

**NATIONAL DEVELOPMENT STRATEGY  
(2001-2010)**

**A POLICY FRAMEWORK**

**ERADICATING POVERTY AND UNIFYING GUYANA**

**A CIVIL SOCIETY DOCUMENT**

**ANNEX 27**

**LABOUR AND EMPLOYMENT**

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## The Annexes to the National Development Strategy: An Explanatory Note

In June 2000, the National Development Strategy (NDS) of Guyana was formally presented to the President of Guyana and the Leader of the Opposition in the form of a core document, a 348 page distillation of the main elements of the analysis of the Guyana situation and the resulting strategy for action drawn from material prepared by 24 sectoral committees of the National Development Strategy Committee (NDSC). While Chapter 1 of the core document provides an outline of the origins of the NDS and the methodology of its preparation, the purpose of the present note is to explain the Annexes to the core document.

The Annexes are edited versions of the original drafts that the sectoral committees prepared, using a format that facilitated systematic thinking, though at the cost of some repetition. They are therefore longer than the corresponding Chapters of the core document, and also differ from them in other ways:

1. While the Annexes were individually edited in terms of their content, in the core document, disagreements or dissonances between Chapters were removed; for example, if the Chapter on the Private Sector proposed a strategy for Education that was in contradiction with a strategy proposed in the Chapter on Education, the two were rationalised.
2. While the core document was updated with the most recent data where possible, the Annexes generally retain their original data; for recent economic and social statistics, the attention of readers is particularly drawn to the recently completed *1999 Guyana Survey of Living Conditions*. In addition, again because of differences in when they were prepared, what was a Bill at the time of the original draft may have become an Act by the time the core document was being edited. This type of difference may be footnoted in the Annexes.
3. The treatment of the Annexes as historical documents occasionally produced another kind of difference, the main example of which is the Annex on Energy which was written before the privatisation of the Guyana Electricity Corporation, and whose strategy was largely preempted by that privatisation; while the edited Annex deliberately relied on the original material, new material was developed for the core document. These differences may also be footnoted.

It is worth noting that the updates found in the core document usually demonstrate the soundness and continued applicability of assessments made on the basis of earlier data or other information.

There are fewer Annexes than there are Chapters in the core document. For various reasons, some sectoral committee drafts were finalised in the same format as the Chapters of the core document, and there would therefore be little difference between the Chapter and the corresponding Annex. (Examples of this are the Macro-Economic Strategies and the Management of the economy; Sugar; Urban Development; Land; Housing; and The Family). The core document also includes Chapters for which there were no corresponding sectoral committee drafts; the first three Chapters of the core document (Origins and Methodology, National Objectives and Governance) are examples.

For those sectors where there are both separate Annexes and core document Chapters, the titles and numbering of the two correspond except in two cases: one, the corresponding Annex for the Chapter on Manufacturing is titled Manufacturing and Technology and includes material on Science and Technology that the core document had placed elsewhere; and two, the corresponding Annex for Chapter 4, Macro-Economic Policy, is Annex 4, Financial Sector Policy, because the material prepared for the Financial Sector Policy Annex was incorporated into the Chapter on Macro-Economic Policy.

The National Development Strategy was published in summarised form (the core document) for the practical reason that few people would have the time to read the over 700 pages represented by the Annexes. Yet the Annexes have a clear value. They include background information and assessments that were too detailed for inclusion in the core document, but which trace the process that shaped the strategy. Above all, they preserve for us and for posterity the earlier thinking, and the full range of thinking, of the women and men whose work provided the foundation of the NDS. In doing so, they honour the labour which the sectoral committees put into distilling their own work and life experience and the views of the public they consulted in the process. It is this foundational material that is now being published, making the National Development Strategy of Guyana available in both summary and extended forms.

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## LIST OF ACRONYMS

BGLU	British Guiana Labour Union
CARICOM	Caribbean Community
CIDA	Canada International Development Agency
EPZ	Export Promotion Zones
ERP	Economic Recovery Programme
GDP	Gross Domestic Product
GITC	Guyana Industrial Training Centre
GTI	Georgetown Technical Institute
GUYSUCO	Guyana Sugar Corporation
HIES	Household Income and Expenditure Survey
HIPC	Heavily Indebted Poor Countries
IDB	Inter-American Development Bank
ILO	International Labour Organisation
IMF	International Monetary Fund
LINMINE	Linden Mining Enterprise
LMIS	Labour Market Information System
NATI	New Amsterdam Technical Institute
NGO	Non Governmental Organisation
NIS	National Insurance Scheme
ODA	Overseas Development Agency
TOKTEN	Transfer Of Knowledge Through Expatriate Nationals

TVET	Technical and Vocational Education and Training
TWI	Training Within Industry
UNDP	United Nations Development Programme

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## ANNEX 27

# LABOUR AND EMPLOYMENT<sup>1</sup>

## I. Basic Features of the Sector

### A. The Economic Context

Guyana's economy, which recorded favourable growth between 1966 and 1975, began to contract severely during the latter half of the 1970s, continuing through the 1980s. This resulted in a steady decline in the country's social and physical infrastructure and a drop in the population's standard of living. However, between 1991 and mid-1997 the economy showed positive signs of recovery. Still, although the possibility of rapid growth had been demonstrated, events during the latter half of 1997 and those up to mid-1998 revealed the fragility of the economy and established the need for a stable political environment, together with a well-structured economy, fully defined and backed by policies that would sustain and better the kind of growth rate experienced between 1991 and mid-1997.

The groundwork for the 1991-1997 recovery began to be laid in 1988 when the Government embarked on an Economic Recovery Programme (ERP) to stabilise and restructure the economy, instituting a phased programme of removing price controls, liberalising the exchange rate, bringing laws in the banking sector up to international standards, divesting some State-owned enterprises and undertaking other reform measures. These initiatives, which were continued after a change in Government in 1992, led to impressive growth rates, averaging 7.5 percent during the years 1991 - 1996, according to Bank of Guyana statistics.

Although there have been hardships, by 1997 the Guyanese economy seemed well poised to produce increasing employment and employment opportunities of a higher quality. However, the estimated real growth rate for 1997 was 6.2 percent, 1.3 percent below the average of 7.5 percent for the period 1991 - 1996. Further, the Ministry of Finance, which had predicted a 3.2 percent real growth rate for 1998, has stated that "the economy has registered a growth rate of minus 2.4 percent for the first six months of 1998." The latest estimate from the Ministry predicts negative growth for 1998.<sup>2</sup>

The reversal of 1998 has been blamed on "the worldwide economic downturn that started in the last quarter of 1997 with the financial meltdown in South East Asia", and locally, unfavourable weather conditions resulting from the El Nino phenomenon, together with political instability following the December 1997 General Elections.

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<sup>1</sup> This document relies on the 1992/93 Household Income and Expenditure Survey, which was the most recent data available until the Report of the 1999 Living Conditions Survey which came out after the Annex was prepared.

<sup>2</sup> As it turned out, in 1998 the growth rate did fall to minus 1.7%, but growth resumed in 1999 at 3%.



## B. Implications for the Labour Market

With the restructuring that has taken place at the national level, various aspects of the economy have been altered. There have been shifts away from traditional patterns and practices which have especially affected the allocation of labour between the public and private, and the formal and informal sectors.

The economic scenario does not augur well for the labour market if the downturn is prolonged.<sup>3</sup> Yet it can be no more than a temporary setback once the restructuring of the economy keeps apace and development policies are put in place not only to sustain the growth rate desired, but to avoid the further marginalisation of the poor and those who will become vulnerable to the changes dictated by the global market place.

A recent study has shown that the six African countries that undertook the deepest structural reforms experienced the highest economic growth. Evidence from two of these, Tanzania and Ghana, showed that both employment and wages improved following structural adjustment that gave greater emphasis to the private sector. During 1985-92, total employment in Tanzania grew by an average of 6.1 percent per annum. In Ghana, real earnings in the private sector tripled between 1983 and 1988.<sup>4</sup>

These statistics indicate that as a country, Guyana should not be afraid of continuing to restructure its economy. Between 1980 and 1992, the economy produced about 53,000 new jobs. This represents a job growth rate of 2.3 percent per year during the twelve-year period, quite a remarkable achievement given the prevailing economic conditions. However, most of that growth occurred during the first half of the 1980s and during the period 1990 to 1992, and most of it also occurred in the informal sector. It is estimated that between 1992 to 1997, employment grew at a rate of about 4 percent per year. The sectoral composition of output also diversified, providing a broader base for employment. However, if long-term growth in employment is to be maintained there must be continuing increases in investment.

The structural changes that occurred in employment between 1980 and 1992 can be seen in Table 27-1. The table shows the drastic decline in public sector employment, all of which could be classified as “regularly salaried”. It also shows that the regularly salaried private sector only grew modestly and did not absorb those that left public sector employment. Most of these workers entered the informal sector either as self-employed workers or as “others” (construction workers, porters, etc.). The category self-employed also includes most farmers.

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<sup>3</sup> Again, the date by which this Annex was prepared must be borne in mind.

<sup>4</sup> World Bank. World Development Report (1995). Workers in an Integrating World, Oxford University Press.

Table 27-1  
Employment Structure, 1980 -1992

	Labour force/1980	% of total/1980	Labour force/1992	% of total/1992	% Change per year
Self-employed	34,156	17.9	97,085	39.5	9.6
Regularly salaried	152,131	79.9	128,722	52.4	-3.6
Public sector	105,380	55.3	63,689	25.9	-6.3
Private sector	46,751	24.5	65,033	26.5	2.8
Others	4,313	2.3	19,685	8.0	2.3
Total	190,600	100	245,492	100	2.4

Sources: 1980 Population Census Report

1992 Household Income and Expenditure Survey (HIES) data base

Table 27-2 shows a more detailed breakdown of the employment structure by sector. The sectors generating the highest employment were commerce, finance, construction and installation, agriculture and services. What is more important, agriculture, hunting and forestry on the one hand, and commerce on the other, produced 48.1 percent and 47.5 percent of all the jobs created between 1980 and 1992. It must be borne in mind that in 1992 the economy was still in the early stages of structural adjustment, so these tables do not provide a very complete picture of its employment-creation capacity. However, the data provided do offer instructive findings about the structure of employment until 1992.

Data from the 1992 HIES show that these main employment generators generally recruited undereducated workers as elaborated in Table 27-3. The data also reflect the prevailing conditions of labour supply and the quality of workers entering the labour force.

## Sectoral Breakdown of Employment Structure, 1980 and 1992

Sector	1980	% of total 1980	1992	% of total 1992	Annual growth rate %
Agriculture, hunting and forestry	48,603	25.2	74,038	30.2	4.4
Mining and quarrying	9,389	4.9	9,836	4.0	0.4
Manufacturing	27,939	14.5	27,504	11.2	-0.1
Construction and installation	6,574	3.4	10,116	4.1	4.5
Commerce	14,690	7.6	39,806	16.2	14.2
Transport, storage and communications	9,160	4.8	12,623	5.1	3.2
Finance, insurance and real estate	2,878	1.5	7,598	3.1	13.7
Government <sup>5</sup>	29,249	15.2	18,092	7.4	-3.2
Community services	13,899	7.2	14,615	6.0	0.4
Other services	14,268	7.4	20,724	8.4	3.8
Not Stated	13,215	6.9	7,933	3.2	-3.3
Total	192,636	100.0	245,492	100.0	2.3

Source: 1992 HIES data base

At the same time, participation in the labour force was increasing as shown in Table 27-4. This implies that the economy must continue producing jobs to cater for these new workers, most of whom are women, who are often denied opportunities for the appropriate kinds of technical education. Hence the table has two important implications for policy: that the job base must keep expanding even if the total population remains static, and that technical and vocational education and training must increasingly focus on the needs of women and career opportunities for them.

Table 27- 3

<sup>5</sup> Government in this case refers to Central Government.

## Percent of Workers with Primary Education or Less

Sector	Percent workers with primary education or less
Agriculture	85.9
Wholesale and retail sales	67.0
Public administration	44.3
Health	36.3

Source: 1992 HIES data base

Table 27-4  
Labour Force Participation Rates

Year	Labour participation Percent	Male participation Percent	Female participation percent
1970	49.2	81	19.0
1980	51.5	75.5	24.5
1986	57.8	66.5	33.5
1992	59.5	60.7	39.3

Source: 1992 HIES data base

The survey data from the 1992 Household Income and Expenditure and Survey show that by the standards of developing countries throughout the world, Guyana's agricultural sector still accounts for a relatively high share of total employment, manufacturing employment is still relatively low, and in spite of its economic importance, the mining sector is not a very significant generator of employment. Perhaps the most surprising statistic concerns the marked decline in manufacturing's share of employment up to 1992. However, it is likely that that share began to increase again subsequently, especially with the expansion of wood-processing industries.

The following table and associated graphs illustrate the aggregate changes that have occurred in Guyana's labour force during the past twenty-two years in terms of growth trends of the adult population, total labour force, employment, unemployment and participation rates. Figure 1 shows the variation of the adult population during the 22-year period. It can be seen that there was a drop in the population between 1986 and 1992, which can be attributed to emigration.

Table 27-5

Aggregate Changes in Guyana's Labour Market between 1970 and 1992

Year	Adult population	Total labour Force	Employment	Unemployment	Unemployment rate percent
1970	370,102	182,171	154,126	28,045	15.4
1980	449,242	231,547	192,636	38,911	16.8
1986	476,783	275,390	239,816	35,574	12.9
1992	467,173	278,078	245,492	32,586	11.7

Source: 1992 HIES data base

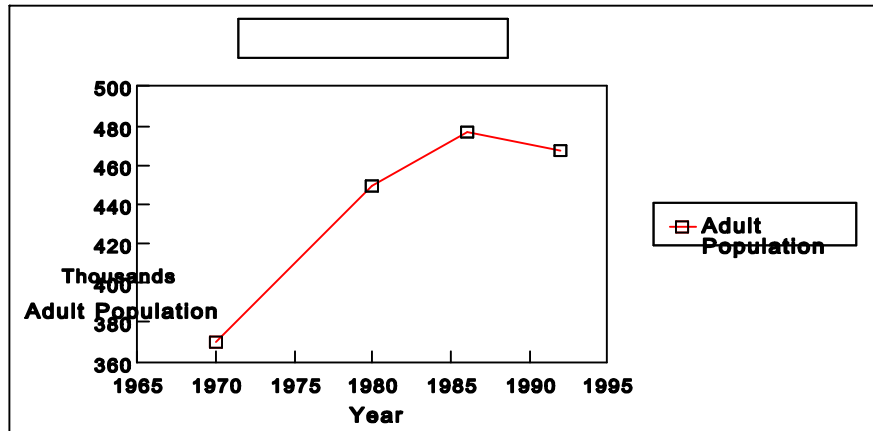


Figure 2 shows that while the adult population declined during this period, there was nevertheless an increase in the total labour force in absolute terms from 275,390 to 278,078 persons. Clearly, more people were entering the labour market, as reflected by the increasing participation rates shown in Table 27-4. This suggests that even as people were emigrating, others were joining the labour market for the first time.

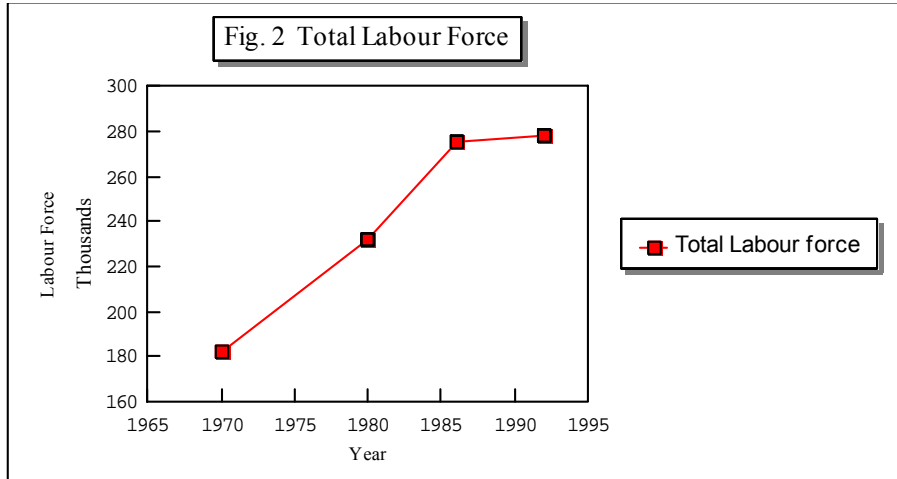
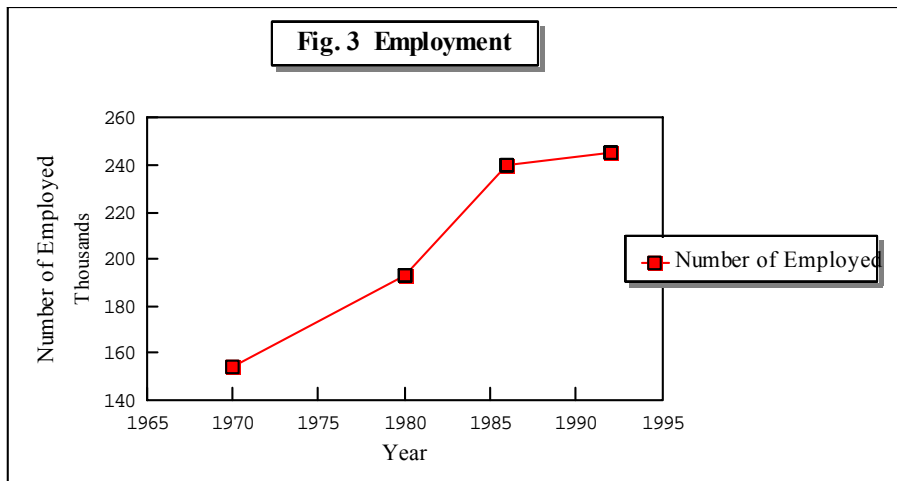


Figure 3 shows the growth of employment between 1970 and 1992. Between 1970 and 1986, jobs were created at a rate of 3,850 or 2.5 percent per year. This increase was largely as a result of Government employment. The annual rate of job creation actually increased slightly during the period 1980 to 1986. However, this slowed substantially during the period 1986 to 1992, averaging just 0.4 percent per year.



An examination of the figures reveals how the trends have changed. During the period 1970 to 1986, the adult population grew by 106,681 persons, 93,219 of whom entered the labour market. However, only 85,690 were able to find jobs. The period 1986 to 1992 was markedly different. The adult population actually decreased by 9,610 persons, despite which the labour force grew by 2,688 persons and employment grew by 5,676 jobs. The rate of creation of jobs was therefore more than twice the rate at which the labour force was growing. It should also be noted that during this period, unemployment dropped not only in percentage terms, but also in absolute values. While no employment statistics are available for the period 1993-1997, the Bureau of Statistics has conducted a Manpower Survey and a report is expected to be published early in 1999. In the absence of such statistics, however, the Bank of Guyana, in its 1996 Report, commented that "The buoyant economic activity was accompanied by expanding employment opportunities and higher earnings in most sections during 1996." The same was reported for 1997. With GDP growth rates averaging 7 percent between 1991 and 1997, employment may have been growing in excess of three times the rate at which the labour force was growing and therefore it is likely that the unemployment rate has continued to decline. The recent experience of the sugar industry in attempting to find an adequate turnout of labour points in the same direction and indicates that selective labour shortages may be emerging. As stated by GUYSUCO, "skills content and kinds of labour that are difficult to find are Cane Harvestors, varying Engineering Disciplines, Computer Technicians and Information Technologists". The slowing and possible reversal of the trends in international migration is another indicator of the same nature. It shows that Guyana may be in a somewhat unique position in that, within limits, the labour supply may respond to opportunities. At the same time, however, overall employment levels in the public sector were in continued decline, based on information from four public sector agencies; in the Public Service, between 1992 and 1997 the decline was 46 percent; in LINMINE in the same period it was 43 percent; in BERMINE it was 30 percent; and in GUYSUCO, it was 31 percent.

In summary, providing that the mid 1997/1998 downturn is a mere setback and that the structural adjustments now in place are maintained, the data suggest that while in the short- to medium-term unemployment is a serious issue, it is falling in spite of increased labour force participation rates; in the long-term, Guyana needs to focus its efforts on educating the workforce and providing more remunerative jobs, as opposed to just creating job opportunities. The resulting strategy should be to empower Guyanese, through education and training and the necessary institutional arrangements, to take advantage of the changing face of the Guyanese economy. Workers must be trained to be flexible, and the economic conditions must exist to permit them to move freely from one job to another. This reallocation of labour will increase both the output of the nation and returns to workers.

But the task of preparing the Guyanese workforce "to take advantage of the changing face of the Guyanese economy" will be no easy one, given the effect on our social infrastructure of the severely contracting economy between the mid-1970s and the end of the 1980s. Mostly affected were the graduates of the school system and the many who, due to the economic hardships of the period, either dropped out of, or did not enter, the school system.

If the marginalisation of 50 percent of our labour force is to be avoided due to the demands that the global economy will impose, urgent steps must be taken to equip that 50 percent for the kind of jobs that will be made available in the new millennium. This will call for an extended programme of remedial education through the greater use of the physical infrastructure of our school system which is unutilised between the hours of 5.00 p.m. to 8.00 a.m., Mondays to Fridays and on weekends and school breaks.

The problem is not one for Government alone, but for all the social partners in the industrial relations system, and equally, the wider civil society. An example of what can be done is a current programme by the First Assembly of God Church to raise the level of education of its members.

Measures to deal with the problem of marginalisation are urgently needed. This is so because, as so well captured in the Philadelphia Declaration of 1946, "Poverty anywhere constitutes a threat to prosperity everywhere." This can well be one of the reasons for the violent crimes which are now plaguing the society and which are of great concern to civil society. It may be a case of the poor and the dispossessed now constituting a threat to those whom they perceive to be prosperous.

## **II. Policies of the Sector**

### **A. Past Evolution of Policies**

Traditionally, the role of labour in Guyana's economy and politics has been primary. Since the beginning of the colonial era, the history of Guyana has been built around labour, from the early enslavement of Amerindians to the trade in enslaved Africans and the indentureship of Indians. The injustices of these activities have continuously influenced the politics of Guyana. Labour has always fought against "the masters", first for freedom, then for wages and better working conditions.

There is no event in the history of Guyana comparable to the introduction of sugar cane cultivation in the middle of the 1630s. It is this activity that shaped early policies towards labour and employment. Early European settlers may have used white indentured labour, but white labourers were not, however, available in sufficient numbers. Amerindians were used but never in large quantities due to the declared Dutch policy of winning the friendship of the Amerindians as a top priority. The Amerindians used were mostly those that were captured far in the interior by the Carib tribe. These were often not suitable for plantation work for several reasons, including their nomadic nature and lack of familiarity with intensive field work. There was therefore a shortage of labour for the plantations to meet the growing demand for sugar in Europe.<sup>6</sup>

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<sup>6</sup> For more details on the effects of sugar cane cultivation on the history of Guyana, see *AA Short History of the Guyanese People* by Vere T. Daly, MacMillan Education Press, 1975.



This led to the importation of African slave labour. Much has been written on the indignities of slavery, which led to the first rebellions against the plantation owners. The constant struggle by African slaves throughout the new world for better living conditions and freedom eventually led to the abolition of the slave trade in 1807 and of slavery itself in British territories in 1834. This was followed by a period of apprenticeship intended to provide a transition between slavery and paid labour. This scheme failed and the apprentices won their full freedom in 1838, two years ahead of schedule.

To maintain control over the labour market, the planters had both a long-term and a short-term policy. In the short run they held wages down to reduce costs. In the long run, they pursued three strategies: first, the introduction of labour-saving equipment; second, the setting of high prices for available Crown Lands and high minimum sizes of holdings to exclude former slaves from the land market, and third, the importation of labour.

Labour was first imported from England, Ireland, Germany and Malta. The mortality rates of these immigrants were high due to their lack of familiarity with the tropics and plantation life. More successful was the importation of labour from Madeira, although the mortality rate of these later immigrants was also high. The first such immigration began in 1835. Labourers from other West Indian islands were also sought. Portuguese and West Indian labourers were brought under a system of using public funds to pay a bounty for each. The effect was to increase the availability of labour at little expense to the planters, thus keeping the cost of labour within manageable levels. During the same period, more Africans were brought to Guyana, after being rescued by the British from ships bound for countries that had not yet abolished slavery.

Notwithstanding these efforts, there was still a shortage of plantation labour, probably attributable to the very low wages and harsh working conditions. This led to the recruitment of indentured East Indian labour. Despite some early legal problems with their immigration, some 238,960 Indians came under indenture contracts to Guyana between 1838 and 1917. Conditions of work under indentureship were not much better than under slavery. The difference was that with indentureship, planters could be prosecuted for mistreatment of the immigrants. Following some actual prosecutions, the planters devised a detailed network of labour laws in 1864 that severely restricted the freedom of the Indians. One law stipulated that the wages paid to Indians should be no more than the wages paid to Africans. This was a clever piece of legislation as it anticipated the increase in overall labour availability and the consequent drop in the demand for African labour.

The labour laws were frequently used against the Indians. Between 1866 and 1870, the planters brought 31,900 cases before the courts for breaches in these laws. During the same period, the Indians brought fewer than 100 cases before the courts. Using the laws, the planters were able to devise a system of immigration that was still more advantageous to themselves. At the same time, the cost of implementing the legislation fell heavily on the Africans who were then the main taxpayers.

From the time slavery was abolished there were instances of labour unrest. Twice in the 1840s, former African slaves struck to resist attempts by the planters to reduce the wages of free labour. While the Indians could not strike by law, there were several "disturbances" on the estates. The intensification of the labour movement and its attempts to influence the labour market began in

earnest after the turn of the century. Between 1900 and 1916 there were several of these strikes and disturbances, indicating a high level of dissatisfaction with wages and working conditions.

Unsatisfactory working conditions eventually led to the formation of the first trade union in 1919, the British Guiana Labour Union (BGLU). The head of the BGLU, Hubert Nathaniel Critchlow, is remembered as the father of Guyana's trade union movement. As the economic crisis in the country worsened through the 1930s, there was an intensification of labour unrest and unionisation mushroomed. Between 1937 and 1939 an additional twelve unions were registered to fight for workers' rights. Following the appointment of the Moyne Commission to look into the situation in British Guiana, a fragile Trades Union Congress was formed in 1941. Finally, in 1942, legislation was passed setting up the Labour Department. In 1946, the Guiana Industrial Workers' Union was formed and it soon surpassed the Manpower Citizens' Association as the leading representative of the sugar workers. In 1948 it was closely involved in the fight against the "cut and load" system. The strike which resulted led to the death of five sugar workers and was responsible for the appointment of the Venn Commission. It was the recommendations of this Commission that would vastly improve the living standards of sugar workers.

In 1950 the Waddington Constitution Commission sat and in 1953 the Ministerial system of government was introduced. The first true working class government was elected, but its tenure was shortlived. The political party which formed that government was faced by a split in its leadership in 1955, from which emerged the two parties that still dominate the political landscape. A consequence of the split was the racial polarisation of the populace.

With the split in the party, too, the labour movement from which the party had arisen was itself divided, thereby presenting enormous problems for the industrial relations system, and as a consequence, for the economy.

Notwithstanding the divisions, the political parties traditionally placed great emphasis on the welfare of labour and generally sought to protect the well-being of the working masses. During the days of colonial rule it was an obvious priority to fight for better working conditions and higher salaries. Since Independence, however, successive Governments in Guyana have had to deal with tougher questions relating to labour and employment policies. It cannot fairly be said that the advent of Independence improved the lot of the working class as much as had been expected. Without continued economic growth, attempts to regulate and control the labour market cannot produce lasting employment gains.

The growth problem and the attendant loss in employment gains in the 1970s can be partly attributed to the oil shock of the early 1970s which caused the jettisoning of the 1972-1976 Development Plan; fuel and lubricants, which accounted for 9 percent of export earnings in 1970, jumped to 20 percent by 1976. Other contributing factors were the ill-considered economic policies which had an adverse effect on the labour market. For example, all major political forces accepted during the 1970s that nationalisation of "the commanding heights of the economy" was in the best interest of the workers. As it was, although Government employment rose from 22 percent to 47 percent of the labour force during the 1970s, unemployment rose from 15.9 percent to 16.8 percent. Little forethought was given to the effects of certain policies on the entire labour market. For instance, the compression of salaries within the public sector led to a flight of the best civil servants

to the private sector or overseas, with a consequent deterioration of the quality of the Public Service and the capacity of the Government to raise revenues.

But the world was changing, and it soon became a much different place from the world of the 1950s. Workers, whether former slaves or indentured labourers, were not tied to the State or obliged to be obedient to some “master.” In this fast changing world, labour was free to move, acquire skills (often at a great cost to the worker) and demand wages on the world labour market. This is indeed what has been happening since the 1970s. Guyanese with varying skills can be found around the world: farmers in Suriname and North America; teachers, lawyers and nurses throughout the Caribbean; and engineers and other professionals in every part of the world. Clearly, Government’s policies of attempting to control the labour market and other aspects of the economy were not working; labour was feeling their ill effects and seeking greener pastures wherever they could be found. The ripple effect on the economy was very adverse and is still being felt today. Every sector, especially Government, is now faced with a shortage of skills.

### **B. Current Policies of the Sector**

In 1988, recognising the problems that beset the economy, the Government embarked on an Economic Recovery Programme. As stated before, the economy responded well. However, no comprehensive document or well-articulated position exists that can be described as Government’s labour and employment policy during the post-1988 period.

Despite the lack of a comprehensive policy, some Government policies clearly have had favourable effects on the labour market, this time through policies that favour the creation of jobs in the private sector and attempt to reduce poverty, rather than those that expand public sector employment. Policies to attract international investors, open the interior, liberalise the housing market and rationalise the public sector, among others, all affect the labour market. The thriving commercial and service sectors have contributed significantly to employment generation in recent years. Efforts at improving occupational health and safety at the workplace will soon be felt in the working environment. Efforts to establish a Labour Market Information System (LMIS) and update laws to make them consistent with the latest conventions promulgated by the International Labour Organisation (ILO), are well advanced.

Government also has to work within certain conditions that now limit its degrees of freedom in the labour market. Among these is a conditionality by the International Monetary Fund (IMF) that effectively puts a cap on increases in public service salaries. Fiscal constraints also limit expenditure on public works projects that could generate employment. However, Government can create an enabling environment for generating employment and can assign priority to the civil service wage structure in the use of additional revenues flowing from debt relief and other sources. In regard to the latter, in the Commonwealth Secretariat Study for the Civil Services Reform Programme, June 1998, it is stated – “In December 1997, Guyana acceded to further debt relief under the initiative for Heavily Indebted Poor Countries (HIPC).” The benefit from the HIPC facility is expected to fructify in 1999 and as the Report further states - “ the Government has committed itself to gradually over time bring the salary structure of the Civil Service, particularly for the positions considered key and critical, to within ten per cent of the median rate prevailing in the

Private Sector.” If implemented, this will halt the exodus of skilled and qualified employees from the Public Service and lead to a more efficient Public Service.

There have also been direct interventions in the labour market by Government and donor agencies in the form of attempts to attract skilled labour back to the country. The United Nations Development Programme (UNDP), through its TOKTEN programme, offers expatriate Guyanese benefits in addition to local salaries, although this has not been completely successful. In principle, there are benefits offered to remigrant Guyanese by the Government, although they have not yet been applied on a wide scale. The Inter-American Development Bank (IDB) and the World Bank have been forced to create Project Execution Units to administer their projects, sometimes offering salaries that are internationally competitive. This has often resulted in a wide gap in salaries among persons doing the same jobs.

The labour market has been quick to respond to changing conditions whenever it has been free to do so. The overwhelming example of this is the flight of workers from the Public Service to other areas of employment. Unfortunately, many new job openings are in the informal sector, as implied by Table 27-2. Simplifying the procedures for registering small firms would help incorporate microenterprises into the rest of the economy and speed up their rate of creation. On the other hand, workers in the LINMINE bauxite industry are still finding it difficult to leave the depressed area of Linden in search of more productive jobs. This is because many of them are “tied” to the industry, having become dependent on subsidised electricity and other free social services. Movement of these workers currently occurs mainly to industries situated relatively close to Linden, such as Omai Gold Mines Limited. The absence of efficient housing and labour markets in other parts of the country has also inhibited their movement.

### **III. Issues and Constraints**

This section in part develops concerns and features relating to labour and employment which were raised in the previous two sections.

#### **A. Issues**

##### **1. Unemployment**

Unemployment in Guyana has fluctuated during the last three decades. During the 1970s the national unemployment rate began rising despite the previously mentioned increase in public sector employment during the same decade. Subsequently, the trend was reversed and by 1992, open unemployment declined to 11.7 percent. Lack of data makes it difficult to ascertain when the unemployment rate started to fall, but the decline most likely began during the early 1990s as a result of the restructuring of the economy. Although there was a reduction in public sector employment, this occurred essentially because of privatisations and the non-replacement of Government workers who left the service. The growth of the informal sector and emigration contributed to the decline in unemployment, but undoubtedly the economic recovery itself played a key role in recent years.

Unemployment in Guyana has forced Guyanese into the informal sector because the cost of not having a job has increased over the years. There are no social security programmes to ameliorate the situation of the unemployed. The quality of life for the unemployed declined significantly and there was an increase in poverty during the 1970s and 1980s. According to a World Bank Report, “there is substantial evidence that levels of poverty increased significantly during the 1980s.” The increase in poverty is directly reflected in a decline in real per capita consumption. Average real wages in the Central Government declined by 18 percent between 1986 and 1991 and while there has been an 80 percent increase in real wages at the minimum level between 1991 and 1997, relative to 1970 there was still a 50 percent deficit on minimum wages at the end of 1997. The 1992/1993 HIES survey showed that the informal sector cushioned the effects of the economic downturn during the 1980s and the early effects of structural adjustment during the late 1980s. The informal sector continues to play a key role in providing employment, especially to women and young people.

Latest estimates put the unemployment rate at between 10 percent and 11 percent. Rates of unemployment vary by gender and age as shown on Table 27-6 below.

Table 27-6  
Variation of Unemployment by Age and Sex, 1992

Age	Unemployment rate Percent	Male unemployment rate percent	Female unemployment rate percent
15-19	36.6	30.1	49.7
20-24	19.5	13.7	30.3
25-29	10.4	6.5	18.0
30-34	6.6	3.7	11.8
35-39	3.6	2.1	6.0
40-44	3.3	1.9	6.2
45-49	2.8	2.0	4.5
50-54	4.0	2.5	7.2
55-59	4.1	3.0	6.2
60-64	1.7	1.7	1.9
65+	2.2	0.9	5.5
Total	11.7	8.4	18.1

Source: 1992 HIES data base

It should also be noted that there is a constant stream of people entering the labour market. This is especially so for women and youths. While the position of women is improving, they still tend to cluster in low-paying jobs that require few skills, and to become stuck in areas that are becoming less attractive in terms of wages. Good examples of this are Public Service employment, where the ratio of women to men is 5:4 and teaching, where women now outnumber men. This situation is also prevalent in the industrial sites and in light manufacturing in general.

Unemployment also has a geographic dimension. This can be gleaned from the results of the HIES. Poverty is mostly found in rural areas and especially in the interior. In the rural areas, the unemployed have turned to self-employed agriculture or work as manual wage labourers. In semi-urban areas, unemployed women are forced to enter the low-paying market of domestic services. In the urban areas, some unemployed youths have gone into illicit activities. Many former junior-level employees in public service can now be found among the ranks of pavement vendors. Some of these activities provide an income exceeding that of the Public Service.

However, while no statistics are available on the movement on employment in the informal economy, visible evidence seems to suggest that the numbers are growing. Should this continue, customary earnings amongst this group (pavement vendors) is likely to decrease unless the disposable income in the society increases correspondingly. One negative consequence that can result if incomes stagnate, is that the vendors may seek to defend their turf, thus presenting additional problems for the Law Enforcement Agencies.

## 2. Underemployment

Underemployment can be divided into two categories. The first is visible underemployment in which people are not employed for the established minimum number of 40 hours per week. The second is invisible underemployment in which people are employed in jobs that require a skill level that is below their qualifications. It would appear that besides poor wages, underemployment also contributes to poverty in Guyana.

No statistics are yet available to show which of the two types of underemployment is more prevalent in Guyana. According to the World Bank Report referred to earlier, visible underemployment is common in rural areas. For all persons over the age of 14 who consider themselves as employed, the average amount of work was only 13.7 days during a 30-day recall period. Farmers worked only 3.1 days. The number of days worked during a 30-day period is, however, higher for other sectors such as "agricultural labourers, clerks and service workers, professionals, construction workers and miners," who average 20-22 days of work for every 30 days. (The Report does not state whether this is for all workers in that category or rural workers only.)

In urban areas it is speculated that there is much invisible underemployment for certain classes of workers. At the highest end of the education scale there is a shortage of skilled personnel, but many workers with secondary education or higher have chosen to enter the urban informal labour force. It is often the more entrepreneurial and better motivated ones that do so. The impact of this is that the average education levels are reduced in the formal labour force, especially in the lower levels of the Public Service. Here, because of lack of in-house training, low wages and other motivational factors, the Public Service is left with too many poorly trained individuals.

Underemployment, whether visible or invisible, underutilises the country's labour assets and limits workers' capacity to improve their living standards.

### 3. Falling Real Wages

Real wages declined sharply during the 1980s. Those most affected were employees on fixed nominal wages. Between 1986 and 1991, real wages in the Central Government declined by 18 percent.<sup>7</sup> In 1993, a person earning the minimum wage would fall into the category of extreme poverty. Those at a grade one position within the Central Government would also be below the poverty line. At that time, grade one positions accounted for 22 percent of 18,000 Public Service positions. However, from information supplied by Public Service Management to the Committee appointed to consider the question of wages and salaries in the Public Service, total employment was stated as 10,623 at March 1997, with 26 percent at the grade one positions. Data show that there was a significant dependence on remittances from abroad to supplement wages. According to the HIES (1992), the value of these transfers rises continuously from the poorest to the richest households. The percentage contribution to total income is higher at the lower levels, at around 60 percent. Above this it levels off to an average of around 22 percent.

Salaries in some decentralised Government agencies are higher than in the Public Service. At the Guyana Electricity Corporation, they are 1.5 times greater than within the Central Government, while at the bauxite industry in Linden they are even higher. Data from the 1992 HIES suggested that on average, regularly salaried employees (in both public and private sectors) earned less than self-employed persons in both rural and urban areas. Surprisingly, in rural areas self-employed workers in non-agricultural activities earned more than self-employed workers engaged in agriculture. This is undoubtedly attributable to the small acreage of the average farm.

Additional information on private sector wages is provided by a study of eight firms conducted by the IDB in 1993, which showed that, as expected, real wages in the private sector were much higher than in the public sector.<sup>8</sup> At that time the highest paid worker in the private sector earned about seven times more than the highest paid worker in the public sector.

However, a 1998 survey conducted by the Commonwealth Secretariat at the instance of the Guyana Government, reports on the relative situations in private and public sector pay as follows:

“In terms of **Basic Minimum Salaries**, while the overall average variance with the **Private Sector median** is about one hundred and thirty-six (136) percent, the average for the Non-Management Grades (GS1 to GS5) is about ninety-four (94) per cent and that for the Supervisory/Management Grades (GS6 to GS14) is about one hundred and sixty-five (165) per cent. As to be expected, the average gap is widening as one moves up the pay scale. Additionally, there are many non-wage benefits in private enterprises, especially at the top end of the salary structure, including free or subsidised cars and houses.”

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<sup>7</sup> World Bank, Guyana: Strategies for Reducing Poverty, Washington, 1993.

<sup>8</sup> IDB, Job Evaluation and Compensation Study, Georgetown, 1994.

Table 27- 7  
Differences between Civil Service and Private Sector Wages

Organizational Level	Variations: Civil Service vs. Market Median			
	Minimum		Mid-Point	
	Basic	Total Cash	Basic	Total Cash
Non-Management (GS1-5)	94%	124%	137%	152%
Management (GS6-14)	165%	207%	172%	207%
Overall (GS1-14)	136%	173%	158%	185%

Source: Commonwealth Secretariat - 1998 Survey

Note: The percentages show the amount by which civil service wages would have to be increased to reach the corresponding level in the private sector.

There has been a shift regarding which sector of employment is the wage setter. The Government was the wage setter until it began cutting back on employment; the private sector simply tried to match Government's salaries. However, in recent times, as the economy has reoriented itself towards private investment, industry has been setting the level of salaries and benefits within the labour market, especially for more qualified workers. Further, the private sector no longer competes only with Government but also with the international labour market. Salaries outside Government can therefore be expected to continue increasing, but no faster than productivity rises except for special cases where wages have fallen well below the occupational norm.

#### 4. Public Service Employment

Employment in the public sector (including the Public Service) peaked during the 1970s at the height of the nationalisations in the economy, increasing from 22 percent to 47 percent of the labour force. As noted, the open unemployment rate simultaneously rose from 15.9 percent to 16.8 percent. After 1985, the Government began scaling back on its workforce. While there were small amounts of retrenchment, most of the reduction in the Government labour force was due to privatisation or voluntary departure of the employees. For many Government workers at the lower levels, the cost of being employed simply exceeded the benefits of employment. At the higher levels, the mobility of better educated employees led them either to emigrate or move to the private sector.



Table 27-8  
Changes in Public Service Labour Force

<u>Year</u>	<u>Labour Force</u>	<u>Year</u>	<u>Labour Force</u>
1986	28,650	1993	15,420
1987	27,411	1994	14,984
1988	24,391	1995	14,715
1989	22,034	1996	13,560
1990	18,656	1997	10,568
1991	17,800	1998 Dec. 2	11,063
1992	-		

Sources: World Bank Study on Guyana, 1993 and Public Service Management

As revealed by the data, employment levels between 1986 - 1991 were decreasing at a rate of 10 percent per annum, the same as it was for the period 1993 - 1997. However, from 31st December, 1997 to 2nd December 1998, the labour force increased by just under 5 percent, the first per annum increase since 1986.

Despite the reduction in the Government's workforce, the core Public Service remains over-staffed at the lower levels, while there is a chronic lack of upper and mid-level skilled and managerial personnel. The result is that Government is sometimes unable to perform critical functions satisfactorily. Project funds for physical works have often been underutilised due to a lack of absorptive capacity in the Governments<sup>9</sup>. Any reform of the Public Service will have to consider the following factors:

- X The future role and functions of government
- X Implications for skills composition and levels
- X Implications for wages
- X Implications for recruitment and training

While substantially higher real wages will be essential to attract and retain qualified personnel in higher-level positions, there is a great need for training in such key areas as management techniques, use of computer software, evaluation procedures, and modern approaches to public policy. Above all, placement needs to be based on merit and a performance-based system

<sup>9</sup> This Annex does not attempt an in-depth study of the Public Service or detailed recommendations for its reform; this task was undertaken by the Government in collaboration with ODA and was completed in 1996. IDB, CIDA and UNDP are also working on issues in the sector.

for evaluations and salary increments is required. A system of performance-based evaluation has been instituted for 1998 and a study will be made of its effectiveness.

Relative to training, from information supplied by the Public Service Management the position for 1997 and 1998 was as follows:

Table 27-9  
Training undertaken by Public Service Personnel, 1997 and 1998

	1997	1998
U.G. Under graduate	23	16
REPAHA	06	05
Post graduate – overseas	08	13
Under graduate – overseas	01	04

Source: Public Service Management

In 1997 there were also 59 in-service training courses involving 749 employees, while in 1998, there were 56 such courses with 823 participants.

As mentioned earlier, to overcome the problem of inadequate wages in some agencies, Government has created semi-autonomous agencies and Project Execution Units with increased salaries and benefits, a move which has created anomalies in the Government structure. The remaining core structure of the Government has been further weakened, exacerbating Government's ability to fulfil key functions. The inability of Government to reach its full potential as to revenue generation has also stymied efforts at increasing public sector salaries. Organisationally, due to the constraints already mentioned, Government is poorly managed. Among the symptoms of this problem are the following:

- a. Insufficient attention by senior managers to the development of their staff.
- b. Inadequate arrangements for setting and maintaining staff establishments that reflect the actual needs of the Public Service, filling vacancies with appropriately trained staff, and eliminating nonperforming or surplus staff.
- c. Inadequate systems for the generation, storage and dissemination of operating and management information.
- d. Piecemeal and uncoordinated computerisation.
- e. Inadequate systems for evaluating staff performance against pre-established objectives.

## 5. Growth of the Informal Sector

The CARICOM Heads of Government declared 1988 the “Year of Small Business”. Following upon a programme of activities executed by CARICOM in 1988 with the involvement of UNDP and the ILO, a Caribbean Multidisciplinary Team of the ILO conducted a study on Policy and Legislation in Belize, Guyana, Jamaica and Trinidad and Tobago. Another study on Training, Credit Information Systems and Networking in the three countries already mentioned, along with Barbados, Grenada and Suriname, was also undertaken. The field work was carried out between April, 1994 and June, 1995 and the report of the findings and recommendations published in June, 1995.

The report has already been studied by the countries involved, save Guyana, where, again with ILO assistance, a workshop is scheduled for mid- December 1998. A significant aspect of the report is a recommendation for the enactment of legislation and as it says - “Here the macro policy on Small Enterprise Development will be enshrined.” A draft Small Business Development Act is appended to the Report which, if enacted, will “provide legislative benefits of a financial, technical and institutional nature, and specific forms of financial relief to the small business sector in recognition of the sector’s importance to the development of the economy” (see Appendix B). According to the report, CARICOM estimates that small-scale enterprises account for 45 percent of the jobs created in the region and possess a potential for greater job creation given a conducive environment.

In Guyana it is generally assumed that the informal sector provides fewer benefits to the worker than the formal sector. The 1992 HIES data base revealed, however, that self-employed urban workers in the informal sector earned 16.7 percent more than workers in the urban formal sector and 37.6 percent more than the national average. It is estimated that the informal sector contributed about three-quarters of the increase in employment during the period 1980 to 1992. Growth in informal employment occurred mostly in agriculture, manufacturing and trade.

The informal sector, along with emigration, provided a cushion to workers during the 1980s. Not only did the sector benefit workers, but consumers gained from its activities. The point has already been made that measures need to be adopted to further encourage the growth of this sector and foster its incorporation into the formal economy. There is, however, a shortage of data on informal activities and a survey is needed to determine their composition and nature.

Government policies in the past have not directly addressed the needs of the informal sector. For example, incentives and concessions do not generally apply to small- and medium-scale enterprises. High interest rates at commercial banks have resulted in the cost of loans being out of the reach of small-scale enterprises, and the informal nature of the establishments meant that they often could not fulfill requirements for collateral. Land policies that favour nontradeable leases over freehold forms of tenure have worked against small farmers who require collateral for borrowing.

Attempts have been made to strengthen the role of this sector through micro- and small-enterprise development. Organisations currently pursuing micro- and small-enterprise development very actively are the Institute of Private Enterprise Development, the Scotia Bank, a programme

called Community Development and an EU-funded Small Business Credit Initiative. However, should the economy continue to grow as expected, the capital requirements of the informal sector are expected to increase. These lending agencies would also be required to improve their managerial and extension services and efforts in this direction have commenced. At the same time, by reducing legal barriers to the incorporation of small firms, the Government hopes to help the informal sector to play an even more important role. New and innovative methods of financing and capital formation would have to be explored, and incentives aimed at the economically marginalised sections of society.

## 6. International Labour Standards

Labour and industrial relations have a direct impact on economic and social development, and require a conducive environment in which they can be conducted in an orderly and disciplined manner within the norms of applicable International Labour Standards.

Guyana has ratified forty-five Conventions of the International Labour Organisation, the highest number of ratifications in the Caribbean. The last was registered in 1998. A list of the Conventions that have been ratified is attached in the Appendix to this Annex. These ratifications are evidence of Guyana's commitment to fundamental principles of human rights, including the prohibition of forced labour (Conventions 29 and 105), freedom of association and the right to organise and carry out collective bargaining (Conventions 11, 87, 98, 135, 141 and 151), and equality of opportunity (Conventions 100 and 111). A commitment to an appropriate system of labour administration is shown in the ratification of Conventions 81, 129 and 150. Occupational safety and health are also a high priority of the Government, as is proved through the ratification of Conventions 45, 115, 136, 139 and 137 for dock workers and the passage of the Occupational Health and Safety Act in 1997. The adoption of Conventions 12, 19 and 42 endorses compensation for on-the-job injuries. Conventions 5, 7, 10 and 15, which outline minimum age requirements for hiring in various trades, have been ratified. Convention 144 on tripartite consultations and Convention 138 on minimum wage for employment have also been ratified.

The Government has stated its continuing commitment to the ratification of Conventions that are applicable to Guyana and that will result in protecting workers' rights and improving working conditions. In this regard, Guyana also ratified Convention 166 on the Repatriation of Seafarers (Revised), 1987; and Convention 172 on Working Conditions (Hotels and Restaurants), 1991. Convention 155 on Occupational Safety and Health and Convention 156 on Workers with Family Responsibilities have been analysed but the level of development of the Guyanese economy precludes both the public and private sectors from satisfying all the Articles of the Conventions without jeopardising employment prospects, especially of the female work force in respect of Convention 156. Notwithstanding this, the Government will seek to ratify those aspects of the Conventions it considers justified and for which provisions have been made in the respective Convention, after consultation with the social partners.

Recent technical cooperation activities in Guyana also demonstrate Government's desire to promote international labour standards. These endeavours include:

- X A national workshop and sub-regional workshops on the development of a policy on workers with family responsibilities.
- X An educational workshop for the Trades Union Congress on international labour standards.
- X Preparation of a draft policy and the subsequent holding of a national workshop specifically related to chemical safety and the prevention of major industrial accidents in Guyana.

#### 7. Industrial Relations and the Industrial Relations System

As will have been gleaned from the earlier discussion, Guyana's industrial relations system evolved out of the brutality of slavery and indentureship. Later, with few exceptions, the colonial administrators and European managers who represented the absentee owners of most of the larger business enterprises in the colony generally demonstrated nothing short of contempt and disrespect for the Guyanese worker. Inevitably, that history has left indelible scars on the Guyanese workforce.

Workers' rights were obtained out of struggle, and out of this legacy of struggle has come a tendency to react to all labour disputes with strikes. This is all the more so when political party considerations are involved. However, in contemporary industrial relations, strikes cannot be solely attributed to the trade unions; they also occur very often out of uncompromising attitudes taken by managers and breakdowns in union/management communication.

Notwithstanding the above, there is a need to resolve disputes in a more amicable manner through better structures and bargaining procedures, and for a more pro-active role by the Ministry of Labour. Staff levels at the Ministry have improved significantly and training of those recently recruited is being conducted with assistance from the ILO. It is expected that the new development will result in a reduction in the level of the strikes listed in Table 27-10.

One problem relative to conciliation as it applies to the public sector, however, is that of "conflict of interest". Too many disputes involving Public Service unions are prolonged, and are left without the intervention of the Ministry of Labour. Even when the Ministry intervenes the union's perception is that it is appealing from Caesar unto Caesar. Government will therefore introduce separate mechanisms for conciliation in the Public Service.

A new development which may create problems for the industrial relations system is the Trade Union Recognition Act promulgated in 1997. On the positive side, the Act calls for the appointment of a Trade Union Certification Board which has recently been appointed, and which will certainly bring an end to the strikes resulting from recognition disputes. On the negative side, given the polarisation of Guyanese society, generally along racial lines, unless trade union leaders recognise the danger of politicising/racialising trade union disputes, there can be dire consequences for the productivity of the workplace.

There are also problems arising from the increasing numbers of women entering the labour force. As they move upward to supervisory and managerial positions, a labour force that is still

predominantly male may find it difficult to adjust to what it sees as being “bossed around” by women. Another aspect of the problem is that of equipping male supervisors with the art of supervising the ever increasing numbers of women entering occupations that were traditionally the domain of men, and equipping the male workforce to adjust to the new development.

The challenges here are to both union and management. The problems referred to will be mostly attitudinal and will call for an extension of the training now being undertaken.

A positive feature of the industrial relations system is the Tripartite Committee that meets monthly under the chairmanship of the Minister of Labour. The Committee has the potential for solving disputes before they arise and has definitely strengthened communication between the social partners. The Government must take steps to institutionalise the Committee by providing it with clearcut rules, objectives and authority.

Table 27-10  
Cost of Strikes to the Guyanese Economy, 1984-1994

Year	Number of Strikes	Man-days lost	Wages lost in million G\$	Production lost in million G\$	Total loss in million G\$
1984	493	152,000	3.4	16.4	19.8
1985	718	209,083	4.4	31.6	36.0
1986	453	138,364	2.9	19.1	22.0
1987	497	131,449	3.8	21.4	25.2
1988	349	232,595	8.1	39.7	47.8
1989	130	686,356	35.9	73	108.9
1990	329	244,498	16.9	69.7	86.6
1991	258	110,871	21.5	40.4	61.9
1992	258	127,747	114.7	309.8	424.5
1993	475	129,344	79.9	86.9	166.8
1994	468	90,138	61.6	102.8	164.4

Note: Approximately 90 percent of the production costs are associated with lost production at GUYSUCO.

## 8. Social Security

Before 1969, a Workmen's Compensation Ordinance allowed for protection in case of industrial accidents, death and disease that arose out of employment. There were no other benefits to cover situations such as pregnancy or sickness.

At that time, the Government's Old Age Pension was based on a means test. Many retired employees were not eligible for benefits from the Workmen's Compensation. With a desire to increase both the type of and access to coverage, the National Insurance Scheme was formed in 1969. Employees are now eligible for industrial benefits from the first day of work, maternity benefits after 15 weeks' contribution and sickness benefits after 50 weeks' contribution. Maternity benefits are paid for up to 13 weeks and can be extended to a maximum of 26 weeks, while sickness benefits are paid from the fourth day to a maximum of 26 weeks. Medical care is also paid for during sickness and under certain circumstances, maternity care is paid for as well.

The sustainability of the scheme is a matter of ongoing concern. The contributions to the scheme may not be able to support the level of benefits, and an actuarial-based reform is required. This reform should also establish a basis for private pension schemes, which have been adopted recently in many countries, including Mexico, Chile and Latvia. Among other benefits, private pension schemes have been shown to raise the national rate of saving substantially.

## 9. Skills Gaps in the Economy

This is one of the most critical aspects of a Labour and Employment Policy for Guyana. There has been a serious under-investment in human capital in Guyana; thus a lack of skills continues to hamper the success of the programme of revitalising the economy. An early survey showed that while 1,200 technically skilled workers are needed per year, the technical schools were only producing 400. In addition, information extracted from the Statistical Digest published by the Planning Unit of the Ministry of Education for the year 1996-1997 showed that the numbers of graduates from the Georgetown Technical Institute, the New Amsterdam Technical Institute and Guyana Industrial Training Centre were as outlined in Table 27-11.

Table 27 - 11  
Technical Education, Graduates By Sex, 1996 – 1997

	FULL TIME			PART TIME		
	M	F	T	M	F	T
GTI	185	50	235	161	24	185
NATI	70	25	95	20	31	51
GITC	95	07	102	62	04	60
TOTAL	350	82	432	243	59	302

Source: Ministry of Education - Planning Unit

According to this table, the total number of graduates from the three institutions, full-time and part-time, was 734, a mere 19 percent of whom were women. Enrollment at the GTI for the period totalled 2393, 630 of whom were women, with 463 (74 per cent) registered for courses in Commerce and Secretarial Science. At the NATI, total enrollment was 948, with 305 (32 per cent) being women. At the NATI, however, of the 305 women registered, only 44 per cent were registered for business courses.

The above underscores the need for more work to be done to encourage women to pursue training in the technical subjects if their earning capacity is to be increased.

Apart from the institutions listed above there is the Linden Technical Institute which now falls under the umbrella of the Ministry of Education, and whose curriculum has been changed to bring it in line with those of the other institutions. It is expected, nonetheless, that when information on skill needs is developed, the curriculum of all the institutes will be changed to cater for the needs identified.

In tertiary education, the situation is unlike that in technical education; while in the latter the ratio of male to female graduates in 1996 - 1997 was 8:2, at the University of Guyana, it was 4:6. In the degree courses, where 307 out of a total complement of 613 graduated with a BSc in Social Sciences, 71 percent were women. This must bring into question the career choices of women and their ability to access higher paying jobs.

Further, the skills gap may be widening. However, information from the Ministry of Education suggests that in the short term, the technical institutes are capable of improving their output.

The Guyana situation can be likened to that confronting industry in the USA following its entrance into World War 2. With the vast number of workers being drafted into the armed forces, including many supervisors, it was soon recognised that unless something urgent was done, the war effort would have been seriously imperilled. Many of the new entrants into the labour force were first-time workers, and many of them were women. The answer was Training Within Industry (TWI), a crash course for training supervisors to equip them to meet the enormous challenge then facing American industry. The TWI programme was an enormous success. It was later introduced into England and in the 1950s, many Labour Officers were exposed to the training.

Increasing the productivity of labour must not be left to chance. A concerted effort is needed and some programme such as TWI may be the answer. The appointment of a Junior Minister responsible for productivity in the Ministry of Labour is long overdue.

Nothing that is done, including an increase in salaries in the Public Service, will bear fruit unless there is a commensurate investment in worker training. Simultaneously, however, there must be an increase in salaries or emigration of the most skilled workers will continue.

Right now, the technical schools (not including those secondary schools that have a technical bias), such as the Government Technical Institute, the New Amsterdam Technical Institute, the



Carnegie School of Home Economics and the Guyana Industrial Training Centre, all report to the Ministry of Education. Budgets for these schools come from the Ministry of Education and are appropriated to the various schools. The Guyana Industrial Training Centre focuses on accelerated vocational training courses of not more than forty weeks' duration, in carpentry, electricity, agricultural mechanics, masonry, welding and plumbing. The Government Technical Institute and the New Amsterdam Technical Institute offer courses in both crafts and technical skills. There is also the Board of Industrial Training which supervises the apprentice scheme from within the Ministry of Labour. This Board directs youths from among the lowest educational strata to participating industries. However, these efforts are clearly insufficient.

A goal of training policy must be to increase worker productivity at a rapid rate, hence the need for intensive on-the-job training. Fulfilling the growth objectives of this National Development Strategy will require that workers be productive, flexible and of high quality. If the country only has low wages as its primary inducement for investors, then at least at the outset Guyana will only attract firms with low wage/low skill jobs to offer, and that may not be the best path to true development.

#### 10. Productivity

In a world governed by the rule of the W.T.O., rapid productivity growth and competitiveness are the foundation on which economic success is built. By using labour force data supplied by the Bank of Guyana, it is estimated that labour productivity between 1980 and 1986 declined by 29 percent, while between 1986 and 1992, it increased by 15 percent. It is believed that between 1992 and 1997, labour productivity continued to increase due to the high growth rate of 7.0 percent per annum between 1991 and 1997, and the projected employment growth rate of 4 percent yearly in the same period.

The maintenance of productivity growth requires the development of specific policy measures. Workers must be dedicated, and hard work must be adequately rewarded. Rewards must be determined mainly by productivity if they are to be sustainable.

Productivity growth is driven by investments, by technological innovations or new methods, and by the introduction of new products and new markets.

Labour productivity is integrally and directly linked to capital productivity. Both the public sector and the private sector must increase their investments in capital. The public sector has a specific responsibility to ensure that investment in transportation, communication, power generation, education and training, potable water supply, health and national security are undertaken to bring the quality of services in these sectors up to acceptable and desired standards. These services are essential for the improvement of living standards and to stimulate investments by the private sector. Lack of infrastructure deters private investment, productivity growth and competitiveness and hence; job creation and higher real wages.

Productivity will benefit from implementation of projects such as the deep water harbours, EPZs, access roads, and generation of cheap electricity, to name only some projects mentioned in Annexes 7, 8 and 28 of the National Development Strategy. Ways and means will be pursued to expose and sensitise workers at various levels to the methods and attitudes that are conducive to

productivity growth. Seminars, workshops, and courses will be organised to keep management and workers at the cutting edge of technological practice and attitudes required for such growth.

The private sector will have to retool and upgrade plant and equipment to raise productivity. This process will be assisted by fiscal and other policies, but also by public sector example in the application of enlightened management techniques and the constant search for new ideas.

This will necessitate significant changes in our industrial relations system. Some of the changes required are mentioned at pages 27-22 and 23, but the most critical change will be a new dimension of collective bargaining. Efforts to achieve this will be brought about by the negotiation of a social contract between Capital, Labour and the Government, with the monitoring agent being the National Tripartite Committee, mention of which is made at page 27-23. The Social Contract will be put in place during the year 2000.

#### 11. Labour Market Information

The establishment of a labour market information system is an important prerequisite for an adequate and reliable basis for formulating, implementing and evaluating employment and human resource policies, and for workers to receive timely and relevant information on job openings.

The individual worker's lack of information on what is needed and what is available in terms of skills, results in a gap between the skills required from the labour force and the training it receives. Further, there are no channels for communicating skills needs from Government and industry to the schools that retrain redundant workers. In addition, as mentioned earlier, little information is available at present on the burgeoning informal sector and its impact on the national economy.

It is expected that the manpower survey recently conducted by the Bureau of Statistics, will provide the necessary information, and that following the publication of the findings of the survey, the data will be updated either quarterly or semi-annually.

The size and characteristics of the current labour force, employment, unemployment and underemployment need detailed study. Labour demand, skills needs in both the public and private sectors, private sector salaries, and employment trends also require ongoing analysis.

The Statistical Bureau, which is a part of the Ministry of Finance, is the *de facto* collector and coordinator of labour statistics. The Ministry of Labour is now being staffed to perform this function. Other agencies currently involved in collecting data that are relevant to labour and employment policies include the Bank of Guyana and the State Planning Department in the Ministry of Finance.

## **B. Constraints**

Based on the discussion of the issues outlined above, the constraints facing the labour sector can be summarised as follows:

1. Lack of a sufficient number of productive and adequately remunerative jobs in the country.
2. Wages in the public service that are too low to attract and retain the most skilled and talented people.
3. On the supply side of the labour market, too few technically skilled people and a system of technical and vocational education that does not attract the finances required to sustain it.
4. A legacy of a weakened educational system, in the form of too many entrants into the labour force who are functionally illiterate.
5. Poor relations between unions and employers, and weak mechanisms for resolution of disputes, leading to unnecessary strikes, especially in the Public Service.
6. Lack of a policy framework to encourage workers and enterprises in the informal economy to enter the formal economy.
7. Fragmented efforts aimed at addressing the concerns of micro-, small- and medium-scale enterprises.
8. Lack of basic workers' rights for employees in the informal economy.
9. Lack of an adequate financial and institutional basis for workers' pension programmes.
10. Lack of an effective and mobile investigative arm of the Ministry of Labour capable of a quick response in industrial disputes.
11. An insufficiently mobile labour force and a lack of supporting mechanisms to promote labour mobility.
12. Lack of trained personnel capable of coping with the attitudinal problems existing at the workplace and those that will arise due to the changing face of the Guyanese workforce.

## **IV. Sectoral Objectives**

### **A. Broad Objective**

The broad objective of the strategies for labour presented below is to contribute to reducing unemployment, underemployment and the accompanying poverty, by creating more productive employment, greater labour flexibility and mobility, and generally, increased productivity of both labour and capital. However, the attainment of this objective will require the successful implementation of many policies in various parts of the National Development Strategy. Labour and Employment Policies alone cannot do the job.

## **B. Sectoral Objectives**

The sectoral objectives of the Strategy are as follows:

1. To encourage the development of labour-intensive industries and modes of production in the short term and to increase productivity in the medium to long term.
2. To increase the skills, education and productivity of the labour force through improved technical and vocational education and an ongoing, structured and relevant on-the-job training programme.
3. To improve the functioning of the labour market via better information so that job seekers and policy-makers can access up-to-date information on employment opportunities and on the status of the country's workforce.
4. To encourage the mobility of labour so that workers can more easily move from one industry to another and from one location to another.
5. To promote improved working conditions and working environments that are fair to both employers and employees.
6. To clearly define the role, rights and responsibilities of trade unions, employers, and Government and legitimise the right of collective bargaining.
7. To ease the transition for workers affected by the restructuring of industries.
8. To improve the actuarial and institutional basis for, and benefits from, pension schemes.
9. To restructure the Ministry of Labour, thus enhancing its role in the industrial relations system and its function in the labour market.

## **V. The Strategy**

## **A. Producing Remunerative and Productive Employment**

The overall macroeconomic framework of the National Development Strategy 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, which will give further impetus to increases in real wages, attract more remigrants, and accelerate the process of reallocating labour to more remunerative occupations. A policy framework will be maintained that does not lead to an excessively high indirect cost of labour to employers and does not subsidise capital, so that the growth path is as labour-intensive as possible.

Specific policies designed with these purposes in mind include the promotion of smaller enterprises and the creation of Export Processing Zones.

### 1. The Promotion of Micro-, Small- and Medium-Scale Enterprises

a. The Government will enact legislation to deal with small business development. Areas for consideration will be:

- (i) Amending the Companies Act to eliminate overlap between the personal income tax and corporate taxes. This measure will negate any double taxation for registered micro-, small-, and medium-scale enterprises. Consideration will be given to setting a tax rate for these registered small companies that is lower than the current corporate tax.
- (ii) Enacting legislation that provides for charging household and not commercial rates for public utilities that service registered micro- and small-scale enterprises.
- (iii) Enacting legislation that provides for the waiving of stamp duties and other costs associated with the transfer of personal property to a business.
- (iv) Exploring with the banks the development of other financial instruments, including the conversion of commercial debt of micro-, small-, and medium-scale enterprises into equity, or venture capital.
- (v) The creation by legislation of a class of shares that carry no voting powers. This would allow micro-, small-, and medium-scale enterprises to increase their equity without losing control. Businesses would have to guarantee the payment of dividends for such shares.

b. To encourage these enterprises to enter the formal sector in the short term, Government Ministries and agencies will be mandated to allocate 25 percent of their annual purchases of goods and services to registered small- and medium- scale enterprises. The aim is to give these businesses access to more opportunities for growth than they now have. To the extent that this policy encourages the registration of firms from the informal sector, it will also provide workers employed in this sector of the economy with benefits provided in the formal economy, such as NIS benefits and pensions.

c. New industrial sites will allocate space for “incubators” that provide common facilities to micro-, small-, and medium-scale enterprises so that they can share common services. This will reduce the overhead cost to these businesses.

d. Again in the short term, Government will establish a small business development department within an agency to be identified. This office will be charged with implementing Government policies with respect to micro-, small-, and medium-scale enterprise development. Among the responsibilities of this department will be:

- (i) To coordinate and encourage the activities of various agencies and bodies involved in micro- and small-enterprise development, including but not limited to international agencies, financial intermediaries, the private sector, NGOs, and the Bureau of Standards.
- (ii) To work closely with the agencies outlined above and other agencies to certify micro-, small-, and medium-scale enterprises, so that they could benefit from Government initiatives directed to this sector of the economy.
- (iii) To function as a one-stop window for processing paper work for the registration of micro-, small-, and medium-scale enterprises.
- (iv) To work closely with associated agencies in implementing Government policies such as assigning factory space in industrial sites or Export Processing Zones, and other policies as outlined below.

## 2. The Creation of Export Processing Zones

Government will pursue the creation of Export Processing Zones which can become a source of growth for the entire country in terms of production, employment, foreign exchange earnings, investment and transfer of technology. EPZs can absorb some of the unemployed and underemployed, and workers from the informal economy. They can also become a second source of income for families in their area of operations.

Experience with EPZs in other countries suggests that employment creation may be slow at first, but gradually builds up to high levels if clear and consistent policies favouring the zones are maintained. As they develop, the labour cost advantage tends to dissipate and so they must progressively increase their efficiency in production and marketing. The labour force must itself develop skills suited to the needs of the EPZ and the country at large.

An EPZ must be built with several considerations in mind, one of them being international transportation. For it to be internationally competitive, transportation costs must be kept to a minimum. The EPZs will therefore be constructed in locations where conditions are favourable for the construction of deep water harbours.

## B. Improved Technical and Vocational Education and Training

The point has been made that for Guyana to be competitive in the world economy and satisfy the economic expectations of its population, it must have a highly flexible and trained labour force. Government is committed to policies that will put technical and vocational education on a stronger footing<sup>10</sup>. The provision of technical and vocational education and training (TVET) is being restructured to strengthen the involvement of the private sector in its management. This policy will establish a National Council on TVET that is to be managed by a tripartite body. Legislation for the establishing of the National Council has already been drafted and is soon to be tabled in the House of Assembly. The policy also proposes charging a training levy to the industrial sector for securing funding for training. To illustrate the financial possibilities from figures provided by the National Insurance Scheme, a payroll tax of 0.5 percent and 1.0 percent in 1996 and 1997 would have yielded the following:

Table 27-12  
Yields to be derived from Payroll Tax

Payroll Tax	1996	1997
0.5%	114,502,780	135,778,868
1.0%	229,005,559	271,557,736

Source: National Insurance Scheme

In the course of implementing this strategy, the specific mechanisms for funding and administering TVET will be clarified, but the basic policy orientations are clear:

1. Greater private sector participation in TVET, through a tripartite governing council in which industry has the majority representation, to guide the training in the direction of the skills needed.
2. Partial cost recovery for TVET through a payroll levy of 0.5 percent to 1 percent to be instituted on industry.<sup>11</sup>
3. Additional funding based on a levy on future earnings of those trainees who are successfully placed.

<sup>10</sup> The actual expenditure on technical and vocational education for 1995 was \$68.5 million. The revised estimate for 1996 was \$85.5 million and the budgetary allocation for 1997 was \$112.7 million.

<sup>11</sup> Industries may be given credit against this levy for training programmes of their own that meet the criteria of the National Council on TVET.

4. Authorisation of the new council to receive and allocate international donations and technical assistance in the area of TVET.

The overall orientation, health and prospects of the economy will also determine how willing firms are to engage in worker training. Training outside established institutions is best left to the private sector without direct Government intervention. The private sector could achieve this at a lower cost than Government and it also tends to be more in tune with the requirements of the market. Government also recognises that training required for informal workers, and micro-, small- and medium-scale enterprises is best left to lending agencies such as the Institute for Private Enterprise Development, Scotia Bank and others. Government's direct involvement in training will be limited to retraining public servants and workers who are displaced because of industrial restructuring, such as the closure of sugar estates, and those who are transferred to other forms of employment.

As cost recovery is begun in public training institutions, Government will shift its public financing away from the providers of training to the demand side of the market, enabling targeted workers to purchase training within a competitive environment of suppliers. One instrument for doing this is through training vouchers to targeted individuals such as the young, unemployed and women. Trained workers will be required to repay Government part of the training costs after gaining employment at the end of training. Though there are a limited number of training institutions in the country, Government may contract with both public and private institutions for offering the training; the company that can deliver the training at the lowest cost and at the same time meet established standards will be granted the contract. Government will implement policies to reimburse schools for costs incurred in training, preferably depending on the rate at which trainees find jobs after training, in order to give schools a greater inducement to make the training as relevant as possible. These policies are designed to shift the burden of designing and implementing training programmes to where they belong: at the training institutions themselves.

### **C. Labour Market Information Service**

Government will continue to view training as an investment in people. It is also recognised that the expansion of human capital only delivers its full potential when there is a corresponding increase in market-driven demand for labour skills, and there is an adequate match between demand for and supply of those skills.

The Government of Guyana, with the assistance of the ILO, is in the process of establishing a Labour Market Information System for Guyana, to provide job seekers with up-to-date information on opportunities and to establish an adequate statistical basis for continuously formulating, implementing and evaluating policies and programs for human resources development. Some areas will require immediate attention by an LMIS. Among these are surveys that disaggregate current statistics of employment, underemployment, informal sector activity, labour movement, skills requirements and others.

### **D. Increasing the Real Wages of Guyanese Workers**

The Government has little control over salaries in the private sector, which are generally set by supply and demand conditions in the labour market. However, there is no doubt that Central



Government salaries need to be increased<sup>12</sup>. Mention has already been made of the HIPC initiative through which Government has given a commitment to bring public sector pay more in line with the private sector over time. The cooperation of the private sector will be critical to avoid a situation in which Public Service wage increases lead to wage inflation. Government will urge the private sector to reach agreements to limit their wage increases over the next three to five years, so that Public Service wages can approach competitive levels. In this regard, the social partners are considering the need for a social contract.

Despite the need to raise Public Service salaries, these increases will be linked to a vigorous job appraisal programme. Merit-based promotions and salary increases will be based on performance evaluations that will use predefined annual performance objectives as the criteria. Retraining also will be mandatory in most cases as workers receive the wage increases.

The cooperation of the unions in charting this new course for Public Service remuneration is important. Unions need to be appreciative of the need for a decompression of wage scales. A compression of wages may send the wrong signal to workers about what skills are most needed, and which industries and occupations have the highest productivity. Wages must differ if investments in education and skills are to be rewarded. Inflexible relative wages also undermine employment restructuring by discouraging the movement of labour from less productive to more productive jobs. It must be borne in mind that the danger of out-migration of the most skilled and talented persons is ever-present if they do not receive appropriate remuneration, especially in light of increasing economic globalisation of the economy.

### **E. Occupational Safety and Health**

The approach taken by Government in this area will be pro-active. Its new occupational safety and health policy involves the Government, employers and workers. A National Council on Occupational Safety and Health was established which comprises the Ministries of Health and Agriculture, the Guyana Fire Service, the National Insurance Scheme, the Guyana National Bureau of Standards, the University of Guyana, the Guyana Association of Professional Engineers, the Trades Union Congress and the Consultative Association of Guyanese Industry.

Government's new policy on occupational health and safety has clearly defined and formalised the roles and responsibilities of the various sectors. Intersectoral cooperation is fostered as a basis for the protection of workers' occupational safety and health. The policy also notes the role of women, youths, the incapacitated and the elderly. Through this policy, occupational health and safety standards will be established, applied and enforced.

The policy also clearly defines the roles and responsibilities of the newly established National Advisory Council on Occupational Safety and Health. This Council functions as an advisory body to the Minister of Labour. Roles and responsibilities have also been defined for the Ministry of Labour, employers, trade unions, the National Insurance Scheme, the Bureau of Standards and other agencies that play a role in this area. Regulatory responsibility will remain in the Occupational Safety and Health Department of the Ministry of Labour. The Ministry of Health

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<sup>12</sup> Public sector salaries were increased in 1999, after this document was prepared.

will establish an Occupational Health Unit which will relate directly to employers and employees in advising on better workplace health practices. The National Insurance Scheme will serve to provide information to the Ministry of Labour on unsafe and unhealthy practices observed at the workplace, as far as can be determined from the frequency and nature of occupational injury claims.

To carry out these policies, Government has formulated a five-year National Plan of Action and enacted relevant legislation. Workplace implementation of the policy and legislation will be accomplished by safety and health committees made up of workers and employers.

## **F. Encouraging Labour Mobility**

This is a policy direction that requires a multifaceted approach. Creating an environment for such mobility requires the implementation of many other policies. Besides a decompression of wage scales, improved labour market information and improved TVET, which are dealt with separately, these include policies aimed at breaking the link between social services and the conditions of employment, while fostering efficient housing and land markets.

### **1. Breaking the Link Between Social Services and the Conditions of Employment**

Because of Guyana's vast interior, it will sometimes be necessary to link social services to the conditions of employment to attract labour to these parts of the country. The linkages will be discouraged in the coastal regions of Guyana, as social services that are independent of employers are strengthened. One of the industries where this separation will be initiated is GUYUSCO, which has provided a paternalistic package of benefits including health, water and housing subsidies. This places an unnecessary burden on the company and distorts its cost of production. Although GUYUSCO sells most of its sugar to protected markets, its competitiveness on the world market for sugar is affected. (See Annex 9).

### **2. Land Markets**

This Annex does not directly address housing and land markets. However, as discussed before, the availability of land has been directly linked to unemployment, underemployment and poverty in rural areas. In other sectors of the National Development Strategy, e.g., in the discussions on agriculture and tourism, the case has been made for a liberalisation of land markets. Government will pursue policies that ensure that investors and small farmers have forms of land tenure that can serve as acceptable collateral for banks. Opening land markets is important for increasing the productivity of the land, reducing unemployment and underemployment, and increasing the income of farmers, thus improving standards of living.

## **G. Reforming the Public Service**

The issue of public service reform is being addressed by the Government with the support of the Overseas Development Agency's Public Service Reform Project, the World Bank's Public Administration Project, the Inter-American Development Bank's Public Sector Management Programme and CIDA's regional project on the same field. A Public Service Reform Committee

comprising of key Government representatives and working closely with the ODA has formulated a preliminary Public Sector Reform Strategy.

The aim of the Strategy is to produce a functional, proactive Public Service that can support a dynamic economy. A principal requirement for this to occur is that Public Service workers be adequately remunerated; this was previously discussed. The other major areas that Government is addressing are as follows:

1. Revenue generation by targeting internal and external sources and allocating increases in revenue to the Public Service payroll as far as practical. This will involve the creation of a Central Revenue Board and the overall improvement of the tax and customs administration.
2. The institution of management practices using objective setting and performance appraisal schemes throughout the public service, to grant merit awards and promotions or disciplinary action as warranted. This will be established initially through a pilot programme and then expanded to the wider public sector. A training strategy will be developed that will focus on methods of setting and monitoring targets, appraising performance and operating the scheme.
3. An effective micro-industrial judicial system in the Public Service capable of speedily disposing of grievances and other irritants that possess the potential for industrial disputes, with their concomitant adverse effects on performance and productivity. Towards this, Government is committed to an impartial and efficient Public Service Commission and an Appellate Tribunal with extended powers involving that of adjudicating in disputes relative to discipline, appointments and promotion arising in those public service agencies that have emerged, and will continue to emerge, out of the public service as a result of structural adjustments. Agreements for the Avoidance and Settlement of Disputes will be reviewed and adjusted to make them more effective. This will be done in co-operation with the unions.

Government, in consultation with the unions representing government employees, will seek to have a less cumbersome mechanism for the determination of salaries and wages in the public sector while maintaining the principle of free collective bargaining.

Personnel functions will be decentralised to line Ministries and agencies. Government will also update Public Service rules within a framework of collective bargaining. Training of personnel officers will accompany the reorganisation of personnel management.

Staff development will also play an integral role in the reform of the Public Service and will be used as one of the criteria to judge the performance of managers. Staff training needs will be prioritised and planned according to the training needs analysis identified by KPMG Peat Marwick in 1993.

4. Government will re-examine its staff requirements and implement a redundancy policy and procedures in line with current employment legislation and in consultation with the unions. Redundant staff will be matched with existing vacancies within the Public Service and the necessary training will be provided. Mechanisms will be established for ensuring that revised staff levels are maintained.

5. As a priority, Government will implement management information systems in the Ministries of Finance and Public Service Management and the Public Service Commission. In the long term, information systems will be extended to the entire Public Service to ensure that the need for information is satisfied effectively and efficiently.

Information technology used in the Public Service will be standardised. Computer linkages between line Ministries and agencies and the Ministry of Finance payroll system will be established. The role of the National Data Management Authority as a national computing centre will be examined.

6. Government will establish criteria and implement plans for the creation of additional semi-autonomous agencies and the involvement of the private sector in performing certain public sector functions. This will ensure the orderly reduction of the Public Service through privatisation and the creation of semi-autonomous agencies. The private sector will be involved in contracts for specific duties, management contracts and asset leasing where such arrangements will lead to a financial and economic benefit to the Government.

7. As a follow-up to KPMG Peat Marwick's recommendations of 1990, financial authority will be decentralised and the reorganisation between and within Ministries and agencies will continue.

8. As part of improved management of the public sector, the Government will organise regular staff meetings between and across agencies. Regular communications with trade unions will be initiated. Guidelines for negotiating, consulting and informing unions will be developed.

9. To avoid accumulation of leave, managers and supervisors will be held responsible for ensuring that annual vacation leave entitlements are taken when due, thus avoiding vacation absences of two to three months and more which can have adverse effects on the agency's productivity.

## **H. The Role of Unions in a Changing Guyanese Economy**

Unions are expected to continue playing a major role in organising workers into unions that can bargain with employers. They are also expected to play a positive role in monitoring employers' compliance with Government regulations, reducing workplace discrimination and increasing workplace productivity. The importance of employers working closely with unions hinges on the fact that unions are in a good position to contribute to the growth of the economy. They can play a vibrant and useful role by promoting a safer occupational environment, encouraging worker flexibility, helping define training needs, enhancing in-house training and promoting job rotation. This leaves the workforce more readily adaptable to changing conditions and able to take advantage of emerging job opportunities. It is unions which must push for the adoption of productivity-raising innovations, changing product mix, plant reorganisation, and the like. Government will work closely with the unions in achieving these goals.

However, if precautions are not taken, unions also have the potential to act as monopolists protecting a minority group of unionised workers at the expense of the unemployed and those in the informal and rural markets, whose formal sector employment is correspondingly reduced. This needs to be noted in the case of Guyana, since only about 25 percent of the labour force is unionised. Unions also need to recognise that employers operate in an increasingly competitive world economy and that conditions of work should therefore take market realities into account. For example, it must be stressed again, that while the deficient wages of public servants are understood by all, salary increases in other sectors of the economy should be granted only as a result of increases in productivity. The granting of increases to workers in sectors of the economy that do not show increases in productivity will be discouraged. Collective bargaining should take place at the level of the firm, where it can also enhance mechanisms of cooperation between management at the level of the workplace.

Moving collective bargaining to the level of the firm also has the advantage of being able to deal with conflicts at a level closer to the source of the problem. This is a measure that will help resolve disputes at an earlier stage, rather than having them escalate into nationwide strikes that are very costly to both workers and the economy as a whole. The result would be that negotiations are more transparent and less contentious.

### **I. Institutional Coordination**

To better coordinate the handling of labour statistics, Government will establish an inter-agency committee staffed with a technical secretariat, which will be placed in the Statistical Bureau. The State Planning Department will collaborate closely with the Statistical Bureau in formulating policies related to employment and manpower. The Ministry of Labour will maintain responsibility for the regulation and functioning of the labour market.

## **VI. Legislative Changes**

Most essential legislative changes have already been made:

- The Trade Union Recognition Act passed in Parliament in 1997 now imposes a legal obligation on employees to recognise trade unions of the workers' choice, and provides for the improvement and promotion of industrial relations by established procedures for the certifying of trade unions as recognised majority unions. The Act also provides for the establishment of a recognition or a Certification Board.
- The Labour (Amendment) Act No. 9 of 1984 provides for Collective Labour Agreements to be legally enforceable contracts, unless the parties concur that an Agreement, or part of it, is intended not to be legally enforceable.
- Other areas of legislation include the Severance Pay Bill which provides for severance to be paid under normal circumstances of redundancy and for unfair dismissal, the Prevention of Discrimination Act which allows for the elimination of discrimination and

the promotion of equal opportunity and treatment in employment, and the Occupational Health and Safety Act which makes it mandatory for workplaces to form safety committees with equal representation of management and non-management workers.

- The Shops Act, Chapter 91:04 was also amended to provide for more flexible shopping hours, including opening on Sundays.
- New legislation is about to be enacted to establish the National Council on TVET and to mandate the associated payroll tax for technical and vocational education and training. This is an urgent matter, given the priority that is necessarily attached to increasing workers' skill levels.
- Other legislative changes to be made include the following:
  - The Pensions Act, Chapter 28:01 will be amended to remove any ambiguity regarding the right of a public servant to be paid a pension.
  - New legislation will be enacted to institutionalise the Tripartite Committee and provide it with clear-cut rules, responsibilities and authority.
  - New legislation will confirm the enforceability of court decisions concerning the reinstatement of employees who are found unjustifiably fired in the private sector.
  - Government will consider legislation to form an industrial court to deal with labour-related cases expeditiously.
  - Government will introduce legislation to foster the rapid development of small business.

The Government recognises that the enforcement of legislation is of utmost importance and will therefore improve the enforcement capacity of the Ministry of Labour. Towards this end, the number of labour officers has been significantly increased, and is now at a level capable of monitoring and enforcing all labour laws and regulations. This was necessary to ensure that Guyana's labour market is governed by standards that are in keeping with current trends, and at the same time provide the economy with a framework of labour practices that are consistent with the rest of the National Development Strategy.

**APPENDIX A****List of International Labour Conventions that have been Ratified  
by the Government of Guyana**

Convention Number	Convention Name	Ratification Registered
C.2	Unemployment Convention, 1919	8 June 66
C.5	Minimum Age (Industry) Convention, 1919	8 June 66
C.7	Minimum Age (Sea) Convention, 1920	8 June 66
C.10	Minimum Age (Agriculture) Convention, 1921	8 June 66
C.11	Right of Association (Agriculture) Convention, 1921	8 June 66
C.12	Workmen's Compensation (Agriculture) Convention, 1921	8 June 66
C.15	Minimum Age (Trimmers and Stokers) Convention, 1921	8 June 66
C.19	Equality of Treatment (Accident Compensation) Convention, 1925	8 June 66
C.26	Minimum Wage-Fixing Machinery Convention, 1928	8 June 66
C.29	Forced Labour Convention, 1930	8 June 66
C.42	Workmen's Compensation (Occupational Diseases) Convention (Revised), 1934	8 June 66
C.45	Underground Work (Women) Convention, 1935	8 June 66
C.50	Recruiting of Indigenous Workers Convention, 1936	8 June 66
C.64	Contracts of Employment (Indigenous Workers) Convention, 1939	8 June 66
C.65	Penal Sanctions (Indigenous Workers) Convention, 1939	8 June 66
C.81	Labour Inspection Convention, 1947*	8 June 66
C.86	Contracts of Employment (Indigenous Workers) Convention, 1947	8 June 66
C.87	Freedom of Association and Protection of the Right to Organise Convention, 1948	25 Sept. 67
C.94	Labour Clauses (Public Contracts) Convention, 1949	8 June 66
C.95	Protection of Wages Convention, 1949	8 June 66

Convention Number	Convention Name	Ratification Registered
C.97	Migration for Employment Convention (Revised) 1949**	8 June 66
C.98	Right to Organise and Collective Bargaining Convention, 1949	8 June 66
C.100	Equal Remuneration Convention, 1951	13 June 75
C.105	Abolition of Forced Labour Convention, 1957	8 June 66
C.108	Seafarers' Identity Documents Convention, 1958	8 June 66
C.111	Discrimination (Employment and Occupations) Convention, 1958	13 June 75
C.115	Radiation Protection Convention, 1960	8 June 66
C.129	Labour Inspection (Agriculture) Convention, 1969	19 Jan. 71
C.131	Minimum Wage Fixing Convention, 1970	10 Jan. 83
C.135	Workers' Representatives Convention, 1971	10 Jan. 83
C.136	Benzene Convention, 1971	10 Jan. 83
C.137	Dock Work Convention, 1973	10 Jan. 83
C.139	Occupational Cancer Convention, 1974	10 Jan. 83
C.140	Paid Educational Leave Convention, 1974	10 Jan. 83
C.141	Rural Workers' Organisations Convention, 1975	10 Jan. 83
C.142	Human Resources Development Convention, 1975	10 Jan. 83
C.144	Tripartite Consultation (International Labour Standards) Convention, 1976	10 Jan. 83
C.149	Nursing Personnel Convention, 1977	10 Jan. 83
C.150	Labour Administration Convention, 1978	10 Jan. 83
C.151	Labour Relations (Public Service) Convention, 1978	10 Jan. 83
138	Minimum Age Convention, 1973	23 Nov. 98
166	Repatriation of Seafarers Convention (Revised) 1987.	10 June 96
172	Working Conditions (Hotels and Restaurants) Convention, 1991.	20 Aug. 97
175	Part-time Work Convention, 1994.	3 Sept. 97

\* Excluding Part II.

\*\* Excluding provisions of Annexes I to III.



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