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Banks 'Axe the Tax' campaign received a sharp set-back when Dr. Cheddi Gagan's analytical statement—"The Blunt Facts About Banks"—was published last Saturday's dailypapers. For those who did not get an opportunity to read Saturday's dailies, THUNDER publishes extracts this week and a further instalment next

The Blunt Facts about Banks

A recent statement in the Press claimed that at a public meeting I invited Mr. Peter D'Aguiar to submit his books and was satisfied, I would seek to remove the increased tax on beer. I said no such thing. What I did say was that the increased tax would not destroy the industry as alleged, and I said that if D'Aguiar and his Directors thought so then they should absorb the whole increase of twenty-five cents per gallon, or about one and a half cents per bottle. They would afford to do so. I said that if their books disclosed they couldn't afford, then Government would be prepared to consider the situation. These are the facts as I see

According to the Banks Brewery Prospectus, the capacity of the plant is put at 900,000 gallons. It was estimated that the production in the first year would be 600,000 gallons and that this quantity would yield a profit of \$268,000 which would provide a 10% tax-free dividend to shareholders, and \$118,000 for the Reserve Fund.

- (a) 30% tax-free dividend to shareholders;
- (b) \$294,000 for the Reserve Fund;
- (c) 25% increase in wages and Directors' fees.

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Expectations Surpassed

Production in 1958 was over 900,000 gallons i.e. 540,000 gallons more than the estimated production of 360,000 gallons for the first year and 180,000 gallons more than the estimated production of 720,000 gallons for five years. If 360,000 gallons were estimated to yield a profit of \$260,000 [with tax-free dividend of 10 percent and 720,000 gallons a profit of \$744,000 [with tax-free dividend of 30 percent] then present production of 900,000 gallons should yield a profit of about \$943,900 with a tax-free dividend of about 38 percent to shareholders.

According to the prospectus, after the beer is produced by Banks Brewery, Messrs D'Aguiar Bros. have the monopoly for the wholesale purchase of all production so that in effect, Banks Brewery's financial interest in Banks ceases after the beer is delivered to D'Aguiar Bros and leaves the premises. From there the business of Banks is no longer Banks Brewery's. It is clearly the Banks business of D'Aguiar Bros.

According to the prospectus, all of the accounting and distribution work of Banks Beer is to be undertaken by D'Aguiar Bros. at a cost of 36 cents a gallon or 21 cents a bottle. On a production of 900,000 gallons in 1958 the charge by D'Aguiar Bros. for this would be \$324,000. It would be interesting to know how much D'Aguiar Bros. distribution and secretarial organisation had to be increased to take over this work, and how much profit has been made at the distribution charge of 36 cents a gallon for the beer.

CONGRESS (from page 2)
 delegates to be sent by their Groups as **observers**. They will be able to speak but of course will have no vote.

Motions and Questions for Congress must be submitted by the Groups after discussion and agreement at a properly consti-

tuted meeting, and these, together with the names of delegates, are to be submitted to the General Secretary not later than fourteen days before Congress.

A circular letter to Group Secretaries advises that each Group should first of all urge all members to pay up their dues and become financial.

Then all financial members of the Group should be invited to a meeting for purposes of (1) discussing motions for Congress (2) selecting delegates for Congress, and (3) raising funds to send delegates.

The Party Group at No. 63-64 has promised to make all arrangements to feed and house the delegates.

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Keep Banks Price at 25c.

This week Thunder publishes a further extract from Dr. Cheddi Jagan's statement — The Blunt Facts About Banks. This extract reveals a further source of unexpected profit accruing to the company through the change of the coinage from 24 to 25 cent pieces. The first instalment dealt with the fact that nearly three times the quantity of Banks beer was sold in the first year than the original estimate given in the Prospectus. Now read on.

Remember also that all of the estimates of profits in the Banks Brewery prospectus were based on the selling price of Banks at one shilling or twenty-four cents per bottle. The twenty-five cents coin was not then in existence.

By the time Banks Beer was put on the market the twenty five cents coin came into existence and the retail selling price of Banks became twenty five cents instead of twenty four cents as originally estimated. This therefore yielded an unexpected profit on Banks of one cent on each bottle or \$144,000 on 900,000 gallons (16 bottles to the gallon).

Since the proposed increase on the excise tax on Banks Beer from fifty cents to seventy five cents a gallon would cause an increase of one and a half cents on the present price of beer to the consumer

it would seem to be only fair to the consumer that he should now be given the benefit of that extra cent he was being charged all along for his bottle of beer through the change of currency from the shilling coin to the twenty-five cents coin. In effect therefore, the increased excise tax of twenty five cents per gallon should result in an increase of only a half cent a bottle on the price of Banks. When one takes into account the enormous increase there should have been in the profits of the first year far beyond what was estimated for that year, an increase that could give shareholders not the 10% tax-free dividend that was estimated for the first year but much more [about 38%] (than the 30% tax free dividend that was estimated for the fifth year, is it too much to ask the shareholders NOT to pass on the half cent to the consumer so that Banks can remain at twenty five cents a

bottle? Remember that unless two bottles of beer are bought they cannot pass on a half cent to the consumer as we have no half cent coin yet. They will have to charge twenty-six cents for one bottle. That will mean a further increase in their dividend. A half cent on 900,000 gallons equals \$72,000. Is it any wonder that the price of Banks has not been raised yet?

Fair to Public

There seems to be no alternative on their part but to keep the price at twenty five cents a bottle, if they are to be as fair to the public supporting Banks as Government is fair to them in promoting Banks.

They will pay no income tax for five years. They have not paid any customs duty on their machinery, equipment, and building materials. They do not pay any customs duty whatever on any of the raw materials — hops and malt imported for the manufacture of Banks. Very few companies enjoy these benefits.

The small sum of fifty cents excise duty on each gallon of beer produced, which will now be increased to seventy five cents a gallon, is of course included in the cost of production and passed on to the consumer in the selling price.

Profits

On 900,000 gallons, the excise duty at fifty cents a gallon brings to Government \$450,000 revenue. The profit made last year on the production of this quantity is estimated at \$943,900. At seventy-five cents a gallon excise tax Government should get an additional \$250,000 in revenue, and shareholders' profit would be reduced to about \$693,000. This profit should yield to shareholders a tax free dividend of about 28%. Cou'd

[continued on page 7]

Mediterranean Victory

[from page 5]

to the present settlement. In the first place, the Cyprus problem had caused rift between the Turkish and British Governments. This was threatening the unity of NATO since all three governments are members of this military alliance.

Secondly, world opinion opposed British oppression in Cyprus. The people of the world will not tolerate colonialism, not in any form, not in Africa, West Indies, Guiana, Cyprus or in any corner of the world where it raises its ugly head.

Thirdly, the Cypriots' active, resolute resistance to colonialism, and their demands for self-determination, have obviously been the most potent factor contributing to their present victory.

Archbishop Makarios deserves the highest commendations for the contributions he has so far made towards realisation of Cypriot aspirations.

Britain has once more been compelled to recognise and accept the chosen leader of the people. Makarios had shown that he was not prepared to bow to rules of behaviour stipulated by the colonialists. His tactics were to be approved by the people, not by the British Government.

His exile to Seychelles only served to give greater strength to his principles and his cause. His refusal to denounce the methods employed by his people in their fight against the British Government was evidence of the confidence he placed in the people and their leaders at the time of his exile.

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subsistence such as land to farm, and, being entirely dependent on estate work, life was doubly hard.

Don't Mind Tax

Many residents expressed the view that they did not mind the taxes on beer, rum, sugar, etc. — not even the tax on potatoes. But one thing they were very concerned about was the ability to get cheap food in the form of ground provisions — plantains, eddoes, yams, tannias, cassava. These provisions were unobtainable in L.B.I. estate, they said, and requested that the Government Produce Depot truck should stop at L.B.I. on its regular run to supply their needs. The PPP speakers promised to look into the matter and see what could be done to assist them in this respect.

Keep Banks Price at 25c.

(from page 6)

they reasonably ask more on their investment or grudge the relatively small additional sum that will go to Government for completion of developmental works? Let us not overlook the fact that development measures when completed will bring greater prosperity to everybody and we shall then be in a better position to buy more Banks.

Minister of Labour, Health and Housing, Hon. Mrs. Janet Jagan, will visit the Suddie Public Hospital on Saturday and examine the possibilities of its extension. She will be accompanied by the Deputy Director of Medical Services and the Chief Architect P.W.D.

The Party will return the same day.

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Be Proud To Contribute

Of course, if the shareholders do not want to absorb the extra tax from high profits, then why not let D'Aguiar Bros. eat the extra fees and the retail margin, which at six and a half cents for a twenty-five cents bottle is fairly substantial. Indeed some retailers are now selling at less than 25 cents per bottle.

Incidentally, the estimates of profits in the Prospectus did not take into account the sale of Carbon Dioxide gas which is produced to some extent by Banks Brewery and sold for use in the manufacture of aerated waters and sweet drinks. All of this gas was imported from Trinidad for use by sweet drink manufacturers. Surplus carbon dioxide is now produced by Banks Brewery, and presumably sold locally. Does this not yield additional profit not taken into account in the Prospectus?

Then again, further profits can be expected from Banks Brewery when the residue from the manufacture of Banks, said to be rich in protein is sold for the local manufacture of stock feed as is proposed. Moreover Banks Brewery could further increase its profits if it handled more of its own business instead of paying a Company to run a company.

No Dividend Yet

To conclude, shareholders should enquire which part of the Banks Business is bearing the unnecessary expenses of the campaign against the Banks Beer tax—the Banks Business within the delivery gate of the Brewery, or the Banks Business outside the delivery gate? If this campaign is net as it seems to

THIS is the third and final instalment of the statement by Dr. Cheddi Jagan — 'The Blunt Facts About Banks'. The first two extracts dealt with unexpected profits made through a huge volume of sales in the first year greatly surpassing expectations anticipated for the fifth year, and the additional profits accruing from the change of the coinage from 24 to 25-cent pieces.

be a Mountain out of Molehill, let's hope it isn't a Red Herring.

No dividend has been paid yet and the long overdue shareholders' meeting has not been called yet. But a special meeting is summoned to protest against a measure that will ultimately benefit British Guiana and the same persons who are being incited to protest.

People's Brewery?

By the way, all this propaganda about Banks being a People's Brewery needs to be looked in the mouth. Examination at Deeds Registry disclosed that 3,120 persons own one third of Banks Breweries as against 380 persons and firms who own the other two-thirds.

Mr. Peter D'Aguiar himself held 114,392 shares and D'Aguiar Bros, Ltd. 60,000 shares.

could do no better than close I with the very fitting comments of Mr. John Jardim of Messrs J.P. Santos and Company, Limited, which holds 10,000 shares—

"I have the greatest admiration for Mr. D'Aguiar's advertisement in today's press showing in pictorial form the make-up of

the "Cost of Sale" of a bottle of Rum.

It would be interesting to see a similar presentation of a bottle of Banks Beer as and when the figures are available.

I feel that local industries instead of gabbling about a moderate rise in their Excise Duty should be proud that they are in a position to contribute rather than put forward arguments which cannot stand the light of day.

All through history, when there was need for a sermon to be preached, there appeared a preacher to preach it.

... Thorstein Veblen.

Distinguished Scholar as Principal

Dr. W. Arthur Lewis has accepted the appointment as Principal of the University College of the West Indies. Dr. Lewis will be the first West Indian to be Principal of the UCWI.

Former head of the Department of Economics at Manchester University, Dr. Arthur Lewis, St. Lucia born, has had a distinguished scholastic career as an economist.

Recently he has held the post of Economic Adviser to the Prime Minister of Ghana, and is at present on loan from the Ghana Government as Deputy Managing Director of the United Nations Special Funds.