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of the
CENTRAL COMMITTEE
to the
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of the
**PEOPLE'S
PROGRESSIVE
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Report of Central Committee

CONTENTS

PAGE

Section I - Global Realities	1
Section II - New Global Human Order	5
Section III - Political & Socio-Economic Situation	10
(I) Freedom & Human Rights	10
(II) National Democracy	11
(III) Obstacles to Reconstruction	12
(IV) Good Governance and Economic Growth	14
(V) Human Development	18
(VI) The State and Private Sector in Development	20
(VII) Privatisation	21
(VIII) National Democratic Reconstruction	22
(IX) National Unity	22
Section IV - The Party	24

SECTION I GLOBAL REALITIES

We are meeting at a very critical time in humankind's development.

Since our last Congress, epoch-making events have occurred. Of particular note is the collapse of the world socialist system, and the dismantling of communist regimes in the former Soviet Union and Eastern Europe.

This collapse now signifies a new world configuration. There are no longer three worlds — the capitalist world, the socialist world and the third world — a third world that was largely non-aligned to the two military blocs of the capitalist and socialist worlds.

There is now virtually one world, a capitalist world, as before the October Revolution in Russia in 1917, with the exception of the isolated entities — China, Cuba, North Korea, Vietnam — of the socialist world system. And with this one world configuration has come the process of market-driven globalisation, with the transnational corporations, private financial institutions and non-governmental organisations assuming an increasing, if not a dominant influence at the expense of the autonomy of the nation-state and its sovereignty.

Within the world capitalist system there has emerged three regional blocs — the Pacific Rim, the North American and the European — with intense competition among them and with each carving out its own zone of influence.

Intense competition and rivalry between the three centres can lead to reprisals. In July 1994, the US trade deficit with Japan climbed 21.6 per cent to US\$10.99 billion, posing a breakdown in US/Japan trade relations. Japan complains about “managed trade”, when pressure is put on her to limit certain exports to Europe and North America. The United States, with a huge trade deficit, is pressing for the removal of Japanese trade barriers on telecommunications, medical devices, insurance, flat glass, auto and auto parts, and is threatening reprisals.

Japan, like Britain in the late 19th century when she entered the second phase of British economic leadership, has become the financiers of the world. It now dominates the world's capital markets. While the world's largest economy, the United States consumes 45

per cent of the world's capital imports, Japan, in contrast, produces 80 per cent of world capital exports. One writer, William Rees-Mogg, in an article, “How Japan plans to stay ahead” (The Times, 24 October 1994) states:

The contrast makes the United States almost a financial indentured servant of Japan, wholly dependent on Japan's continuing to supply on favourable terms the capital which the Americans are so recklessly consuming. That is why the Americans “lost” the trade negotiations with Japan (apart from the fact that the Japanese used the same negotiating team throughout while the Americans changed theirs repeatedly).

Simultaneously, Japan is increasing its investments in the fast-growing Asian region, where returns are more attractive.

After prolonged period of stagnation and recession, there are now clear signs of an upturn in the world capitalist economic cycle. World economic output is expected to grow by 3.1 per cent this year and 3.6 per cent in 1995, twice the growth rate from 1990 to 1993.

The industrialised nations will grow by 2.7 per cent in 1994 and 1995.

Growth in the developing countries as a group will be twice as strong in 1994 and 1995 as in the industrially-developed states. Asia, as a whole, is the fastest growing area with 8 per cent this year and 7.3 per cent in 1995. The Latin American and Caribbean region is expected to grow by an estimated 3 per cent in 1994, the fourth consecutive year of such growth.

There are, however, many structural problems associated with the upturn in the global economy. In relation to the methods of production, cybernetics and automation — computers and robots — have compounded these problems which continue to affect adversely the capitalist world as a whole, including Japan. In the United States of America, there is concern about overheating of the economy and inflation. The IMF is pressing the major industrial countries to start seriously paring their huge budget deficits, to ensure that central banks restrain the growth of credit to thwart any substantial increase in inflation and to undertake labour market and other “structural” reforms.

“The critical policy requirement”, says the IMF, “is the need to deal with the large fiscal imbalances that have

lifted gross debt in the industrialised countries as a group to nearly 70 per cent of gross domestic product from 40 per cent in 1978”.

The IMF is also worried that the rise of private capital flows to developing countries over the past five years has produced negative effects in some cases. Net outflow from these countries increased from US\$14 billion in 1989 to US\$130 billion in 1993.

In recent times, huge capital inflows into Latin America contributed to a high 3 per cent growth. However, the region is experiencing a rapidly-growing trade imbalance: exports will grow by 9 per cent but imports by 12 per cent. The IDB states that for the second year in a row, Latin American countries spent more on imports than they earned from exports. In 1993, the region imported nearly US\$150 billion in goods, more than double the level of just six years ago. And the region's trade deficit reached US\$17 billion, a 54 per cent increase over 1993.

Caution is called for in view of the growing trade deficit and current account deficit: during the first half of 1994, external funds were no longer pouring into the region as they had in recent years largely for the purchase of privatised state enterprises. And higher US interest rates mean increased payments in interest and profit remittances: the regional current account deficit itself will increase from US\$45 billion in 1993 to US\$53 billion in 1994.

The Caribbean Region

The Caribbean region was described in the early 1980's by the Reagan administration as a "circle of crisis" among others in the world. This was after upheavals in many Caribbean Basin countries — Trinidad and Tobago, Curacao, Panama, Nicaragua, Dominica, Grenada, Suriname and elsewhere — following the "oil crisis" and recession in 1973-74, and in quick succession after 1977, a second oil shock, falling terms of trade and extremely high interest rates.

In early 1976, the former CARICOM Secretary-General (later Deputy Secretary-General of UNCTAD, UN Assistant Secretary-General and Vice-Chancellor of the University of the West Indies) Sir Alistair McIntyre told the Summit meeting of the Caribbean Economic Community that the region was faced with "unprecedented difficulties" including a 20 per cent inflation rate, the "scan-

dalous" food importation bill of US\$1,000 million, a worsening balance of payments problem, and the need for 150,000 jobs for full employment by 1980. And he lamented the shortage of funds for the public sector and "startling increases" in consumption expenditure.

Today, nearly two decades later, after some trade concessions by the United States of America and Canada, numerous diagnoses were made by "12 wise men", 20-odd academics and technicians, and the prestigious West Indian Commission. Structural adjustment in the Caribbean region remains in a serious crisis situation. The food importation bill is now over US\$2 billion. Less than 10 per cent of total trade is among countries of the Caribbean Community. Unemployment has soared and the "unprecedented difficulties" have been exacerbated.

The narrowly-based Caribbean economy, according to a CARICOM Secretariat study, was not able to take advantage of the free trade provisions of the Caribbean Basin Initiative (CBI) and Canada's Preferential Trade Scheme for the Commonwealth Caribbean (CARIBCAN). The statistics show a bigger trade balance gain for the United States of America during the "lost decade" of the 1980s — US exports to the region doubled, whilst Caribbean exports to the United States increased only 17 per cent in the 1984-93 period.

The major Caribbean export products — sugar, banana, petroleum, bauxite — showed a poor performance because of external and internal factors. Of the 17 Borrowing Member Countries (BMCs) of the Caribbean Development Bank (CDB), the GDP growth rate in 1993 of seven of them was higher than in 1992, 3 registered no change from the previous years, and the last 2 showed only declines.

PROBLEMS WITH GLOBALISATION

Unemployment, Poverty and Hunger

Market-driven economic globalisation and unbridled modernisation, coupled with inhumane and ill-designed structural adjustment programmes, are leading to a spiral of marginalisation and exclusion. The gap in living standards between the rich and the poor in both the North and the South is getting wider: the rich, "the included" "the Haves", are getting richer at the expense of the poor, "the excluded" "the Havenots". The 1992 UNDP Human Development Report showed that while in 1960 the richest 20 per cent of the world's population

received incomes 30 per cent higher than the poorest 20 per cent, in 1990 the same highest 20 per cent received 50 per cent more.

There was also unequal distribution within the different countries — in 1990, the richest 20 per cent of the people of the world registered incomes at least 150 times greater than those of the poorest 20 per cent.

In 1991, the richest fifth of the world's population had a percentage of world total; GNP - 84.7; World trade - 84.2; Domestic savings - 85.5; Domestic investments - 85.0. In sharp contrast, the poorest fifth had: GNP - 1.41; World trade - 0.9; Domestic savings - 0.7; Domestic investments - 0.9. (UNDP Human Development Report 1994, p63.)

The North has roughly one-fifth of the world's population and four-fifths of its income, and it consumes 70% of the world's energy, 75% of its metals and 85% of its wood.

The achilles heel of globalisation is unemployment. The recovery is generally deemed "jobless growth" or "jobless recovery".

The "politically-explosive" unemployment figure in the OECD industrialised countries is now 36 million, with 20 million in Europe alone. The IMF projects only a small decline in the European Union unemployment rate from an average 11.8 per cent in 1994 to 11.5 per cent in 1995, the highest level since the 1930's.

In Bulgaria, according to a BBC report, very high unemployment has resulted in a grave deterioration of living standards since the communist government collapsed five years ago. Now, 85 per cent of the people are living in poverty. One Bulgarian noted that under the old regime, he had to wait 20 years to purchase a car; now, he will never be able to buy one.

A *Newsweek* (14 November 1994, p.10) story about corruption MONEY TALKS states: "According to a recent World Bank survey, 65 per cent of Russians say life was better under the communists".

In the 1950's and 1960's, a 2-3 per cent unemployed was regarded as the norm in the capitalist industrial states; now, the percentage has increased to 4-5 per cent. Under socialism, full unemployment is guaranteed; in capitalist welfare states, without such guaran-

tees, unemployment relief is provided. Now, with increasing numbers of unemployed, unemployment relief and other social safety funds are becoming exhausted. The United States of America is limiting unemployment relief to two years. The welfare state is being dismantled.

For developing countries, unemployment has also become a troubling issue on the basis of the following factors:

- * the pace of macroeconomic adjustments which led to the decrease in demand, resizing the state and privatisations;
- * technological modernization and international competitiveness;
- * the need to adopt effective and fiscally sustainable social policies.⁴

Unemployment is not only degrading; it is also linked to poverty, hunger, family dislocations, environmental degradation, desertification, urbanisation and conflict. Future indications are disturbing.

Keith A. Bezanson, President of the International Development Research Centre (IDRC, Montreal, Canada) says that the globalised marketplace is shifting some jobs to the South, and "that shift is making the discarded workers of the North poorer and very, very angry" as was demonstrated particularly in France in recent times. And with more workers being put on the dole, there is little room for work for the graduates of colleges and universities. Bezanson estimates that by the year 2015, "around 700 million new job seekers will be entering the labour market in one year alone. 700 million! That figure is staggering when we realise that less than 50 million will knock on the doors of the global labour market this year".⁵

According to the United Nations, 1.2 billion people in the Developing World live in absolute poverty — almost double 1984 figures, hunger (over half of sub-Saharan African children are starving or malnourished) and diseased. UNICEF and UNDP figures show that over six million children under the age of five have died each year since 1982 in Africa, Asia and Latin America.⁶

World Bank President, Lewis T. Preston, told the UN Population and Development Conference.

A billion people already struggle to survive on a dollar a day. Two billion people are without clean water. Three million children die each year from malnutrition.

Our children are our future. But their plight is alarming:

* Each year 13 million children under five worldwide still die from easily preventable diseases and malnutrition.

* There are nearly 200 million moderately to severely malnourished children under five in developing countries - 36 percent of all children in this age group. Some 69 million are severely malnourished.

* In developing countries, 130 million children, almost two thirds of them girls, lack access to primary education.

In a world where we now talk about gross domestic product of tens of billions of dollars," observed James P. Grant, Executive Director of the United Nations Children's Fund, "to have children deprived of basic education, health care and minimal amounts of food is increasingly obscene. Morality must change with capacity."7

In Latin America, there is economic growth but persistent poverty. In a letter to The New York Times (5 December 1993) it was pointed out that Juan de Dios Parra, leader of the Latin American Association for Human rights, summarised the recent trends at a meeting in Quito, Ecuador, noting that "in Latin America today, there are 70 million more hungry, 30 million more illiterate, 10 million more families without homes and 40 million more unemployed persons than there were 20 years ago ... There are 240 million human beings who lack the necessities of life and this when the region is richer and more stable than ever, according to the way the world sees it."

The new wealth created is going mostly to the rich. Writing about the recovery for The New York Times Service, Nathaniel Nash says that for all the benefits of the region's new economies — revamped industry, new jobs, steady currencies and the relatively stable process of democracy — millions of people have been left out. He states:

"The resumption of economic growth has been bought at a very high social price, which includes poverty, increased unemployment and income inequality, and this is leading to social problems," said Louis Emmerij, an economist and specialist on social reform at the Inter-American Development Bank in Washington. United Nations economists say that despite projected economic growth through the end of the century, no progress will be made in reducing poverty, creating the potential for more

social unrest.

Poverty is even likely to increase slightly. As of 1986, 37 per cent of the region's families were living in poverty; by 2000, the economists say the figure will be 38 per cent or 192 million people.

"The coming years will be quite difficult for these countries," said Peter Jensen, regional co-ordinator for human settlements at the United Nations Economic Commission on Latin America and the Caribbean in Santiago.

"Growth has been really on only one end of the spectrum, the wealthy. The rich are getting richer and the poor are getting poorer. And this will generate social conflict."8

In the Caribbean sub-region, social problems are becoming acute. Nearly a decade ago the "Twelve Wise Men", headed by Nobel Prize Laureate, Sir Arthur Lewis, had noted high unemployment in some territories of nearly 30 per cent and warned that it could become an explosive problem. Referring to the present grave situation, the CDB's President, Sir Neville Nicholls, asserted:

The generally weak performance of the economies did little to relieve the serious unemployment situation. About 200,000 working age West Indians across the Region remained jobless in 1993, many of them young people and women. There was the consequential continued rise in social problems and the governments just did not have the resources with which to finance compensatory activities that would provide more jobs.9

CONFUSION AND CONVULSIONS

With the ending of the sharp ideological/political confrontation of the Cold War period, it was expected that an era of peace and tranquility would have emerged. Indeed, after the Gulf War, a New World Order was proclaimed. But regrettably, instead of order there is now grave disorder worldwide, because of the paradox of the continued development of the forces of production on the one hand and the increasing deterioration of the quality of life on the other — growing poverty and increasing inequality.

East/West confrontation, based on ideology, has given way to conflicts rooted in racial/ethnic, religious and cultural/historical differences both between and within states.

NEW GLOBAL HUMAN ORDER

Coupled with population growth and mass migration, poverty and insecurity are posing the dangers of an equally-terrifying political explosion, as seen in Somalia, the former Yugoslavia, the Middle East and elsewhere.

As a result of global poverty, convulsions and conflicts, more than 100 million migrants are living outside their countries of origin. Some 19 to 23 million of these are refugees or in refugee-like situations - up from 3.5 million in 1985. In addition, about 26 million people are internally displaced within their own countries. These figures show no sign of abating but rather are growing!

The United Nations peace-keeping expenditure increased seven-fold between 1991 and 1992, whilst UN agencies' aid programme declined by ten per cent between 1992 and 1993.

In the industrialised countries, drugs and crime have become serious problems. Today, roughly half of US households possess arms, and every year about 38,000 persons die of gun shots.

Jingoism and xenophobia are raising their ugly heads. Across the globe, the neo-fascists, the conservative far right and the religious far right are gaining ground politically.

The Commonwealth Caribbean, long recognised for its democratic traditions, is stagnating and facing a crisis not known since the late 1970's when the Caribbean Basin was deemed as one of the "circles of crisis". In a report to the CARICOM Summit in Barbados in July 1994, the Caribbean Association of Industry and Commerce (CAIC) referred to the growing jobless figures and declining levels of foreign aid and investment. On unemployment and under-employment, the CAIC said these levels remained far too high:

(They) do not begin to tell, in their cold statistical reciting, either the tragedy of broken lives and wasted human potential in our region, but also speak of a problem which, if not solved or at least significantly ameliorated, will ultimately destroy, through industrial and societal disruption, all other well-meaning efforts at economic development. 10

The grave crisis in Haiti is one dramatic and tragic manifestation of the plight of the Caribbean.

In his address to the United Nations General Assembly on October 1, 1993, President Cheddi Jagan said:

Success in these volatile times is often tempered. For, notwithstanding its important accomplishments the United Nations cannot be said to have fulfilled the highest aspiration of its creators. The scourge of war is still rampant in many places. Colonialism is certainly not extinct and today threatens to survive in different forms. Many aspects of colonialism are evident in the ever-widening gap between the developed and developing countries and in the dependence of impoverished millions on the largesse of a few. This prevailing economic and social disparity provides a breeding ground for hunger, disease and poverty, and ultimately constitutes a threat to international peace and security.

"The roots of conflict", he continued, "are imbedded in a history of complicated political, economic and social factors."

In his address to the Annual Meeting of the Inter-American Development Bank in March 1993, President Cheddi Jagan said:

In Shakespeare's Julius Caesar, Cassius tells us: "The fault, dear Brutus, is not in our stars, but in ourselves." We need a correct theoretical perception of events, not only of the development of productive forces, but also of the relations of production and their contradictions. Piecemeal management is not enough. Nor can everything be left to be regulated only by the market. Both the market and the state, as the World Bank has noted, have irreplaceable, complementary roles. "

Regrettably, the top leaders of the developed capitalist countries cannot present any prescriptions for curing the problems of the world economy. Symptoms, not the root causes, are treated. And the treatment is a palliative, a band-aid, like an aspirin to relieve the pain but not to cure it.

After the G7 "Jobs Summit" in Japan, a Conference was held in Washington D.C. on poverty, and later another on unemployment in Detroit. The Development Committee of the World Bank and the IMF for the first time sponsored a meeting on "Population and Migration". But nothing tangible resulted.

"Jobs and Growth" was one of the most important themes of the G7 Naples Summit meeting. Its Economic Declaration noted: "Unemployment remains far too high, with over 24 million unemployed in our countries alone. This is an unacceptable waste."

Modernised monopoly capitalism is unable to deal with recession, unemployment, financial deficit, trade frictions, the global environmental question, and the differences between the rich and the poor.

Western economic thinking is, as the famous US economist J.K. Galbraith put it for America: "If the horse is fed amply with oats, some will pass through to the road for the sparrows". But the "trickle-down" economy does not work, even in the most politically and militarily powerful and the economically-richest country, the United States of America.

Galbraith went on to say:

In 1980, the chief executive officers of the three hundred largest American companies had incomes twenty-nine times that of the average manufacturing worker. Ten years later the income of the top executives were ninety-three times greater ... The number of Americans living below the poverty line increased by 30.6 percent in just ten years, from 24.5 million in 1978 to 32 million in 1988.¹¹

And according to the US Census Bureau, the number of Americans living in poverty in 1993 rose past 39 million or 15 per cent of the population, the highest since 1961, and more than one million above the 1992 levels.

This general trend accounts for the cynicism and the loss of faith by the electorate in elections and governments. It also accounts for the defeat of incumbent political leaders and parties around the globe.

President Bill Clinton, with reference to the titanic political upheaval resulting in the loss of control of the US Congress by the Democratic Party, indicated that the electorate was not satisfied with the pace of reforms. Other commentators referred to anxiety and fear of the future, about crime and social security benefits.

Economic tinkering with interest rates and structural adjustments are not enough. The recovery is not as strong and secure as it appears. Already, after just a short period of economic upturn, there is concern about inflation in the United States.

Flawed Models

Monopoly capitalism with computers and robots is creating contradictions and innumerable problems: the trickle-down process does not work. Since the end of World War II, flawed models have been prescribed, based on wrong premises. Capitalism's market-driven neo-liberalism for the developing countries is harking back to models which had a history of failure, especially in Latin American and the Caribbean — President Truman's Puerto Rican "industrialisation by invitation" model, ECLA's import substitution, President Kennedy's Alliance for Progress, President Johnson's regional integration, President Reagan's Caribbean Basin Initiative and President Bush's Enterprise for the Americas.

In contrast, East Asia which is the fastest growing region without IMF/World Bank structural adjustment programmes and handouts, has a capitalist market economy, but with the state playing a distinct interventionist role to prevent market distortions, to solve contradictions and to prevent marginalisation.

Structural Adjustment

IMF/World Bank Structural adjustment programmes, though necessary in cases of grave economic/fiscal problems, have not produced the desired results in many countries.

Condemning the "trickle-down" economic policies of the IMF, US Congressman Bernie Sanders observed that its adjustment policies "actually exacerbate the plight of the poor". He attached the "harsh" requirements of the structural adjustment programmes of the IMF and World Bank, saying that "after 50 years, we should see the benefits of our investments. Instead, we are seeing the rich get richer while the poor fall deeper into poverty".¹³

Guyana is mooted as an IMF/World Bank success story. But here the Programme has been fraught with many contradictions and difficulties:

1) Devaluation of the Guyana Currency, from G\$4.15 = US\$1 in 1985 to G\$126 = US\$1 in 1992, led to a grave decline in real wages and salaries, increased prices for critical goods and services, raised costs of imported inputs, significant increases in debt payments in Guyana dollars amounting to 105 per cent of state current revenues in 1992 and 80 per cent in 1993, which contributed to a huge budget deficit and drastic budgetary reductions in

expenditures on subsidies of essential goods, social services and employment costs, which in turn led to massive retrenchment in the public sector and administrative incapacity;

2) Low wages and salaries, despite current budget support from the World Bank and the British ODA for a Public Administrative Project, led to a 10-day strike in the public service which seriously affected steamer and air transport services;

3) Unsustainably high real interest rates, which became a disincentive to productive investments and shifted the economy towards speculative and trading activities;

4) A credit squeeze which leads to overall contraction of the economy, declines in capacity utilization and an accentuated shortage of critical goods and services;

5) An undermining of food production and self-sufficiency, leading to undesirable environmental degradation and the substitution of marijuana for food production;

6) An erosion of the capacity of infant industries, thereby slowing industrialisation;

7) A floating currency linked to trade and monetary liberalisation and speculative and trading activities, causing monetary and other instability through a further devaluation of the Guyana dollar from G\$125 = US\$1 at December 31, 1993 to G\$145 = US\$1 at October 1994;

8) Lack of administrative capacity resulting in failure to implement projects for which funding had already been secured. A special IDB study notes: "The task is complicated by the fact that the quality of Guyana's public sector has deteriorated sharply ... The dilemma is that the substantially higher level of remuneration needed to attract qualified personnel is not compatible with the medium-term imperative of further reducing the fiscal deficit, while the potential for alternatives such as raising tax rates (tax burden was around 35 per cent of GDP in 1991-93), or slashing public sector employment (central government employment decreased by more than one-half between 1980 and 1992), is virtually exhausted."

9) Divestment (not privatisation which can take many forms) of all public economic enterprises, even profitable ones like banking and sugar, and despite the historical experience in Guyana with private and public enterprises under different governments;

10) High interest rate, inflation and speculative and trading activities, leading even with high GDP growth rates to increased social inequality and all the attendant ills of restricted development and dependency.

Our Own Agenda

We need our own agenda — a new agenda of

sustainable development. Past "models" of development have proven to be wanting.

A special Report, Our Own Agenda, sponsored by the OAS and the IDB and prepared by an independent Latin American and Caribbean Commission on Development and Environment, noted:

Besides problems with direct environmental connotations, to which we have referred in part, other problems of an economic nature include:

- * The outflow of capital from Latin America and the Caribbean to the developed countries;
- * The constant deterioration of the prices of the raw materials produced by countries of the region;
- * The fluctuation of interest rates, fundamental in the worsening external debt problem;
- * The introduction of inappropriate technological patents; and
- * Commercial protectionism, among others."14

The net outflow of capital from Latin America and the Caribbean in the 1981-85 period was US\$36 billion yearly in the form of profits, dividends and debt payments.

Developing countries lose US\$500 billion annually through unequal international trade, equivalent to 10 times the aid they receive from the developed countries.

Commodity price fluctuations, particularly for the one-crop and/or one mineral economies, had shattering effects. Every one per cent increase in interest rates in the North added nearly US\$2.5 billion to the Latin American and Caribbean burdensome external indebtedness, which deprives the countries of the capital needed for growth, prolongs the grave economic crisis and exacerbates the conditions of the poor.

Third world debtor countries paid more than US\$1.3 trillion between 1982 and 1990, yet, in 1990, they were 61 per cent more in debt than they were in 1982.

Sub-Saharan Africa's debt had spiralled from 8.4 billion US dollars in 1980 to just under 200 billion dollars. Since the early 1980s, the Latin American and Caribbean countries have honoured their debt obligations at tremendous suffering of the masses of the people. Yet, the debt continues to grow. According to the 1992 UNICEF publication "Children of the Americas": "Between 1981

and 1990 Latin America spent US\$503 billion on foreign debt payments (US\$313 billion in interest). At the same time, the region's consolidated external debt rose from US\$297 billion in 1981 to US\$428 billion in 1990. This mechanism whereby "the more you pay the more you owe" is perverse and must be stopped'.

The \$10 billion (US) debt of the Commonwealth Caribbean countries imposes a crushing burden and inhibits sustainable development.

As regards the IMF/World Bank Structural Adjustment Programmes which have been criticised for not having a human face, the PPP supports the platform of the Fifty Years is Enough US Campaign for reforms:

1. Openness and full public accountability of the Bretton Woods institutions and the systematic integration of affected women and men in the formulation, implementation, monitoring and evaluation of World Bank and IMF projects and policies;

2. A major reorientation of World Bank- and IMF-financed economic-policy reforms to promote more equitable development based upon the perspectives, analysis and development priorities of women and men affected by those policies;

3. An end to environmentally destructive lending and support for more self-reliant, resource-conserving development;

4. The scaling back of the financing, operations, role and, hence, power of the World Bank and the IMF and the rechanneling of financial resources thereby made available into a variety of development assistance alternatives; and

5. A reduction in multilateral debt to free up additional capital for sustainable development.¹⁵

Clearly, what is needed is a new socio-economic order, which can resolve the contradictions of the existing modernised methods of production. However, a new social order cannot be built by wishful thinking. Nor by copying foreign models. In actual fact, there should be no models; there should be only principles. And these have to be adapted in keeping with the local concrete situation — history, politics, social-psychology, culture.

And only with mass struggles and the maturing of all factors - political, economic, cultural, institutional - will fundamental change take place.

Radical Reforms

Meanwhile, the struggle for radical reforms must be mounted on all fronts, at the governmental and non-governmental levels — reforms which are not an end in themselves but are a process towards a fundamental re-ordering of society. We must declare a war against poverty, hunger, joblessness and homelessness, if we are to arrest the convulsions, disorder, insecurity, political polarisation and instability.

We need action and goal-directed structural changes, based on the history of societies and a fuller grasp of their social dynamics. A comprehensive strategy for the entire society is required, based on systematically-elaborated, rational principles for the establishment of reasonable social relations.

We must elaborate a rational approach to development, not simply for economic growth, but also for human development. We need growth with social justice and eco-justice. There will be no solution to environmental questions, for instance, if the boundaries of poverty continue to expand. The Caribbean Council of Churches, alluding to the widening gap between "the haves" and the "have-nots", stated that more distressing to the penthouse than the slum, but no less powerful an incentive to seek a solution, is captured in the UNDP Human Development Report for 1993: "There is a real threat that global poverty will begin to travel without a passport in many unpleasant forms: drugs, disease, tourism, migration. Poverty everywhere is a threat to prosperity everywhere".¹⁶

The two UN covenants on human rights, emphasizing civil and political rights as well as economic, social and cultural rights must be our guiding stars. High levels of human development are generally achieved within the framework of high levels of human freedom.

We need through the advancement and application of science and technology, not only to alleviate poverty worldwide, but also to guarantee a generally high material standard of living. But this would be possible only if an efficient and just system of allocation and distribution of wealth as well as resources was put in place both within and between nations.

One of the most pressing problems contributing

to a "vicious circle of poverty" is the huge debt burden. The cost of the debt crisis has been extremely high - living standards at the end of the 1980's in many developing countries had fallen to the levels of the 1950's and 1960's. We need debt relief and aid. Free trade must be linked to development aid and the elimination of unequal international trade.

However, in the evolution of a perspective and a programme for social development, we must take into consideration not only the concrete realities of our own country but the world at large.

The developed capitalist states are faced with budget and balance of payments deficits. Their peoples are demanding that more should be done to resolve their own pressing problems. With "aid fatigue" and "donor fatigue" setting in, the OECD countries, with some exceptions, have been reducing their overseas assistance programme from the committed 0.7 per cent of GNP to only 0.3 per cent. Japan is the only OECD country which has continued to increase ODA flows to developing countries.

Faced with this reality, we have proposed a global strategy for the alleviation of poverty worldwide, in the North as well as the South.

Scientists tell us that it is possible to halve the incidence of global hunger by the year 2000.¹⁷ It is necessary to shift from the treatment of the symptoms of the crisis to the root causes and to demonstrate the political will to harness science and technology in the service of humanity.

The current world disorder must be replaced by a New Global Human Order. Nuclear security must give way to human security.

Towards this end, President Jagan has written to world Heads of Government requesting support for a global strategy to alleviate poverty, hunger, unemployment and insecurity. This is based on radical reforms, interdependence and genuine North/South partnership and cooperation.

Financial resources for development cooperation can be found from:

* Demilitarisation Funds — 3 per cent cuts in global military expenditure can yield US\$460 billion in the 1995-2000 period;

* A global tax on energy. A tax of US\$1 on each barrel of oil (and its equivalent on coal) would yield around US\$66 billion annually.

* Pollution taxes;

* Taxing global speculative foreign exchange movements. A tax of 0.05% on the value of each transaction can yield US\$150 billion annually. Nobel Prize Winner, economist James Tobin recommends a 0.5% tax which will yield ten times more — US\$1500 billion annually.

Payments for services by poor countries can also be made to ensure global human security. This can be for environmental controls, destruction of nuclear weapons and controlling communicable diseases and narcotics. Compensation should also be paid for brain drain, exclusion of unskilled labour and restrictions on trade.

The additional funds, the "peace dividend", can be utilised for the following:

* A Works Programme for physical, social and cultural infrastructure, as was embarked upon by the Roosevelt New Deal Administration at the time of the great Depression of the 1930s.

* Increase employment by the reduction of the number of days or the number of hours worked per week, without loss of pay; also the reduction of the retirement age without loss of benefits;

* Tax and other incentives for the use of technology which will create jobs instead of destroying them;

* A new EU/ACP Lome Convention with enhanced assistance for developing countries;

* Arefashioned Alliance for Progress for Latin America and the Caribbean;

* Debt relief for the developing countries.

The international debt crisis has dragged on since 1982 when it dramatically nearly exploded. The Fifty Years Is Enough US Campaign says that the "debt burden of developing countries now stands at US\$1.7 trillion, of which US\$278 billion, or roughly 17 per cent, is owed to the World Bank and the IMF. The poorest countries, mostly in sub-Saharan Africa, are simply not able to meet their debt payments, while in many economically better-off nations development has been stymied while interest payments are made. Although the IMF and the World Bank have large liquid reserves, they refuse to reduce or reschedule the debt owed them, taking no responsibility either for projects that have failed or for stabilization and adjustment programs that have led to severe economic recession and an exacerbation of national debt bur-

The organisation, in its platform, is calling for:

* The immediate cancellation of 100 per cent of the outstanding debt owed the IBRD and the IMF by the Severely Indebted Low-Income Countries and 50 per cent of that owed by Severely Indebted Lower-Middle Income Countries. The World Bank and IMF should use their respective liquid and gold reserves (US\$17 billion and US\$35 billion, respectively) to write off this debt without applying structural adjustment conditionality.

* The write-off of World Bank loans made for projects and programs that have failed in economic terms, particularly those which have had severe adverse impacts on local populations and the environment.19

The British Chancellor of the Exchequer at the recent Commonwealth Finance Ministers Conference also called for the sale of gold reserves by the IMF and utilization of the funds for aid to the least-developed countries like Guyana. A call was made also at the IMF/World Bank 50th Anniversary meeting in Spain by Michel Camdessus, managing director of the IMF, for US\$50 billion for assistance to the countries of the Third World, Eastern Europe and the former Soviet Union.

With debt relief, funds will be available to lay the foundation for rapid economic growth, which can then provide the basis for the expansion of world trade through the purchase of goods and services, especially capital goods, by the developing countries from the developed countries.

This century has recorded unprecedented progress marked by victories of democracy over despotism, of national independence against oppression and improvements in living conditions and the rights of working people against exploitation and oppression.

With firm commitment, unity and struggle, humankind will advance to a New Global Human Order.

SECTION 3

POLITICAL AND SOCIO/ECONOMIC SITUATION

Our Party waged a relentless struggle for change: the restoration of democracy and the establishment of a new socio-economic order. On October 27, 1991 the PPP issued a Declaration for Freedom which stated:

"We proclaim that we shall not rest until dictatorial rule is swept aside and democracy is fully restored in Guyana ... We must safeguard our patrimony; redeem our sovereignty, restore dignity of labour and enhance the capacity for entrepreneurship." These goals have become attainable in a short time under the PPP/CIVIC government.

(I) Freedom and Human Rights.

The long struggle for the restoration of democracy in Guyana finally won out on October 5, 1992, when free and fair elections for the first time in twenty-eight years were held.

Our struggle for independence and social justice began with the formation of our Party in 1950. The history of that period, including our historic electoral victory in 1953, the suspension of the Constitution, the suppression of our Party, the split in 1955, our second and third electoral victories in 1957 and 1961, subversive foreign intervention between 1962 and 1964, the fiddled constitutional arrangement establishing proportional representation is well known and fully recorded.

Even though we were manipulated out of office in 1964, our Party welcomed Independence on 26 May, 1966 which was the main object of our struggle. We pledged our co-operation and support and prepared ourselves for the role of loyal opposition fully conscious of the fact that the policies of the PNC-UF coalition government would lead Guyana to disaster and the good sense of the Guyanese people would prevail and we would once again be returned to office.

The history of electoral fraud starting with the 1968 General elections is also well known. Throughout this period of economic devastation and moral decline, we struggled relentlessly for free and fair elections broadening the movement at every step until 1985 when the Patriotic Coalition for Democracy was established after the rigging of the 1985 elections.

During these long and painful years of struggle, many members of our Party made tremendous sacrifices with great courage and dignity. The beating of Mirror vendors in the sixties to drive Mirror off the streets, the breaking-up of political meetings and vicious assaults on our members, the searches, arrests detention and jailing of members on the sugar estates during the struggle for recognition of GAWU, the torture of many and the

assassinations were all part of the price we paid for freedom. The open indignities and abuse heaped upon our leaders coupled with all forms of harassment were borne with courage and fortitude.

But we were not the only ones who suffered. The assassination of leaders of the Working People's Alliance and the systematic harassment of that Party and later of other Guyanese democrats were part of the paramountcy which accompanied the PNC's arrogant grip on political power.

At this Congress, in the presence of our most advanced and dedicated fighters our Party and the entire working people and other patriotic Guyanese pay tribute to our fallen comrades and all those in our Party who sacrificed for the restoration of democracy and the achievement of our high ideals.

The battle for democracy advanced on many fronts. The political parties opposed to the PNC joined forces in the Patriotic Coalition for Democracy to press demands for electoral reform. This show of unity at the political level stimulated broad sections of the population in civic, social and professional bodies to join actively the battle.

"Desmond Hoyte should not be attending". "I should be representing Guyana." That was how Comrade Cheddi Jagan, as leader of the Opposition, had put it in a letter to President George Bush in December 1989. The reference was to the 100th Anniversary Celebrations of Costa Rica's democracy. Invitees had included only democratically-elected Heads of Government. For countries where there had been no elections, opposition leaders had been invited. Comrade Jagan pointed out in his letter that Desmond Hoyte had come to power through a rigged election in December 1985.

That letter, coupled with the winding down of the Cold War, started a new stage in the process towards the restoration of democracy. The first shot was fired in February 1990. In a Republic Day message, President Bush stated that he hoped that the elections due that year would be held according to the norms of democracy that both the USA and Guyana shared.

The second shot came in late 1990, after Comrade Cheddi had made two visits to Washington: six Senators and eight Congressmen had written letters to the State Department urging that US aid should be linked to free and fair elections in Guyana and setting

out the needed electoral reforms, including a reconstituted Elections Commission and the counting of ballots at the place of poll, which President Hoyte had refused in 1985.

President Jimmy Carter's entry on the electoral stage was crucial. Before his arrival in October 1990, Desmond Hoyte had categorically stated that ballots would not be counted at the place of poll. Carter made it clear, however, that vote counting at the polling place was an essential ingredient for free and fair elections, and without that his Council of freely-Elected Heads of Government might find it difficult to observe the elections. He won out: Hoyte conceded Round One.

Round Two was won a little later when Hoyte was forced to drop Harry Bollers in favour of Rudy Collins, as Chairman of the Elections Commission.

The third Round in the battle for free and fair elections was won when Hoyte was forced by internal and external pressure to abandon elections fixed for December 1991, based on an improperly-compiled Voters List. The Elections were finally held on October 5, 1992.

October 9, 1992, when the PPP/CIVIC alliance assumed the reins of office, was a memorable date. It was exactly the same date, thirty-nine years earlier, when the PPP had been forcibly removed from government.

(II) NATIONAL DEMOCRACY

The PPP has set about establishing a state of national democracy. It is neither a capitalist state propagating capitalism nor a workers' state, practising socialism. By this is meant a state which -

- * constantly upholds its political and economic independence;
- * fights against militarism and military bases on its soil;
- * resists new forms of colonialism and foreign domination, as in the colonial period when British Guiana was "Booker's Guiana";
- * rejects dictatorial anti-popular forms of government;
- * ensures the people's broad democratic rights, and enables their participation in shaping Government policy;
- * embarks on radical socio-economic changes including the promotion of co-operation in the country side and the development of the public sector together with the provision of social services such as education and health.

The tasks of a national democratic character comprise:

- to consolidate national independence;
- to carry out agrarian reforms and eliminate survivals of feudalism and exploitation;
- to restrict the development of foreign monopolies (two PPP governments had been destabilised with the help and in the interest of foreign monopolies);
- to secure substantial improvement in living standards for all the people;
- to democratise social life;
- to pursue an independent and peaceful foreign policy;
- to promote a national industry and enterprises belonging to its citizens.

The PPP prefers the partnership arrangement with foreign capital and local capital and/or the state. Such joint ventures exist with the Guyana/Libya agricultural scheme, the Guyana/Reynolds bauxite mining company, Aroaima, the Guyana/Edgeworth Construction International Stone quarry at Tiperu-Itabu, and the Continental Agencies/Berjaya Co Ltd hotel project.

An enduring foundation for our economic takeoff is democracy: democracy in all aspects — political, economic, social and cultural; representative, consultative and participatory. It is not simply about voting and electing representatives, and the minority obeying the dictates of the majority.

Representative democracy must be linked with consultation, participation and accountability. The many varied parts and levels of society must be in ongoing, dynamic and working relationship with each other. A democratic culture must be firmly established. As it was so pointedly put by Haitian President Jean Bertrand Aristide, it is the second election which is the more important, in the restoration of democracy.

Democracy entails the right of persons and communities to political self-determination. It is the best form for the political development of society, and is ultimately about expanding human freedom and potential, as enunciated in the UN Covenant on Civil and Political Rights and the Covenant on Economic, Social and Cultural Rights. We have restored the supremacy of Parliament and abolished paramountcy.

Participation involves empowering the people to exercise control over resources and the decision-making processes which affect management of resources.

We see democracy and development as being interrelated and as key to achieving our goals of social and ecological justice.

Democracy is essential for economic growth and human development. Equally, human development is necessary for the sustenance of democracy.

The previous administration ratified the United Nations (UN) Covenant on Civil and Political Rights and the Covenant on Economic, Social and Cultural Rights, but honoured them in the breach. It had a dismal record of reporting to the United Nations on the fulfillment of these rights, and it refused to sign the Optional Protocol to the Covenants on Civil and Political Rights.

The PPP/CIVIC government has ratified the Optional Protocol and intends to expand the authority of the Ombudsman. It will provide regular reports to the United Nations. It also proposes to retrace the footsteps of the PPP government in the 1957-64 period when, under a national democracy, the country attained both economic growth (an average annual rate of 10 per cent in rice, seven per cent in sugar and bauxite, and eight per cent in manufacturing) and human development (high levels of education and health, with special emphasis on women and children, guarantees of Fundamental Rights, a multi-party political system and periodic free and fair elections).

(III) THE INHERITED OBSTACLES TO RECONSTRUCTION

Our victory at the polls was greeted with nation-wide rejoicing. The Guyanese people welcomed the breath of fresh democratised air of freedom and enthusiastically moved to support the new government's drive to rebuild the country.

"We are making a new beginning", Comrade Cheddi Jagan declared, when he was sworn in as President at State House. We are doing so with distinct advantages and disadvantages — advantages: tremendous local and foreign goodwill; no cold-war anti-communist hysteria as at the time of our earlier victories in the 1950's and 1960's — disadvantages: continuing stagnation and recession in the world economy; a politicised Public Service and a

run-down infrastructure.

As we settled into office, we had to cope with missing files, typewriters, computers and vehicles. And we found out that the destruction of the country wrought by the PNC regime was much more than was previously apparent. With a per capita income of US\$330 and an external debt per capita of US\$2,260, Guyana remains one of the poorest countries in the Western Hemisphere. Nearly a half of the population is below the poverty line. This leads to a vicious circle of poverty and stifled development.

The consequences of poverty are: lowest nutritional intakes, lowest life expectancy, and highest infant and maternal mortality rates as compared with the other CARICOM countries; inadequate pre- and post-natal care; very high percentage of illegal abortions; homelessness; street children; primary school dropouts; poorest high school examination results as compared with the Caribbean; juvenile delinquency; crime; increasing prison population; production, use and export of marijuana; narco-trafficking; emigration, especially of skilled people.

Having inherited an economy in a prolonged decline of more than two decades, the PPP/CIVIC Government is faced with an unenviable task in its search for economic growth with social justice and eco-justice. The constraints are:

- * a huge debt burden, the servicing of which absorbs most of our foreign exchange and revenue;
- * an extremely weak public sector management;
- * a narrow revenue base;
- * ruined physical and social infrastructure;
- * low level of technology
- * decline in the quality and level of education which has eroded our human resource base;
- * inadequate remuneration of public sector employees;
- * widespread demoralisation which has adversely affected motivation and moral standards.

Guyana has an unmanageable burden of debt, which is the greatest contributing factor to poverty and curtailed development.

TABLE I
DEBT SERVICE
Guyana Dollars

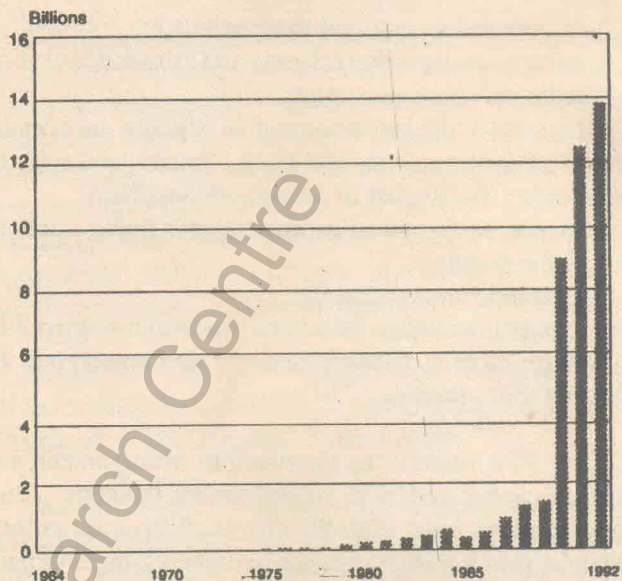
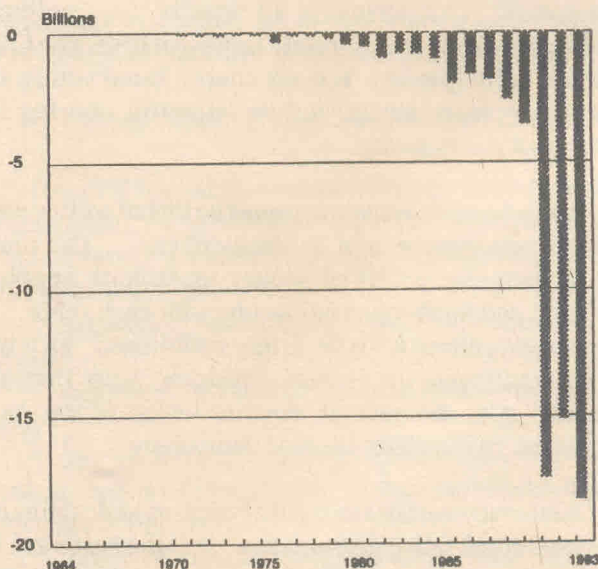


TABLE II
OVERALL BUDGET DEFICIT
Guyana Dollars



Scheduled debt payments constituted 105 per cent of state current revenue in 1992 and 90 per cent in 1993 as shown in Table III below.

TABLE III

CURRENT EXPENDITURE

GUYANA DOLLARS

	1964	1990	1991	1992	1993
Employment Cost	27.0	301.0	2,248.3	3,630.9	3,963.7
Debt Servicing	10.0	685.0	18,009.0	17,707.7	19,194.0
% Revenue	15.0	105.0	152.0	110.0	80.0
% Expenditure	14.5	60.0	98.0	96.0	89.0
Social Services					
% Expenditure	30.0	19.0	6.0	8.0	14.0
Exchange Rate	1.74	4.40	124.5	125.0	126.5

Consequently, finance is inadequate for payments of salaries and wages in the Public Service and to provide social services.

Guyana's foreign debt of over US\$2 billion is perhaps the highest per capita in the world.

Nearly 50 per cent of Guyana's foreign commercial earnings is utilised to service the foreign debt, equivalent to nearly two times the average (25 per cent) for the 47 least developed countries in the world. When to this very high debt-service ratio is added 40 per cent for fuel imports, Guyana's balance of payments problem is compounded. Economic growth and human development cannot take place without foreign exchange for the import of capital goods, spares, services and essential consumer goods, especially when less than 10 per cent of the Gross Domestic Product (GDP) of Guyana is from the industrial sector.

The Commonwealth Study Group, headed by Sir Alister McIntyre, noted in its report in 1989 that Guyana's high debt service ratio was not conducive to sustained economic growth.

A minimum wage of less than US\$2 per day and a maximum salary of less than US\$800 per month in the Public Service do not facilitate the entry or retention of persons in the Public Service. Salaries in the private sector and in the Caribbean and North America are much

greater, leading to a brain drain.

Consequently, it is impossible to maintain the administrative capacity for the implementation of projects. For example: US\$170 million had been approved by the International Development Bank (IDB) for projects but they could not be implemented because of the lack of skilled/technical/professional personnel.

Of current budgetary expenditure, the Social Services Sector was in 1992 allocated a totally-unacceptable eight per cent of revenue, as seen in Table III. This was a disastrous climb-down from the nearly 30 per cent allocation by the PPP Government in the 1957-64 period.

Significant progress has been made towards restoring external viability. The current account deficit of the balance of payments has been reduced from almost US\$150 million in 1992 to a projected US\$120 million in 1993. Over this period exports are projected to have grown by over 20%. At the same time, the deficit in the capital account of US\$47 million in 1990 had been turned around to a surplus of US\$78 million in 1993, largely on account of substantial new capital inflows.

(IV) GOOD GOVERNANCE AND ECONOMIC GROWTH.

Given this reality, and taking cognisance of the negative factors — bureaucratic/command type of Government and management without popular participation, no coordinated Development Plan, political and racial discrimination, denial of freedoms and human rights, extravagance, bribery, corruption — which led to economic collapse, a huge debt burden, poverty, alienation, frustration, hopelessness and emigration, the PPP/CIVIC Government is proceeding very much conscious of the need for strong policies and practices internally to manage efficiently available resources. These include an entrenched democratic culture, good governance, transparency and honesty in public administration, prudent financial husbandry, integrity in public life, justice and equity. Corruption, extravagance and lack of accountability, vices which characterised the past, will not be tolerated by the PPP/CIVIC administration — a policy which has won the

confidence of the people.

The PPP/CIVIC, in establishing a clean and lean administration, is "reinventing" government.

With each passing day, the new Government fights against the legacy of emasculated institutions. The previous administration had made the State indistinguishable from the ruling party, and subverted and emasculated the state institutions, such as the Elections Commission, Public Service Commission, Police Service Commission, Teachers Service Commission and the Judicial Service Commission, and made them instruments of "party-paramountcy".

The police, army, public service and judiciary are once again asserting their independence and professionalism, and ridding themselves of overt and covert political influences. The results of these bold policies have been a clean administration and increased revenues, especially at the Customs Department.

The PPP/CIVIC government respects fully the independence of the institutions which deal with employment. Employment and promotion will be carried out irrespective of political affiliation, race, ethnicity and religious persuasion. Qualification, merit and experience are the basis for employment and promotion. In this regard, and also to cope with fears of racial/ethnic insecurity, a Task Force on Race Relations has been set up under the leadership of the distinguished Bishop of Guyana, the Rt Rev. Randolph George. A draft report is being circulated for broad discussion with the objective of enacting a Race Relations Act and establishing a Commission to deal comprehensively with all forms of discrimination and racist incitement.

The Government is committed to accelerated development of the Amerindian people. A Task Force has been set up to elaborate a comprehensive Development Plan and projects for these communities.

The Guyana Airways Corporation (GAC) instituted in 1993 a scheduled air service to various parts of the Interior. This has proved to be a boon, particularly for the Amerindians.

Women play an important role in Guyanese society. They are well-represented in the National Assembly and two are Ministers of Government. It is proposed to enact legislation to guarantee equality of opportunity for women, to provide greater opportunities for their education and to embark on urban and rural projects to enhance for gainful employment opportunities.

Young people have been affected seriously by the maladministration of the PNC regime. The decline in educational standards along with the absence of sports, cultural and leisure facilities contributed significantly to the demoralisation of Guyanese youth leading to migration, drug addiction and other social vices. In retrospect, we may never be able to calculate the negative effects of National Service in its initial format, and Mass Games.

In the cultural field, Government is working to develop community centres throughout the country for cultural activities and to broaden training with more sports coaches and equipment. The provision of facilities in culture and sports will greatly assist in diverting the youths from alcohol and narcotics. It will also facilitate the improvement in educational standards and technical skills.

The expansion of operations in the fields of mining and forestry has raised concerns about effects on the environment. There is a serious shortage of trained personnel in the environmental sector. Government is in the process of establishing an Environmental Protection Agency.

A National Environmental Action Plan has been approved and an Environmental Protection Act will shortly be presented to Parliament.

The University of Guyana started in January 1994 a degree programme in Environmental Science run by an inter-faculty Environmental Studies Unit, assisted by the European Union (EU).

Human resource development — an educated and healthy populace and work force — and a clean, pristine environment are essential for economic growth and human development.

The decline over the last two decades has resulted in an almost total collapse of the educational system with the most drastic effects in the area of natural sciences. Government is taking steps to increase significantly science education at the primary, secondary and tertiary levels.

The rights and freedoms of the Guyanese people have been strengthened by:

* establishing mechanisms and capabilities to achieve completely free and fair elections as attested to in the Permanent Council of the Organisation of American States for the recently-held neighbourhood and urban elections. According to Freedom House Inc. of New York, Guyana

has moved back into the Commonwealth of fully-democratic states;

- * removing the atmosphere of fear, intimidation and victimisation;

- * ceasing government's political interference in the functioning of the trade union movement and other organisations;

- * opening up the state-owned media to all shades of opinion and ensuring press freedom.

- * *democratising Parliament by introducing Select Committees to reach consensus, dealing with all questions and motions for Parliament without delay and consulting parties and the public on major issues.*

In addition, steps are in train to revise the Constitution so as to reduce its dictatorial flavour and to establish the legal basis for a law-governed, democratic and humane society.

Despite the serious constraints, the PPP/CIVIC made remarkable progress. The Inter-American Development Bank in its 1993 annual report singled out Guyana for its "relatively successful stabilisation and adjustment programme" and credited it with Caribbean's highest expansion rate, even as the sub-region experienced a growth rate of under one per cent in 1993.

Real GDP grew by 7.7 per cent and 8.3 per cent in 1992 and 1993, respectively, and is projected to grow by 8.5 per cent in 1994 and 6 - 7 per cent over the 1995-1996 period. This is largely due to people's confidence restored after it had become clear at the end of 1991 that there would be free and fair elections in 1992: free at last. In contrast, under the PNC, real growth in 1991 was 6.1 per cent albeit from a low base, as the World Bank pointed out, "after recording a combined negative growth rate of 10 per cent between 1987 and 1990"

An IDB newsletter (June 1994, p.10-11) described Guyana as a "small country with big economic ambitions" and "a shining example of a country on its way back from the abyss." Achievements noted are:

- * A recent economic growth which was "a welcome contrast to the late 1980's, when the country's economy shrank an average 2.2 per cent annually from 1985 to 1989";

- * Reduction of its external and fiscal deficits by roughly one-half;

- * Reining in monetary expansion and cutting inflation from 105 per cent in 1991 to 10 per cent in 1993;

- * Increasing international reserves from an equivalent of one week of imports in 1988 to some eight months' worth in early 1994 (US\$500 million in 1993);

- * Financial Sector on the verge of a dramatic improve-

ment in efficiency;

Economic growth would have been even more significant had it not been for serious reservations made by aid donors and environmentalists towards the granting of concessions to foreign investors, especially in the forestry sector.

There remain many other continuing stumbling blocks, which include, according to IDB economist/consultant, Bertus J. Meins, "Guyana's high external debt servicing obligations, continued fiscal deficits, and as yet unmet needs for investment in maintenance and upgrading of physical infrastructure - a prime condition for attracting foreign investment in manufacturing. Also problematic is the country's weakly staffed public sector, which is involved in many productive activities but not enough in improving the human resource base."

Despite these constraints, many gains were achieved:

- * The sugar industry is expected to reach 260,000 tons compared with 243,000 tons in 1993;

- * Rice production will be the highest ever - 250,000 tons as against 204,000 tons in 1993;

- * Gold production is expected to be in excess of 400,000 ounces;

- * Timber exports will reach record levels;

- * Non-traditional exports, especially agricultural products, continue to leap forward;

- * The furniture industry is showing definite signs of revival;

- * The bauxite industry is the only productive sector which has done poorly. It cannot dispose of its stocks of bauxite because the very low overseas prices are lower than the cost of production.

- * The construction services and transportation sectors are showing good growth.

An important achievement has been the turnaround in many money losing institutions like the Co-op Bank and the GEC. With better management and new boards, these entities are no longer burdens to the Treasury. At around the same time, divested enterprises like Demerara Woods and Demerara Timbers were facing huge difficulties.

In the management of the finances of Central Government, great gains have been recorded in combatting inflation, reducing growth in money supply and controlling interest rates.

There is more competition in the banking system with new legislation being prepared for a modernised financial

sector.

In addition, the gross reserves have increased by over US\$113 million in the last 2 years.

"After many years of dormancy," says Yesu Persaud, Chairman of the Private Sector Commission of Guyana and the Caribbean Association of Industry and Commerce (CAIC), "the local manufacturing sector is beginning to show signs of revival." He instanced the furniture industry, the "large number of ordinary men and women who are willing to venture into small businesses and recreate the entrepreneurial spirit". The Institute for Private Enterprise Development (IPED), which he heads, has made remarkable strides, creating 3,700 new businesses and employing 17,000 people. He says that the generating effect on the economy is seven-fold.

Little wonder that unemployment has nose-dived to 12 per cent, according to the IDB.

Yesu Persaud has given the lie to the PNC's propaganda that the private sector has lost confidence in the PPP/CIVIC government. In an article "PPP's Second Year In Government" (Caribbean Voice, November 1994, p.8), he pointed out:

One of the healthiest and most salutary trends in all of this is that local entrepreneurs are now investing in the country. Banks DIH would be investing over \$80MN over the next year; Demerara Distillers Ltd (DDL) in excess of j\$1 Billion; Kayman Sankar about \$500MN (US\$3.5 MN); Vinelli Industries - \$140mn; DIDCO -\$20MN. The furniture industry is in a growth pattern too, with huge investments made by MS Holdings, Shiva Woodworking and Precision Woodworking. Also with the advent of Courts in Guyana, many small furniture manufacturers have been stimulated into greater activity as Courts buys their entire production. Other production and trading companies are also investing heavily in their companies. OMAI is expected to invest another \$60MN in 1995 and Barama \$30MN. The new industrial Site at Coldingen has been allocated in full which will stimulate the productive sectors further.

Major building construction is going on all over the country and the allocation of land for housing by the Government will stimulate growth in 1995

In the transport industry, also, there has been much investment with the increase in the capacity of public and private transport. Such investment evidence a growing confidence in Guyana and its future and sets a good example and a lead to the foreign investor.

In the first two years, the adjustment period of the PPP/CIVIC government, positive changes have taken place by arithmetic progression; from 1995, they will be by geometric progression. Already projects are under way for road and sea and river defence construction, drainage and irrigation works and a massive school rehabilitation and rebuilding programme.

An industrial estate at Coldingen, East Coast Demerara will soon be opened, and another will soon be started at Eccles, East Bank Demerara. It is planned, in keeping with balanced rural/urban development, to establish at least one industrial estate in each Region. Go-Invest has been established as a one-stop agency to facilitate investors, local and foreign. Its activities will be enhanced with the streamlining, now in progress of the Lands Department and Registry and the Customs Department.

With the installation of the 11 megawatt Wartsilla plant at Garden of Eden and 4 megawatts at the Essequibo coast, and rehabilitation works at Garden of Eden, Versailles, Onverwagt and Canefield providing about 20 megawatts of energy, blackouts will be a memory. Transportation and distribution works now underway will improve service. We are now looking for some additional plants, which will be multi-purpose, to use not just fuel but waste too, like wood waste, rice husk, bagasse, garbage and sewage.

We are now examining the sugar industry, not only to modernise it but also to generate electricity in the process. The boilers which have to be done over, if converted to high pressure boilers, we'll not only get steam and the amount of electricity which they get now but a significant amount (five to seven megawatts) from each factory.

So that will give quite sufficient amounts of electricity for all our needs. All of that was not in the plan immediately to be done. We are looking ahead to do a hydro-electric scheme which we hope will come in before the year 2000.

There has been a constant pressure and chorus to turn everything over to the private sector.

We maintain that there is a place for state ownership and well run state-owned enterprise which should not be gotten rid of because of some ideological hang-up. We do not suffer from these hang-ups.

There are many examples, here in the Caribbean which prove that good and effective management are the key to success for any type of enterprise.

In Trinidad, ISCOTT, the Government Steel Company was turned around dramatically after new management took over.

This happened also in Jamaica where the foreign owners in the oil distribution business gave up the Esso oil refinery and after it was turned around, tried to re-capture it.

In Suriname, the Government took the chance in oil exploration where private companies were unwilling and succeeded in saving the country over 60% in oil imports. The PPP/CIVIC believes in good and effective management of the entities it controls and is confident that they can make a contribution to the national economy.

Up to a year ago, consultants from the IDB and World Bank wrote off the Co-op Bank and the GAIBANK. However, Co-op Bank, after showing a loss of over \$800 million in 1992 showed a small profit in 1993 under the new Board and management. This performance improved in 1994. GAIBANK continues to be a main provider of agricultural and industrial credit.

The proposed merger of these two financial institutions will not only create a strong and viable bank capable of providing developmental and commercial credit but also to extend banking services in many communities which now need them.

The doomsday consultants have been proven wrong again.

The extensive roads programme will be coming on stream shortly too. One in the Essequibo is on the way as is the one on the East Bank from Georgetown to Timehri; and we will be starting another road from Georgetown to Mahaica.

There will be other roads vital to agricultural production:

- * The Moleson/Jackson road along the Corentyne River. This was abandoned by the PNC government.

- * The road on the East Bank of the Berbice River to Mara and Brandwat Sari, which had been thriving land settlement schemes at the time of the PPP government, but neglected by the PNC regime;

- * A road along the East Bank of the Demerara River from the Timehri airport and feeder roads from the Linden Highway to the Demerara River;

- * A road on the West Bank of the Demerara River from Wales Estate;

- * A road from Parika to Makouria.

- * Roads will be supplemented by a massive sea defence and drainage and irrigation (D&I) works programme.

Old D&I projects are being rehabilitated. New projects will include -

- * In Corentyne Berbice, one-half million acre Greater Canje D&I project and the rehabilitation of the Torani Canal;

- * The Mahaica/Mahaicony end of the MMA project which will not only release thousands of acres of land for agri-industrial production and housing but also assist in the drainage of Georgetown;

- * The Cozier and Akiwini D&I projects in the Pomeroun area.

We propose to fully develop the Kimbia/Ebini intermediate savannah region. Under the PNC regime, millions of dollars were wasted at the Kimbia settlement for the National Service.

Plans are being made to capitalise on the full potential of the Upper Mazaruni and the North and South Rupununi regions. A mini-hydro scheme is soon to be established at Moco-Moco in the Rupununi with help from the People's Republic of China.

New attempts will be made to explore the potential of gas and oil with the help of the Suriname government and others.

We will deepen our cooperation with the Suriname Government for hydro-electric power generation and the smelting of bauxite into aluminum.

An integrated development plan for Linden/Wismar area is being prepared.

Citizens Committees already numbering more than 100 are being established in every community for infrastructure projects with the help of funding from overseas agencies. This will lead not only to the empowerment of the people at the grass-roots but also to sustainable development.

Cooperative and mutual aid activities will be fostered in the building of a self-reliant society.

In addition to physical capital (investment and aid) and natural capital (natural resources) social capital (human resources) must play a cardinal role in economic development. To this end, we propose to foster an extensive programme of education and training.

(V) HUMAN DEVELOPMENT

It is possible to have growth, without social justice and

ecological justice, without human development. Dr Wilfred David, former economic adviser to the PNC government, just prior to his sudden resignation in 1971 declared: "We have had growth without development. The problem has been exemplified by the high level of unemployment and foreign dependency".

The type of development to which we aspire is a harmonious mix of developed physical infra-structure, adequate production, just distribution of the national wealth, and genuine social and cultural upliftment within a growing political, economic and social democracy. It is the progressive realisation of the capacities, abilities and talents of each individual for his/her own satisfaction and enhancement of the social good, and harmonious relationship with the environment.

These concepts, one might refer to as "human development" or "people-centred" development or more broadly a "basic needs strategy" as distinct from economic growth alone — the growth of income and profits without ensuring the broad-based distribution of those benefits. It is evidently clear that, unlike the previous administration, the PPP/CIVIC government will pursue steadfastly a policy to achieve the most equitable distribution in the process of achieving growth. Additionally, we view poverty not merely as the negative effect of structural adjustment; we see also its cause and cure in a more fundamental way.

A clear difference between the PPP/CIVIC and the PNC towards the working people can be observed in the fact that in the past two years with a cumulative inflation rise by less about 20 per cent, wages and salaries increased by over 70 per cent, as compared with a fall in real wages by nearly 50 per cent during the last ten years of the PNC administrative dictatorship.

The salaries of teachers increased by 20 to 102 per cent in 1994.

For personal income tax, the threshold for non-payment was increased from \$72,000 to \$120,000 per annum, making an additional 30,500 low income earners exempt from taxation.

In 1993, under a Social Impact Amelioration Programme (SIMAP), mothers and children, National Insurance Scheme (NIS) pensioners, social assistance recipients and widows received income supplements of \$500 per month. Furthermore, the Means Test for old age pensioners was abolished.

In 1994, old age pensions were increased by 50 per cent, and social assistance by 100 per cent.

As a result of cuts, particularly in Foreign Affairs and the Presidential Secretariat, social services expenditure was increased from 1992's eight per cent to 12.8 per cent in 1993. But even this amount is inadequate in view of our run-down health and educational services. Health expenditure increased from 8.5 per cent in 1992 to 13.7 per cent in 1994; education increased from 10.5 per cent in 1992 to 18.5 per cent in 1994. We propose to increase expenditure rapidly to the levels prevailing under the previous PPP government, when health and educational standards were among the highest in the Caribbean.

To tackle the grave housing problem, 10,000 acres, equivalent to 50,000 house lots have been initially released by GUYSUCO for housing. And discussions are in train with the World Bank and the IDB for a soft loan with low interest rate and long term repayment to cover the cost of house lots, infrastructure and houses.

The Sugar Industry Labour Welfare Fund, received a substantial increase in the amount per tonne of sugar from our government. Now the Fund will have enough money to do infrastructure and to give loans to sugar workers to build their houses.

We have a big potable water scheme in place - one is a World Bank project and another an Inter-American Development Bank (IDB) project. One is for Georgetown and the other is outside of Georgetown.

In the case of Georgetown, it will be a \$16M project and involves rehabilitating 24 stations. In the country as a whole outside of Georgetown it is a \$24M project to rehabilitate this year 45 stations and over the next three or four years the whole country. Our water problem will then be solved.

Devaluation of the Guyana currency, which in addition to increased prices for some imports, like wheat and oil, is leading to an increase in the cost-of-living for some sections of the people. Some of the contributing factors for the currency fluctuation are:

- * Some irregularities in foreign currency transactions;
- * Removal of all foreign trade restrictions;
- * Seasonal demand for foreign currency to purchase consumer goods for the christmas season;
- * A large number of entertainers from overseas;
- * Smuggling of goods outside of Guyana;
- * Poor performance of the bauxite industry because of depressed prices overseas;
- * Growth in the economy, resulting in greater demand

for foreign exchange to purchase machinery/equipment, spare parts and materials for building construction and production, and also consumer goods for conspicuous consumption.

Imagine cut flowers are imported! Recently, the *Mirror* reported an excessively large number of tractors in the Essequibo Coast, when a few, properly planned and organised, could suffice. *Individuals and communities must plan properly and wherever possible BUY LOCAL.*

To assist in alleviating poverty, the PPP is taking steps to ensure that the Government allocates a substantial sum of money which will be targeted to the poor country-wide.

The restoration of democracy has impacted positively on human development by creating confidence in government and institutions and a conducive investment climate. The beauty of democracy is the political stability it tends to create, on which investors place a high priority. It also facilitates examination and correction of the mistakes of dictatorship. We shall therefore continue to stimulate the objective conditions for the maintenance of a symbiotic relationship between the twin pillars of participatory democracy and sustainable development.

This can be done by the private sector having a lead role, strongly supported by state ownership in selected critical areas and a rebuilt cooperative sector. In this regard, it is necessary to restate our support for the cooperative sector which was sadly neglected in the past, notwithstanding all the sloganeering about cooperativism.

This vision of strong economic development can be achieved by focussing on five areas of economic activity viz: Agriculture, Mining, Manufacturing, Forestry and Services. This broad based economy is necessary to guard against over-reliance on one product or industry.

As regards Guyana, former US President Jimmy Carter has agreed to help in the reconstruction of Guyana, so that lessons learnt in the development process can be adopted for other developing countries.

We need a balanced and integrated development Programme with a medium and long-term perspective, based on:

- * Good Governance — a clean and lean government — with equity;
- * Democracy in all its aspects — political, economic, industrial, social, cultural — and the empowerment of the people at all levels;

- * the fullest exercise of human rights — civil and political, as well as economic, social and cultural, in keeping with the UN Covenants on Human Rights;

- * A mixed economy with the private sector being the engine of growth;

- * Economic growth with social justice and ecological justice;

- * Balanced agricultural/industrial and rural/urban development;

- * An integrated programme of human resource development;

- * Multiculturalism — unity in diversity.

Sustainable human development and the basic needs of the people will not be attained unless provision is made for:

- 1) Debt relief through debt cancellation, long-term debt rescheduling and debt-for-nature swaps;

- 2) Grants for poverty alleviation, infrastructure rehabilitation and development, and a comprehensive technical assistance programme to overcome administrative incapacity.

- 3) Assistance through grants and soft loans for Guyana, and joint Guyana/Caricom, Guyana/Suriname and Guyana/Cayenne projects.

(VI) THE ROLE OF THE STATE AND PRIVATE SECTOR IN DEVELOPMENT.

The role of the State in development is a source of great controversy. This is due to different conceptions by businessmen and social scientists.

Businessmen want a marginal role for the state. Their philosophy is less Government in business and more business in government. On the one hand, they do not want government to interfere; everything must be left to free competition and market forces. On the other hand, they want the state to provide the unprofitable infrastructure facilities such as roads, sea defences, drainage and irrigation, etc. This has led to debt payment and balance of payment problems, especially with very high earnings on foreign investments in the profitable agricultural, industrial and service sectors and the drain of supply profits overseas. (in Latin America and the Caribbean, there was net annual outflow of \$36 billion due to dividend, principal and interest payments in the 1981-85 period.)

As regards Big Business and the transnational corporations, Keith Bezanson noted:

Much deeper than the end of the Cold War and the

breakdown of ideology is the supplanting of the nation-state itself by the new forces of transnational and supranational entities. The effects of these new forces cross all boundaries. They are fast rendering meaning-less the intellectual basis for differentiation along a North-South axis. A more accurate reflection of what is happening between and with societies is increasingly to be found on an "included-excluded" axis ... The investments of transnational and supranational entities are unlikely to be the kinds of investments that the poverty-riddled parts of the world require: basic infrastructure, health, education, and fundamental services for the integration of populations into their own economies and societies. Since the 18th century, these are the kinds of investments that have been made by the nation-state.²⁰

Certain social scientists, in contrast, see the need for a Code of Conduct for the transnational corporations and a greater role for the state in development to attain social justice. They recognise that historically capitalism, as a socio-economic system, was more efficient and productive than the feudal system which it replaced. However, the free competitive stage developed in the monopoly stage and sharp practices. Thus the need, as in the USA, for anti-monopoly regulatory measures like the Sherman Anti-Trust Act. The Pope, for instance, refers to "unethical capitalism", the bribery and corruption by big business as seen especially in Italy and Japan and with some defence contracts in the USA.

The social scientists see an active role for the state, especially in developing countries.

It is said that in a fully developed industrial state, the economy is faced with inherent contradictions and moves on its own momentum, and the political leader in government, with huge budget deficits, cannot even employ the Keynesian formula of pump-priming the economy, as President Roosevelt did at the time of the depression in the 1930's and 1940's. *In the developing country, with an underdeveloped class formation and economy, and many classes and strata struggling for state power, the political leader in government is like a symphony conductor; he must hold the various conflicting and competing strands together. In this situation, there is a greater activist role for the state. It is also felt that the earnings from the profitable industrial, agricultural and service sectors must be utilised to finance the unprofitable infrastructure.*

This approach is observed in East Asia — Japan, China, Malaysia, Singapore. In his article "The East Asian Miracle: Building a Basis for Growth," in the IMF

quarterly FINANCE AND DEVELOPMENT (March 1994 p2.) John Page wrote:

Much of East Asia's dramatic growth is due to superior accumulation of physical and human capital. But these economies were also better able than most to allocate these resources to highly productive investment. They did this with combinations of policies, always including market-oriented "fundamentals," but sometimes relying on tailored government interventions.

An IDB release, with reference to a Conference on "Governance and the Democratic Process" stated that five "former Latin American presidents defended the role of the state in carrying out equitable and sustainable development and stressed the importance of political parties in articulating social interests and keeping democracy alive. ... The former presidents said the mission of the state is to achieve social equity, overcome alienation and promote sustainable growth and social programmes. They coincided in describing those goals as beyond the reach of market forces acting alone."²¹

As regards the role of the public sector and the private sector, the UNDP Human Development Report 1991 is relevant. It noted:

While private spending on human development is quite important on both developing and industrial countries, the public sector often plays a critical, complementary role, especially where incomes are low and basic human needs would otherwise remain unmet. But public action in support of human development can take several forms. It can be policy action aimed at activating private initiative. It can be the provision of public finance to subsidise privately run services. Or it can be public finance for publicly run programmes. Whatever the approach or mix of strategies adopted, past development experience shows that markets alone cannot ensure good human development, and neither can overextended public sector spending, because it is not sustainable.

(VII) PRIVATISATION

The PPP/CIVIC Government, in co-operation with the IMF and World Bank, tabled a State Paper on privatisation in the National Assembly in June 1993. It has also set up a Privatisation Unit which is now actively working to determine which state enterprises should be privatised and what form privatisation, including divestment should take.

The PPP/CIVIC Government's position on privatisation is not dogmatic. It is based on the rich experience of state

enterprises under three different governments — colonial, PPP and PNC.

The State-owned Rice Marketing Board did not serve the rice industry and the rice producers (private farmers and millers) under the colonial and PNC government; and abysmally under the PNC Government.

The privately-owned Guyana Electricity Company gave unsatisfactorily service. The state-owned Guyana Electricity Corporation performed well under the PPP Government, and abysmally under the PNC Government. The new Government is once again putting the GEC wreckage into the shape and working order.

The state-owned Guyana Sugar Corporation (Guysuco) sank to the lowest depths in production and productivity under the PNC Government. Privatisation, through a Booker/Tate management contract, coupled with improved wages, salaries and bonuses and proper collective bargaining arrangements with the unions, led to unprecedented growth of over 20% per year in 1991-92. Even with the rundown machinery, the new management achieved in 1992 what it had planned to achieve in 1995!

On this issue of privatisation, the views of the PPP/CIVIC Government are reflected in the UNDP Human Development Report 1993, which observes:

Privatisation is no panacea, however. Hastily conceived or executed, it might achieve very little. Privatisation should thus be seen not as an end, but as a means to higher levels of human development.

(VIII) NATIONAL DEMOCRATIC RECONSTRUCTION

Equally important as a correct strategy, programmes and policies for sustainable development is the question of political power and who controls the state. If the social contract of our national democracy is to attain the objective of economic growth with equity, with social justice and eco-justice, then the balance of power must be in the hands of the working class in alliance with the revolutionary democrats (the progressive sections of the middle strata).

This is what October 9, 1992 and the PPP/CIVIC victory signifies — a new beginning for a national democratic reconstruction, human development and the restoration of hope for the future.

In our national-democratic reconstruction, we have

made clear that the private sector will play a significant role and that foreign capital would be welcome; that in safeguarding national interests, foreign private capital will be encouraged to enter into joint ventures with the local private sector and/or the state. And the working people's interests would be protected and served not only by the class basis, programme and policies of the PPP/CIVIC government, but also by the empowerment of the people at the work place and in the communities through the grass roots Citizens Committees which we have established.

Guyana, with the PPP/CIVIC in government, offers a future of hope, peace and prosperity. Like Mauritius, Singapore and Malaysia, it will, within a decade, be transformed beyond recognition.

NATIONAL UNITY.

The PPP always had as its principal objective the attainment of national, racial/ethnic and working class unity. Such unity was attained, when the PPP, with the support of the TUC and four of the most powerful unions, won 18 out of 24 seats in the elections in April 1953: a victory which destroyed the racist/conservative political influences of the League of Coloured People (LCP) and the British Guiana East Indian Association (BGEIA).

Intervention by British troops in October 1953 and divide-and-rule methods led to the split of our national movement in 1955. Thereafter, the PPP consistently and persistently sought to attain national unity. But all its attempts failed, especially in the critical 1961-64 period, because of external machinations and manoeuvres and PNC opportunism.

Again in 1975-76, when the PNC government came into conflict with foreign vested interests on account of its nationalisation, compensation and taxation policies, PPP/PNC talks began but collapsed because the Burnham regime wanted to maintain bureaucratic/state capitalism masquerading as socialism and party/state elitist privileges. Thereafter, in the 1978-81 period, an IMF agreement led to economic decline, inflation and anti-working class policies.

PPP/PNC talks again resumed in 1984-85 after the PNC regime came under pressure for its anti-IMF and anti-US policies. But after Burnham's death, the PNC ended the talks and proceeded in December with national and regional elections which were blatantly rigged.

The PPP, in alliance with four other opposition parties, formed the Patriotic Coalition for Democracy imme-

diately after the rigged elections to struggle for free and fair elections. And as the 1990 elections approached, we agreed to the formation of an electoral united front. This was in keeping with our call in 1977 for a future government of national unity on the basis of "winner will not take all".

On our insistence, a programme was hammered out. But a power-sharing formula failed to materialise as a result of the unrealistic proposals of our coalition partners. PPP was to be debarred from having the presidential candidate on specious grounds: race/ethnicity, ideology, age, involvement in the events of the 1950s and 1960s and others. Also, the PPP was offered only 30 per cent of the seats in the National Assembly.

A democratic procedure suggested by the PPP, for the selection of the presidential candidate, also did not find favour with the parties. This involved the parties contesting the national elections together on a single list with an agreed provisional presidential candidate, and the regional elections separately. Each party's total votes in the regions would determine which party would have the presidency and how the seats in the National Assembly would be allocated.

Finally, a proposal for candidacy was hammered out with the support of the business community: Cheddi Jagan (PPP) as Presidential Candidate, Clive Thomas (WPA) as Prime Minister and Paul Tennessee (DLM) as Deputy Prime Minister. This admirable compromise proposal, accepted by the DLM but rejected by a section of the GUARD movement and the WPA, led to the collapse of the PCD talks.

Thereafter Sam Hinds, who had been elected as Chairman of GUARD, and other prominent individuals, not aligned to political parties but prominent in business, academia, religion and the professions formed the CIVIC component of the PPP/CIVIC alliance. In approving this alliance, our last Congress made an epoch-making decision. The rectitude of its position was manifested in our resounding victory at the polls in October 1992.

This PPP/CIVIC unity provides for racial/ethnic and class balance and ideological pluralism in a national-democratic state.

Some have adduced that the PPP/CIVIC government is not constituted on the basis of the PPP's winner-will-not-take-all policy of 1977, because the Cabinet does not include all the political parties in Parliament, as in South Africa.

Any serious analysis must be rooted in science and dialectics. It must not be forgotten that political parties represent classes in society. And the state is an instrument of class rule.

Consequently, the PPP/CIVIC alliance, representing all classes and strata creates the basis for a government of national unity. This is fortified by regular and meaningful consultations with the opposition political parties, inside and outside of parliament, the private sector organisations, the trade union movement and other non-governmental groups, including the religious/cultural bodies, especially liberation theologians, within the context of parliamentary democracy and the supremacy of parliament.

The basis for national unity developed by the PPP/CIVIC alliance can be further strengthened by a direct involvement of other political parties. We did propose an approach for the Georgetown Municipal Council to involve all parties in the administration. Unfortunately, this was not accepted.

We do not share the view that politics in Guyana is cast in rigid racial/ethnic compartments and that allegiances would never change.

It is this false assumption that led to the prediction that we would not have won a majority at the 1992 elections. Had race/ethnicity been the only factor, the PPP/CIVIC could not have polled 54 per cent of the votes (in actual fact, a larger percentage had there not been so many irregularities committed by the PNC). Nor would we have won an even greater percentage of votes at the near mid-term neighbourhood and town council elections when generally ruling incumbent parties lose support at mid-term elections.

Those who see only race/ethnicity in politics in Guyana, as others who see tribalism and religion in other countries, are not viewing reality comprehensively, objectively and scientifically.

In Guyana, because of the strong foreign monopoly domination by the sugar plantocracy, the class struggle was more intense. And although the two major racial/ethnic groups are culturally different, they are not uni-class and class-different as formerly in the colonial period in East Africa. Both groups are largely made up of working people. As such, the PPP/CIVIC, with its working class sympathy and policies oriented to material and cultural fulfillment, can lay the foundation for unity in diversity.

This will be achieved because the PPP/CIVIC has not only pronounced firmly against all forms of racial/ethnic discrimination, but has also set up a Task Force under the Distinguished Anglican Bishop Randolph George to lay the basis for a Race Relations Act and Race Relations Commission. This is intended also to address fears of racial/ethnic insecurity. In trying to attain racial/ethnic equality in all facets of life — political, economic, social and cultural — we must draw from the experiences of other countries, like the United Kingdom, USA, South Africa and elsewhere; organisations like the Commission On Racial Equality (UK), the NAACP, PUSH, Black Caucus, the Martin Luther King Jr. Center and the Indigenous People's associations worldwide.

Those who see only race/ethnicity fail to note in our multi-racial/multi-ethnic, multi-religions and multi-cultural mosaic, that economics, on the one hand, and politics, ideology, culture and institutions, on the other, are inter-related and inter-acting. For instance, race/ethnicity was not the determinant when the 7-unions' candidate, George Daniels, with a minority of delegates won, in a secret vote in the 1984 TUC General Elections against the PNC-backed presidential candidate. At that time, the struggle at the trade union level was sufficiently advanced to cut across racial/ethnic lines. So now, the struggle will advance to realize racial-ethnic unity at the political level, as in the 1947-53 period.

The PPP/CIVIC by the very class nature and its method of operations is balanced for cooperation with business, on the one hand, to ensure growth, and with the trade union movement, on the other, to ensure social justice. Because of its commitment to a democratic culture, good governance and to meeting basic needs of the Guyanese people, and also to ensuring the fullest enjoyment of their civil and political, as well as their economic, social and cultural rights, it is possible to attain racial/ethnic harmony and cooperation.

In time, with the PPP/CIVIC government's commitment to and attainment of further economic growth and human development, fears of racial/ethnic insecurity will disappear, and the ground will be prepared not only for national unity but also for racial/ethnic and working class unity.

Objectively, conditions for unity will mature, not only because of the PPP/CIVIC Government, but also because the heavy arm of the PNC-controlled state can no longer bribe and coerce Afro-Guyanese to remain aligned to the PNC.

And within the new developing situation, a new cultural awakening is evolving on the basis of multi-culturalism, diversity and unity.

SECTION 4 THE PARTY

Since our last Congress, the party machinery has had to function in several spheres of activity.

The first phase, from July 1991 to October 1992 required an intensification of the battle for the implementation of the many conditions for free and fair elections. This was a period of mass mobilization to demonstrate that the masses of Guyana were on the move to restore democracy in the country. *In this exercise, the members of our party and its arms worked tirelessly and vigorously. Our groups did a lot of groundwork for the success of those historic marches throughout the country.*

Groups performed with great credit also in the painstaking exercise of correcting the fraudulent voters list which had been presented in 1991 and the highly flawed preliminary list of 1992. Our members assisted by many supporters confronted the numerous hurdles created by the then PNC regime and those sections of the registration machinery which were incompetent and mischievous.

The most demanding test on our party machinery came on October 5th itself. The PNC was not prepared to surrender without a final try of its old tricks. Our polling agents and workers outside the polling places were under tremendous pressure. They held out firmly and minimised the effect of PNC manipulations.

With victory on October 5th, a new era opened up for the country and new tasks emerged for party members and all of its structures. The response of our party at its different levels and in different parts of the country has varied greatly with several types of actions emerging.

A major change has occurred at the highest level. Most of the top functionaries of the party within the Secretariat and Executive have become Ministers of Government or hold very important responsibility at the State level. Our two County Supervisors have become Chairmen of Regional Democratic Councils. This has severely disrupted the operations at Party headquarters and has greatly reduced the activities of the National Standing Committees of the Party. The Party Secretariat which formerly administered Party business has been unable to function. In place there is a Freedom House Management Committee.

At the other levels and especially in our groups, members have taken on new roles in Community Development Councils, policing groups and more recently in the municipal and neighbourhood democratic councils. A lot of time and effort are spent by our leading activists to make improvements in their communities. As a result, there is less time and energy for work in our Groups and District and Regional Committees.

The result, in the shift in emphasis at the different levels is a reduction of certain activities which had become common, essential features of party life. These include the regularity of group meetings, education and ideological work, literature sales, house to house campaigns, bottom house and public meetings and fund-raising activities.

The effects of changes in party life which have emerged since our moving into government must be seriously analysed.

It is understandable that the end of PNC suppression of the will of the Guyanese people would lead to a massive release of people's energies for the repairs to the damage created by the former government. It is also clear that the high level of that deterioration would require enormous efforts for any meaningful improvement to be attained.

The fullest involvement of party leaders, activists, members and supporters in the effort to rebuild was and still is a vital necessity. But due recognition must also be paid to the need to maintain and strengthen the democratic process, to ensure the continuity of the party in government and to dutifully guide the direction of national and community development.

The sum total of all these needs is the need to maintain at all times the strength and character of our great party.

The strength of a party is dependent in the final analysis on the level of development of its members. The demands on our members have grown and our members must therefore grow in order to play their roles effectively.

Many of our long standing members have had varying extents of political and ideological training and have had significant experience in the political battles against PNC oppression.

There is a need to refresh and extend their political and ideological education and to introduce them to other studies important in the task of socio-economic reconstruction.

We also have many members, especially those who joined within recent years, who have not had any meaningful political and ideological education and training. There is an urgent need to carry out an organised programme for their development. The party school has a critical role to play in this drive. It is intended to reactivate Accabre College and increase the range of subjects taught. Emphasis has to be placed on political and ideological questions, as well as the practical skills needed for the task of governance.

*Party Groups must meet on a regular basis. Without meetings the group will be unable to organise itself, work out its plans and carry out its duties properly. Groups are expected to discuss the Group Newsletter and the contents of **Thunder** at meetings. There are complaints that many members don't show interest in attending meetings because they are not lively or interesting. Our group meetings must be businesslike and action oriented. We must recognise the limited time that people can devote to meetings and make maximum use of whatever time is available.*

Group meetings should, in general reflect on current affairs, especially at a national level, discuss government actions and policies, review community matters and make recommendations for community improvements and determine an action plan for group members to follow. Mechanisms have to be put in place also to receive and act on problems in the community to assist ministers and Regional Chairmen.

Party members in their groups must be visible in their respective areas, always promoting party policies and actions, giving explanations to those who have questions and concerns and countering those who seek to discredit the government and the party.

For this task, members have to study and discuss the issues individually and at the Group level on a continuous basis. Additionally, the group must ensure that the area in which it operates is regularly serviced by house to house campaign and bottom house meetings.

The roles of Party District Committees and Regional Committees have also become more crucial especially with the extension of local democracy.

The Party's Executive had asked before the local government elections for Party District boundaries to be adjusted where necessary to allow for a more direct link between Party District Committees and the Neighbourhood Councils. It is necessary for this process to be completed

where it has not yet been done.

The Party District Committees have to ensure proper coordination of the work of the PPP, PYO and WPO Groups and to ensure their functioning.

They must give assistance in the planning and implementation of Group plans. They must also pay special attention to areas where there are no groups and involve all the groups and members within the District in carrying out activities in these areas which would normally be carried out if there was a Group.

The District Committees also have a responsibility to overlook the PPP Civic councillors in the neighbourhood and Municipal Councils to ensure that they work efficiently, pursue actions which are consistent with party policies and take actions to improve their respective communities.

The Party Regional Committees must more actively help to organise the training and development of party members, give guidance on the political tasks within their areas and assist the Party's Central Committee and other national standing committees to fulfil their objectives in the given region.

The Regional and District Committees need to work very closely also with PPP/CIVIC Councillors in the RDC's with community based organisations and with social, cultural, sports and other interest groups.

All structures in the Party, the PYO and WPO have to work with the greatest efficiency. Our members have to work to continuously develop themselves. We have to spread ourselves among the masses of the Guyanese people. Our duty is to get them to understand our policies, to assist us in our efforts and to continue to support us as a party.

It is important for our members to have a clear understanding of the objectives of our party and the principles which guide the PPP CIVIC government. This is essential, for what is at stake under globalisation is national survival — survival of our dear land of Guyana and all our people.

The PPP has always rooted itself within the ranks of the broad masses of the Guyanese people. We are committed to a path of development based on social justice.

The world socialist system had been seen by the working people of the world as the great hope for the

achievement of social justice through the instrument of workers state in individual countries, as an alternative to the capitalist state.

The collapse of the socialist states in the former Soviet Union and Eastern Europe has given rise to the widespread notion that these events have proven capitalism as the only path for the peoples of the world. One writer, Francis Fukuyama, in an article "The End of History"²² observed that there is no viable alternative to the market-driven neo-liberal private-entrepreneurial democracy.

Such a view is very attractive in the light of what has taken place. However, the events in the most developed of capitalist states themselves show that there is a deep structural crisis of capitalism, as we showed earlier.

Dependent market-driven capitalism has replaced bureaucratic socialism in the former Soviet Union and Eastern Europe, and a poverty curtain has replaced the iron curtain between East and West Europe. And in Russia, with growing problems, "economic reforms are being slowed, if not wholly abandoned, while the idea of a liberal democratic Russia must now be seen for what it always has been — namely, an idea, not a reality."²³ The same applies to East Europe generally.

Armed with scientific principles, theory and practice of the development of society, it is necessary to undertake an in-depth study of the causes for the failure of communist rule in the East and capitalist rule in the industrially-developed West. Theoretical tools are now needed to understand global disorder, the newly-emerging, interconnected structures of the global economy and international relations, and the multiple new sources of instability, integration and inequality that are developing.

For developing countries like Guyana, an alternative path of development is necessary. The PPP maintains that social justice must prevail in the relationship between states and also within the national state.

While we work towards a New Global Human Order, we will work at home for the protection of the broad masses of Guyanese through the development of a state of National Democracy.

The National Democratic State is neither a capitalist state nor a workers state. In establishing such a state, it is necessary for our party to develop an elastic balance between conformity and transformation. We are under pressure to conform from external and internal forces which have their own agendas, and from internal factors,

such as the wrecked economy, which pose for the PPP/CIVIC government constraints, necessitating a new IMF 3-year ESAF programme. At the same time, we have our own ideas and principles and, in and out of government, international and national experiences about reconstruction and transformation. By dealing with our situation objectively and scientifically with facts and figures, we have succeeded not only in striking a good balance between conformity and transformation, but also in creating a good relationship with the IMF, World Bank, IDB, CDB, the European Union and our bilateral aid donors. And our proposals for a New Global Human Order is providing the basis for North/South partnership and cooperation for mutual benefits. The global strategy we propose is based on a well-thought out vision of a world order in which small developing states like Guyana will have a clearly defined place and role in the sun.

Our National Democratic State is based on the partnership of all classes and strata committed to political democracy and social justice. It unites the workers, peasants/farmers, businessmen, professionals and intelligentsia in a broad alliance which allows for the satisfaction of the interests of these various groups. It prevents the dominance of any class or strata and in turn protects each from being crushed.

The rebuilding of Guyana requires that all the human resources within the country be allowed to flourish and make their varied contributions.

Our policy of national democracy re-emphasises our party's commitment to protect the working people and the broad masses of Guyanese. It allows for the healthy growth of the capitalist sector but aims to prevent an unbridled private sector development in which the interests and welfare of people in general and the local businessmen in particular are stifled by monopolistic sectors.

Our members must understand the working class foundations of our political ideology. They must be educated to translate this commitment into practical measures aimed at building the national democratic state.

Our task is to reach out to all classes and strata to develop their understanding of the objectives we are pursuing and the path we are taking.

We have a country to rebuild. For this, we must strive for national unity as the vehicle towards national democracy.

**Let Us, With Confidence Advance Towards A
Prosperous And Secure Future!
Long Live Unity And Solidarity!
Long Live The PPP!
Long Live Guyana!**

NOTES:

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- 10 Bulletin from Abroad, op cit., p.33.
- 11 IDB Release, September 1994.
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- 13 Partnerships for Global Development: The Clearing Horizon, A Report of the Carnegie Commission on Science, Technology and Government, New York, presented at Atlanta Conference on Global Cooperation, 4 December 1992, p.58.