

# GUYANA'S NATIONAL DEVELOPMENT STRATEGY

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## 1. Opening Remarks

Ladies and gentlemen, on behalf of my Government and the people of Guyana, I wish to thank you for attending this very important meeting. I believe it will prove to be very worthwhile for us to have this opportunity to converse about Guyana's vision of its development and our new social and economic policies that will be guiding it.

I wish especially to thank President Jimmy Carter for organising this event and for his valuable assistance on our National Development Strategy over the past year. He is a steadfast friend of Guyana who always is motivated by the noblest aims.

We also acknowledge this support of the international community, manifested in the recent decision of the Paris Club to write off one-fourth of our debt. All Guyana is grateful for this gesture and filled with hope over the prospects that it raises. We know the road ahead still is difficult, and that careful debt management will be required. But now some of the heavy burden of the past that have been blocking our path is at last being removed. However, debt servicing will continue to impose severe constraints in the medium-term because debts that were previously not being honoured would have to be serviced now.

I hope that in our inter-dependent world, North/South partnership and co-operation for mutual benefit would lead to the conclusion of third world debt payments not exceeding annually 10 percent of income from exports, as advocated by noble Prize winner and former President of Costa Rica, Oscar Arias, former President of Zambia, Dr Kenneth Kaunda, the British Labour Party and others.

## 2. Overview of the National Development Strategy

The agenda for today is our National Development Strategy: how it has been developed, the policy orientations it puts forth and, above all, what it means for Guyana and the donor community.

I would like to take this opportunity to comment on the context out of which the National Development Strategy arose and the broad vision that it paints of our economy and society.

In broad terms, this is a unique, forward-looking, creative vision. It is development with a human face. It addresses frankly our most basic social problems, including health,

education, housing, poverty concerns, the role of women, and the role of Amerindians. It is committed to honour fully the UN Covenant on Civil and Political Rights and the UN Covenant on Economic, Social and Cultural Rights, to foster unity in diversity and to provide for accelerated development of our indigenous Amerindian people.

The strategy defines both new responsibilities as well as opportunities. It places great expectations on the private sector business. At the same time it fosters wider citizen participation in basic decisions by enabling local governments, citizens associations, labour unions, farmers' groups, co-operatives and NGOs to play enhanced roles. It seeks to devolve responsibility to its most appropriate level.

Central Government will achieve greater effectiveness by concentrating its role more in guidance and oversight in establishing basic policies and monitoring their implementation. And the Government, as amply demonstrated in the Development Strategy, considers the private sector as the engine of economic growth. Public perception that privatisation of state entities was conducted in a less than transparent manner dictated that we move cautiously. In the past, however, I am advised by the Minister of Finance that our privatisation Programme had exceeded what we have agreed with the International Community and I expect him to deal with this later.

We believe that the Government of a developing economy must exercise strong leadership. The State must constantly be alert to represent the interests of the population at large, and it must be an effective steward of our rich endowment of natural resources. This is a powerful role. But it is best exercised through instruments of policy, and specialised programmes to complement the efforts of the private sector.

The National development Strategy, which is still in draft but will be released shortly, is an exceptional document in respect of both the process of formulating it and the nature of the document. The process has been unusually participatory, in the first stage, more than 200 national experts have contributed considerable amounts of time to developing technical diagnosis of issues and preliminary sets of policy options in each area. Subsequent stages will involve consultations with a wide gamut of groups and institutions in our society before the document is finalised. Few countries can claim to have developed a national socio-economic strategy through a participatory process.

The Strategy is distinguished by being both broad and deep. The various chapters cover all sectors and all key topics of economic policy and social programmes, and the policies established in preliminary form in each chapter are firmly buttressed by thorough technical analyses.

The Strategy takes a long-term view of our country's growth prospects and requirements, and the special needs of less favoured groups in society, and on that basis it establishes firm foundations for continuing improvements in the standard of living of all Guyanese.

### **3. The Social and Historical Context of the Strategy**

I believe this National Development Strategy will come to be regarded as an historic document for our country, and for that reason it needs to be viewed in light of our history. Guyana's first decades of Independence have been its crucible of nationhood in political, social and economic respects. They have been intense and difficult years in many respects, yet out of the struggles and self-examination a sense of self-identity and a modern nation are emerging, in measured steps but assuredly.

The nation's polity had to be defined against the backdrop of a population brought to our shores in disenfranchised conditions and cleavages wrought in the society by colonial rule. Global geopolitical tensions also left their imprint on the nascent body politic. Throughout these lacerating historical experiences, the spirit of nationhood has deepened, although at times it has appeared to fray under the pressures, it has shown resilience.

The elections of the year 1992 marked a political watershed in consolidating the spirit and confirming the country's commitment to the path of democracy. We are still a very young nation and our fundamental political and social values are still being forged, and we therefore look to the future with more confidence than at any time in our brief history.

Permit me to thank President Carter, President Bush, the US Congress, the NDI, Brian Atwood and others for the tremendous assistance they rendered in restoring democracy to Guyana.

For me, democracy is the life-blood of human development; a democracy which is representative, consultative and participatory and embraces the political, economic, industrial, social and cultural spheres.

The progress of the economy largely mirrored that of the polity. Until recently, real per capita incomes declined, poverty was on the increase and health and educational standards fell while the nation's infrastructure deteriorated. Many of Guyana's brightest talents chose to emigrate rather than continue to suffer the straitened circumstances of the

domestic economy. Developing human resource and social capital will be one of our principal tasks.

Lack of democracy, falling external terms of trade and inappropriate domestic economic policies played their role in the economic decline, including a willingness to incur a crushing burden of external debt that has reached unserviceable levels.

The benefits of the new policies have begun to become apparent. In the last four years, Guyana has experienced a turn-around in its economic performance that is remarkable by any standard. After a decade in which real growth rates were on average negative, the economy has registered real growth averaging about seven percent per year for the past years. These positive developments have led to a diminution of unemployment rates and a lessening of poverty, although both those issues remain matters of considerable national concern.

Our strategy is geared to attaining high sustainable economic growth with equity -- growth with social justice and ecological preservation.

At the same time that the economy was taking off, the government budget deficit and the balance of payments deficit were reduced, inflation was brought down sharply, and the arrears on external accounts were diminished very substantially.

Although many daunting problems still confront Guyana, these economic changes have begun to lay the basis for sustained growth and balanced urban-rural development. They also have generated a more optimistic spirit, and the beginnings of a renewal of faith in the country's future can be perceived. Hope and confidence are indisputable for social progress, as are a sound development strategy and plan, international co-operation, and good governance ----- democratic, lean and clean.

As encouraging as recent developments have been, the obstacles that remain in the path of development are large, and redoubled efforts are required to overcome them. The difference from a decade ago is that now we know they can be solved with wise policies, persistence, and a national democratic state of all classes and strata, with the working class not dominating but not being dominated to ensure economic growth with equality.

Those obstacles include not only hindrances to the expansion of production but also deteriorated social services and a governmental structure that is weakened in its ability to

set and enforce the basic rules of the economy. They include both decayed physical infrastructure and institutions that still do not function up to expectation. We are worried about external market conditions for our basic agricultural products, fully aware that they may change for the worse, providing lower returns to our workers and farmers by the beginning of the new century. Our bauxite communities are experiencing difficulties as a result of the external environment, and especially the unfavourable conditions in the global bauxite/aluminium market-place. The challenges are many and diverse.

The manifold nature of the problems that lie ahead, and the increasing complexity of our economy, have dictated that we undertake to formulate a multi-faceted strategy for overcoming the problems. Macro-economic policy sets the overall framework, but policy also has a sectoral expression, and it must not be forgotten that the economy responds at the micro level, which is the human level.

For these reasons the Strategy has very specific content, including detailed recommendations for reforms in the existing legislative framework that would be needed to facilitate the implementation of the policies.

While no policy planning document achieves all its aims, this Strategy and its policies are strong and sure enough to carry forward our rapid economic expansion for another ten years, if not more, and make our citizens measurably better off whilst assuring that our priceless heritage of natural resources has proper stewardship.

#### **4. Basic Themes of the Strategy**

To achieve our ultimate goal of people-centered development, we need to pursue rapid growth - the main source of employment creation - at the same time that we intensify our endeavours to alleviate poverty. We need to improve our population's access to basic social and economic services, and we need to encourage participation by all segments and sectors of society.

We are committed to economic growth, as the only way to realise the most basic aspirations of our population, but we are also committed to equitable growth. There are two basic approaches to poverty alleviation. One is temporary subsidies to enable the lower income groups to have access to sufficient amounts of food and other basic necessities, and the other is creation of an economic environment that will enable them to secure those necessities through exertion of their own abilities. The latter is the course

we have chosen to emphasise, although the former approach is a necessary complement in the interim, until the income-earning capacities of the poor are expanded sufficiently.

In the long-run the aim is clear, as I have expressed on earlier occasions we are ultimately more concerned with the strengthening of self-reliance, the eradication of poverty as its roots, rather than with handouts to relieve poverty. Our development path also must be characterised by the three kinds of sustainability: fiscal, institutional and environmental. Quick fixes in these areas are doomed to failure, with damaging consequences.

We are an economy rich in natural resources, and those sectors can be expected to continue to expand, but a narrowly-based growth path is risky, and the desired level of social and economic development cannot be attained on the basis of a few primary products alone. We need to diversify our economy and to develop our own new specialisations that will be internationally competitive and enduring. It is essential that we continuously improve productivity in all sectors.

Above all, we need to strengthen our base of human resources and mesh human resource development with Guyana's vast natural resources. Among other measures this means improving social infrastructure, providing higher public sector wages, and giving more emphasis to training programmes for the labour force.

During the past three years, my government has doubled expenditure in the social sector, and at the UN Social Summit at Copenhagen, I pledged to increase expenditure to 20 percent in keeping with the 20/20 UNDP Compact. I hope the international community will respond appropriately.

The strategic orientations of keys to rapid growth for Guyana are three-fold: export growth, savings mobilisation, education and training. Expressed in the terminology of economics, this is expansion of markets for our products, mobilisation of the necessary financial capital, and improvement of our base of human capital. All three orientations are indispensable elements of our growth strategy.

## **5. A Basis for International Co-operation**

For Guyanese, we believe this Strategy will come to signify faith in the future, and in our ability to work together as a multi-ethnic society to achieve betterment for all. It marks

the first time that Guyanese of all races, religions and political persuasions have come together to draft a blueprint for our future.

For the international community, this Strategy initiates a fruitful dialogue and marks the beginning of a new era in co-operation. We believe this Strategy should be the point of departure for programming international assistance. It establishes the policy framework that we would like to see supported and the areas of priority actions.

We do not ask or expect agreement on every aspect. That would be unrealistic to ask of anyone, Guyanese or foreigner. But we do ask that the document be taken into serious consideration in the planning of international technical and financial support. In this regard, we ask for respect for a poor country's right to play a major role in charting its own future course, and a collaborative spirit in moving the country along that course. Detailed implementation plans will be drawn up in each area of action and we invite collaboration in that effort as well.

I would like at this point to crave your indulgence to share with you my vision of how I see Guyana within the wider perspective of global development. It is well known that I have been calling, like many world leaders, for radical changes in the present world disorder and for a New Global Human Order.

This advocacy is premised on the fact that in this era of globalisation and liberalisation, we cannot be an "island unto ourselves". Whether we like it or not, the world impinges on us in the South and more often than not adversely, especially small island and small economy states as in the Caribbean Community.

With Free Trade mooted for 2005, these countries face marginalisation unless the proposals I made at the Miami Summit of the Americas in December 1994 for a Regional Development Fund, debt relief, and a Corps of Development Specialists, are seriously considered. Regrettably, signals thus far indicated that they would not be realised. Also, not being realised is the expectation of the Report of the Carnegie Commission on Science, Technology, and Government presented at the workshop here in December 1992, that with the level of scientific and technological advances, it was possible to reduce hunger by 50 percent by the year 2000. Regrettably, the opposite is taking place. The poverty curtain is widening the gap in living standards between the rich and the poor in the South as well as the North, and between the North and South, is ever widening. The spectre of unemployment, poverty and social disorder is haunting the world. And at the political level, there is the dangerous and growing ascendancy of the far Right, ultra-nationalists, fundamentalists, xenophobists and the neo-facists, reminiscent of Hitlerism. Regrettably, no lasting solutions are forthcoming while the world is clamouring for



stability, peace and security. I think these are solutions. We must show the will and the courage to adopt them and make the world a better place. While we focus on our individual countries we have to make the world environment more responsive to the needs of those countries which are now on the road to progress. As we say in Guyana. Think Globally! Act Locally!

In former times of crises, new initiatives were taken ... the Keynes formula of pump priming the economy during the down-turn of the business cycle (depression/recession) as adumbrated in the Roosevelt New Deal Work Programme, the Marshall Aid Plan to devastated Europe at the end of the Second World War, the Alliance for Progress for Latin America and the Caribbean, the Lome Convention for the African/Caribbean/Pacific (ACP) countries.

The present critical time, calls for the setting up of an agency like the United Nations Relief and Rehabilitation Agency (UNRRA) headed by New Dealer Fiorello La Guardia, to cope with the wartime ravages and the problems of reconstruction.

This would mean also the creation of a separate Development Fund, especially in this period of "jobless growth" and "jobless recovery" in the North, and aid cuts (aid fatigue) to the South. This D-Fund should be disbursed to both the states of the North and the South in the North for a New Deal type of works Programme, for a reduction of the work week without loss of take home pay and the reduction of the pensionable age without loss of benefits, in the south, for debt relief and enhanced Alliance for Progress and Lome Convention programmes.

The D-Fund can be created from cuts in global military expenditures, pollution taxes, the Tobin tax on speculative capital movements and a small airline ticket tax on long distant flights.

Perhaps, this Global Development Initiative Meeting should consider establishing a separate top level Commission on Sustainable Development and Environment to formulate a global strategy and Plan of Action.

In closing, I would like to mention two particular areas in which a unique form of international co-operation could be very beneficial to Guyana, and perhaps also to other countries with similar kinds of resource endowments.

First, the Strategy lays out a very vigorous Programme of strengthening our sustainable management of natural resources. This is the only way to guarantee to future generations of Guyanese the opportunities that are being offered to the present generation. We are concerned to establish ways to make economic development compatible with sound management of natural resources. In this regards, we would like to call your attention to the proposal to establish a Guyana Rainforest Foundation. Such a foundation would play a major role in promoting sustainable management of our unique heritage of extensive rainforest. It would finance and manage non-timber concessions in the forest, developing activities such as research, eco-tourism and protection for bio-diversity on those lands. Exclusive rights to manage concessions in that way would be granted upon agreement to remit royalties per acre just as a timber concession would.

We feel this is a most promising avenue to pursue, for other countries as well, because it combines the need for development finance with the environmental aims for tropical forests. A proposal for the Foundation is now being drafted, and we hope to interest donors, including bilateral official donors, international NGO's and corporations. The second special opportunity that the National Development Strategy identified for international co-operation is the development of centres of excellence at the University of Guyana. Only one or two such centres would be created each decade, starting with fields such as geology and mining, or tropical forestry and wood products industries.

We feel it is vital to develop the best scientific expertise infields like these, to support our sustainable development path. The Centres would emphasise research and teaching, and would maintain close links to NGO's and industries in their respective fields. Again, we would like to solicit the interest of donors, from official entities to corporations, and enlist the co-operation of leading universities abroad in this pioneering effort.

Ladies and gentlemen, I look forward to a fuller discussion of our National Development Strategy when it is finalised, and I thank you for your attention today.