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## National Development Strategy

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### Unemployment in Guyana

Although the Household Income and Expenditure Survey, which was undertaken in 1999, has disclosed that about half of the population of Guyana are not gainfully employed, the statisticians have asserted, with official truth, that only 9.1 percent of the country's total workforce is unemployed. These apparently contradictory figures have been arrived at because it is the convention, throughout the world, to record as "unemployed" only those who have sought, but have not obtained, employment. However, despite the validity of the official statistics, the sad fact is that, in addition to the 9.1 percent of our workforce that is officially unemployed, many who would like to work are not actively seeking jobs simply because they have abandoned all hope of ever finding suitable occupations, while others, though nominally employed, are earning incomes and wages that condemn them to "livelihoods" below the poverty line. Indeed, there is hard evidence that most public servants who have left their official occupation, together with those who have lost their jobs in the bauxite industry have not registered themselves as being unemployed. Instead, they occupy themselves as hucksters, as petty traders, and as small-time entrepreneurs, barely managing to survive.

The causes of this relatively high rate of unemployment and underemployment are complex. Consider the phenomenon that, because of our reconstruction policy from 1991 to 1997, when there was a remarkable upsurge in economic growth, there was a reduction in employment in the public service, the bauxite sector and the sugar industry. Indeed, in that period, employment in the public service shrank by 45 percent, in Linmine by 43 percent, in Bermine by 30 percent, and in Guysuco by 35 percent. The lesson is that the rationalization and modernization of administrations and industries in Guyana have led in many instances to the reduction of their workforce. This trend is likely to continue, and indeed ought so to do, if we are to survive in this age of increased globalization and competition. It is therefore essential that the economy be expanded as soon as possible.

The evidence is quite clear that the Economic Recovery Programme which was introduced in 1989, and the structural adjustment policies which were subsequently implemented, while reducing the large negative balances of our internal and external accounts, drastically curtailing inflation rates, and leading to the attainment of respectable rates of economic growth, have not been as effective in creating employment opportunities or in significantly reducing the incidence of poverty.

The failure of these policies to alleviate our social problems was exacerbated by our apparent difficulty in attracting investment of the type which could significantly make an impact on the burgeoning ranks of the unemployed. The problems of investment will be discussed in another article in this series. Suffice it to state at this stage that the relatively low rate of investment in our country was, in 1992 and 1993, occasioned by the perception of potential overseas investors that the country's new government was not foreign-investor-friendly. Since then, however, the main causes have been our recent political shenanigans which have led to social instability and social unrest and violence, coupled with the inordinate delay in producing an investment code and policy.

Certain characteristics of the country's unemployment and under-employment "sector" ought to be clearly understood by policy-makers. First, possibly because they are mostly unskilled, many of those who enter the workforce for the first time are obliged to resort to the informal sector for employment. This is especially true for women and young people. Moreover, even when they secure jobs in the formal sector these new entrants still tend to cluster in low-paying occupations. Second, there is a geographic dimension to the consequences of unemployment. In the rural areas the unemployed have turned to self-employed agriculture or work as farm labourers. In urban areas unemployed women become low-earning domestic servants, while the unemployed youths, with few jobs available for which they are adequately trained, have fended for themselves, often illicitly. Third, the privatization process which began during the Economic Recovery Programme has affected African Guyanese more than other ethnic groups in our country, partly because they were the main groups employed in the Public Corporations, and partly because the new owners of privatized state entities, when they are local, tend to run them as family businesses which employ subjective employment criteria.

As in many other developing countries, there are perhaps two kinds of underemployment in Guyana: visible underemployment in which people are employed for a period of time that is shorter than that which is normally required; and invisible underemployment in which people are employed in jobs that require skill-levels that are below their qualifications. Indeed, many persons with secondary school certificates have chosen to enter the urban informal labour force, primarily because of the low levels of remuneration in the Public Service.

There are other factors which contribute to the high incidence of unemployment and underemployment in Guyana: (i) the inadequacy of our system of technical and vocational education. In general, essential subjects are not on the curricula and often the quality of the teaching of those disciplines that are taught leaves much to be desired. Moreover, laboratory and other facilities for practical work are either non-existent or are of extremely poor quality; (ii) the legacy of a weakened educational system, which produces too many entrants into the labour force who are functionally illiterate; (iii) the absence of a policy framework to encourage workers and enterprises in the informal economy to enter the formal economy; (iv) fragmented efforts for addressing the

concerns of micro-, small- and medium-scale enterprises. This is especially crucial because of the growing importance of self-employment as a way of life in Guyana, and also because of the necessity to build a stronger and more pervasive entrepreneurial class in our country; (v) an insufficiently mobile labour force and a lack of supporting mechanisms to promote labour mobility; and, (vi) a dearth of trained personnel, capable of coping with the attitudinal problems which currently exist in the workplace, and with those which will arrive in the future.

The formulators of the National Development Strategy have stated categorically that the overall macroeconomic framework, which they have proposed in the NDS "is designed to accelerate economic growth, a process that will increase both employment and real wages. In fact, over the next ten years some labour shortages can be expected to appear in certain areas of development". Apart from providing through general fiscal policies, an environment in which the private sector would flourish, the economy would grow, and more jobs would be available, the NDS prescribes specific fiscal incentives for those investments which, when implemented, would lead to the creation of a minimum number of jobs. Moreover, it strongly advocates the establishment of Export Processing Zones, which would provide sources of growth for the entire country and, among other things, absorb some of the unemployed and underemployed, and workers from the informal economy.

The NDS also makes specific recommendations for the improvement and expansion of Technical and Vocational Education and Training through the rationalization of the utilization of existing technical education and training facilities, the upgrading of curricula, and the strengthening of teaching through special teacher training courses and the recruitment of more highly trained teaching personnel. Of great importance is its detailed proposal to restructure this type of education in order to strengthen the involvement of the private sector.

The NDS also recommends that a Labour Market Information System be established in order to provide job-seekers with up-to-date information on employment opportunities, and to provide an adequate statistical basis for continuously formulating, implementing and evaluating policies and programmes for human resources development.

The strategy which the NDS puts forward for encouraging labour mobility is dependent upon a multifaceted approach, which includes the decompression of wage scales, improved labour market information, and more comparable conditions of employment. More particularly, the NDS emphasizes the importance of the availability of land and housing which it specifically links to unemployment and poverty. Because of Guyana's vast interior, the NDS also strongly suggests that the provision of adequate social services should be part and parcel of packages of employment in the hinterland in order to attract labour to those parts of the country.

Moreover, the NDS proposes that a Social Partnership Agreement should be entered into by the Government of Guyana, the Guyana Trades Union Congress, and the Private

Sector Commission. This agreement should be based on the recognition that there is a mutuality of interest and an interdependence among the three parties; and on an acknowledgement that the success of any sustainable progress in Guyana will depend upon their collective commitment to a philosophy of governance which is characterized by participatory democracy, and the subjugation of sectional interests to the national good.

All these proposals will, however, take time to fructify. Accordingly, it is advocated that the Government embark forthwith on a series of public programmes that are specifically designed both to absorb the labour of the unemployed and underemployed, and to alleviate the poverty that is attendant on such situations. Among these proposals are the immediate implementation of the self-help housing schemes and the other housing construction initiatives that have been described in last Sunday's article on the NDS; the construction of interior feeder roads and coastal farm to market roads, through the utilization of labour-intensive methods; the desiltation of urban and rural ditches and canals, utilizing similar techniques; and the general improvement of the country's infrastructure and sanitary conditions through the absorption of the maximum amount of labour that is possible.

It is usual, nowadays, when such proposals are made, for governments to claim that the conditionalities of their loan agreements with the IFIs do not permit such approaches. I have checked with senior representatives of the World Bank and have been assured that such labour-intensive methods of construction are acceptable, provided that they are cost-effective. I have also observed that such technologies have been applied, with IFI funding, in Latin America and in Africa. Moreover, I know that the International Labour Office has perfected several ways of constructing low-cost labour-intensive roads and have advised several countries on their utilisation.

For those areas in which such strategies might not be suitable and, in any event, to assist in developing an entrepreneurial class in this country, it is suggested that a developmental bank for small- and medium-scale enterprises be immediately established, and that an essential component of its lending should be technical assistance both for the specific production line, and for the inculcation of the techniques and spirit of entrepreneurship.