme which has now been conceptualized and the details worked out. This we hope to implement from beginning of next year. This is a Programme which seeks to increase milk production by building upon the experience which we have acquired over the years, the existing cattle population, and the arrangements which people have in place at present for maintaining their herds.

This Programme will call for the development of small herds of about five milk cows or so which people will be allowed to keep in their homesteads so that by doing that we do not disturb the traditional pattern and seek to disrupt a way of life which has developed over the years. The second aspect of the project involves creating communal pastures where people who have sizable numbers of cattle. The important thing about this particular aspect of the Programme is that we hope the management of these pastures will be undertaken by the cattle owners themselves. Thirdly, we hope to develop commercial farms by people who have a few hundred heads of cattle and who have the money and the willingness to make the necessary investment. Fourthly, we will supplement these three above-named projects by establishing or extending state farms which we have.

The second Programme concerns a project which is being financed by the Government of Yugoslavia from the Solidarity Fund. Under this project the Government of Yugoslavia will make certain sums available to enable the Livestock Development Company to upgrade the Kingston Milk Plant and to provide some additional infrastructure to ensure that milk which is produced can be efficiently transported and delivered to the consumer.

The third Programme is more ambitious in scope. It is a Programme which is designed to undertake a serious study of the national potential. This is being financed by the Inter-American Development Bank. Again the Consultants who are undertaking this work are Yugoslavs. Incidentally, both Yugoslav teams are in the country at the moment, the team which will be looking at the Milk Plant and the other facilities required by Lidco

to improve its operations and the team which will be looking at the wider project for establishing, on a national basis, our dairy industry in this country.

Now these sums which are being allocated are all in aid of those projects. At the moment very many farmers on their own and many ranchers are attempting to move their cattle from areas which have become too small for them and the Government is assisting them in this exercise.

Only last week I was in the West Berbice area and spoke to a number of cattle owners who were anxious to move their cattle and, indeed, we were able to facilitate them. We permitted some of them to move their cattle even though the formal leases and permissions have not yet been granted. They were doing something which we are interested in having them do and I think that given correct policies, given encouragement, given the necessary support our cattle owners can do a great deal to increase dramatically the production of milk in this country.

[The Speaker: Cde. Reepu Daman Persaud.]

[Cde. Reepu Daman Persaud: I am glad that the Cde. Vice-President raised West Coast Berbice because I am sure he should be aware now that the dairy farmers there were complaining very bitterly about harsh treatment being meted out to them. Like himself, I have visited that area and they were told arbitrarily that they have to put their cattle miles and miles away from their homestead. We know of the serious crime rate and the fact that the rustlers are there, they are moving away people's cattle by day and by night. I wonder if the Minister will be kind enough to tell us whether a satisfactory solution has been reached whereby these farmers in the area are allowed to keep some of their cattle at home and within a distance that they can supervise at this given period.]

Mr. Hoyte: I have been meeting the farmers and ranchers personally. The week before last, I met a very large group at Bush Lot and many of these matters have been sorted out. As I have said many ranchers want to move from the coast, many ranchers, because their herds have now reached hundreds and the pasturage available for them is inadequate and they recognise this.

In the MMA scheme there is one area – the Kabawer – an area which has been set aside for the development of ranches and that is one area where we hope that some of these commercial ranchers will be established. Again we discussed with the MMA officials, the Ministry officials and the farmers the question of developing the left bank of the Abary as one of the main cattle areas, and indeed, last week we decided to commission a survey of the entire area between the Abary and the Mahaicony so that we could have a proper understanding of what lands we have there – a proper understanding of how people are in occupation of those lands such

occupants are occupying right now, because they are occupying in a haphazard way and we would like, on the basis of that knowledge, to design a scheme which would be a reasonable one and which the farmers themselves and ranchers would want to support.

[The Speaker: Item 37 – 44.]

[Cde. N. Persaud: Cde. Chairman, under Item 44 we notice supplementary provision of \$500.00 is being sought to provide for repairs to the newly acquired building. My question would be where is this newly acquired building, from whom was it purchased and how much was the purchase price – the building for which we are seeking the \$500.00 for the repairs?]

Mr. Hoyte: I must confess Cde. Chairman, that this caption is a trifle misleading. It is now newly acquired in the sense that it is newly bought or obtained. The caption refers to the building in Camp Street which used to house the Ministry of Labour. This new Ministry of Manufacturing Industry is accommodated there and required some minor repairs, fixing windows and things like that.

Motion on the Second and Third Readings of the Drainage and Irrigation Board (Transfer of Functions) Bill 1983: 12th December, 1983

"A Bill intituled:

An Act to provide for the dissolution of the Drainage and Irrigation Board, the transfer of its functions to certain Regional Democratic Councils and for related matters."

[The Vice-President, Production]

Mr. Hoyte: Cde. Speaker, this Bill seeks to decentralise the functions of the Drainage and Irrigation Board, —

[The Speaker: I think you are going to defer the other Bill?]

Mr. Hoyte: Yes Cde. Speaker, and devolve upon the Local Authorities that is the Regional Democratic Councils, the powers and functions hitherto vested in the Drainage and Irrigation Board. The existing Board was established in 1940 and it had the responsibility for establishing drainage and irrigation areas, developing drainage and irrigation systems and managing those systems. It suffered from a number of defects, the most important of which I believe is the fact that it was a centralized body attempting to deal with drainage and irrigation problems all over this country. It proceeded in a haphazard way and it was responsible for administering some 34 drainage and irrigation areas in different parts of the country. The drainage and irrigation areas tended to have been developed in a very haphazard way: some of them were large and some of them were small. In fact, some of these areas came into being sometimes on the initiative of the Government, and sometimes as a result of representation made by farmers and other persons in rural areas. Over the years, the Board became more and more inefficient and it has become clear that a centralised body cannot really deal adequately with drainage and irrigation matters in the various parts of this country. The decision was, therefore, taken Cde. Speaker, to decentralise the functions of the Board and vest them in the Regional Democratic Councils. Now this move has a number of advantages.

First of all, it is in the keeping with the policy of the Government to decentralise decision making and responsibility for managing and developing the various areas of this country. It will enable a greater degree of accountability in that farmers will not be dealing now with some remote central entity but with people in their own particular region who they know well and who have a responsibility under the law for dealing with drainage and irrigation. Most important of all, I think, Cde.

Speaker, is the fact that there will be the opportunity, and I think it is wonderful opportunity to benefit from the advice and the involvement of the very farmers who will benefit from the systems which have to be maintained and which will be developed over time. The Bill itself makes provision for the transfer of assets, the transfer of rights, and the transfer of liabilities in the usual way. There is one point, however, to which I would like to draw attention and this is the various clauses of the Bill which provide for the state to assume responsibility for some of the liabilities of the Drainage and Irrigation Board so that the new councils will not start off hamstrung, so to speak, by liabilities which have been incurred by the old Drainage and Irrigation Board. I think, Cde. Speaker, that the Bill is simplicity itself in that it seeks to do something which surely is laudable. It surely will be beneficial and given good will and an interest in working the new system properly, we ought to get greater advantage accruing to the country and to our agricultural sector as a result of decentralisation of devolution which the Bill will be providing for.

Mr. Hoyte (Replying): Cde. Speaker, I wish to assure my friend, Cde. Reepu Daman Persaud that the Bill does not take away any rights. If he would look at Paragraph 4 of Clause 3, he will see that that Paragraph makes provision for actions to continue against the Regional Councils, except in certain cases so that all the statutory and common law rights which the farmers and other citizens had against the old Board, they will continue to have.

As I said, you can set up any number of institutions and you can organise them in any way you think fit. They are not going to function unless people are involved; particularly the people for whose benefit these institutions have been established. I myself have been a strong and unapologetic advocate of decentralisation and the devolution of authority on various regions in this country. I have already seen the involvement of farmers. It is expected that these Regional Democratic Councils will set up a number of Committees of themselves, an important one of which would be the Committee dealing with agriculture and more specifically, with drainage and irrigation matters.

About two weeks ago I was on the West Coast Demerara, and I saw what was a most remarkable development. It only shows what can happen if we give people an opportunity to do the things which they really want to do for themselves. I found there that the Boerasirie Land Development Society had undertaken to rehabilitate the drainage and irrigation systems in that area where its members were farming, and the society did a marvellous job. My proposal to the Regional Democratic Council was that it should consider two things: first, pay the Cooperative Society for the work which it had done, because normally it should have been a responsibility of the Drainage and Irrigation Board and, secondly,

consider the possibility of employing the Society to carry out the maintenance work on behalf of the Council in that area. I am sure that, through self-interest alone, the Society will do a very good job. The members will be working for themselves and for their own benefit.

Thank you Cde. Speaker.

[Question put, and agreed to.]

[Bill read a Second time.]

[Assembly in Committee. Clauses 1 to 6 agreed to and ordered to stand part of the Bill.]

Motion on the Approval of Estimates of Expenditure for 1984 Budget Debate: 6th February, 1984

Mr. Hoyte: Cde. Speaker, Hon. Members, my friend from the Minority Benches read his speech with great gusto at a decibel high level. However, noise is not a substitute for economic analysis. There is behind all the numbers and statistics he quoted with such facility, though I suspect without a great deal of understanding, a certain reality of production. Behind deficits there is the reality of production. Behind foreign earnings there is the reality of production. The figures in themselves are meaningless unless we grasp the reality reflected so inadequately by statistical data.

My friend rightly identified production as being the key, but unfortunately did not seem capable to grasp and grapple with that issue, did not seem able to analyse the production forces in this country and to offer, if he so cared, constructive criticism of the Government Programme and advance, if he were able, he and his own Party's strategy for improving the production base. In every country, whether that country is enjoying a period of prosperity or is in the economic doldrums, production and the efficiency of production are rightly stressed and so I would devote my intervention here this afternoon to the question of production.

It is easy to call the work. It is easy to talk about production and productivity. But one needs to go behind the mere vocabulary to crystallise in one's mind exactly what is meant by the phrase. As we in the People's National Congress Government proceed with the development of this country we are very clear in our own minds about what we need. For production, what is required is not production in abstract; nor is it a production that divorced from the political and cultural realities and objectives of our people. When we speak of production we mean improved production, and improved production has to do not merely with increase in volumes but increase in efficiency.

As we organize this country, therefore, for improved production we seek to focus upon increased volumes and increased efficiency for all, in the traditional sectors of bauxite, sugar and rice. We also seek to identify the other areas in which we have, as the Cde. Minister of Finance and Economic Planning so rightly pointed out, a great deal of experience: the areas of ground provision, the production of milk, fish, poultry, timber, gold, diamonds, semi-precious stones, arts and crafts and all the other areas in which we have been traditionally involved, but upon which we have not perhaps placed a sufficient emphasis in times past. Improved production also has relevance to the use we make of basic or primary materials, the processing and the manufacturing of which we are capable, in the home, in the communities, in the schools; the making of preserves,

the making of starch and farines, the making of things like casareep and edible oil, furniture, wearing apparel; all the productive activities of which we are capable. We need to identify them, we need to organize ourselves to increase the quantities of production, we need to organize ourselves to ensure that that production is achieved as efficiently as possible.

The other aspect of improved production of which I speak has to do with diversification, a term which, as I use it, embraces the concept of a greater emphasis upon neglected areas of production; areas such as our coffee and cocoa, annatto, lemon grass, the roots, the herbs which we have traditionally used; all the little areas of production which people have traditionally carried on in this country. We need to identify, organize and develop a production base that is as diversified as possible. We need, also, not only to continue to use local materials, but to make a more imaginative use of those local materials, a more imaginative use of the straws and the fibres and those things that we have looked upon as waste but which, in other countries, constitute important economic materials; things like sawdust, coconut fibre, rice husk and so on.

You will find that the Programmes which we have organized this year and which are not new in that they are a continuation of the Programmes which we have followed so assiduously over the years – are all designed to achieve the kind of improved production of which I have spoken. Production must have objectives and the objectives which underscore our productive efforts are easily explained: one, self-sufficiency in food and in other areas where self-sufficiency is achievable; two, reduced dependency on external sources for commodities and other inputs, three, the generation of employment, by which I mean not merely or necessarily paid employment, but also self-employment; four, the generation of exports which are so vitally necessary for the earning of foreign exchange to import the things that we cannot produce at this time; and finally, Cde. Speaker, the overall objective of all the things I have referred to, namely the stimulation of economic growth and development. There are certain policy objectives which we need to bear in mind because, unless the people of this country understand clearly what Government is doing there would be room for misunderstanding and confusion. In the circumstances of this country today, we cannot afford such misunderstanding.

One of the policy matters to which I refer in this principle of self-sufficiency in food. From time to time one hears and reads a lot of nonsense on this matter. One eminent Trade Union Official said that self-sufficiency in food is neither possible nor desirable. There was a report by some people who came from the FAO who said self-sufficiency in food was not possible in Guyana. Of course, when we debated the matter with them they deleted that from their draft report. Self-sufficiency in food, as they understand it, is nutritional self-sufficiency rather than a self-sufficiency based upon a preference for a particular kinds of food and if we accept this, we are capable in this country of producing the proteins and the calories

and the micro-nutrients which people need to make them strong, healthy and productive. We are aiming at substantial self-sufficiency in Guyana. That is the objective towards which we proceed as we talk about self-sufficiency. As a matter of fact, I recall a story that is often told by Cde. Prime Minister about an incident when he was Minister responsible for Agriculture. We were attempting, at that time to, establish the factory to make ham and bacon in this country. A certain foreign expert came and said it could not be done because we did not have a particular kind of wood to produce the smoke to cure the ham and the bacon.

It is that kind of nonsense people have peddled in this country in the past. It is that kind of nonsense we have to drive out of our minds as we proceed with this task of development. We must aim at and achieve food self-sufficiency since self-sufficiency is a goal to which we are committed.

In our Party's constitution we have an object which says "*to promote constantly the goal of national self-reliance*". This self-reliance therefore must be practised not only at the national level, but at the regional, community and individual level. That is why we encourage people to grow food, to plant little kitchen gardens. That is why we encourage communities to develop their productive base. That is why we are now organising the regions to strive for regional self-sufficiency within the context of a drive of national self-sufficiency.

Cde. Speaker, the investment we are making in 1984 – the major investments, are in the productive sector. The components of those investments reflect what I have said before in terms of the kind of production we are aiming at and the objectives which we have set ourselves. One will see that the total investment in the productive sector, net of transfers to corporations, is \$325,000,000. The breakdown is as follows:- in agriculture \$198,000,000, in forestry \$28,000,000, in fishing \$34,000,000, in mining \$43,000,000, in manufacturing, \$26,000,000. The various projects, as I have said are designed to achieve the objectives to which, I have referred.

I would like at this stage to make a quick survey of the main production areas, the investments we are making and the results we expect to be achieved by those investments. In the field of agriculture, flood control, drainage and irrigation, sea defences and river defences continue to be critically important to the farmer. I remember some years ago debating the agricultural question with a World Bank Official and he was saying, "*Well, compared with other countries Guyana is not getting a sufficient return from investments in the agricultural sector.*" I asked him to name the country which had to expend such a large portion of its investment on river defences and on flood controls before land becomes capable of being used for agricultural purposes. I think he saw the light. We in this country have a particular problem. We live on a coastland which is below sea level. We have rivers which overflow their banks. Our farmers have for years struggled manfully against the forces of nature and this Government decided that it

was going to devote massive investments, no matter the cost, to provide the infrastructure to make our agricultural sector productive. The evidence is there. I do not want to go over an old story which we all know. I would rather focus upon what we are doing now and in the Programme for 1984.

The major scheme, MMA, will continue despite the problems of some imperialist countries which believe they could strangle small countries which do not agree with them. We have expended \$300 million already on that scheme to provide the flood control and main drainage facilities; and we are now about to embark at beginning of this year on the sub-project known as Abary II which will absorb some \$200 million to provide the secondary works and structures so that the initial investment can yield mainly. As we know Cde. Speaker, the works already completed have provided flood control and main drainages for some 146,000 acres of land and, the Abary II project upon when we are now will provide secondary works, including access roads, for some \$37,000 acres.

My friend, Cde, Narbada Persaud, in his enthusiasm, allowed rhetoric to gain the ascendancy over truth. He said that work on the Tapakuma Scheme has come to an end. I do not know where he got his information; but it is abundantly clear that he is as far removed from farming activities as the earth is from Mars. We have proceeded with the phase of the project known as Contract 2 when the foreign contractors left these shores and we have already expended \$20 million in the development of Contract 2, this work is being carried out by Guyanese contractors, Guy-construct. In this year, there is budgetary provision for \$9million to continue the work which will bring both main drainage and flood control and internal works to some 7,000 acres.

In addition, since drainage the irrigation and sea defences, as I have said, are so critical to our agricultural effort, D and T works will continue. By way of illustration, I will point out that work will start in the following areas – Cane Grove, Crabwood Creek, Black Bush, Canals Polder, Leguan and Pomeroun. The expenditure on sea and river defences, provided for in the Estimate, is some \$12 million. It will be seen from the expenditure on this kind of infrastructure that we are creating the conditions to ensure that not only rice, but also ground provisions, green vegetables, fruits and other kinds of agricultural crops are worthwhile, productive, and profitable activities.

As we develop our agricultural Programme, there are certain specially targeted areas that I would like to bring to attention. Those areas are milk production, stockfeed, small livestock, edible oil, flour and farines, beverages and condiments, confectionary and preserves. In those specially identified areas we will be making a strong effort because in them self-sufficiency is possible.

I would like to say a special word about self-sufficiency in milk. Over the years we have imported large quantities of milk into this country. In

fact, in the peak year of 1981 we spent some \$35 million on the importation of milk and yet it is possible, if we organize ourselves, to become self-sufficient in milk. What are the facts? A recent census has shown that we have about 250,000 head of cattle, of which adult females number 107,000 and of that number there are about 100,000 lactating animals.

Over the years, several things happened which did not help in the production of milk in this country. Within urban and built-up areas there was this conflict between production and health objectives. The health authorities enforces rules and regulations which drove the small farmer with two to five head of milch cows more and more away from the built-up areas. Moreover, as more land came under cultivation for rice, the cattle owners were driven farther and farther away from the populated areas. The result of decline in the production of milk. This decline was aggravated by the fact that the milk we imported into this country could be sold at a price which was cheaper than the price at which the locally produced milk could be sold. The reality is that the milk-exporting countries are dumping milk in the Third World. The price we pay for milk from Canada, for example, is far less than the Canadians pay for the same milk. Dumping has been a classic tactic of developed countries. If we do not understand the reality and if we are not prepared to take firm measures, and make the sacrifice to develop this country, we will continue to fall short of that goal of self-sufficiency and to depend upon external sources for critical food supplies.

I would like to say something about the plan we have developed within the Ministry, which plan has been accepted by the Cabinet for the achievement of self-sufficiency in milk by the year 1988. This plan – if I may just give the outline of it, because it will be elaborated more fully with the farmers and with other interested people in the course of this month or in the months ahead, - calls for the development of dairy production on the basis of what we have. It will not be necessary or desirable to import high pedigree animals at great expense. We will be using what we have and we will not be disturbing the traditional way in which people have kept their animals in this country. Therefore we will start with those people who have small herds in urban and built-up areas. We will get close to them to put, as it were, the stamp of legitimacy on what they are doing and to help them to organize themselves better in terms of improved health standards and animal husbandry techniques. We will be helping them to obtain the tools and equipments they need, to produce and market their milk. This is the first aspect of the plan.

Within the regions we will develop a number of pastures in the cattle rearing areas. We hope and expect that those people who have large herds, but who do not have any proper place to keep those herds will take their cattle to those pastures and be prepared to manage the pastures themselves. Thirdly, we hope to develop large commercial ranches of 500 acres or more for those people who have the necessary resources; and,

finally, we will be developing some state ranches, one of which is planned to be developed this year by the Livestock Development Company in the West Berbice area in Region No. 5.

More than that, as part of this principle of individual and community self-sufficiency, of which I speak, we will be encouraging – and, indeed, this has already started – small communities, remote communities, to develop small herds to provide milk for themselves. Also, where it is possible, we will be encouraging some schools where there is the land and where the environment is such that the rearing of milch cows becomes possible.

This is a Programme we hope to push. It is a measurable Programme because with each succeeding year we will be able to see whether, in fact, we are producing more milk or whether the Programme is failing. Unlike my friends on the other side who have become so accustomed to losing, I do not accept that this Programme is impossible of success. Indeed, I am sure that this will be one of the winning examples of a vindication of faith by the People's National Congress Government. What I am saying to my friends over there is that a Programme like this is a matter upon which there cannot be any real division or disagreement.

As I am talking about cattle, Cde. Speaker, I want to draw attention to a very disturbing trend that has developed within recent times. We have been attempting to develop the beef industry and everybody knows how high the price of beef is today. But what has been happening is that, in breach of the law, some people have been slaughtering calves, and heifers and even pregnant animals. A week ago an exercise was carried out at one of the abattoirs and of fourteen animals taken there to be slaughtered; eleven ought not to have been slaughtered. They were calves, heifers and pregnant animals. This is why I am saying, Cde. Speaker, that as we proceed with this task of development, people cannot stand aloof from the process. What has been happening is that some people have been colluding with some livestock officers who have to give the certificates. In those particular cases to which I have referred, the Public Service Commission acted with commendable swiftness in dismissing the persons concerned. But I think we will have to do more and we will have to use collective wisdom to see how, by a process of education, we can get people to understand that it is self-defeating personally and nationally to be destroying these very valuable assets in an indiscriminate way.

Cde. Speaker, I will also pay say some words about stockfeed and the development of small livestock. In the old days, we were very self-reliant in the production of stockfeed. Anybody who has lived in the country will know what people did, how they fed their pigs and their livestock. However, as the industry developed, people became more and more independent upon importing the inputs. For the chicken industry, for example, they imported the eggs, and the chickens and, worse than that, the major components of the feed. We are attempting to reverse this

process and we want to start with the stockfeed, and to encourage not only individual farmers but the regions themselves to produce their stockfeed and not to rely upon Georgetown alone for this vital input to the industry. We need to get back to the production of a local strain of birds which will reduce our dependency upon the imports. Work on this matter is proceeding under a special unit headed by Doctor McKenzie, the Chief Agricultural Officer. I make the point again that all of these Programmes are being geared towards the objectives of self sufficiency and of reducing our dependency upon external sources.

Cde. Speaker, in fisheries, the Guyana Fisheries Limited which already has some \$200 million worth of assets will be investing \$24 million to provide additional boats, on-shore facilities, and distribution facilities. It also will be activating a mill for the production of fish-meal. One can see how important that will be to the livestock industry. In an artisanal fisheries, to help the small fishermen who are very so very important to us in the fishing industry, we will be implementing a project at a total cost of \$31 million to provide wharfing facilities, cold storage, and servicing facilities and other infrastructure for the small fishermen. When my colleague, Cde. Robert William comes to speak on this debate, he will be expanding upon these matters.

Cde. Speaker, in the area of forestry, the Demerara Woods Limited in which we have to put an investment of \$123 million will be completed by June this year. The Demerara Woods Limited, when it achieves full capacity, will be producing as much timber as the rest of the forest industry. This year it is expected that its production in value terms will be \$26 million; and when it reaches capacity, \$65 million. In the years to come DWL hopes to diversify its productions, to manufacture veneers, plywood and other wood products.

While on the subject of forestry, I may point out that investment in the sector has been significant, because the Government has interest from the private sector, in particular some \$20 million of cedar money which the Government has received from the Canadian Government through CIDA. Once the initial phase of the CIDA project is completed it will enable the sawmillers to get modern, efficient logging equipment. The second phase has just begun. In the course of this year, therefore, we will be paying greater attention to the Forestry sector.

In Mining, Cde. Speaker, work will continue in the areas of bauxite, gold, uranium, petroleum, semi-precious stones and other minerals. My colleague, Cde. Haroun Rashid, the Minister of Energy and Mines, will be saying a lot more on that later on.

Cde. Speaker, the production of roads needs to be supported. We have a pretty comprehensive programme of activities in road building to support production. We will be expending some \$28 million on roads. For example, the East Bank Berbice road, the Mabura road, the Bartica/Issano road, Black Bush Polder road, 72 Miles/Mahdia road, will also be rebuilt or upgraded in support of agriculture and forestry and mining.

And the Corporation's Programmes, when you examine them carefully, will be seen to be in support of the production effort.

Guynec will be investing \$10 million in foundry expansion to produce tools and small agricultural equipment. There will be established in every region seed and plant production stations. We will be establishing this year a National Agricultural Research Institute. \$1.1 million will be spent on the Export Promotion Council, Cde. Speaker, what is most important is the fact that the money will be made available to finance the valuation activities.

The Programme for 1984 is projected at \$94 million, of which the agricultural sector will absorb \$37 million and the manufacturing and industrial sector \$56 million. Of that \$56 million, forestry will utilize \$27 million.

These are the outlines of the main production activities we have planned for this year.

I have in my possession a letter written to Cde. Corrica by a certain gentleman named Komal Chand in which he says his union, GAWU is going to strike for a week if certain basic consumer goods are not distributed to his membership. I want to say that the Government has the will, the determination and the resources to deal with anybody or any organization which wishes to disturb the productive efforts of this country. I want to say in all seriousness and sincerity to my friends that if they are ready for the showdown the Government is not unwilling to face that issue. There are two ways we can go. We can be reasonable and constructive – it is no use talking of a National Front Government and cooperation if at the same time irresponsible action is being taken to undermine production and to undermine people's morale. I say again, if there is this attempt it will be met with the force and the surgical action which is necessary.

Motion on the Acquisition of Lands (Not Beneficially Occupied): 8th February, 1984

"A Bill intituled:

An Act to make provision for the acquisition of land which is not beneficially occupied other than State Lands or Government Lands, so as to ensure rational use of such land and for matters connected therewith."

[The Vice President, Production]

Mr. Hoyte: Cde. Speaker, when this Bill came up for its Second Reading sometime late last year, at the request of the Minority Leader and other Members of the Minority Party I sought an adjournment to enable some consideration to be given to representations which they had made in request of the Bill. The Government has given the most careful and anxious consideration to those representations but has come to the conclusion that in all the considerations the Bill should proceed. I have no doubt that the speaker from the Minority benches will elaborate the points which they made in respect of their contention that the Bill should be delayed. I would not repeat those arguments except to say that it is not sufficient for the Government to withdraw important legislation merely on the belief that some forces might be endangered. I think it is the duty of the Government to explain as fully and as carefully as possible the intent and purpose of its legislation so that people could understand that the legislation does not have any objective, but rather is intended to serve the developmental process in the country.

This particular Bill has that intention. We have a provision in our consideration which prescribes and indeed compels us to ensure that land goes to the tiller. We also as a Government and a nation have identified agriculture as being the major area in which we should place most of our resources and our energies as far as the development of our country is concerned and to this end over the past five years or so this country has invested amounts approaching one billion dollars in providing vitally needed infrastructure in support of the activities of our farmers. The nature of our turn is such that even though we have abundant tracks of fertile lands – agricultural activities will not be successful unless the necessary drainage and irrigation facilities are provided and other important infrastructure. These facilities have been very costly.

The objective of making this heavy investment Cde. Speaker, is to enable people to go to the land and to use that land productively. A census recently concluded has shown that all over this country there are large tracks of land which are not beneficially occupied. Many of these tracks are in areas where massive investments have gone to provide the

necessary drainage and irrigation facilities. These lands remain unutilised, not because there are no farmers or tillers who are ready and able to use the land, but because their owners have abandoned the lands. In many areas some of these are dead and the right of inheritance is obscure, some have left this country and can be located in various other parts of the world and some lands have in fact never been utilized. For example, in all of our riverain areas there are tracks of lands – ownership to which was granted in colonial times by grants. We know that the colonial Government used the mechanism of a grant of land to returning soldiers after the European Civil Wars of 1914-1918 and 1939-1945 in which many Guyanese citizens participated. They went to fight for Guyana, they went to fight for democracy – on their return they were given tracks of land. Very few of them were farmers and it was almost a criminal act to give those returning soldiers large tracks of land without giving them the material and financial resources necessary to develop the lands, and in any case until fairly recent times the necessary drainage and irrigation facilities to enable them to use the land beneficially.

An initial assessment show that here were some 4,000 such grants involving a total acreage of some 200,000 acres. Some of the land remains abandoned, unoccupied, not beneficially used, but recently there has been an undesirable development in that many of the people are squatting on those lands and we are getting an unorganized, if not disorganised kind of protest and one only has to go to the Land Court to see everyday how four, five, six sometimes ten persons are competing – each of them claiming to have squatted on the land for the past thirty years. So Cde. Speaker, we seek to acquire not a new power but an extension of power which existed since colonial times.

In 1905, for example, the colonial administration enacted the State land Resumption Ordinance to provide for lands alienated by the State which had been abandoned by the owners. That Act was not vigorously enforced and in any event it had one great defect in that it put the emphasis on abandonment of ownership rather than upon beneficial occupation, so that, even though the land was not beneficially occupied, so long as somebody came along and claimed to be an heir, claimed to have some legal right, the Act was not enforced. So the land remained unutilised and *de facto* abandoned.

What we are seeking to do now is to ensure that all lands which are capable of being brought under cultivation in support of our agricultural efforts are in fact so brought under cultivation, and that all lands which are available to the State, indeed, available to the nation, are used in a way which is productive, that there ought to be no square inch of land which is benefiting from massive investments made by this nation which we ought to allow to remain idle.

And so this legislation is before this House to confer upon the Government what I would say to be the duty to ensure that our

agricultural lands are beneficially occupied. I think that it would be wrong to stress this point which was made to me by the Minority Leader about people fearing that the Government is going to take away their lands. I do not think there is any real justification for this fear since the Government is in the active process of distributing lands to the landless. I think that all over this country farmers know that as a fact. In all the regions. Every month I attend the MMA Board meeting in Region 5 and there is on the Agenda a Paper for the conferring of titles to farmers for land in the MMA area. More and more land is being brought into cultivable state, so to speak, and distributed to the farmers. So that this power which the Government is assuming is one which would enable it to accelerate the process of distribution. More than that, it would enable it to ensure that occupation and utilization of the land proceed in a rational way, not in a disorderly and inefficient manner.

I would like to draw attention to some particular provisions of the Bill which are designed to ensure the utmost fairness to people who might have an interest in the land. In the first place, where the Commissioner of Lands has reason to believe that lands are not beneficially occupied the law requires him to make an investigation. He cannot sit down in his office and make a decision. He cannot make a decision based on an anonymous letter or hearsay. He has to make a physical investigation and put up a proper report. Having concluded from all the evidence available that the land is not beneficially occupied, he then has to issue a public notice informing the public and more specifically designed to inform all persons who have a legal interest, or claim to have a legal interest, to the land, of his conclusion and also sending a registered letter to the last known address of any person who is known to have some kind of claim or legal title to the land and, if such address is not known, to post up in a conspicuous manner on the land the said notice. This is a procedure which is well known in the procedural parts of our law relating to notices which would affect people's interest in land.

Where the Commissioner declares that the land is not beneficially occupied, the notice which he publishes will have to contain some fairly precise information so that there could be no misunderstanding, there could be no confusion. He has to describe the land by physical and bounds – the land bounded on the East by Cde. Jagmohand's holding and on the West by Cde. Brown's holding and on the North by some known creek. He has to make that kind of description, or a reference to a particular plan so that anybody who is interested can go and ascertain with precision which land it is the Commissioner is alleging to be not beneficially occupied.

More than that, he has to indicate in his notice the manner and the time within which he requires the land to be beneficially occupied. So you will notice that having determined that the land is not beneficially occupied he does not go and without further ado acquire the land. He serves notice

upon those who claim to be the owners of the land that they should beneficially occupy it. And, of course, that notice is published in the *Gazette* and in one of the daily newspapers. As I said before, the notice is sent to the owner or person alleged to be the owner, the person alleged to have some legal claim to the land and if he cannot be found that notice is put up in a conspicuous place on the land.

Cde. Speaker, the law proposes the Bill with a certain flexibility to everybody because the whole of the legislation is based on the foundation of reasonableness. Even after that notice is published, where a person shows sufficient cause why the acquisition should not proceed, then the Minister has the power to have the order evoked. More than that, Cde. Speaker, there is another discretion given to the Minister where he can look at the circumstances of the case and he could cause the notice to be amended and evoked if he is satisfied that that alleged non-beneficial use has resulted from some reasonable cause. One can imagine a case where the owner of that land might have been hospitalized for a long time, could not transact business and therefore could not allow the land to be cultivated by others. The point I am stressing here is that his legislation has reasonableness and flexibility built into it throughout. It seeks, Cde. Speaker, as I said to ensure that we make the optimum use of all the land which we have in this country which is capable of producing food. We have said in this Assembly, as the Cde. Prime Minister was at pains to stress, the importance of food in this country. I know that our Comrades on the other side will not find fault with that thesis. So I would like to commend this Bill to Members. I would like to assure them that the intention is not to take away land, but rather to ensure land is used by our farmers to the best possible advantage, to make sure that land which is abundant for any purpose can be redistributed in any fashion to our farmers and generally to make sure that we can accelerate the development process of the food development in our country.

Cde. Speaker, the Government does not see the question of agriculture and agricultural development as being a Party or partisan one and I would like to give that assurance to my good friend, Cde. Reepu Daman Persaud. I, for one, hope that as we proceed with the various projects and Programmes for agricultural development that I can count on him and his colleagues to ensure that these projects and Programmes are successful because they are being implemented in the interests of our farming community and of all the people of Guyana. That is why I cannot accept the argument which is based upon fear and suspicion. If we are agreed nationally that agriculture is important, if we are agreed at all levels that we need to do everything possible to support our farmers, well then I think that our duty is to go out and instill them with confidence and not with fear and suspicion.

I have said that the Government stands by its record in the area of land distribution and in the development of infrastructure in support of

agriculture. I do not accept the statement of Cde. Persaud that hundreds of farmers are forced to flee the land. My experience is to the contrary. He spoke about the need for dialogue and I could not agree with him more. During the brief period I have had the honour to be responsible for agriculture I have held meetings with hundreds of farmers all over this country. I remember so well a meeting which was attended by over one hundred farmers at Bush Lot, a meeting which was organized by my colleague Cde. Chowritmootoo.

The constant demand was for land and more land. People are clamouring for land and the General Manager of the MMA Authority has told me that there are at this moment over 1,000 applications by people for land in Region 5. Therefore, the Government has a duty to facilitate and accelerate the process by which we distribute land to our farmers, and this is precisely what we are trying to do. It is true that there are many areas in which we do not have all the drainage and irrigation facilities and supporting infrastructure. But I would like to say that since the People's National Congress came into office the areas which are now served by the drainage and irrigation facilities have expanded dramatically. We have put every investment in Tapacuma, so that the average yields have come up from sixteen to nearly thirty bags per acre. I do not need to stress the investment in the MMA. Everyone knows the great problems we are having and the great details with which we are proceeding to implement that scheme.

Now, it is true that we have unlimited quantities of agricultural lands in this country. Cde. Persaud rightly referred to the fact that we have a large land space, but not all of that land is cultivable. The cultivable land in the sense of land which is suitable for agriculture and which has the necessary infra structure, is fairly limited. That is why we are insisting that where the nation has invested heavily in providing the infrastructure we must ensure that all the lands available for that infrastructure are properly utilized.

Cde. Persaud did raise the question of compensation. The Bill does provide for compensation. We felt that we should not use the existing Act and the existing compensation mechanism and procedure. Now I do not agree with him that in the first place there is a great deal of misunderstanding about the level of compensation which is available under the current legislation. I have myself read the nonsense by people who come to this country and do not understand. They come to this country and write all kinds of things that are not true. I think that in most cases one finds that what comes out as the compensation amount is pretty much less than the normal value. But we need to go forth. In this country the nation provides, social infrastructure, roads, electricity supply, water supply and so on in various areas, but when those facilities are provided the people who benefit directly and immediately are not called upon to pay and therein lies the difference between our citizens and a citizen in let

us say, in the United Kingdom. In the United Kingdom when these facilities are put in the people who benefit, the land owners, the holders and rate payers are required to pay the capital cost of some part of it through what is known as a betterment levy and so people get a great benefit for which they themselves do not make any individual contribution.

I remember some years ago when the Government wanted to acquire a piece of land from a citizen and that citizen said he wanted \$3 million, I was highly amused. I said to him \$3 million? He said yes Comrade, there is a road, water supply, buses pass there, you can get transportation easily and I pointed out to him that the records had shown that the cost of the property when he purchased it was \$10,000, 20 years ago, and when he acquired it there were no roads, water supply, electricity and so on. I asked him whether the benefit he got was not made by the whole nation. I think we need to be reasonable about this. The compensation must be shared not only to the person who owns the land but to the entire nation.

Now, I wonder why that legislation is untimely and unnecessary. As I have said, there is a great number of people, more than 1,000 people in Region 5 who want land, and there is land along the Berbice River for example. You cannot find the owners, they are dead and gone and many years have passed with nobody ever bothering to go after that land. Nobody wanted it. Their kith and kin are scattered all over the face of the earth. We need to be able to freely untie that land from legal tangles in ensuring that people are able to use the land. I cannot accept, too, Cde. Speaker, that we need to have all these inputs otherwise people cannot go to the land. Thousands of small farmers are cultivating their land without tractors, combines and so on. We are not talking about the small farmers to which Cde. Persaud alluded, these are the people we want to put on the land. We want them to put their roots down and we want them to remain on the land. So for these reasons I think that the legislation is very timely and it is urgent. Some of the matters raised by Cde. Persaud and Mr. Feilden Singh are matters that can be properly dealt with and in this case Cde. Persaud raised the important question about agrarian reform. I wish to inform this House that the Government is working abreast on the question of agrarian reform.

An internationally known expert Mr. R ... who has been made available by the Government and who is a teacher at the Faculty of Laws at the University of Nairobi, and is one of the leading experts on the question of agrarian reform has been working with us for the greater part of last year. They have submitted early this year a draft interim report which they will be inspecting and they will be returning sometime around the second quarter of 1984 to review the matter and ideas and to have a document which will eventually be debated in this Assembly with our friends.

As I said, this is not a partisan matter within the context of the agrarian reform policies. We would be dealing with all the questions of big land

owners and small land owners, the question of having an on-going tribunal to deal with the whole question of land distribution, land allocation and the beneficial and proper utilization of land. It is for that reason that I have a difficulty in accepting the proposal that this matter of deciding on what land is not beneficially occupied should be passed to a tribunal or to a Judge of the High Court. In strict theory it sounds good, you have an independent judicial officer standing above the political scene who will arbitrate and give evenhanded justice. Fine. But in practical terms I do not think that it is something which can be done. For one reason, the Judges are hard-pressed with their own judicial work and I think my friends who are still practising will tell you about the great backlog of work. The Registrar has not been able to serve summonings to deal with the whole backlog of rates and taxes and every day we get complaints and reports from the Local Authorities. More than that, we have a Land Court which we expected to adjudicate on titles along the Coast and other parts of this country under the land Registration Act. I think the experience has been that that Land Court has not been able to do so, not through any fault of the Judges themselves or the judicial officers, but because the system is too cumbersome. I am told by the Commissioner of Lands that it will take 150 years to give all the titles which are supposed to be given in the various zones at the rate we are going.

Obviously we cannot wait that length of time. Some of us would like to see the land system rationalized and streamlined in our lifetime. Therefore, that is one area in which the Commissioner of Lands and Surveys is doing some very intense work to try to see if we can speed up the system by using all the technical things he knows about but I can only talk to you in a general layman's way.

Cde. Speaker, I do appreciate the points made by my friends on the other side. I would urge them to forget suspicion and fears and to join us in ensuring that this legislation which is going to be administered in a public way – there is no way any Minister can go and merely seize land, it has to be a public process. I do not see the Government or the Minister being able to put a notice in the news papers and say that citizen 'A' is not beneficially occupying his land when everybody is able to see that that man is planting his land. That would not be politically done and there are limits to what even a Government can do. Politics still remain the art of the possible and some things are just not possible. I would say, therefore, that we need to proceed with the Bill, we need to ensure that it is fairly administered. I think the need for publication is perhaps the greatest and I want to give the assurance that that will be done. The Minister really does not have all this excessive power Cde. Reepu Daman Persaud spoke about, because he has to act, the legislation says, on the advice of the Commissioner or otherwise, but that otherwise does not mean that he can lie down and have a dream. Obviously, it has to be through information, concrete and reasonable information provided, let us say, perhaps by the agricultural

officer in the area, by the Local Government people, and that information has to serve as the basis of his notice. So all that piece of legislation seeks to do is not to saddle the Commissioner of Lands alone, although he has the ultimate responsibility. The legislation is saying some cases the Minister could use other people to obtain his information but that does not lead to some kind of informality, some kind of situation where information cannot stand the light of day.

Cde. Speaker, I think I have replied to the main points made by my friends, except to say finally that in the whole question of dialogue, we have also had dialogue at their request with the representatives of the National Farmers' Association and they were quite upset over what they term to be a delay in proceeding with this legislation. In fact, I do have a file with correspondence from them in which they are telling me about people, by name because they are interested in individuals, who are waiting to get land and are waiting, they say, on this legislation. We are talking about farmers. What I am saying is that I do have a file, growing every day, with letters from people who are clamouring for and we would like to satisfy that need in the national interest.

Cde. Chairman, what I was saying was that the use of the judicial procedure is a cumbersome one. The whole question here is one of speed and expedition but with fairness and in public interest I was not only saying that the Judges are hard pressed – those of us who have practised in the courts of law, the techniques by which we could have a matter drawn out for long periods, especially when we are not ... What I am saying is we want without no doubt informality for a process which is *quasi* judicial, *quasi* administrative but it is necessary to be fair. The thing will have to be shown to be fair in practice and I am sure that when the implementation comes about people will see that and it is for that reason that really I cannot at this stage accept the proposals of my friends except to say that one of the recommendations of the experts that we are ... To get into the question of reforms – now you are not dealing with a little bit of land here and there. As a matter of fact, you are dealing what a whole country and therefore you will have to have a set of rules. These rules might even be legal rules for land distribution and so it will be carried out of the administration of the clerk reform.

All of us talk about the farm. All of us talk about improving the quality of life and I think this is an area we can agree upon.

I just want to say to my friend that sometimes we get a lot of information. People make allegations here and there and we need to be very careful about how we accept that information. The land occupied by the Guyana Libyan Company – it is a Company in which the Government of Guyana has the majority shareholding. It was part of the MMA scheme which was provided with secondary works under an agreement with the Democratic People's Republic of Korea when those works were completed and that part of the MMA had all the facilities, and it is not true to say that they were neglected – it was a case where a lot of money has been spent.

Motion on the Second Reading of the Public Service Appellate Tribunal Bill 1984 – Bill No. 14/1984: 27th September, 1984

“A Bill intituled:

An Act to alter the Constitution in accordance with Articles 66 and 164 thereof, and to make provision for the establishment of a Public Service Appellate Tribunal and for matters connected therewith or accidental thereto.”

[The Prime Minister]

Mr. Hoyte: Cde. Speaker, I believe that the Bill which will now occupy the attention of Members of this House – that is the Public Service Appellate Tribunal Bill 1984 will command the unanimous support of Members for it is an important piece of legislation, marking as it does a development in our administrative Governmental practices.

Over the years the various Unions and Associations representing Public Officers in this country have been making representations for the establishment of a tribunal to which they would have the right of appeal from the decisions of the Public Service Commission. These representations have served as the basis for dialogue between those Associations and the Government represented by the Public Service Ministry and after many years of fruitful discussions the Government is now in a position to present this honourable House a Bill which it is hoped would meet the expectations and wishes not only of Public Officers but indeed of all the people of Guyana. The Constitution of our country does not make provision for appeals from the various Services Commissions and therefore it will become necessary to amend the Constitution to enable the Parliament to enact appropriate legislation. The Public Service Appellate Tribunal Bill, therefore, Cde. Speaker, seeks to do these things.

The Bill is divided into three parts. Part one deals with certain drafting formalities and need not detain us, but parts two and three are very important in that they deal with the substances of the matters affecting the proposed Bill.

Clause 8 of Part II of the Bill sets out a number of provisions dealing with the establishment, composition and the scope of jurisdiction of a Tribunal so that while Part I deals with formalities, Part II deals with constitutional amendments and principles which should govern the establishment of any Tribunal, and Part III deals with the actual establishment of a Public Service Appellate Tribunal.

If I may revert again to Clause 8, I would remark that there are four provisions in Clause 8 which are very important and which we should note. First of all, the provisions there enable the Parliament to enact legislation to establish an Appeals Tribunal. It prescribes the composition of the Tribunal and the qualifications of persons who will be eligible to

serve on that Tribunal. It also attempts to make provisions for strengthening the independence of the persons who would serve on that Tribunal. I will refer to those provisions in a moment because I think they are very important. Finally, the Clause prescribes the jurisdiction of the Tribunal.

In terms of what will be enshrined in the Constitution itself, the Appellate Tribunal will be required to be chaired by a person of legal training but, more than that, a person of Appellate Court calibre. It is expected that if one has that kind of person with that qualification and experience, then the Tribunal will command greater respect and its opinion will carry greater weight.

The Clause also makes provision for strengthening, as I said, the independence of the Tribunal and it does it in this way. It provides that no person who becomes a member of this Appellate Tribunal can be appointed to any Government job within a period of three years after he ceases to be a member. Surely one understands the underlying objective there. It is to prevent a man from wanting to exercise a bias in the hope of gaining the favours of the powers that be because, even if he were to do that, the Constitution would prevent him from getting any job in the Public Service for a period of three years after he ceases to be a member and I would say that that is a very important provision.

Thirdly, the legislation in the particular provision to which I refer sets out very clearly the scope of the jurisdiction of the Tribunal. There are three categories of Public Officials in respect of whose appointments and service the Tribunal will not have jurisdiction and for reasons which will become very clear. First of all, there are those persons to whom Article 225 of the Constitution applies. With respect to those persons the Constitution itself sets out the procedure for dealing with them. These are people who hold high constitutional office and the way to deal with them, to enquire into their conduct, to dismiss them, is set out in the Constitution. There is a Tribunal. Therefore, it would not be appropriate for those persons to come within the jurisdiction of the Appellate Tribunal.

The second category of persons will be those who are appointed by the President after consultation so those persons like P.S's, they are not appointed by the Public Service Commission. In fact, they are appointed by the President after consultation with the Public Service Commission.

Finally, there is a category of persons who occupy judicial appointments and whose appointments, although they were made by the Public Service Commission formally, cannot be made except with the concurrence of the Judicial Service Commission, so that one can see it is, in effect, the Judicial Service Commission which gives the nod to the particular person. With those exceptions, all categories of Public Officers can have, by virtue of the Constitutional Amendment, a right of appeal and the Parliament will have the right to legislate to provide the necessary mechanism for them to prosecute this right.

Part II of the Bill deals with two other important matters. First of all, it provides a right of appeal to the Judicial Services Commission in cases

where the Judicial Service Commission has delegated any function and so, if the Judicial Services Commission acts through a delegate, the person aggrieved by the decision of that delegate can appeal to the Judicial Services Commission itself and that appeal will be open to a person who has applied for a job and has not obtained that job. If he is alleging bias or something like that, he can appeal to the Judicial Service Commission.

The other Amendment affects the Teacher Service Commission. The Amendment does two things: it gives the Teachers Service Commission the right to delegate. Up to now the Teachers Service Commission did not have that right and people who are close to the education scene will tell about the great backlog of work that has built up because minor appointments, minor matters, are not at present susceptible to delegation. So the Bill seeks to give that power to delegate to the Teachers Service Commission and it also gives a right of appeal to persons who wish to appeal from any decision of any person to whom the Commission has delegated a function.

Part III of the Bill seeks to establish the tribunal to hear appeals, if I may put it briefly, from the Public Service Commission in respect of appointments by promotion within the Service and in respect of disciplinary matters. The provisions of this Section require, as the Constitution provides, for a chairman who has the necessary qualifications, namely he must be a legally qualified person and he must be of Appeal Court qualifications and calibre. That means that he could be a servicing member, he could be a retired member, he could be a person who is eligible to become a member of our Appeal Court. Then there is another member to be appointed by the President from among persons who are deemed to have the necessary experience in a knowledge of public affairs, management and things like that. Then there are the representatives of the various unions or organizations which represent the various categories of Public Officers, so that, if I may use a popular journalistic term, I would say that the Tribunal is broad-based, and if I may continue in the trend of fashionable journalism, I would hope that the Tribunal will always be high-powered. The Tribunal, Cde. Speaker, will be served by appropriate staff. It will have a Registrar who will be its Chief Executive Officer and it will be the duty of the Ministry responsible for the Public Service to provide a sufficient number of suitably qualified persons to deal with the work of the Tribunal. The Tribunal has been invested or will be invested with the powers of a High Court so that that it will have the power to summon witnesses and to command the production of documents and to obtain disclosures so that it can have at its disposal, all the facts, all the information, necessary for it to adjudicate between the Commission and the Public Officer who is appealing.

In addition, Cde. Speaker, Part III provides for certain formalities: time for appealing, method of appealing, parties to appeal and matters of that sort. There are three very important aspects of Part III to which I would

like to attract the attention of Members of this Assembly. The first is that the Bill provides for a Public Officer who is appealing to be represented by an Attorney-at-law if he so desires.

Secondly, it seeks to introduce a very important principle, and that is it confers a right of appeal on the organization itself representing the Public Officer, as distinct from the Officer himself, so that a Union can appeal to the Tribunal on a matter of principle. In other words, if the union is contending that the Commission proceeded on a wrong principle, it based its decision on a wrong principle, the union can appeal to the Tribunal to have that principle reviewed and once the Tribunal pronounces on what the correct principle should be, well then the Commission will be bound by that principle in the exercise of its functions.

Cde. Speaker, those are the main provisions of this very important Bill which we have before us. As I said, when I started to speak, this is an important legislation. It makes a growing maturity I should say in the administration of our public affairs. It gives an additional right to Public Officers who have to administer our various Ministries and other Governmental agencies over time in the face of very great difficulties, who have to administrate in a way which is palatably fair and in a way which will command the respect and confidence of people, and it is only right in the opinion of the Government that those Officers should be given a great sense of security, should be given the opportunity to show that they can administer their various Departments and agencies in a way which does substantial justice to the citizens and it is in that spirit and indeed to secure these ends that the Government has introduced this legislation. But the legislation and indeed the Tribunal which we hope will be established will impose upon Public Officers a great responsibility. It will impose not only upon the Public Officers but upon their unions a responsibility to be prudent in the use of the Tribunal, for if every petty unmeritorious case is brought before the Tribunal, well then in a very short time its importance will be diminished and its importance and its value will be destroyed. It is therefore the hope of the Government that in appealing to the Tribunal, in bringing matters to the Tribunal, Public Officers and their unions will demonstrate a maturity and a sense of responsibility which will ensure that that Tribunal serves the purpose for which it was established – to be the bulwark of the rights of public servants and to give the assurance to public servants and to the public – members of the public and citizens to give them that assurance that our Public Officers operate within an area which provides them with the necessary climate to do their work well, to do it honestly and to do it without fear and favour.

Motion on the Second Reading of the Guyana Manufacturing and Industrial Development Agency Bill 1984 - Bill No. 12/1984: 27th September, 1984

"A Bill intituled:

An Act to provide for the establishment and function of the Guyana Manufacturing and Industrial Development Agency and for matters connected therewith."

[The Prime Minister]

Mr. Hoyte: Cde. Speaker, Bill No. 12 of 1984 seeks to establish an agency with a mandate to do all things necessary. In fact in the words of the Bill itself *"to take all steps necessary and desirable to establish, promote and develop the manufacturing and industrial sector in our country"*.

Over the years we have had institutions charged with this responsibility. Years ago we had the Guyana Industrial Development Corporation which later became Guyana Development Corporation and this was succeeded by the Small Industries Corporation which had a special focus upon small manufacturing activities. In 1978 the Small Industries Corporation was dissolved and it was succeeded in a way by a Government Ministry, the Ministry of Manufacturing and Industrial Development.

The establishment of these various agencies was Government's attempt to respond to a desire by manufacturers to have an agency to which they could resort with their problems, their proposals, their projects, a kind of one-stop agency which would handle all matters related to the manufacturing sector, which would give that sector support and advice and which would accumulate a body of information and data which might help manufacturers to make appropriate decisions.

What became clear very soon was that this function did not fall easily within the framework of a Government Ministry. As a matter of fact, it became very difficult to recruit the kinds of technical personnel one required to do the work of dealing with the manufacturing sector so that the Ministry did not even get off to a start and today it is more or less a shell.

However, the needs of the manufacturers are pressing and their requests for assistance become more insistent with each passing day. The purpose of this Bill is to establish the Guyana Manufacturing and Industrial Development Agency with the mandate, in a general sense, to do all things necessary to help the manufacturing sector. I think that while we pay, as indeed we must, greater attention to the agricultural production and make our agriculture more efficient, at the same time we recognise the need also to promote manufacturing activities.

The functions of this agency are set out in the Schedule to the Bill and if I may summarise those functions as set out in the Schedule, I would say

that the agency has a responsibility to help Government in the formulation of appropriate policies which would act as an incentive to our manufacturing activities; that the agency would help manufacturers in a variety of ways by providing services, by helping in the procurement of input, by helping them to organize the acquisition of suitable technology, by keeping such information as will be helpful to manufacturers and by undertaking or facilitating undertaking of research and development activities aimed at improving the performance in the manufacturing sector.

Obviously this agency will not do all of these things on its own. In the first place, it will have to work very closely with our manufacturers. Secondly, it will have to utilize the services of many agencies which are already in our system, for example, the Institute of Applied Science and Technology and the University of Guyana, to name just two which come to mind. Thirdly, it will have to ensure that it can establish contacts between manufacturers within our system and manufacturers outside of our country in ways which can be beneficial to our own people in terms of enabling them to acquire technology and techniques which can improve our manufacturing performance.

On good example of the kind of work this agency will be expected to do can be provided by what the corps of people who will staff the Agency have already started to do. There will be, during the middle of next month, an Exhibition of spare parts which are manufactured in this country. This Agency will be mounting that Exhibition. It will be bringing together over 30 local manufacturers who are producing spare parts and components to try to get them to understand what everybody is going, to try to get the public to know about their activities, to try to get, in particular, our farmers and other users of our equipment and machinery, to get them to understand what the responsibilities are and, by and large, to get those manufacturers together so that they can have exchanges among themselves as to know best they can support one another and consequently support the country through the production of spare parts.

It is that kind of practical work that we would expect this Agency to perform. It has already started to carry out the mandate which we hope the Parliament will give it and I am sure that all Members would like to wish it success in its work to help our manufacturers to expand and strengthen the manufacturing base in this country.

Cde. Speaker, I thank Cde. Narbada Persaud for the very constructive remarks he made during his intervention. I do agree with him on the need for overall development and planning, but I would say two things first. We have to build the institution to implement such a plan. One of those institutions is a planning institution. I think Cde. Persaud knows that we have been trying to establish such an institution. But such an institution if it is to be efficient, the objective which both Cde. Persaud and myself share is there will have to be widespread involvement of people. Therefore, I

would hope that in future when those responsible for establishing the various organs of our Planning Commission invite the Party to which my friend belongs, to participate in the planning process, we would be getting this time a positive answer. Now I believe some of the agencies we established in the past failed because we made them financial intermediaries, and after a time people started to look upon them merely as agencies to provide money and so they forgot their other functions. They did not have time for the functions such as organising small manufacturers, helping them to set up proper systems, helping them to identify appropriate technology, helping them to find markets – they became little banks and, of course, we know what happens then. For example, TBC Small Industries - that money was not recovered and after a time there was no way the State could continue funnelling money into an agency which was not getting back the money and which was not making a visible impact. So what we are trying to do this time is to set up an agency which will not just be giving money out. It will be giving all the other kinds of support to enable people to devise proper systems and to develop viable projects and to go along with those manufacturers and their projects to financial intermediaries, to go along to support them so that we start off by helping them to identify suitable projects for investment, helping them to develop proper projects for implementation and helping them to obtain the resources from the various banking institutions. I believe that an agency would have a much better chance if it confines itself to that role of helping the manufacturers.

I do take the point that Cde. Narbada Persaud made about the Auditor-General. Now it is the intention as indeed has been the practice to have the Auditor-General be responsible for auditing, and I think that we need to recognise this fact that the Auditor-General cannot with the best will in the world audit all the Government agencies and organizations which we have. It has become just impossible and therefore we need to give ourselves this flexibility that while it is intended that the Auditor-General should audit, that if perchance for any reason he finds himself unable to do so then we must be able in accordance with the law to appoint somebody other than the Auditor-General to carry out the work. That is the only reason why we have allowed ourselves that flexibility. But I do thank Cde. Persaud for his observations, for his wishes that this agency will be successful and I am sure that if we all work together giving the necessary support, it can and will be successful.

Motion on the Second Reading of the Bank of Guyana (Amendment) Bill 1984: 27th September, 1984

"A Bill intituled:

An Act to amend the Bank of Guyana Act."

[The Minister of Finance]

Mr. Hoyte: Cde. Speaker, the Bank of Guyana has no express provision enabling the Bank to act as guarantor with respect to obligations assumed by the Government or by Government Corporations. The question as to whether there is an implied power to guarantee or an inherent power to guarantee has been argued for several years now, but I think that the better legal opinion is that the bank being a creature of statute can exercise no powers other than those conferred by the express words of the statute.

In past years, this question as to whether the Bank could or could not guarantee was merely an academic one because in times of financial and economic buoyancy financial institutions dealt directly with public sector corporations and would advance supplies or money on the basis of the balance sheets of those Corporations and, similarly, they dealt with Government relying upon the Government's revenues and relying upon our Consolidated Fund to liquidate obligations assumed under any contract.

However, within recent years, these financial institutions have been pursuing a different tactic in as much as debts have been accumulating and rescheduling has become the norm rather than the exception so that today, as you attempt to re-schedule debts, financial institutions have been asking for Central Bank guarantees in fact, in the same way as they have been asking for Central Government guarantees when dealing with public sector corporations.

In the circumstances then, having regard to practical consideration, it is now considered necessary to place the question beyond the shadow of a doubt as to whether the Bank of Guyana can or cannot guarantee a Central Government or Public Sector Corporation obligation. So the purpose of this Bill is to insert a provision in the Bank of Guyana Act which makes it clear beyond the doubt that the Bank does have that power. Obviously we cannot allow the Bank to run off on its own and purport to guarantee any amount of money. Therefore, the Bill makes provision for a ceiling to be placed upon aggregate guarantees or upon the aggregate amount of guarantees, and that ceiling is to be fixed by the National Assembly by resolution from time to time so that the power is given. But that power is only activated when the National Assembly passes a resolution and that power has to be exercised within the ceiling established by the National Assembly.

Now the other parts of the Bill are really legal consequences which flow from this power given to the Central Bank. For example, if the Central Bank has to pay a debt which it has guaranteed, well then the law makes provision for the Central Bank to turn to the Central Government to seek reimbursement or to turn to the Corporation if it has a guarantee of a Corporation loan to recover that money from the Corporation. So this is the simple purpose and intent of the Bill which I commend to Members of this Assembly.

Cde. Speaker, my friend has an obsession with the International Monetary Fund which I really do not share. I think he knows, as well as all of us and indeed the whole country, that this Bill is to no extent an agreement with the International Monetary Fund. If you have no agreement, therefore, how can you have conditionalities? Let me just say this from the outset - we are dealing with the practical affairs of international finance and I agree with Cde. Narbada Persaud that whether the Central Bank guarantees or the Central Government does, it comes down to the same thing except that for maybe the comfort and wellbeing or the feeling of security of these international agencies, they require certain formalities. But speaking for myself as a Member of the Government and one who has had to deal with some of these matters, it all comes down to the same thing when you are dealing with a sovereign Government and institutions of a sovereign Government.

Now the Bill does not provide for the Central Bank to guarantee instead of the Government. What some of the financial institutions are asking is that the Government indebtedness should be guaranteed by the Central Bank. Now if, as Cde. Narbada Persaud enquires, the Central Bank guaranteed the loan of let us say a Corporation and that Corporation fails to pay absolutely for whatever reason, then the Consolidated Fund bears the obligation. But I will tell you what the value of this is -

The Central Government, as I was saying, would bear the loss. The value to the external creditor is that he wants somebody to pay him promptly, so if the obligation falls due and the Corporation cannot pay, he then says to the other person - the guarantor - well, you pay me right away. Now let us assume that the Central Bank can pay and does pay, the Central Bank can then work out with the Corporation some arrangement under which the Corporation pays over time. So the obligation to the external creditor is liquidated and the Corporation gets a rescheduling which it would not get from the external creditor. But as I said, these are requirements now and I think we need to put ourselves in order so that in the event of our rescheduling debts, we would be in a position to comply with requirements which are now becoming standard.

Motion on the Approval of Financial Paper No. 2/1983: 22nd November, 1984

"Be it resolved that this National Assembly approve of the proposals set out in the Financial Paper No. 2/1984 Schedule of Supplementary Provisions on the Current and Capital Estimates totalling 22,106,865 for the period ended 13th November, 1984."

[The Minister of Finance]

Mr. Hoyte: Cde. Chairman, I would say that the Minority Leader does not appear to be starving, he is growing a paunch. With respect to **Subhead 333301, Office of the President, Expenses specific to Agency**, this country needs a large number of technically qualified people. There is no way in which with our small population and the resources available we can throw up all the people we need in technical fields and so for a number of years, even from the time when the Minority Leader temporarily held the reins of Government, we have been recruiting people not only from the region but from further afield. Sometime earlier this year the Government sent a team abroad. That team proceeded to India, Sri Lanka and the United Kingdom to interview qualified people with a view to see whether they were suitable to fill a number of vacant posts in the Public Sector with a view to ensuring that we could get on with the various projects that we have in train. Now, the Government with the assistance of the authorities in Sri Lanka was able to recruit 40 technically qualified professional persons. These include 23 science teachers, some of them at our secondary schools and the University of Guyana, some of them at the Institute of Applied Science and Technology. We recruited 2 doctors, 2 planners, 4 agricultural chemists. I understand the Minority Leader to be muttering that Sri Lankans are no good. We recruited one mechanical engineer, one technologist, one Research Assistant and one manager.

The money is used to pay for the passages for these people and their families and also to pay for the transportation of personal effects in the volumes and the values prescribed in our rules and regulations. The money is also used to maintain those persons at hotels and guest houses until they themselves are able to find accommodation. I hope that is an adequate and full answer to the question raised.

Under the Capital Estimates, Cde. Chairman, **Subhead 12001, New Building**, I think it is common knowledge that in January this year, I think, there was an extensive fire at the Residence. The building as everybody knows is an old building, it was old 20 years ago when the then Prime Minister moved into it and he has been living there for 20 years without any particular refurbishment and the building has to be repaired, refurbished and improved. We make no apologies for giving some slight improvements for an old building which is to be occupied by the President

of the Republic. My friend talks about \$1 million. Anybody who knows the cost of buildings would know – when one touches an old building, and many of us have had that experience, then you realize that you are in for expenditure that you never anticipated. As that old building has been touched the builders have found more and more problems and for maybe a year now the President had been living in a very small and uncomfortable quarters, but he makes no complaint.

Subhead 25001, Purchase of Equipment. As I said, this matter generated a great deal of heat for a small sum. It is to purchase two motor cars, typewriters and calculators for the Office of the President. I think it is well known that Government purchase of vehicles are exempt from duty hence the relatively small sum.

Anybody enquiring about the type of car for \$60,000 is really being ridiculous. It would not be a Mercedes. Certainly you are talking of a small inexpensive Lada car.

Subhead 51001, Purchase of Equipment. This Government signed a number of counter-trade agreements with socialist countries including the GDR in terms of which commodities are exchanged within the framework of the respective ... in return for equipment having to do with the protection of this country, the protection of our economic zone and the territorial waters. The GDR has provided this Government with three patrol vessels and that amount is an amount which needs to be entered into our accounts in order to reflect a financial aspect of the arrangement.

I get back, Cde. Chairman, to the Office of the Prime Minister, Current, **Subhead 333301, Expenses specific to Agency.** This Ministry is requesting \$95,000 and there are three items which would absorb this money. The first is an item having to do with overall security which is classified as special security arrangements. The second is emergency expenditure. I think it is known that the whole civil defence arrangements come under the Office of the Prime Minister and the activities of the Civil Defence Commission are funded, limited though the funds are, by the Office of the Prime Minister. And finally, there is the item of remuneration of the political staff and other staff in the Office of the Prime Minister. I think that would reflect the answers of all the questions raised by Members on the Minority benches.

Cde. Chairman, may I make a few brief comments on some points made by the Minority Leader.

The Minority Leader referred to me for consensus. The Government agrees with him entirely. A consensus cannot be achieved by merely an observation of interest to assess the Party to which I belong. The Government, of which I have the honour to be a Member, has never been afraid to talk. Discussions must be on the basis of firm, concrete and intelligent proposals coming from the Minority Party. Talking here, and making statements at street corners I do not believe sets the stage for a consensus. When discussions proceed those discussions must be on the

basis of good faith. I think we have had the experience in 1976, I believe, where the Minority Leader did not demonstrate that he had the final word when he made agreements. So agreements are made and then they are renege on.

What I am saying to the Minority Leader, Cde. Chairman, is that we accept at all times the need for consensus on national policies. We are prepared to be involved in discussions on the achievement of consensus, provided we proceed on the basis of a firm set of documentation and on the basis of good faith. I do not want to spend too much time upon this statement he alleged I made when I was a member of the Elections Commission in 1968. I did not give that legal opinion and that legal opinion remains valid. I think there is confusion among the Minority Members who do not understand the distinction between the registration exercises which does not *per se* have anything to do with elections and the compilation of electoral roles in which, under the constitution and relevant legislation, the Elections Commission is involved. So we are talking about two separate and distinct legal issues. And I think that if Minority Members would take the time and be advised about the legal distinctions they would not come here time after time with what is really a canard. It is interesting that the Minority Leader should be talking about rigging. There are people here whose memory because of their age cannot go back but let me remind him of his own member Balram Singh Rai who accused him of being the biggest rigger in this country, rigging his own Party and if he can succeed in bringing such small things we have decided on bringing larger things.

Mr. Hoyte: Cde. Speaker, I claim the right under Standing Order 33 Paragraph 2 to reply. I would like to begin by referring to the open and democratic nature of our society which has been given from the mouth of the Member of the Minority Benches Cde. Collymore.

It is interesting to note that a member of the Minority Party has led a delegation to the Commissioner of Police, to be received by him, to be permitted to make representations on behalf of the citizens who alleged themselves to have been aggrieved. This is something that I applaud and I would encourage him to continue his good works. It is acts like this and actions like this which demonstrates the true nature of freedom within our society.

When I read the Motion I was a little perplexed because the Motion is misconceived, inconsiderate and more than that I recognise certain ambivalence as the Minister of Finance said. It reflects certain attitudes on the part of the Minority Leader, I would demonstrate a little later, but just let me clear the air about some matters which are fundamental to the Motion under discussion.

First of all this is a campaign being carried out within the framework and under the provision of the Customs Act by the Comptroller of

Customs and his staff. The Police are involved as Customs Officers in terms of the interpretation section of the Customs Act, Chapter 82:01 so it would be quite wrong to consider this in any way a police action and certainly it would be legally incorrect to believe that the Commissioner of Police could intervene or interfere because, in so far as police officers act in terms of the customs law, they are customs officers responsible to the Comptroller.

The Government rejects completely the allegation of indiscriminate seizures. The officers are acting in terms of the law and the law gives customs officers certain rights and powers and we all know that over the years customs officers have carried out seizures. They have power to break down doors and enter premises, bonds, houses, once goods are stored there or reasonably suspected of having been stored there. So, in those circumstances, it seems to be a misuse, if not abuse, of language for the Minority Leader to speak of contraventions of the rule of law. The term 'rule of law' is a complex one sometimes, meaning many things to some people and sometimes all things to some people, but, whatever definition one gives to the 'rule of law', the campaign and the actions of the customs officers could by no stretch of the imagination be construed as breaches of the rule of law. On this matter of interpretation of the rule of law, I am afraid that Dr Jagan will have to refer to me.

The other point I want to make is this: this talk about the small man and the small trader. We are not dealing with the activities of small people and small traders. We are dealing with big business, a multi-million dollar racket, well financed and widely ramified. The Comrade Minister of Finance has referred to the magnitude, both in volume and value, of the articles seized. Only yesterday, last night in fact, the police seized a truck of uncustomed goods to the value of \$300,000. A small man could finance that? In the course of the campaign the police have seized 8,000 pairs of shoes from a single person. Is he a small man? Could he have financed that? In another raid, they seized 10,000 bolts of cloth. All of these things point to the fact that there are wealthy people financing these illegal operations which are aimed at depriving the state of its revenues. No modern state can exist without revenues and that is why in many countries of the world and particularly in socialist countries the penalty for something like smuggling, which is deemed to be an economic crime, is death. The only recently a former Minister in the USSR was executed by firing squad for indulging in smuggling. So we are not dealing with small men and small traders. Insofar as small traders are involved, they are merely tools of wealthy persons. They are manipulated by them and in the last analysis they themselves are victims of the system.

What is at stake here is the stability of the social order and the very safety of the State. We need, therefore, to look at this while matter in the correct perspective. The current operations are revealing merely the tip of an iceberg. It is one aspect of a massive conspiracy, having many

dimensions, to defraud the public revenues, to deprive the state of the revenues lawfully due to it to finance its operations, to provide the medical services, the educational services, the water supply that Comrades have been talking about, the roads, the inputs to agriculture, all the things that all of us would like to see within our economic system to stimulate production and to enable people to produce and enjoy a better life by reason of their production. So one has to see this operation in terms of the wider set of illegal activities.

The Minority Leader spoke of the parallel market even in industrialized countries or developed countries. You have the phenomenon of the parallel market developing – and therefore of smuggling on a wide scale – wherever the economic conditions require you to run an austerity programme, wherever there are shortages of one kind or another.

I referred to the Soviet Union. The gentleman concerned was a person I had dialogue with in 1978. I signed an agreement with him. When he was shot for dealing in caviar on the domestic market in the USSR and for smuggling it into the State in tins marked ‘herrings’, it was not a name to me: it was a person I had known in flesh and blood, with whom I had exchanged very pleasant experiences. It is a question of smuggling in and smuggling out and the analysis made by Cde. Collymore was accurate as to what we pay, what we use as a currency, because we export valuable economic commodities and what do we get? Commodities of a kind which do not stimulate production. That is why you find in some of the boutiques dresses. Sometimes they call them ‘gowns’ and sometimes they call them ‘creations’. They cost \$3,000, \$1,000. You will find shoes at \$500. These are the things that are coming in. A tremendous loss to the economy arises, a twofold loss. We talk about the currency being devalued. They devalue the currency because the smugglers take out commodities like toothpaste, a simple one, and you say how they could sell toothpaste in Trinidad, Barbados and Suriname. They sell the commodity at about one-third of its value and a small businessman will buy because then his margin increases tremendously and then, because the cost of the goods acquired abroad is thereby increased, when the smugglers bring the goods in they have to charge high prices. They fleece the housewives and workers and, worse than that, they very often adulterate the commodities that they bring in.

Talk about being concerned about the small traders! Be concerned about the ordinary people, the housewives, the ordinary consumers, the workers. When we get among them and we talk, we find that they are opposed to smuggling and black-marketing and all this illegal trading to which we all refer. It is true that sometimes they go and buy, but that does not mean that they applaud or that they agree with the activities. As a matter of fact, since this campaign started you would be astonished to know how much information is now being fed into the customs department by ordinary people, by citizens who did not know where to

turn with their information. Some of them did not believe any action would be taken even if they did give the information.

It is not only illegal imports and illegal exports, it includes cheating on consumption taxes, cheating on income taxes with the objective not involving the small man, involving him in a marginal amount, but at the core of it are wealthy people, substantial businessmen, who are really financing the operation. This campaign is being aimed at them. Let us not lose sight of this fact.

It is true and I accept that nobody can stop smuggling. It takes place in every country in the world and that is why you have at your ports, and armies of Customs Officers. That is why most countries have a special branch of people, called by various names, investigating all the time incidence of smuggling because smuggling is a dangerous thing. If you once set up a system under which you could evade and avoid customs surveillance, well then you open the flood gates for the importation in the society of most dangerous things: the importation of dangerous drugs, the importation of firearms, the importation of people, subversives, would-be assassins. The Minority Leader knows what I am talking about and this question of smuggling has been a matter that has been raised with this Government by many neighbouring countries. It is not only we in Guyana who are concerned with the dangers of smuggling and who recognise the importance of doing something to contain it even if one cannot eliminate it completely.

We need to remember these things and we need to remember also that it is all tied in with currency irregularities and rackets. I know the Minority Leader would not condone this because these laws were introduced by him during his time in office. Worst of all, this kind of activity breeds a parasitic class and that is the worst thing that could happen in any society – people who believe they can get vast sums of money without working, people who prey upon the purchasers, people who get rich quick, above all means, people who operate all kinds of devious schemes.

Obviously, there is an increase in the corruption of public officials who have a responsibility for enforcing our laws not only here in Guyana but wherever the activities take place throughout the Caribbean and as far afield as in the United States of America. I have seen, passing through J.F. Kennedy International Airport Guyanese arriving with four, five and six large suitcases and passing through Customs where they are known and were people slap them on their backs. You see the same thing at the airports in Trinidad and Tobago. We know how difficult it is to get on the plane from Trinidad to Georgetown if the hucksters are there before you. So you find a certain destabilization of society and a certain undermining of the foundations of the social order.

Last year, the Comptroller of Customs visited his colleagues in the Caribbean and this reinforced the point made by the Cde. Minister of

Finance. This is not a sporadic campaign just dreamed up. It carefully balances the result of months of investigation and the Comptroller's visit was able to confirm that there were at least 13 vessels which were regularly engaged in contraband trade between Guyana and the CARICOM state. I would not refer to the matter any longer because some vessels have been seized and others are before the court at the moment. But all kinds of dangers exist.

People smuggle rice, poor quality rice, rice with pebbles and sand and all sorts of things and then it passed off on an unsuspecting consumer in our sister CARICOM states as Guyana rice. Ministers in CARICOM countries complain to me and show samples of rice smuggled into those countries with the connivance of a number of people there. So the dangers are manifold and we need to see it in a kind of perspective why we cannot sit idly by and allow this thing to develop on the grounds that these are small people. They bring in paint that people want and things like that. That is a very small aspect of a wider and more dangerous operation.

The current operations have yielded goods to the value of \$3 million in Georgetown. Bear in mind, two weeks in Georgetown and \$3 million worth of goods. If duty had been paid on those goods it would have been \$1.5 million. Just a limited operation in a limited part of the country and the Cde. Minister of Finance has already pointed out to you what those revenues could have financed. Even more than that, we estimate that the \$3 million worth of goods imported must have absorbed about \$9 million worth of foreign exchange to pay for it. It is that magnitude of loss we endure.

Again we talk about the small man. The dragnet has brought in some 60 vehicles of all kinds which have come into this country uncustomed with varying documentation or with documentation obtained on the basis of fraudulent representation. So that Cde. Collymore should not place such great faith in slips and documents that people have. People have been recycling slips. You get a licence for a legitimate import and then you hold it and years after that licence is expired bring in the same set of commodities in respect of which it has been issued. I have before me now a case of a man who is claiming that a certain amount of gold belongs to him. These are the circumstances: the police raided the home of a certain man and found gold being hoarded there contrary to law and he has been prosecuted and convicted. Then comes a third party who said the gold was his and he gave him to hold since 1980, if you do not believe me, here is my production book. He would have me believe that since 1980 he produced it and gave it to this friend and this friend was keeping it until now. Of course he could not place possession of the gold in himself to this time, because then he would have been in breach of the law which requires him to sell to the Gold Board so he did it at the time when the Gold Board was not in operation, so what I am saying is not to become too enthusiastic about the fact that somebody produced a document. We have

had many cases as I have said of forged documents obtained on the basis of fraudulent misrepresentation, and I would like at this point to refer to a point by Mr. Feilden Singh when he said – I said people could bring in goods up to \$10,000 – that is a misunderstanding and if you could take a look at the Budget statement you will see what I am talking about. It is importation where people apply for a licence because I have a Fairy Godmother out there who is going to finance it out there. It may be so but it is a different matter altogether.

Cde. Speaker, I can go over to show how much gold, twenty five pounds of gold seized at Timehri Airport alone and you can imagine that this is a small amount of the gold which is being exported with no consumption tax. The present Comptroller is tendering a system now in a way in which it was not tendered before. We have now discovered people who owe millions of dollars in consumption tax – one more than 6½ million and others in the magnitude of \$1,000,000.

Let me give you an example of the magnitude of the list. We are not as poor as we think we are. We are not as poor as those figures in the Estimates tell us because in 1979 we were collecting only \$62 million from Consumption Tax on both imports and local produce because they were subjected to Consumption Tax. In 1980 we moved to 8 percent increase on certain selected items and it was around that time that we had the good fortune to have Cde. Burnett assume office as Comptroller of Customs and Excise and he is a clever man, a man of men, a man who is committed to his work and who is prepared to do his duty without fear of favour in accordance with the oath of office which he has taken, and the consumption tax increase which was issued to raise consumption tax by \$15 million produced by 1983 \$56 million and you know why. Consider what a tremendous increase this is when we consider that for the 1974 - 1975 period we had our factories working at full capacity. There was a great haul of economic activity and imports were much higher than they are now. Today with many factories, we have many factories working at low capacity yet consumption taxes are going up by \$50 million. It is that kind of situation which has moved the Government to mechanise this campaign to protect all public revenue and in the interest of the people and in the interest of the very small people about whom the Minority Leader has expressed concerned.

It is estimated for example, that the foreign exchange needed to finance that is about \$60 million. It is estimated that gold – my friend mentioned gold, we need something like \$10 million a month so that there ought not to be any bleating about tough action being taken by the Enforcement Agency to prevent the situation. The situation has got to be contained; it cannot be allowed to continue because you see Cde. Speaker, we have such great needs to fulfil – our hospitals, our schools, in our rural areas, in our agricultural sector, in all the various sectors of national life at least one thing – that is we need to improve the quality of service in all of these

sectors and therefore it is not a matter which should entertain doubt. I do not believe that when it comes to the question of protecting our economy and revenue that we cannot agree. This is a political situation which is a matter in which I agree with the Minority Leader that we need to have some kind of control but let us not go on trying to get the best of both worlds, trying to maintain a proper posture and at the same time trying to make a political point out of the campaign which the Government has properly mechanized to protect the interest of our people in this country.

One very interesting phenomena which has resulted since this campaign started is this – that the exchange rate for the US dollar on the parallel market is immediately blamed by one charged. You can draw an action therefore between the currency rackets and the illegal smuggling of goods into this country. I said I thought that the Minority Leader was indulging in a bit of scandelmongering. I know and all of us know that at the recent TUC Conference he was in the vanguard of those who were denouncing black-marketing, parallel marketing activities and all of those things against which the Government is moving and so this strategy that he should come here with a Motion like this is quite surprising. Certainly I am saying that what the people in this country require is to understand this from the Minority Leader and the Party in which he has the honour to be the Leader. Racketeers are depriving our country of the resources it needs to buy drugs for our hospitals, to buy text books for our children and fertilizers for our farmers, to improve drainage and irrigation systems, to provide good roads and generally improve the quality of life of our people .

Is he allying himself and his Party with those who will open the floodgates for the importation into our country of deleterious drugs like marijuana and cocaine? Already the police in this campaign have seized 7,000 lbs of marijuana, cannabis sativa, and four pounds of cocaine. Who can object to that? Who will want to get up and say they are acting indiscriminately? When they uncover drugs of that kind everybody applauds and then when another kind of illegal activity is involved, people want to go vote-catching, people want to get popularity out of appearing to be champions, tribunes of the people.

We cannot have it both ways. Is the Minority Leader allying himself with those who would fall in the get-rich-quick, parasitical class in our country? If this is so, he must tell us, and this does not give any opportunity for equivocation. We stand on one side of the line or the other.

I, therefore, reject unequivocally any suggestion that our customs officials and the police officers have acted illegally, have acted in a way which is contrary to the law, have been indiscriminate in their seizures. On the contrary, I would like to take this opportunity to pay a public tribute to them, to the magnificent work they are doing and I would like to point to the fact that notwithstanding specious Motions of the kind we

have before us, the majority of the ordinary people of this country, the working class, have shown by what they have been doing and by the support they have been giving them, that they do appreciate the efforts they are making to protect them, to protect our country, and to secure the future of the Guyanese people.

Motion on the Second and Third Readings of the Rice (Regulation of Manufacturing and Marketing) Bill 1984: 10th December, 1984

"A Bill intituled:

An Act to make provision for the regulation of the manufacture and marketing of rice, for securing the future development of rice industry, for the establishment of the National Padi and Rice Grading Centre, the Guyana Rice Milling and Marketing Authority and the Guyana Rice Export Board, and for matters connected therewith."

[The Prime Minister]

Mr. Hoyte: Cde. Speaker, it is a trivial disparity that the Members and chief spokesman for the Minority bench did not look more specifically upon the Bill we are debating in this House. I would think that though he would have examined the provision to give some point to the general criticism he made and would have examined the rationale so most likely expounded by my colleague the Deputy Prime Minister, Planning. Rather, the spokesman sought to deal in a general way within the historical context of the rice industry with a view to claim the improbable, that is that in the rice industry the PPP had a better record than the PNC. I will demolish that prediction in a moment by referring to the concrete figures which represent the major indications by which we could judge performance.

Cde. Speaker, this Bill is presented within the context of the Government's policy in the rice industry. That policy is to ensure that we create and maintain the industry which is modern, efficient, competitive and viable because it is only by doing so that that we could secure for the 20,000 odd families who are directly involved as producers in the rice industry a good and progressively improved standard of life. The Government, far from neglecting the rice industry as alleged by Cde. Reepu Daman Persaud, has paid very careful attention to this industry over the years and has made a number of important decisions, has made the necessary investment and has pursued Programmes designed to bolster the industry, to make it more efficient and to secure its future. This Bill before the House is designed to do exactly that.

Now, what are and have been the objectives of the Programmes that have been put in place to achieve the objectives of an efficient and viable industry which has a future? All of the Programmes, Cde. Speaker, have been designed to increase production and productivity in the industry and to maximize the returns not merely to the individual farmers but to the industry as a whole and indeed to the economy of Guyana.

It has done this, and it continue to try to do this, by creating linkages between the industry and the rest of the economy, by ensuring that the by-products which are considered 'waste' – it is only in poor countries that we have something called 'waste' – by ensuring that this 'waste' is

converted into economic goods as, for example, converting bran into edible oil and stockfeed, by converting rice into flour and confectionery, using it in the brewery for making beer rather than importing foreign grain and so generally expanding the domestic market, expanding domestic production and strengthening the economy.

Above all, one of the most important aspects of Governmental policy over the years has been to ensure that those 20,000 families, who are by large small farmers, are protected from exploitation and oppression. I would have thought in his excursus into the history of the rice industry, my good friend, Cde. Reepu Daman Persaud, would have drawn attention to the exploitation of small farmers over the years by big farmers and by the millers and that he would have sought to examine this Bill to see the many ways in which the Bill has sought to protect the small farmer and to ensure that not only does he get justice by way of financial and economic returns but that he gets justice by protection which the law gives him from exploitation and oppression.

Further, the Government has pursued a number of policies by way of training people at the Guyana School of Agriculture, the University of Guyana, by training people through the extension services of the Ministry of Agriculture to improve the standards of husbandry, to improve efficiency, to realize that farming is a business which requires the application of business techniques including modern technology.

The Government, far from neglecting the rice industry, as my good friend has alleged, has also continued the very important work of research through the Rice Research Station which was located at MARDS and, more recently, through the establishment of the National Agricultural Research Institute of Guyana. Now, in this country, agriculture, and rice in particular, cannot flourish unless huge massive investments are made in providing infrastructure, in providing the facilities for water control, for drainage and irrigation, for access roads. In that area, as I will seek to demonstrate shortly, the Government's record has been impeccable.

More than that, the Cde. Deputy Prime Minister, Cde. Parris, has pointed out that one has to pay very strict attention to the question of marketing and the development of the product, having regard to the concept of the product site. One cannot neglect marketing. One cannot neglect, in fact, changes in the structure of trade. One cannot neglect changes in technology. One cannot neglect changes in agricultural production techniques because all of these things, wherever they occur, will eventually have an impact upon our agricultural sector.

And so you will find in the Bill that it is proposed to revamp the organization of the industry to cope with these changes in the world. It is not a reasonable argument to say that the Government in changing the structure which was extant for a number of years in managing and administering the rice industry. Unless we are alert to changes in the world we are going to wither away. We are going to wither away long

before the classical Marxist State because, as these changes take place in the world environment, we either change or we will be swept away. And so the changes proposed, as my colleague was very careful to point out, have a direct relevance to changed conditions, not only in the regions, but in the entire world.

Cde. Reepu Daman Persaud alleged that during the regime of the People's Progressive Party the rice industry enjoyed a period of glory. Is that true? Let the figures speak for themselves. During the entire period of the People's Progressive Party regime the average yield per acre in the rice industry was 13 bags. What is more is that that was a decline from the average yield in the rice industry 20 years before 1957. In fact, in 1957, the first year of the administration of the People's Progressive party, the yields fell from 15.4 bags per acre, which had been the average for 20 years before that, to 13 bags and never moved beyond that during the seven years of the People's Progressive Party's administration. One can look at the official statistics as set out in Jay R. Mandle's book, *The Plantation Economy – Population and Economic Changes in Guyana 1838 – 1960*, page 77, where the tables are set out, going right back to 1921. Did I say twenty years? In fact, it was some 36 years before. The sources are Kundu, Gyanchand and the official statistics put out by the Ministry of Economic Development and to the same effect in David's book the *Economic Development of Guyana 1953 – 1964* at page 91.

The People's Progressive Party, if I may be blunt, did a disservice to the rice industry in this country which put a blight upon the industry which has taken decades to remove. What they did? Multiply acres instead of multiply yields per acre and what could be more ill-conceived? Not only was this misconceived policy put into place but it led to disastrous economic consequences which I shall refer to in a moment.

I have referred to the fact that the yields were – my other friend referred to the Statutes in his own selective way. He said quite rightly that in 1946 yields were 168,000 tons, but he did not tell us that in the following years, the first year of the People's National Congress it went to 200,000 tons. He did not refer to the other years of People's National Congress administration, 1975, 178,000 tons; 1977, 215,000 tons; 1974, 184,000 tons; 1982, 182,000 tons projected. Within any historical span surely there will be years when production is low for a variety of reasons and those of us who have lived in this country will understand the vagaries of the weather and will know in 1966 for example, what a terrible experience we have had with unseasonal weather. He referred to exports and the value of exports. The highest export value of the People's Progressive Party was \$20 million, but he stops there. He does not refer to the fact that in 1981 rice exports from this country totalled \$110 million and in 1978 it was \$96 million. He makes no reference to those other years, nor does he refer to the fact, Cde. Speaker that the People's Progressive Party having embarked upon this uneconomic policy of multiplying acres rather than yields, than sought to

mask the uneconomic consequences by resorting to all kinds of diverse and varying stratagems including subsidies hidden and converted in order to give the impression of prosperity among rice farmers. What are the facts Cde. Speaker, let their own figures and their own exports speak on this matter.

I have referred to the fact that what they did was to over mechanise and that is the explanation for the phenomenon which so puzzled my friend Cde. Reepu Daman Persaud. He said at one time there were \$45,000 tons. I do not know whether that is so or not but let us for the purposes of argument accept them. Now if you start mechanizing agriculture, you are going to see a fall in the number of people employed in agriculture. And if it is over mechanized you are going to see a dramatic fall. And everyone who knows that the various criticisms made against the People's Progressive in its policy was that it was over-mechanised. There is no way which their political fixations that they could go and correct their wrong-headed policies. This was the criticism of their policies and I quote from page 106 of the Davis Book and he is talking about what they did in the Black Bush Polder:

"It is the principle itself of this settlement which appears a mistake. If the purpose is a complete mechanized cultivation of rice which seems illogical, to distribute cultivated plot of 15 acres per family, since they are much too small for this technique. If on the other hand their aim is to make small family plots, only a gradually mechanized farming system could be worked out to adopt as the technical knowledge and the necessary capital are accumulated to pay for this mechanization, it is necessary to have a very intensive product with a high yield per acre."

Now, this is precisely what the People's National Congress is trying to do. That has been a cornerstone of its rice policy, to ensure that the yields per acre on average during the period of the People's Progressive Party administration was 13 bags per acre, today that yield has advanced to 21 bags per acre nationally. In those areas with adequate supply of water some people are getting between 30 and 40 bags per acre. Go across the West Coast and ask Cde. Mootoo; go to the Tapacuma area and talk to some of those progressive farmers and see and hear the yields they are getting. Now Cde. Speaker, I said that because of the low yields which the rice farmers were getting in 1957 and 1964, the Government at that time resorted to stratagems which were bound to have a adverse effect upon the industry itself and upon the economy. Let their own figures tell us what happened. What kind of fairy tales they put up, what kind of estimates which only had a kind of fantasy they put up. So we see that according to their own statistics put out by the Ministry of Agriculture a farmer of Berbice Black Bush who was supposed to have 15 acres of land was estimated, according to their calculations, and my good friend was trying very hard with his academic calculations, to get \$1,283.17 quite

wrongly according to them. Then according to the statistics put out by the Ministry of Agriculture was that the poor fellow got \$1,283, which represents 45 cents per day for every day he was cultivating the fields. So these policies were misguided. It required certain political strength to reverse them. And the Party and Government said that what it would do to try to stop for the time being the multiplication of acres and concentrate on increasing yields per acre. Now my friend ought not really to speak to vehemently about the Rice Producers Association. The Rice Producers Association has long ceased to represent the rice farmers in this country and has turned itself into a political body. It has to make up its mind what it wants to do.

The Bill makes ample provision for the involvement of rice producers of all kinds. The Bill defines rice producers to include farmers and millers and therefore you will see that in the rice grading centre there is provision for rice producers as defined in the Bill to be included. As a matter of fact, the legislation is quite specific and I would crave your indulgence to read the relevant provision so that there could be no misunderstanding of the Government's intention and of the intention of the legislation to ensure that rice producers are adequately represented. Apart from the General Manager and an employee who will sit on the Board, these are the people who would be represented: persons who in the opinion of the Minister appear to have experience of and show capacity in matters relating to the grading of paddy or and rice, production, manufacturer, marketing or export of rice, cultivation of paddy, cooperative movement, administration or commerce, or as representing local democratic organs. One would find a formulation of any language similar to that in the constitution of the GRLU and the GREB.

Let us not be unrealistic. The RPA had representation and the Government continued to give subsidies to the RPA until well into the 1970s, giving subsidies to them for running their offices, giving subsidies to them for paying staff and giving subsidies to them for carrying out the work that the Constitution says they should be carrying out. What did they do, Cde. Speaker? In 1965 and 1966 the RPA constituted itself as the agent of the PPP and went throughout the length and breadth of this country telling people not to plant rice, telling people to limit their planting to their personal use. How can an organization like that claim to be acting in the interests of rice farmers? It is reasonable to say to the rice farmers that they must destroy themselves for a political purpose.

Similarly, Cde. Speaker, through the years, in 1966 for example, when the Government introduced the blue-belle variety, a high-yielding variety, again farmers were threatened, subjected to assault and patrol, cases of arson, all to prevent them from pursuing their self-interest of the rice industry. As a matter of fact, I am now being persuaded and asked to believe that the RPA is now a serious body, interested in promoting the welfare of the farmer. We remember our good friend Cde. Ramlakhan

because he as President or Chairman, whatever the office is called of the RPA, having gone around and persuaded farmers not to plant, was the first person to plant the high-yielding variety, drawing the Government incentive. We know the story – you know it and I know it – and when he made his pile went away to Canada where he is now enjoying the cold.

Cde. Speaker, we are prepared to work with any organization which is interested in the welfare of farmers. We are prepared to work with organizations which prove by their actions that there is a genuine interest. I myself am to be persuaded in a definitive way, well then I would like to see positive groupings of the RPA going among the farmers motivating them, helping them to do the little things that the Rice Action Committee and other persons involved in the rice industry are trying to do. That is why I am particularly disappointed that in June of this year one Ali Baksh, a PPP area organizer had a meeting in Devonshire Castle and told those present that the time is right for them to cultivate rice for their own domestic use. I would have thought that he would have gone beyond that and acted responsibly. I would have thought that at this stage we were no longer wasting time trying to undermine the economy to achieve some political objective. Therefore, I say with an open heart and genuinely to my friend, Cde. Reepu Daman Persaud, that we are prepared to give the RPA representation on these Boards and Committees on proof being provided that the RPA is going to desist from its unconstructive ways and involve itself in positive and constructive ways to help the rice farmers in this country. That is all I say. There is nothing in the legislation to exclude them. In fact, the legislation has ample provision for the inclusion of representatives of RPA and all other organizations which represent themselves to be and are found to be acting in the interest of farmers.

The speaker also said that the old RMB used to make profits. I do not want to get into that. There is a difference between what I call real profits and debtor profits, and I think my friend knows what I mean. The last case I did before leaving the Bar was the famous case of Mohamed Ali –v – Nor Khan and the Rice Marketing Board. Millions of dollars worth of paper bags were supposed to be imported into this country to the Board, upon which certain people drew heavy commissions, numbers faithfully entered into books and ledgers but these bags were nonexistent. Similarly, we know that the Board was in a precious financial state and that continued until fairly recent times. I am not bothered unduly by the criticism that we merged the Board with the RDC and now we are dismantling the whole thing. I say, once you have the courage to accept that there is a need for change you must act on that courage and we believe that it is necessary in the interest of efficiency.

At this time there is a need to reorganise the administration of the rice industry in the way in which we have proposed. I do not wish to go on at a great length. I can point to the fact that the Government has ensured financing in the amount of \$54 million through Gaibank alone.

I should point to the fact that for 1985 Gaibank would be tabling \$21,000,000 into the industry to finance production and development and in these circumstances it strikes me as being odd that the allegation should be made that the Government is neglecting the industry - the rice industry which is in the centre of agriculture in our country. The rice industry must compliment the other members of the agricultural sector and I think we need to see the matter in this perspective. One criticism was made for colonial times – that the colonial Government neglected the industry but he made the mistake of including sub-sectors in agriculture. So Cde. Speaker, I would think that what this Bill seeks to do is to achieve the Governments’ objectives of having strong productivity, a competitive, profitable rice industry which would give a good life to all the people who live in that industry. It would contribute significantly not only to the farming community but to the economy and the country as a whole – it would add to our economy – a element which Cde. Parris touched upon when he sought to explain why it is that certain private producers would be given the opportunity to invest in the industry and surely this is an objective that requires of us some kind of debating point. It requires genuine collaboration in the interests of those people who have over the years worked so hard to place this rice industry in this place. We need to work together at a time when the industry is facing serious challenges and needs to be put on a firm basis so that it could realize the potential of which it is kept. Thank you.

Motion on the Approval of Estimates of Expenditure for 1985 Budget Debate: 30th January, 1985

Mr. Hoyte: Cde. Speaker, this Budget debate has followed a predictable course, as far as the speakers on the Minority benches are concerned. They spent their time attributing every problem, every ill, real or imagined to the People's National Congress Government. The Minority Leader played his old cracked gramophone record and indulged in a tour of the world. We have heard of *tour de force* and even *tour de tableau* but today we have had a *tourbillion*. He proved himself to be an expert in the affairs of the Soviet Union, Cuba, and even United States of America but completely lacking in knowledge of the economy and circumstances of Guyana.

[**The Speaker:** Will Officers and Members kindly refrain from disturbing the Prime Minister when he is speaking. When you move up and down you distract other Members from listening.]

Mr. Hoyte: Such a sterile and unconstructive approach to Budget debates is unhelpful and in my opinion, frankly a waste of time. At the end of the day what has emerged? After all the criticisms, some of them bordering on this comment that not a single comprehensive intelligent Programme or alternative has been proposed by the Minority. So the People's National Congress Government remains the only political force with a Programme for the management and development of this country. And that is why whenever there are elections, there is only one Political Party to which the people in this country can turn.

A Budget Statement put out by the People's National Congress Government, Cde. Speaker, is not merely an economic document. It has a political content. It is as much a political document as an economic document and many of the observations and criticisms emanating from the Minority benches did not seem to grasp this essential point. For us an unaccompanying Budget is poor for the implementation of development policies, and that is why in respect of every Budget Statement this Government has put out there has been an accompanying theme. That theme properly interpreted and understood provides a theme for the Budget. It explains in a complex way what are the problems and what are the mechanisms and techniques to be applied in implementing the Programmes proposed. In the 1985 Budget the same pattern has been followed. The theme is developing within our means and that theme tells us in a simple and direct way that we have to build this country with our own resources and our resources include not only materials but human resources and resources of the spirit and intellect that we have to build

this country in accordance with certain self-determined objectives. In doing so, Cde. Speaker, we must use our own resources and that is why throughout the Budget Speech there is this constant insistence on self-reliance and a motivation of people and above all on the organization of our indigenous resources including the people and particularly the young people of this country. But that approach, Cde. Speaker, is not now. It is a theme which has been developed time and again by this Party with the speeches of its Leaders and the various statements in this Assembly and indeed in every Budget Statement that has been read in the National Assembly.

Indeed as early as 1970 the first People's National Congress Finance Minister, Cde. Reid made the point that development was a slow and painful and devious passage. We have never said to the people of the country that development is magic and that somehow or other they can relax at home and food will fall like manna from heaven. That only happens in the biblical story. We have always said to people that this task of development is going to take time, that this task of development is going to be difficult, fraught with frustration and difficulties and at times fraught with danger. What is significant about the statements elaborated by the Cde. Minister of Finance in this particular Budget is this: that because of development over the years and the correlation of forces internal and external, at times the occasion is both right and propitious for us to make certain onward movements in the development of our country. Much was made about numbers and statistics. The Hon. Member Mr. Feilden Singh sought to find some sinister motive in the fact that every statistic he wanted was not included in the Budget Statement. He then made series of numbers. We can cluster the Budget Statement with this and that and all kinds of eccentric dates but behind those numbers and statistics there is a reality and that is the reality of production.

Cde. Speaker, what is important to development is how we organize production, how we reward workers and how we distribute the final product. Behind that reality of production is another reality. Perhaps not as concrete and palatable as the production reality, but nevertheless the real phenomenon and that is the reality of the culture of development within this one proposal is to organize the production forces in the country. For every development takes place within a particular culture. If that culture is absent there is either no development or distorted development. It has been the historic task of the People's National Congress Government to lead the people of this country to an understanding and an acceptance of the culture of development that is necessary in order for us to create the kind of society we all desire. We articulate this from time to time. People put it in different ways. They want prosperity, they want socialism, they want more schools or better health services, but ultimately it comes down to this: that people want a society that is productive, that is built upon foundations of social justice in

which they can act out their life with great happiness and in a satisfying way.

And we have in our Party always been honest with people about this culture which is necessary. Indeed, in the People's New Constitution, we insisted that the principle be enshrined, that it is the duty of all people, everybody, not some people, to work in a disciplined and consistent way to develop our country so that all the economic rights enshrined in the Constitution might be realized. It is this honesty, this fearlessness, this truthfulness, which has been the hallmark of our Government and our style of politics. It was put in a very interesting way by a Marxist poet and playwright, in a poem he calls the '**The Truth Unites**', and this is what he said:

Friends, I would like you to know the truth and speak it,
Not like tired evasive Caesars.
Tomorrow grain will come.
No, but like Lenin, by tomorrow we will be done for,
Unless, a wholehearted admission and wholehearted unless.

I would like to commend that poem. It is a beautiful poem, properly read and properly understood and I would like to commend it to the Members sitting on the Minority benches for their intellectual stimulation, their political development and a wholehearted admission.

We have always admitted in a direct and honest way the difficulties. The Minister of Finance has not been coy in telling us what the problems are, the problems internally, the problems externally, the problems with multilateral institutions, the problems which are of our making and the problems which are of other people's making because that is the style of the People's National Congress, a wholehearted admission. The Budget goes on to say, Cde. Speaker, that you know you are not going to develop this country unless you do certain things and those certain things are set out in the Programme contained in the Budget to which I have referred.

Cde. Speaker, the objectives of this development culture which are incorporated in the Budget Statement are manifold but certainly one of the most important of them is the creation of an independent mind. It is no use talking about development if we are going to waste time saying what the Barbadians have done or what the Americans have done and what the Cubans and the Soviets have done. Fine, they have done things in relation to their society, their environment and their objective realities and we cannot be influenced into believing that other people can do our thinking for us, much less our work for us in the development of this country. Certainly, one of the objectives of this culture is to infuse in people a love of country which will influence them to respect their fellow men. It is no use talking about political activity, development, social organization, culture and all of these things if we do not start off with the

basic principle of having the utmost regard for our fellows in this country. So we cannot go about abusing people, uttering scurrilities and then believing that this is a way to promote political life, to promote the business of this Assembly or of this country, much less, the business of individual Political Parties or organizations. Surely, Cde. Speaker, it says to us that ultimately we have to build an independent national economy. These are the lessons, these are the messages which come through so clearly in what the Cde. Minister of Finance was saying to us in his Budget Statement a few days ago.

The People's National Congress has brought this country from the ashes to a situation today in which there is a tremendous pride in our achievements, pride in itself, an assessment and understanding of our self-worth as individual citizens and as human beings. We have infused a sense of purpose into the Guyanese people and we have done all of these things by putting in place the institutional and programmatic arrangements for the final movement towards the ultimate goal of our endeavours. What is that ultimate goal? It is to establish a socialist society in this country or, in the words of the Cde. Minister of Finance, the ultimate goal of our development is the establishment of a democratic socialist society in which all our people can enjoy as a right by reason of their citizenship and their work conditions of life that are rewarding, productive and humane. That kind of society is not going to come about by talk because the great work which we have to do in continuation of the work already done is now to protect the gains we have achieved.

I have listened with a mixture of amusement when the Minority Leader was saying with great aplomb that there was no progress in this country. The People's National Congress has brought monumental progress to this country, has raised the quality of life and the standard of living of the people of this country enormously and has created for us to respect internationally which is enviable, considering the youthfulness of this country and its small size.

Let us look at some of the macro indicators which will demonstrate, not in a vague airy-fairy way which is the peculiar province of the Minority Leader, but in a factual way and in an irrefutable way, what has been the progress of this country. In 1964 when this country had the misfortune of being administered by the PPP, the gross domestic product at factor cost was only \$302 million, but in 1984 it had risen to \$1.4 billion which was an increase of some 366 percent. In their time, Cde. Speaker, total investment was \$54 million of which public investment was a mere \$10 million as against private investment of \$44 million.

In 1984 total investment was \$390 mn. with public investment moving to \$310 mn. and private investment to \$80 mn. so that the investment increased by 3000 percent and the increase in investment, Cde. Speaker, was reflected in the enormous increase in consumption, both public and private. The total consumption moving from \$270 mn. to \$1.6 billion or

484 percent increase. On the savings side Cde. Speaker, gross national savings of a mere \$36 mn. in 1964 rose to \$780 mn. in 1984 and when one looks at investment one wonders whether it was -

[**The Speaker:** Cde. Ram Karran, nobody was heckling Dr. Jagan when he was speaking.]

Mr. Hoyte: - some good job which the People's Progressive Party was running in 1964 with a Government investment of \$10 mn. which is less than what is being deployed by the smallest of our Public Corporations today. Now that investment, Cde. Speaker, has moved tremendously. I do not want to spend too much time upon numbers, I have already remarked that behind the numbers there is a reality and those numbers indicate, contrary to what you might think or say a tremendous increase in production of goods and services in this country, therefore a tremendous increase in the goods and services available for consumption, a tremendous increase in their income and therefore in the quality of life and standard of living.

There was criticism, remarkably enough, about the social services. No improvement says the Minority Leader in the social sector. How could he say that in the light of the irrefutable evidence which the information readily available to him provides, but of course, having no interest in truth, he does not avail himself of the opportunities which he has for informing himself about truth and accuracy?

What did they do for education? One is inclined to say nothing, and the revolution in education took place after the People's National Congress acceded of office, and that revolution continues today in all the manifold things we are doing to raise people's consciousness, to provide them with the skills and knowledge that are relevant to the development of our country. In 1964 the PPP had no Nursery Schools; in 1984 we have 350 of them with a population of over 30,000 little children. No Community High Schools in 1964 but 30 of them now with a population 56,000 persons, and when you consider Cde. Speaker, that it was this Government, this People's National Congress Government which took the University of Guyana from under a bottom house and built that magnificent complex at Turkeyen with all the modern facilities that we have there. If I were to go on with a list of the education institutions we have built, that list would sound like a roll of honour of which any Government, in any country, at any time would be inordinately proud.

We built the Cyril Potter College, the Lilian Dewar College for training our teachers, the Institute of Applied Science and Technology, the David Rose School, the National School of Dance, the Burrowes School of Arts, the Guyana National Agriculture Research Institute, the National Data Management Authority, the Guyana Management Institute, the National Bureau of Standards, the Walter Roth Museum of Archeology. That is not

all, Cde. Speaker, the many Medex Schools, the Dental Training School, the National Cultural Centre which was opposed. Can you imagine Cde. Speaker, people who call themselves socialist, who call themselves, let us forget the socialist tag, intelligent people, who call themselves Guyanese objecting to the establishment of a Cultural Centre when culture is a bedrock thing in socialist countries? But we have lived to see, despite their opposition, that they have been making use of it. And above all Cde. Speaker, there is the Guyana National Service. But the Minority Leader and my good friend Cde. Reepu Daman Persaud said there is no progress. We have built all of these schools, established all of these institutions but there is no progress. We have shown tremendous growth in our economy but there is not progress. The Minority Leader has always had certain intellectual difficulties. There are some things that he just cannot understand and one of those things is this. He has always had tremendous difficulties in really comprehending what these economic indicators are all about and those things that Ministers of Finance talk about, Gross Domestic Product and Debt, and so Cde. Speaker, he confesses as he always does, Internal Debt and External Debt, and he lumps them all together and proceeds on his merry way as if he were talking about things that were conceptually the same.

I do not wish to spend any time in replying to the various schoolboy howlers which he committed in his attempt to deal with the economic issues. I will leave that to the public who I believe are quite aware of many of these issues because this Government has spent a great deal of time, money and effort in educating the people of this country, so that today I believe that they are among the most highly politically educated people, the most highly politicized people in the world.

Cde. Speaker, what we have been trying to do is to promote national cohesion, to get people to forget the things that divide us, to emphasise the things that unite us and to forget ideal and irrelevant talk about race and religion and community and things like that and bring people together so that they could create and fashion a genuine Guyanese culture from all the rich and varied strands of culture that we have inherited.

And hence the institution of *Mashramani* as a period of great rejoicing when people can come together and where they can fulfil the mandate of our Constitution that we must build a national socialist culture on the basis of which our people can move forward with a sense of unit and purpose.

What has happened today? The workers, the ordinary people, are no longer spectators of cultural activities. We have moved from the periphery to the very centre of national cultural life. That is why all over the place you see so many boys and girls having an opportunity now at games and the arts, having an opportunity to be in this Parliament, to listen to debates, to understand, to take an intelligent interest in matters of state, because ultimately all the things we say and we do and all the development

in this country are in their vital interests and will affect their future for good or for ill. You cannot imagine this kind of development years ago before the People's National Congress came to office and that is why for them this Government has established free education from nursery to university and has removed education from the monopoly of the churches, has brought education into the arena of the State where the State has the right and the duty to provide proper education for all of our people.

There is just one area, before I go on, that I would like to touch upon in terms of showing the tremendous development in our social sector. In the PPP's time in 1964 there were 53 doctors – 40 Guyanese and 13 foreigners. Today we have 135 doctors in our hospitals – 102 of them Guyanese and 35 non-Guyanese. There is a lot of foolish talk about the brain drain and people running away. Sure, the fearful, the timid, the old guard are running. They ran in 1953 when the PPP won the elections; they ran in 1957, in 1961, in 1964, in 1968, in 1980 and they will keep running because they are looking for safety. They are looking for security and we know there is no security in this world. There is only opportunity.

What I want to say to my good friends on the other side is that it is time they stop allying themselves with some of the obscurantists and the subversives in this country who make a point of trying to present this country abroad as being the most terrible place in the world – everything is bad, nothing is good

[**Cde. Ram Karran:** They were voting for you.]

Mr. Hoyte: They ran away from you! The number of dental surgeons moved from 3 to 16. Medex: in the PPP time there was none; in our time 64. District Hospitals have moved from 12 to 18; Health Centres from 80 to 176; Health Posts from nil in 1964 to 36 in 1980; Community Workers from nil in 1964 to 51 in 1984;

When my good friend Cde. Collymore stand up and says that we are only \$5 million, or whatever million dollars, for a Housing Programme it shows how, despite his length of years in this Assembly, he really does not take politics seriously, nor does he take this Assembly seriously. I believe that he does not even take himself seriously because if he had done that he would have taken the trouble to try to understand how the Housing Programme is financed. The Housing Programme is financed in many ways – by the Central Government, by the establishment of the Guyana Cooperative Mortgage Finance Bank which has its own resources which it recycles, by an annual transfer of the resources from the Central Government to the Bank, which is what Cde. Collymore lighted upon, by the revolving fund in the Housing Department, by institutions like the Dependants Pensions Fund and by organizations like the Building Societies and insurance companies whose business is encouraged by the tax relief which the Government gives the people who pursue building activities with loan funds.

I merely mention that because it there is one area to which this Government can point with pride and where the evidence is clear and cannot be refuted, it is in the areas of housing. Let us walk from Buxton all along the coast of Soesdyke and we see the water supply systems which were not there in 1964. You go to Linden, which is a wonderful example of the transformation of life in this country. When this Government nationalized the bauxite industry, what was Linden but a rough mining camp? Today it is a settled urban community with modern houses at Amelia's Ward and in Wismar with all the old properties being converted into attractive modern houses, with the schools which were not there before, multilateral schools, on Blueberry Hill, hospitals on the Wismar side, pure water supply at Western Matooka and Amelia's Ward, with electricity and water getting into places like Victory Rally and Green Valley, One Mile and Half Mile, in Canvas City and Silver City and on D'Anjou Hill, on Blueberry Hill, where those amenities and facilities never existed.

That is why, no matter what you say, you cannot go to the people in Region 10 and say to them that there has been no progress. Sure, there is a lot more to be done. Sure, we have to commit our resources to constantly lifting the standard of living and quality of life in a community like that but, when all is said and done, these people know deep down that they have moved along a great path. They have made significant strides from where they were in a depressed backward area to a town where the amenities are as good as any in the rest of this country. That is why you cannot go there and fight any election. When last did you go? 1961. That is 20 years, Cde. Minority Leader, since you have been and you say that people are supporting you. The PPP has not been able to put up a candidate since 1961.

I am vastly amused. That is why I say that sometimes my friends do not take themselves seriously. Did we not have elections for the Regional Democratic Councils linked with the General Elections last time? And did the People's Progressive Party put up a list of candidates? Did they hold any Political Party meetings? The answer is, No. Did the Minority Leader go there to attempt to mobilize people and to show the support which he has among the working class? The answer is, No. The only time he goes is when there is some strike and he believes he can go and fish in troubled waters. He goes there and the people laugh at him and then he has to move out until there is something happening there again when he believes he can go and win support in a situation of confusion.

I think we need to get on to some other matters. What we have done is to have brought pride to our people, not only through this material development, but by showing them that they are as good as anybody else, that they can do things; they can manage things; they can manage this economy.

And therefore we set upon a path of domesticating our economy. Within ourselves and our people there is a sense of pride and self-confidence.

Today we own and control Bauxite Industries and the Sugar Industry and all kinds of Corporations and areas which hitherto have been controlled by expatriates. As I said we have moved for social cohesion and we have done that in so many ways, through the provisions of the Constitution which has given people the right and the opportunity to exercise rights and freedoms which had been denied them in colonial days and which they have become accustomed to believing they should never have. If one were to take a simple example of religion. In colonial times religions other than the Christian religion were suppressed, discouraged and even oppressed and we all know what happened to the devotees of Mother Kali who were prosecuted and alleged to be practising obeah, and what happened to the Mosques and the Imans and the Moulvis as they attempted to preserve their culture. It does not matter if we believe in religion or not. The point is this, that large numbers of people had their cultured life rooted to religion and religion is a great preserver of many cultural values that has nothing to do directly with religion and it gives people a sense of cohesion. Today look at the pride with which our Hindu Comrades celebrate their religion. Look at the beautiful Krishna Mandir that was recently built at the Murray and Camp Streets in the very heart of the City. It would not have been possible in colonial times. As I go around the country I see many beautiful Mosques going up all over the country and I have been assured that three years ago, four years ago there were only four Kali Temples in this country. But in this year that number has risen to 75. And these things mean something. They mean that people understand that the freedom of religion and the freedom of cultural expression is no longer something which is a matter of toleration, it is a matter of Constitutional rights and they are exercising their rights in a way which is so public.

Cde. Speaker, the internal policies have been mirrored by external policies. External policies reflects internal policies and so in the same way we have been developing an independent policy inside, we have been trying to promote social justice inside, we find that in our external policies we have pursued this same independent line which has brought us the same success and the same satisfaction which our internal policies have brought. In 1964 when we took over the reins of Government in this country, people had written off Guyana. People said it would not survive, there were too many desperate groups, too many problems, too many animosities. They had consigned us to oblivion; we were going to destroy ourselves in a matter of months. But twenty years after these things have not happened. As a matter of fact, Cde. Speaker, we have earned on the international scene a respect and regard which is the envy of many a larger country in this world.

[Applause.]

Mr. Hoyte: We led the way in 1968 in the formation of CARIFTA which blossomed forth into the Caribbean Community. We led the way in 1972, Cde. Speaker, in breaking the isolation of Cuba. We led the way in the Caribbean in forming diplomatic relations with China. We in 1975, or 1976, we were a small country, but by that time we had built a reputation for independent actions. We, a small country, were elected to the membership of the Security Council, a feat which we repeated in 1982-1983. It is interesting to note as an example of the high regard in which this country is held, that Cuba and Nicaragua were deadlocked for a seat and one of the United Nations agencies moved its vote in favour of Guyana which was not a candidate. So it is no use going around the world and saying how bad Guyana is and how its internal policies are unsatisfactory and so on. Because we have built a respect and regard which is a strong bulwark against this kind of nonsense which some of our friends indulge in. I want to note Cde. Speaker, that we have done these things on the basis of development of an ideology. We have an ideology which is socialist. I want to say something about that because it is so fundamental to what we have done and what we propose to do.

In our Party's Constitution we set out our position clear. The Party is a Socialist Party. At our stage of development and in the objective circumstances of Guyana socialism implies an unremitting and relentless struggle. It is a struggle against ignorance and low standards, against oppression and all manner of injustice, against reactionary and subversive tendencies in the society, and in particular against imperialism in all its forms and manifestations. It is equally a struggle for self-reliance, personal dignity, high levels of production and efficiency, improved living conditions and total emancipation in the cultural and psychological scaffolds from the colonial past. Thus, Cde. Speaker, that represents our view, our philosophy and we are sufficiently appreciative of the essence of the socialist ideology to understand that socialism does not consist in people talking about scientific socialism and dogmas and what is socialist and what is non-socialist, and we understand as the founders of socialism understands and that socialism is a guide to action. It consists in practical work not in phrases.

And that practical work has to be done among the people, the ordinary people, while they grasp the essentials. I am not concerned with fine lectures about dialectical imperialism, about dictatorship of the proletariat, about the meaning of pragmatism and all of that. What I say is my view but also a view expressed to me by people who have got advanced socialist states which I have visited and people with whom I have had long dialogue and discussions.

In this country we now have to do work. We have to do the work of socialism and stop prattling about it. In doing that work the motive force is the Party. The work that we have to do is political. My friend, the Hon. Member Mr. Feilden Singh said we must pray. Maybe, but I know that I

verily believe that that is not going to feed people, clothe them and house them. We need to do practical work and we need to do it through the Party, through political work, because it is no use talking about economic development in countries like ours unless we do the politicizing. Over the years we have attempted to illustrate this and to emphasize it by insisting on the paramountcy of the Party. Our friends have gone off in a very unthinking way to criticise the paramountcy of the Party, that principle as being unsocialist, as being a terrible thing.

Cde. Speaker, the great fact of the political organisation of States in the 20th century is that we have got the evolution of the Party State. Every State is a Party State, even where the military seizes power. The military, in fact, constitutes itself a political force and it is the Party which devises policy and gives the direction, that the paramountcy of the Party must be manifest. People who want to merely mouth a phrase and by their mouthings infest it with a bad order can do that. If you want to be thoughtful and be reflective, if you want to understand the nature of the political process in any country, then you will understand and accept the meaning of the paramountcy of the Party. Political activity that we have to organize is the kind of activity which can accommodate all Guyanese. That is why we have reorganised the Local Government system.

We have the regional system, Cde. Speaker, which is designed to decentralize and devolve authority upon people so that in the words of the Constitution and the Regional Democratic Councils Act people can have the responsibility for management and decision-making processes within the various communities in which they live. The whole purpose of the regional system is to have areas which are large enough to be planning in developmental areas, while at the same time providing opportunities for thousands of people within those regions to have a direct involvement in the management and development of their areas. This is the point I want to stress for the benefit of my friends on the other side. I do not believe they have paid sufficient attention or studied with sufficient seriousness the local government system we have set in place, because it is established and constituted to remove confrontation and conflict and substitute therefore consensual and cooperative arrangements. I believe these are the arrangements which provide the framework and the foundation of the fullest possible involvement of all our people in the processes of developing our country.

I come back to the Budget theme of protecting our gains. This is what the Budget is saying. It is saying we have to protect our gains because of the developments both internal and external. Internally, we have reached a stage, we have laid a foundation for this onward move and, externally, there are forces which are geared to turning back the revolution and thwarting the wishes of people to be masters in their own houses and follow their own path to development. I want to say it is very interesting that I was reading a newspaper, a Canadian newspaper in which they

were talking about human rights, countries that do not have human rights. I am sorry I did not remember to bring it. We are accustomed to being attacked because our friends over here go and create this kind of confusion abroad. What interested me was this, that among the countries attacked for not having human rights were Jamaica and Dominica and I was a little amused and then I ceased to be amused. I want to tell a story.

In a book recently published by an American author there is a conversation between a general and a businessman. The businessman was saying to the general that you guys got to protect us, you got to protect us from those communists down there in Central and Latin America. They are the enemy. The general said *"Oh no, communism, socialism, fascism, those are all slogans. You see out there you got millions of people who do not have what we got. They want to get what we got and they are the enemy."* I hope the point is made, that it is not when the imperialist comes, they are not looking for who is socialist and who is communist or who is capitalist. I am sorry the Hon. Member Mr. Feilden Singh is not here to understand the moral of the thing I am telling. They must control the world and they will control you. It does not matter what you call yourself, they will control you through the multilateral agencies and through direct military intervention as Grenada has shown.

Today we need to understand in this Assembly, first of all, the message of the Budget Speech which says that we have to organise ourselves and set the necessary arrangements not only to protect our gains but to facilitate any onward movement as we cannot do it by conventional means. You cannot introduce any new order by using old mechanisms and old procedures. You have got to innovate and do things that have not been done before, you have to try model techniques. You have to be bold, as the Cde. Minister has said, having due regard to the principles of recklessness. Who are the people we have to direct our attention to? We have to look at our young people because in this country over 72 percent of our young people are under 30 years of age. There are 50 percent under 50 years. What are we going to offer them, what guidance? A fragmented, divisive community or are we going to give them a lead which will enable them with a great purpose and a sense of loyalty to this country to accept the work that has to be done to develop it in a way so that we will achieve the kind of society that all of us talk about.

We got to get beyond the stage of writing, or talking, getting to the stage of working. We have to understand about young people that a whole generation has grown up that does not know the PPP and that came home forcefully to me in the 1980 political campaign when I was in the Middle Mazaruni and one of my Comrades was saying to a group of young Amerindians there, you must not vote for the PPP and this young man of about twenty-two he was not more than that said *"PPP – I don't know anything about PPP, all I know is the PNC."* That is a reality because the People's Progressive Party has been in the wilderness for twenty years

and now has to decide whether it can really endure the prospect of being in the wilderness for another five years.

Cde. Speaker, that is why we have to create people with an independent mind and that independent mind has to be fostered in many ways. I was very disappointed when both Cde. Ram Karran and the Minority Leader kept harping upon wheaten flour and things like that - suggesting that we import these things, but we cannot because we need to get people to understand that they must build this country on the basis of indigenous material. That is pride, that is self esteem. You go to foreign countries and people give you what they produce. You go to France and you can hardly get a drink of water because they produce wine and you remember the French Prime Minister who lost his seat because he was telling the people to drink milk and don't bother with wine. So we need to understand that in this country we have been saying that you must produce rice flour. Alright, there were many criticisms. Some people believe that it was politically a good thing to tell people not to bother with that. In 1983 when I was at Linden for the May Day Rally there were some workers there with a banner saying '**we don't want any rice dust flour**' and it turned out that that little group has been subverted by some agents who had gone up there and who were the principle people telling the workers to strike for rice flour, against rice flour for wheaten flour. So we need to understand this and I want to draw attention to a very interesting newspaper article. This article, Cde. Speaker, appears in the *Barbados Advocate* of Monday 17th December, 1984 and the caption of this article was '**New flour from rice**' and the article emanates from Washington DC and listen to the article:

"A new high protein flour made from rice has been developed that could be important in fighting child nutrition in poor countries."

The article went on to say:

"This flour exceeds the protein recommendations of the World Health Organisation and the United Nations Children's Fund. Those recommend 20 percent protein content for vegetable foods be used to wean small children."

Mrs. Hansen, the woman, who is a chemist at the United States Agricultural Department said the new rice flour has a number of potential uses but the emphasis is on children age one to three because they are most vulnerable in a food crisis. Mrs. Hansen said the rice flour might help reduce hunger in underdeveloped countries where milk is too expensive or unavailable.

[**The Speaker:** Five minutes more Cde. Prime Minister.]

Mr. Hoyte: We in Guyana advocated the use of rice flour, internally people objected, decried the effort, found all kinds of reasons to persuade people not to use rice flour, not to use their own food product and this was echoed in the regions, the regional press, the people were telling you as one Comrade was whispering behind there *“rice flour will kill you, rice flour is bad for you, it will swell your belly, it will give you big foot”*. All kinds of bizarre statements were made, but today the mighty United States of America, the United States Agricultural Department is saying that this rice flour is highly nutritious something.

Cde. Speaker, I have no doubt that you will find that the Americans and other developed countries are going to produce the very rice flour and sell it to poor countries and sell it to rice producing countries. This is the point I seek to make Cde. Speaker, why we need to fluff off this colonial mentality and to understand that food policy has always been an integral aspect of colonial and imperial policy.

As early as 1832 I think it was the then British Secretary of State for the colony Lord Stanley sent out a circular letter to all the colonial Governors telling them they must encourage their people to eat imported foods coming out of their own country, they must lower tariffs and they must make sure that the British exports are widely used and the a result of that surely was to depress their own agriculture, so that is why you found in your time Cde. Ram Karran as you told us in your speech that there were people who were throwing away eddoes and tannias and all of that because they were buying the food which was coming in from abroad.

Cde. Speaker, the Leader of the Minority spent a lot of time posturing - I would say because he was less than candid in respect of the letter which he received from the Deputy Leader of the People's National Congress. I don't want to follow him in his approach to the matter, I don't want to follow him in behaving in a way which exhibits a lack of candour. I do not want this House to believe that there had not been approaches by the People's Progressive Party and the People's National Congress, that there had not been informal discussions. I do not want the House to believe that.

In our letter we set out the position clearly. We have not gone to the street corners attempting to gain cheap debating points. This is not a debating point. We are a serious Party. We understand, I believe, the process of development and we understand when a situation requires a certain tactic and, indeed, a certain strategy. If we are inflexible, we will disappear. If we cannot adapt to change - this is a biological law - we will become extinct like the dodo. When I listened to my friends on the other side I was satisfied that, notwithstanding their swarthy appearance they have a very large infusion of the blood of the French Bourbon princes. It was said of the Bourbon princes that they learnt nothing and they forgot nothing. I do believe, if I am to go by the comments made by the Minority speakers, that over the years they seem to have learnt nothing and they do not seem to intend to forget anything. We are not afraid to talk to and with

the People's Progressive Party or with any Party because dialogue is an intrinsic part of our platform. We talk to anybody and with anybody, any Party, any agency, any organization who or which would like to carry on a dialogue with the People's National Congress. So do not miscalculate or misinterpret the meaning of the letter or the circumstances in which it was sent.

I think that I have already, in a general way, pointed to the fact that this country is in a state of revolution. It has reached a certain point. We have achieved certain things; we have certain gains, notwithstanding allegations to the contrary. We have to protect them. There is a situation where, as I said, the people who are hostile to us are not hostile to Burnham or to Jagan or to the PPP or to the PNC. They are hostile to Guyana. Whenever bombs fall they do not have some marking. They are not even separating saint from mad as we say in Grenada. We need, therefore, to objectively assess the situation.

Over the years we have had strong positive and wise leadership from Cde. Burnham.

[Applause.]

Mr. Hoyte: He has brought us successfully through many a difficult period, over many a rocky path, but he understands the qualities of leadership. The qualities of leadership which are his and which he is demonstrating today, which he is demonstrating by virtue of the letter which has been sent, have been captured so beautifully by a classical Chinese philosopher. He says this:

"A good leader, daring to march, dares also to halt; will never press his triumph beyond need. What he must do, he does, but not for show. What he must do, he does, but not for self. He has done it, because it has to be done."

I hope that our friends will understand that it is a certain quality of leadership, a certain largeness of mind, which places the interest of Guyana and the Guyanese above any personal rewards, any narrow partisan interest.

[Applause.]

[Cde. Ram. Karran: Twenty years after.]

Mr. Hoyte: The People's Progressive Party has a great capacity for self-deception and for self-delusion because I would not want to reply directly to the comment made about after twenty years. Either the person who made that remark does not know the history of his own Party or the history of this country or is not privy to the actions of his own Party, does

not know about the inter-party talks of 1976, does not know of the offer of critical support which was proffered by the PPP.

We are talking about today is not the cooperation that Cde. Ram Karran talks about. It is not the critical support which was proffered in 1976. We are talking about the right of the People's Progressive Party, as a political entity, to play its part in the political processes of this country, a part in which is guaranteed it and all other Guyanese and all political forces by our constitution.

[Applause.]

Mr. Hoyte: The People's Progressive Party over the past has defaulted on its constitutional role. With all these walkouts, with its failure to participate in the highest forum of this land, the Supreme Congress of the People, to take part in the debates and to offer its point of view, constructive or otherwise, its failure to participate in national events. Today the PPP has a chance to mend its ways. The Minority Leader says the PPP is known all over the world.

[Cde. Dr. Jagan: I said what we stand for is printed and published.]

Mr. Hoyte: Today we have a clear call to arms by this Budget Statement that we have. There is no place in the years ahead for people who want to hide and equivocate. There is no place for people who are not prepared to come out with courage and to be truthful with people and to help to organise them for production and defence. There is no place for those who believe that the essence of political activity is to roll heads and to carry out vendettas against people against whom they have some animus or personal spite. The People's National Congress will have no truck with that. We are a large Party. We stand above pettiness but in the years ahead we will continue under the leadership of Cde. Burnham, faithful to our mandate to give leadership to the Guyanese people whatever the cost, so that with the guidance of the principles for which we stand, and with the support of the young people to whom I have referred, we can create this society which the Budget Statement has described as the ultimate goal of our activities, the establishment of a democratic socialist society in which people enjoy conditions of life that are rewarding and productive and human. Let us get on with the job.

**NATIONAL ASSEMBLY OF THE FIFTH
PARLIAMENT OF THE CO-OPERATIVE
REPUBLIC OF GUYANA**

Address to the National Assembly at the Ceremonial Opening of the First Session of the Fifth Parliament of Guyana: 4th February, 1986

Mr. Hoyte: Cde. Speaker, Comrades and Honourable Members, may I at the outset discharge a most pleasant duty of congratulating all of you who have had the honour and privilege of becoming Members of this Fifth Parliament of the Cooperative Republic of Guyana. You enter upon your office amid widespread public expectations that, in the spirit of the oath which you took yesterday, your deliberations will be mature, wise and constructive, and that you will dedicate your energies to promoting the best interests of Guyana and all the people of this country.

I wish you a most rewarding tenure of office, great personal satisfaction and outstanding successes in the work you will be undertaking as Members of the National Assembly.

May I also take this opportunity to extend special congratulations to you, Cde. Speaker, and to Cde. Reepu Daman Persaud, on your unanimous election to the high offices of Speaker and Deputy Speaker respectively of this Honourable House.

It has been noted, Cde. Speaker, that there is no provision in the Standing Orders for the National Assembly to go into recess during the year. Technically it is in session throughout the year without a break. It does appear to me, therefore, that it might be useful for Members to consider the desirability of having the National Assembly to go into recess during the year for a specified period. If this were done, then Members may be able to plan their annual calendar of activities, including leave arrangements for themselves and their families, with greater certainty.

World Economic Situation:

Cde. Speaker, the world economic situation continues to be unsettled, and the consequences for most non-oil developing countries like Guyana are still very severe. The prices of their commodity exports remain depressed, the terms of trade continues to flow against them, and their ability to service their external debt shows no sign of improving.

But we Guyanese have never been a people to sit down and wring our hands in despair. We have been coping with the very difficult economic circumstances with courage and imagination. We have survived.

Era of Economic Dynamism:

At this time, in Guyana, there is a pervasive mood of optimism – a confident belief that we have a favourable climate to enable us to escape

from the economic doldrums and move forward steadily to more comfortable conditions. It will therefore be the single-minded objective of the Government to infuse dynamism into the economy by doing everything requisite and necessary to re-invigorate the public, private and cooperative sectors, and to give positive encouragement also to individual initiative.

Government has been undertaking wide-ranging consultations and will be creating a climate to bolster the confidence of our business community and to expand economic activity. Various measures will be designed, among other things, to simplify licensing procedures and other bureaucratic hindrances to efficiency and facilitate joint venture regional and extra-regional partners.

A review of the impact of the existing tax regime on the profitability of business will be undertaken, and procedures for the granting of fiscal and other incentives will be streamlined. Government, in collaboration with the business community, will be establishing this year a system of national awards for business entities which achieve a high level of performance in accordance with set criteria.

All Government Ministries, Financial Institutions and other Public Agencies would be – and, indeed, have already been – directed to treat the objective of revivifying the economy as an absolute priority and to give sustained support to the effort.

The achievement of this objective is, of necessity, a task for all Guyanese working together in a spirit of goodwill and mutual respect. The Government, therefore, will seek to involve the Guyanese people by creating ever-expanding opportunities for them to make their contribution through their various socioeconomic organisations – and individually.

Among the most important of these organisations is the Trades Union Congress. Government has been in frequent consultation with the TUC in recent months and will continue to deepen the TUC's role and that of its affiliates in planning and managing the economic life of the country; and the role of professional, service and other organisations in our society will be enhanced.

Government accepts that there are many activities impinging on national development that voluntary and other non-Governmental organisations are better equipped to manage. These organisations will be encouraged to assume greater responsibilities for such activities and play a fuller role in national life.

The Involvement of People:

For one thing, it is important that citizens develop a greater awareness of the fact that they are the ultimate owners of Public Corporations. Government will increase its efforts to encourage citizens to evince greater interest in the way these Corporations operate and in the quality of goods

and services they supply. It is the Government's publicly declared position that, due regard being had to accepted principles of business confidentiality, Public Corporations should function under public scrutiny. Consequently, the Government will be giving practical effect to this concept of public scrutiny and will be taking the necessary action to establish mechanisms to involve citizens in the task of monitoring the operations of Public Corporations.

Agriculture, Fishery, Forestry, Mining, and Petroleum - Targeted:

As Government intensifies its efforts to stimulate the economy, it will be targeting for special emphasis and attention to the agriculture, fishery, forestry, manufacturing, mining and petroleum sectors. The process of consultations has already begun and appropriate policy measures to generate new or renewed activity will be implemented, these will include fiscal incentives, improved marketing arrangements and more efficient supportive facilities, among others.

One area where the prospects appear to be very promising is the petroleum sector. We have been doing much systematic technical work within recent years and, as a result of the attractive possibilities disclosed by the seismic and other data, a Government delegation will be leaving Guyana at the end of this week to hold discussions with leading international oil companies with a view to interesting them in helping to develop our hydrocarbon resources.

A matter that is fundamental to the nature of our society and crucial to the underpinning of diversified, sustained growth in the agricultural sector is the question of land availability and land tenure. For some months now, Government has been studying this question intensely with expert assistance from the Food and Agriculture Organisation, and is now finalising a Policy Paper to give effect to Article 18 of the Constitution which requires that land should go to the tiller. The Policy Paper will be laid in the National Assembly for its consideration in due course, as will be the Government's Agriculture Development Plan, 1986 - 1989, which has recently been completed.

A substantial segment of our national wealth is represented offshore by the marine resources in our Exclusive Economic Zone. If we are to derive the best possible returns from them, we will have to manage them efficiently. Consequently, Government is preparing a Policy Paper on the management of our Exclusive Economic Zone and this also will be laid in this Honourable House for its attention.

Drug Abuse:

Cde. Speaker, the Government has been greatly perturbed by the recent emergence in our country of a high incidence of drug abuse. This is a

dangerous development that the Government will do everything in its power to combat. A Bill will shortly be introduced to deal with certain aspects of the matter. The legislation will be severe. It will propose mandatory terms of imprisonment and heavy fines and, in keeping with recent trends in other parts of the world, it will empower the courts to confiscate property of convicted persons who have been deemed to have enriched themselves by this nefarious activity.

Apart from the enforcement side of drug abuse, the Government is much concerned about preventative and curative aspects of the question. Consequently, there has been established a National Coordinating Council for Drug Education chaired by the Cde. Minister of Health to examine the nature and incidence of drug abuse in Guyana, to recommend educational and preventive measures, and to advise on appropriate procedures for helping those persons who have become addicted to the use of drugs. We have to deal with this evil in a prompt, vigorous and even ruthless way. Our children and young people are our most precious assets. We cannot invest millions of dollars in educating and training them only to have their bodies and minds destroyed by callous, criminals who entrap them into the use of drugs.

Social Justice:

There are some areas of law reform in which we have lagged behind in Guyana. Government now proposes that we should begin to address our attention to some of these matters. Consequently, after appropriate consultations and advice, Government will be taking certain action on this matter, it is Government's view that the victims of violent and other crimes which involves them in loss should be compensated by the perpetrators.

The Government will, therefore, be examining the feasibility of enacting legislation for such victims to be compensated accordingly, and for appropriate procedures to be put in place for such compensation to be recovered from the property of the perpetrators.

Similarly, too, simplified procedures will be proposed to enable the State to recover its losses from persons who have been found guilty of stealing public property or who have damnified the State in other ways. Government will also be introducing hire purchase legislation as part of a comprehensive set of laws to protect the consumer.

Most important, too, is in the need to modernise our laws and procedures relating to matrimonial causes and matters involving family and domestic relations. Government will be proposing reforms in these areas.

Concern for the Workers:

Because of its abiding concern of the welfare of the Guyanese workers, the Government has been monitoring closely the impact of the prevailing economic situation on their standard of living and quality of life. Such monitoring has always enabled the Government to respond with a ready understanding to their representations and to act promptly to ameliorate their conditions within the limits of available resources.

In this context, the Government has been particularly concerned about the unnecessarily high cost of local agricultural produce and other local foods and certain basic items that are important to the wellbeing of our citizens. Undoubtedly, there has been much distortion of prices in the market place, this is the result of many complex factors; but an important one is the willingness of many citizens to pay high prices for certain contraband goods that are easily available in the streets. This induces an upward pressure on the prices of local produce. Indeed, it is a well-established fact that many vendors of local agricultural produce habitually dump their produce rather than reduce the price.

The Government has been studying this phenomenon and is at present working on certain measures designed to exert a downward pressure on the prices of agricultural produce without affecting the returns to the farmers. The price benefit of the massive increase in agricultural production is being lost to the consumer because the ready availability of, and high prices commanded by, contraband goods in the system have enabled middlemen to manipulate the prices of local produce and maintain them at unjustifiably high levels.

Measures to Increase Real Income:

These matters to which I have referred are only part of a comprehensive package of measures that the Government will be putting in place to increase the real income of the workers, improve their morale, and increase easier and better conditions of life for them. In the course of this year, in consultation with the Trade Union Congress, the Government will be undertaking a review of the incidence of income taxation on the take-home pay of workers, particularly those in the lower income brackets.

Additionally, in response to representations from many quarters, the Government will be amending the income tax laws to permit the income of a working wife to be taxed separately from that of her husband. Government believes that this will provide an incentive for wives who are highly trained and skilled to take up employment and assume a more substantial role in the process of national development.

In the course of this year, too, as a result of a recently concluded survey, workers will be receiving greatly increased benefits from the National Insurance Scheme.

In the measures being proposed to ameliorate conditions, Government has not forgotten the just claims of some of our most worthy citizens. I refer to Government pensioners. I am happy to be able to report that Government will also be bringing a substantial measure of relief to them, in accordance with discussions held with, and representations made by, their Association.

It is perhaps appropriate, at this stage, to say something about emoluments of Members of Parliament. It cannot be seriously disputed that their emoluments are unrealistically low. They have not been adjusted over the years in sympathy with improvements made to salaries and wages in the public sector and nationally within recent years. In the circumstances, the Government will take action to ensure that the stipends and allowances paid to Members of this Honourable House are enhanced, as the justice of the case clearly requires.

Active Role in CARICOM Affairs:

Cde. Speaker, no country can today isolate itself from the region in which it is geographically situated or, indeed, for that matter, from the rest of the world. Guyana is a member of the Caribbean Community. The world economic problems have affected, in varying degrees, the individual economies of our CARICOM sister-States and that of CARICOM as an entity. One damaging effect has been the sharp contraction of intra-regional trade. This is a source of great worry and concern within the region. Guyana must, therefore, continue to play an active role in CARICOM affairs and do whatever it can to help to strengthen the integration movement and to work with others to achieve the objectives of the Community.

We believe that there is still very much we in CARICOM can do among ourselves to improve the economic climate. We have, therefore, been working for some time now on certain economic investment models which, in our view, can help to promote cooperation and stimulate trading and economic activities in the region. These would facilitate joint ventures between Guyana and CARICOM (and also extra-regional) partners in the exploitation of Guyana's resources for mutual benefit. In this way, we would be able to make greater use of indigenous regional resources, create more manufacturers of trade within the region, expand services, and generate more employment and wealth within CARICOM. We hope to be able to persuade CARICOM Government and entrepreneurs about the feasibility and advantages of these models.

In the meantime, a trade delegation headed by the Cde. Minister of Trade is at present visiting certain CARICOM countries to explore possibilities of strengthening our trading and economic links. This is an example of the vigorous initiatives that the Government will be taking in the fulfilment of its obligations under the Treaty of Chagaramus.

Move Our Nation Forward:

Cde. Speaker, in another nineteen days we will be marking the sixteenth anniversary of the inauguration of the Republic; and, in another three months or so, we will be celebrating the twentieth anniversary of our Independence. These are short periods, I admit, in the life of a State; but, for us, they have been seminal years during which we have sought to prove to ourselves that we are free men and not subjects or pawns of any alien power. Out of diverse origins, we have sought to fashion a distinctive Guyanese way of life and an authentic Guyanese personality – and, moreover, to create a Guyanese nation with a common purpose and a common destiny.

The years we have traversed have not been without dangers, difficulties and vicissitudes; but we have also had our full measure of exciting challenges and wonderful achievements. And because of our work, our steadfastness and our loyalty, we have today in this great country of ours, something of value. Let us cherish, defend and preserve it.

And Members of this Honourable House can best demonstrate their pride in and love for our country in these times, by doing everything in their power to propel our economy into an era of sustained prosperity.

Cde. Speaker, I said earlier on that despite serious economic difficulties, we have survived. The optimism among our people to which I have referred is, in sense, a reflection of a consensus that it is not sufficient now for us to merely survive: we need to move our nation forward.

We know that we have the resources, rich, bountiful and diverse. We have demonstrated that we have the will to take strong, decisive action and the intelligence to devise appropriate mechanisms to suit changing circumstances. We are talented people possessed abundantly of the skills needed for development.

Necessity for Fiscal Prudence:

The prevailing mood of optimism is a valuable asset for facilitating the forward movement of our nation. Government proposes to foster it by paying judicious attention to the quality of life, among other things, by identifying and removing unnecessary irritants in our society. But, while it is a prime objective to quicken the pace of growth and expansion of our economy, Government must, in the final analysis, have due regard to the absolute necessity for fiscal prudence.

In this regard, the reduction of the Public Sector deficit and its containment within manageable limits will be a constant preoccupation and a national priority. Consequently, Public Corporations will have to achieve an acceptable level of business performance and the deficits will have to be controlled, as a matter of course. The issue of the Public Sector deficit, therefore, will be the major consideration as we undertake the work of

reinvigorating our economy. Fiscal prudence, development and growth; this is the task, this the labour to which we must all bend our efforts. Members of this Honourable House have a great opportunity to play a pivotal role in mobilising and motivating our people for the sustained and strenuous work that lies ahead as we attempt to move our nation forward.

In closing, I can do no better than commend to you the national slogan for the year 1986 and urge you to **STAND UP FOR GUYANA** by the quality of the service you give to the Guyanese people, inside and outside of this Honourable House, and by the personal example you set them of genuine patriotism and unselfish commitment to the cause of Guyana.

Let us **STAND UP FOR GUYANA** by moving our nation forward.

I extend to each and every one of you my best wishes for success in your parliamentary endeavours.

[Applause.]

Address to the National Assembly at the Ceremonial Opening of the Second Session of the Fifth Parliament of Guyana: 24th January, 1990

Comrade Speaker, Comrades and Honourable Members, may I begin by wishing you all a very Happy New Year. I hope that it will bring you ample and exciting opportunities for rewarding service to the people of Guyana.

Comrade Speaker, on the 4th of this month, you began your twentieth year of distinguished service as Presiding Officer of this Honourable House. I offer you my heartiest congratulation on this achievement. At the same time, I extend to you my best wishes for your personal wellbeing as you discharge the exacting duties of your high office in the period ahead.

This Second Session of the Fifth Parliament is convening at a critical juncture in the history of the world. Complex and far-reaching changes are occurring, often with bewildering rapidity. Their implications are not yet fully understood, but they have already had a dramatic impact on the political, ideological and economic contours of the world. What is certain is that they will exert a powerful influence on the future course of the world.

The political situation has been evolving in remarkable ways. Improved relations and burgeoning cooperation between the United States of America and the Soviet Union; the extraordinary social ferment in the Soviet Union; the swift and decisive turn on events in Eastern Europe; the encouraging developments in Namibia and South Africa; and the progress of the peace process in Central America; all these events have had a cumulative effect on tradition geostrategic and ideological perceptions, and these are being radically revised.

As the world economy becomes increasingly global in character, it is dominating national economies and forcing them to come to terms with it. This globalized world economy emphasises the trans-national nature of money, credit and investment flows and also of markets. National economies, if they wish to prosper, have to adapt their structure and policies to meet with the requirements of the world economy. The decision of the COMECON countries to allow market forces to influence their economic relations and their interest in being integrated into the world economy raise important questions about the future organisation of the world economy and its interrelationships.

Parallel with these developments then has been a growing recognition of the fact that many issues of national interest and concern cannot be managed or solved nationally; they require effective global cooperation. Problems such as drug trafficking, the control of major diseases, the

protection of the global environment are cases in point. As a result, there has been in recent years an increasing tendency towards International cooperation in many areas of human activity and concern.

As these striking events unfold, it is manifest that the world is undergoing a profound transformation.

It is in this rapidly changing world that we in Guyana have to make our way. Our task is to survive, develop our country and achieve sustainable national prosperity. And we do want to succeed in our endeavours, we cannot, then, isolate ourselves or behave as if our country were an enclave, unaffected by the sweep of international currents. We must, therefore, as a matter of policy, establish ourselves firmly as an active member of the world community and build up a network of political, economic and cultural relationships that is supportive of national goals. Our arrangements, both domestic and external, must be fashioned with this objective in mind. It is in our overall national interest to create beneficial external linkages and, to this end, forge the necessary strategic alliances.

In the forging of such alliances, our foreign policy must necessarily play a dynamic and leading role. The main principles on which we manage our foreign policy are well-known. The general rule remains that we should promote friendly relations and mutually beneficial cooperation with all countries. Within the ambit of this rule, however, it is imperative that we emphasise our traditional commonwealth and hemispheric relationships and the special nature of our links with our contiguous neighbours and with CARICOM.

As we face the future, we should seek to do so within the CARICOM fold. Our own future cannot sensibly be de-linked from that of CARICOM. At this time when our community is on the threshold of significant advances, we should intensify our efforts to contribute to its further evolution. The important decisions taken and implemented over the past four years, the establishment of the West India Commission and the Economic Conference that will be held later this year are significant developments which reflect the prevailing political will within the Region to proceed apace with full economic integration.

We in Guyana have an abiding self-interest in a fully integrated, dynamic and prosperous CARICOM. In today's world, countries actions on their own are fast becoming blocs; we cannot face them alone. As a matter of common sense and sheer survival, as we deal with global issues and regional concerns, we should do so within the framework of CARICOM and in solidarity with CARICOM. It becomes our duty, then, to do everything possible (including making internal adjustments, if necessary) to enable CARICOM to realise its enormous potential for growth and vibrancy as a fully integrated economic entity.

I hope that this National Assembly will find time at an early date to initiate a debate on our Caribbean Community and use the occasion to reaffirm our unwavering commitment to its principles, purpose and objectives.

Internally, the economy must continue to be our main preoccupation and priority. Our efforts to restore economic balance and generate growth and development must take precedence over everything else. The Comprehensive Economic Recovery Programme, which was launched last year, has not been without its problems. This was, of course to be expected. But the successes achieved so far have confirmed the correctness of its underlying policies, and in the circumstances, we must proceed resolutely with its implementation.

Our Programme attracted the support of a wide cross-section of the international community and earned us great respect for having the courage and the good sense to do what was clearly right for this country, notwithstanding the difficulties involved.

The Guyana Support Group, which has pledged US\$95 million to the Programme over the three-year period, 1989–1991, has to date disbursed policies amounting to US\$27 million. This assistance has been very important in helping us to sustain economic activities over the past ten months, but it is not open-ended. It is intended to help us over an initial period while we organise ourselves and work to improve our economic performance. Although there is no justification for complacency, we can still note with some satisfaction the progress made in achieving some main objectives.

One important objective of the Programme was to have our external debts rescheduled. The Paris Club has rescheduled our debts. In addition, several members of that Club have also rescheduled Bilateral Debts and have given us some relief by way of more generous terms. Outside of the Paris Club, we have also been able to secure the rescheduling of our debts by Trinidad and Tobago, the CARICOM Multilateral Clearing Facility, and Brazil. We are now about to embark on negotiations with the Commercial Bank for the rescheduling of the debts due to them.

In the meantime, the stringent fiscal and monetary measures which were introduced as a necessary aspect of our Programme have succeeded in their purpose of restraining the rate of inflation.

One of the most important objectives of our Programme was to attract significantly increased investment, both foreign and local. The results so far have been extremely encouraging. We have, at present, more overseas companies participating in our economy than we have ever had in our history. We note, in particular, the involvement of major companies in the mining and petroleum sectors of our economy, and the confidence that CARICOM entrepreneurs are demonstrating our country by reason of their investment.

Guyanese entrepreneurs, also, are very active and have made large investments over a wide span of economic areas, during the course of last year. GAIBANK disbursed over G\$165 million in loans to support the activities of local businessmen, and the Government granted a wide range of fiscal incentives.

Given the evidence that our policies are showing results, Government will intensify its efforts and vigorously pursue that objective which it has set itself within the framework of its Economic Recovery Programme. Government will not abandon the Programme; and while it will continue to press for more manageable terms, it will not abandon the IMF arrangements which are an essential component of the wider Recovery Programme.

Since the Report was tabled and debated before this Honourable House, Members are aware that the Commonwealth Advisory Group headed by University of the West Indies Vice-Chancellor, Mr. Alister McIntyre, not only endorsed, as being correct, the broad economic policies being pursued by the Government, but also concluded that in our circumstances there was no alternative course open to us. The Government considers the Report a valuable document and will be guided by its recommendations.

The Economic Recovery Programme fully committed to giving all possible support to the private sector to enable it to expand, flourish and contribute maximally to the country's development. Both the Government and the private sector have invested a great deal of time and energy in building up a good relationship that has been characterized by cordiality, courtesy, frankness and mutual trust. The interaction which this relationship facilitated has been enormously beneficial to the sector, to the Government and to the country as a whole. It is important, therefore, that we maintain and strengthen this relationship. The Government will adhere firmly to its policy of working harmoniously with the private sector and enlarging its scope for dialogue, participation and action.

Clearly, as we proceed with our Programme, all sections of our society will have to shoulder their fair share of the burden. It would be unreasonable, unjust and counterproductive to distribute this burden unfairly. Consumers cannot ask that the business community carry the whole burden, no more than the business community can ask that consumers carry the whole burden. We have to strive for equity in this matter.

Given our economic situation, the private sector in undoubtedly experiencing many problems which restrict its capacity to achieve the best levels of production, efficiency and profitability. I do not believe that their problems can be resolved in an ad hoc manner: they require a comprehensive approach. Because of the complexity of the matter, I propose after due consultation to appoint a Commission to inquire into the total set of problems which is besetting the business community. It would be the task of the Commission to make specific recommendations to the Government on the action needed to remove constraints and stimulate business activity. The appointment of the Commission will give the private sector an excellent opportunity to prepare and present a complete case in a structured manner.

Comrade Speaker, there is cogent evidence that our investment and related policies which were designed to create a climate of business

confidence, have had a large measure of success. Encouraged by these policies, many major overseas companies have made a decision to participate in our economy. The confidence shown by foreign entrepreneurs has been matched by our local businessmen, who have also been expanding investment.

Perhaps the most striking evidence of the success of our policies is the fact that Reynolds International has recently made a large investment in the Bauxite Sector and is contemplating a bigger involvement in the sector. Moreover, the Memoranda of Understanding which were recently signed with Alcan and Bookers could lead to those companies becoming involved again in the Bauxite and Sugar Sectors, respectively, in association with the Government and the people of Guyana.

In any agreement with these and other foreign companies, it will of course be the duty of the Government to protect the interests of the workers and of the country. After nearly twenty-four years of independence, we Guyanese ought to be sufficiently self-assured to be able to negotiate with overseas investors and secure arrangements that are in the best interests of our country.

In today's words, Comrade Speaker, it is not feasible for any country, and particularly a small country, to manage its economy as if it were an enclave. Our economy will not grow nor will our country experience development unless there is new investment. Given the size of the investment needed, the greater part of it will have to come from overseas. Our extensive resources of timber, gold, diamonds and petroleum, for example, will not be developed without such investment. Sugar and bauxite will not survive indefinitely unless we make strategic alliances to establish beneficial linkages within the global economy, such alliances are necessary to enable these industries and indeed the rest of the economy, to have access to the investment, technology and expertise which they so urgently need. They are vital, too, in securing market access for our exports.

We should avoid the witless assumption that attracting foreign investment into the country means selling out the country. Foreign investment is the mechanism by which we can make the strategic alliances that would ensure our survival, growth and development in this very complex and fiercely competitive world.

At this time, we are undoubtedly making radical changes in the economic structures of our country and are reshaping the economic landscape. As we do this, however, we must ensure that we do not create conditions for the callous exploitation of people: this undesirable result should be avoided. The changes are not intended to permit a return of the dominance of vested interests, the monopolising of education and culture by a small elite, the practice of racial and class prejudice and other social injustices that were rampant in pre-independence days. Our social objectives must be clearly affirmed and vigorously pursued. We must,

among other things, strive to give our children equal opportunities for education and training and provide for all of our citizens, the social amenities necessary for the enjoyment of a decent and dignified life. Our general goal must still be the creation of a humane and caring society, firmly established on foundations of social justice.

The Government believes that it is in the national interest that all citizens should have a real personal stake in the economy. The best way of ensuring this is by creating opportunities for them to own economic assets. Government proposes to widen these opportunities in a number of ways.

The policy of opening up shareholding to employees in Public Corporations and to the general public will be expanding in the course of this year.

Conscious of the fact that citizens tend to regard ownership of land as being a most desirable form of economic stake, Government will lay in the National Assembly a State Paper on Agrarian Reform.

Over the years, thousands of citizens have been able to acquire housing lots at subsidised prices in Government or Government-supported housing schemes. The condition was that these lands be beneficially occupied. In many cases, owners have not built on these lands and have allowed them to become overgrown with bush. Last year, the Minister responsible for Housing issued notices under the relevant law to defaulting owners in urban areas, advising them that the Government would compulsorily acquire these lots if they do not begin beneficial occupation.

It is not the intention of the Government to deprive any citizen of his land. The purpose of the notice is to jolt defaulting owners into discharging a minimal duty to the society, at least to weed these lots and keep them in a tidy condition. To date, Government has not compulsorily acquired any of the lots. It does not propose to do so unless it becomes clear beyond the shadow of a doubt, after the most exhaustive investigation, that the owner cannot be found and the land has been abandoned. The Government continues to urge owners of unoccupied lots to keep such lots in a tidy and sanitary condition. Once the owner does this, the notice will be withdrawn.

As we reorganise our economy, we have to protect procedures in rural areas, particularly our farmers, from any danger of being marginalised. To this end, we must ensure that the rural economy is vibrant and well-managed. The existence of vigorous Local Government Councils is crucial to the success of the rural economy. For this reason, Government intends, after necessary consultations, to table proposals for the holding of elections to another tier of Councils within the Regional Democratic System.

We Guyanese have always stressed the importance of our society being organised on principles of equity. The Constitution guarantees women equal rights with men and forbids discrimination against them on the

basis of their sex. However, our laws contained many provisions which effectively discriminated against women. A Commission headed by the Honourable Justice Desiree Bernard to enquire into existing laws which contained provisions that discriminated against women presented a Report to Government in 1982.

Since then, many of its recommendations have been progressively implemented through legislation. However, there still remained much more work to be done: that work has now been completed. Government will shortly introduce in the House a triad of Bills to remove all remaining known provisions in our laws which are in substance discrimination against women. These Bills are: The Equal Rights Bill; The Married Persons (Property) (Amendment) Bill; and The Dependent Provision Bill.

Other important legislation to be tabled in the course of this session will include:

- (1) The Matrimonial Causes Bill, which will streamline existing procedures in matrimonial causes and introduce, as a ground for divorce the irretrievable breakdown of the marriage.
- (2) The Mutual Assistance and Criminal Matters Bill, which will provide for Commonwealth countries to render assistance to one another in criminal matters, with particular reference to narcotic offences and white collar crimes such as money laundering.
- (3) The Companies Bill, which will modernise our Company Law and harmonise it with similar legislation in CARICOM States.
- (4) The Environmental Protection Bill, which will provide for the preservation, protection and improvement of the environment, the control of population, and the rational use of resources.

Additionally, Government intends to table a State Paper, to be followed by appropriate Legislation, on the Recommendations of the Integrity Commission.

The question on public morale must be always be a matter of continuing concern. Crucial to the maintenance of a good level of morale are health and educational services. Notwithstanding the economic stringencies, the Government will continue to make substantial investments in the Health and Education Sectors. The Health Care Projects II, intended to upgrade the Georgetown Hospital and health facilities in the environs of Georgetown, to train Health Sector Personnel and to provide equipment and drugs, have already started. It is programmed to be completed over the next three years at a cost of US\$31.0 million.

In the education sector, the Primary School Project which will provide for the construction and rehabilitation of Primary Schools, the training of

teachers, and the acquisition of text books and teaching and learning aids, among other things, will start in the course of this year. Financing of the project was recently approved by the Inter-American Development Bank, which is also co-financing the Health Care Project. This project will be implemented over a period of five years at a cost of US\$52.0 million.

But as we press on with the task of economic construction, we must also be mindful of the social and political milieu in which we live and work. From the time of independence, we set about building appropriate political and social structures which took into account our historical and cultural experiences. In a sense, this work can never be immutable. Time and changing circumstances will inevitably impinge upon their suitability or relevance. We, therefore, have to review them periodically to ensure that they continue to be in accord with the best interests and the aspirations of the Guyanese people.

I believe that it was against this background that this Honourable House unanimously passed a Resolution recommending that Government initiate a process of National Dialogue that will encompass all interested Political Parties, Trade Unions and other Socioeconomic Organisations. In my judgment, that was a historic resolution. The process recommended by the House has started in a preliminary way. We all have much work to do in the weeks and months ahead to ensure that we achieve the intent of the Resolution with completeness.

The proposed National Dialogue has the potential to bring about deep changes in our national attitudes and in our social and political life. To ensure its success, we will all have to put aside partisan considerations, personal prejudices and resentments, and pettiness of all kinds and subordinate them to the wider national interest. It will require good faith and exemplary patience.

Insofar as our own affairs are concerned, I do not believe we Guyanese need any tutelage. We are sufficiently sophisticated and intelligent to be able to consult among ourselves and make decisions in our own best interests, without external interventions. I am sure that we will summon up the will to work out our own salvation.

Comrade Speaker, Comrades and Honourable Members, I hope that in the course of this Session the debates and deliberations of this House will rise to new levels of excellence; that our young people, inspired by the good example you set and the high quality of your work, will form a good opinion of political life; and that the best of them will regard service to the nation in the political sphere as being worthy of their talents and their ambition.

Comrade Speaker, I wish you and all Members of this Honourable House a very rewarding and successful Session.

