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# A MACROECONOMIC ASSESSMENT OF THE ECONOMY OF GUYANA

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The Author

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## Introduction

This report on the macro aspects of the economy of Guyana is based on work carried out in the United States during March and April of 1978 and on a ten-day trip to Guyana during March of the same year. Much of the statistical information was gathered during the latter period from the official agencies of the Government of Guyana.

Given the brief period available for the study, it was not possible to carry out any extensive verification of the data to be used. In some cases, previous studies were available in which this had been done, and wherever possible, this information will be used. The area of greatest doubt in this regard is the 1977 National Accounts which were not complete at the time of the trip to Guyana and which are a matter of debate and negotiation with the International Monetary Fund.

Despite these limitations which are certainly not uncommon in dealing with underdeveloped countries, the basic outlines of the macro economy are clear. In addition, many of the essential components of the Guyanese case are of a qualitative nature, e.g. price setting policy, and thus the difficulties with data are less disruptive.

The report is divided into five sections plus statistical appendices: Section I examines the basic structure of the economy and places it in the historical context of Guyana since independence from Britain. The performance of the economy in the international sphere is the subject matter of Section II, while internal performance is examined in Section III. Some indications of likely developments in the economy over the next four years are made in Section IV, while Section V examines all of these questions in light of the relationship between the goals of Guyana and the goals of AID.

I. Structure and (Dis)Continuity in the Guyanese Economy

Guyana has been independent from Britain for fewer than fifteen years and has had internal self-government for less than 20 years. In that short period there have been a number of substantial changes in the economic institutions of the country, and these relate quite directly to changes in the manner in which economic policy-makers view their reality. The main institutional changes have been the growth of the state enterprise sector and of the central government. The main changes in economic thinking have been in the evolution of the meaning of "cooperative socialism."

The significant changes in these areas have to be viewed against the backdrop of an economy whose structure has changed little if any over the period. The sectors which previously dominated the economy continue to do so. The areas of employment generation have generally changed little. And the basic relationship between the economy of Guyana and the world economy has not been fundamentally altered.

The implications for the economy are clear. The fundamental problems of economic development remain as they were at the time of independence and before: to increase the welfare of the population in a small economy which is very highly open to the world economy and which has a low degree of diversity in its export products, i.e. to find policies which can generate internal growth and diversification while at the same time ensuring that the economy can capture ever greater benefits from its international economic activity. The objective structures which condition these possibilities have not altered in any fundamental sense; what has changed is the institutional structure of the country, in such a fashion that there can be better control and more informed decision making about how the fruits of economic activity will be divided and how they will be allocated over time.

The Government of Guyana now has substantial power and latitude in molding the domestic economy to fit national goals, but it must do so within an international context that has changed little over the last twenty years.

The major change in the economy has been in the dramatic expansion of the state's role, especially since 1970. There have been two areas of expansion, the growth of the central government and, more important, formation and operation of a state enterprise sector. The initial state enterprises came into being in the early 1960s, e.g., the formation of the Guyana Electric Company through the purchase of an existing company. The major stimulus to the sector came with the nationalization of the bauxite firms starting in 1970-71 and the more recent (1975-76) nationalization of the sugar industry. In all these cases, state enterprises were formed which closely resembled the expropriated firms in their types of activities. In addition, a number of other firms were either bought out by the government or were taken over when they failed to function well. (See Table I).

As a result of these efforts, according to the Minister of Finance, the state controls 80% of the physical capital in production and employs 70,000 persons in an employed workforce that was estimated in 1970 at 160,000 persons. Thus through the state enterprises it has potential control over the major sources of surplus for capital formation and has a direct and major impact on the generation of employment in the economy. These are policy tools which generally are not available to governments in developing countries.

The figures on employment include not only the state enterprises but also employment in the central government sector. As will be seen below, the service sector has been the most rapidly expanding area of employment during the entire period, and the growth of an government component has exceeded the average growth for the whole sector. As a result, in the "modern sector" the government can now have a dominant role in the level of employment as well as in setting the wage rates in this pace setting area.

These institutional changes have been accompanied by an evolution in thinking on economic policy. The various planning documents which have appeared since 1960 provide documentation of these changes. The initial plan developed by Gyanchand for the Jagan government in 1963 outlined the steps which had to be taken to develop along socialist lines, including state activity in industrialization and in planning. The plan wished to assure continued viability of the private sector in certain areas of the economy and to foster peasant agriculture in some crops, but these attempts were definitely secondary to the growth and diversification of the economy under a socialist government.

The 1966-72 plan was developed by a group headed by Sir Arthur Lewis. In this document the state is given a major place in "the national guidance of the overall economy," but the avowed socialism of the earlier effort is no longer apparent. Rather, emphasis is placed on the role of the private sector in capital formation, on the need for self-reliance, and most importantly on the development of projects which were viable candidates for international funding. A major policy effort was the development of a series of tax incentives to private investors which would have essentially reduced tax levies on their operations to zero and would have subsidized capital costs.

The emphasis on projects carried over into the 1972-76 plan of development, but the major change in this case was the definite secondary role given to the private sector. According to the plan the initial attempts at attracting investment through tax incentives were not very successful. Certainly much of the reason was that other governments, especially in Latin America, had begun this effort much earlier and had offered any concessions which Guyana might make. In any case, the result was a decision that the private sector would function in the Cooperative Socialist Republic, but it was not to be a major factor. That this has become the case in actuality can be attested to by the growth of the state sector.

The planning document of 1978 for the 1978-81 period is a continuation of these changes, with a further ratification of the predominance of the state sector, and a continued concentration on project development. The one major change is that these efforts will be coordinated and carried out by a State Planning Commission made up of a technical staff and of high-level representatives from a variety of Ministries, with the Prime Minister as the overall head. This certainly has grown out of the need to consolidate the institutional changes by improving coordination of the economy and beginning to integrate the state enterprises more directly into the flow of government economic policy.

These changes have been sustained ; however a fundamental fact to note is that the institutional changes and developments in policy were taking place against a background of basic continuity in the structures and performance of the economy. Guyana was a highly open economy at the time of its independence and it continues to be so today. In 1976 the GNP was estimated at G$1.006 million, and in the same year exports of the economy were G$690 million and imports G$927 million. Thus an exceptionally high proportion of the goods consumed in the economy are imported, which places a very high premium on the foreign exchange generated in the export industries. It also has the obvious effect of making the economy extremely vulnerable to change in the international sphere, and this has definitely been the major source of instability in the economy. It is important to note from Table 2 that the

1976 import figure was unnaturally high. But during the entire period 1971-77, the lowest import ratio was 50.4 and the lowest export ratio was 46.5. The comparison in Table 2 with a selected group of developed and developing countries shows these ratios to be extremely high. Only Zaire of those countries even approximates the figures for Guyana, so Guyana ranks very high in countries which are open to the international economy and which will therefore be greatly affected by international changes.

This same openness on the capital side has traditionally characterized the economy of Guyana. In given periods, large proportions of gross domestic investment have been financed by capital inflows and/or accumulated foreign reserves. Table 2 shows that such financing accounted for between 10.7% and 70.9% of GDI during the 1971-76 period. The 1978 estimates are that 59% or G$108 million of capital receipts will derive from external grants or loans. Again this is a high degree of openness.

The above treatment shows quite clearly that the vulnerability of the economy to international fluctuations is substantial and affects both the real and the financial side. More importantly, despite thinking about "self-reliance," the basic setting of the economy has not altered in any fundamental fashion.

Examination of the domestic economy indicates that the lack of transformation in the international sphere is paralleled by a high degree of continuity in the domestic economy. This is apparent from an examination of the sectoral origin of production (Table 3) and of employment (Table 4). Comparing the sectoral origins from 1960 through 1970 to 1976 clearly brings this out. Agriculture, primarily sugar, continues to play an important role in domestic production, and if anything the role has grown since 1960. Its overall share rose from 19.2% to 25.0% and that of its dominant component, sugar, from 13.4% to 16.0%. The contribution of the mining sector, which is almost synomomous with bauxite and alumina; had increased by 1970 to 20% of GDP from 1960's 11%, but then fell off to where it was only 13.8% in 1976. A similar constancy over the period is exhibited by the manufacturing sector whose share rose from 10.2% in 1960 to 12.2% in 1970 and then fell off slightly by 1976. Much of this was due to the dominance of sugar processing, though other manufacturing has grown in importance. But any plans that would have made industrialization the focal point for the transformation of the economy obviously did not come to fruition. The one sector which did exhibit a substantial change in its share was the service sector, whose share by 1970 had fallen from 59% to 48% before rising slightly to 49.1% by 1976. If the data were in real terms, its growth since 1970 would be greater. Of interest in this regard is that the share of government services actually rose from 13.2% in 1970 to 18.1% in 1976, indicating a substantial shift in the composition of this sector. While the decline in the service share would be an important phenomenon to investigate, the basic point of this section should be clear. Despite the granting of internal self-government in 1961 and of Independence in 1966, despite the significant institutional change in the economy, the basic structure of the economy has changed very little. In fact the continuity is remarkable.

The same could be said of the pattern of employment generation. In this case data are available for the period 1946 to 1977 from a variety of sources, the most important being the various Censuses. In this case again there are changes in the shares which can be attributed to the agriculture sector and to the service sector. Interestingly the changes are the opposite of the changes in output shares, with the share of agricultural employment falling from 42% to 30% while the share of service employment rose from 16.7% to 28.1%, with the most rapid growth coming since 1965. But beyond these shifts there is a remarkable degree of constancy in the shares. The share of manufacturing employment falls by .6% over the entire period: the shares of mining, of building and of transportation change by less than 1 point, and commerce's share rises by 2.6 percentage points. Again this indicates a high degree of structural continuity in the economy.

The combination of institutional and policy change with the structural economic continuity provides the essential characteristics of the macroeconomic situation of Guyana. The former provides the government policy-maker a series of tools and primary decision-making authority in major sectors of the domestic economy and thereby provides the possibilities of a much greater internal stability in the economy. On the other hand, the continued reliance of the economy on two or three key industries which are highly subject to fluctuations because of weather or because of international market conditions implies that the domestic economy will continually have to adjust to externally induced instability, at least until the time an internal transformation has been carried out to mitigate such influences.

## II. The Macroeconomy: Instability and Its Causes

Although the elements of change and of continuity are of primary importance for understanding the economy of Guyana and its prospects, it is also necessary to examine in greater detail the ordinary macroeconomic measures of the economy and their behavior during recent periods. In this it will be useful to detail the 1970s since the links between this more recent period and the likely future changes in the economy are highest. Through this examination it will be possible to isolate the factors which affect the performance of the economy, in particular the sources of instability in the economy and their magnitude during the 1970s. It is in the operation of these factors that the element of continuity with past Guyanese experience will be found.

A useful starting point for this analysis is the sectoral origin of GDP utilized above. Tables 5 and 6 provide the basic information for this breakdown. In many ways, the percentage share breakdown is a natural means of summarizing the information, and it should be realized that this would not differ from the treatment above.

From the Tables it is quite a direct step to see the sources of growth in the economy. Examining the real values, manufacturing and services were the main areas of growth. In the former, the traditional manufacturing undertakings of rice and sugar milling were stagnant, but the "other" component grew at a rapid 166% rate. Nonetheless, by 1976 this latter group comprised only 7% of GDP, indicating that a substantial period of such rapid growth would be necessary before manufacturing became a major factor in the economy. The other growth sector was services with distribution, transport and rent all showing rapid growth. But the most rapid growth was in the government component which grew 64.1% over the entire period.

To find the reasons for the rather slow overall growth of the economy, 17.3% over the entire period, one must look to the agriculture sector which grew at only 6.5% and the mining sector whose output decreased. The first of these was due to the stagnation of the crucial sugar and rice sectors which far outweigh the crop, livestock and fishing sectors, all of which had rapid growth rates. Again this is the result of the structural continuity of the economy. In mining the result is due to the deterioration of bauxite, most likely as a result of the transition from private to state ownership and the need to reorganize and find new working and marketing arrangements.

Thus as would have been expected from the earlier treatment, the growth performance of the economy is highly conditioned on the performance of the agriculture and mining sectors which have traditionally dominated. During the period of the 1970s these were anything but bouyant and the overall performance reflected this quite clearly.

The second aspect of the performance of the economy which can be examined from these data is the stability of the economy over time and the sources of stability or instability. In the case of Guyana, changes in the indicators in current terms are the most relevant since they lead to substantial variation across the economy, but changes in the real magnitudes can also provide important information. From Table 5 it can be seen that GDP exhibited a fairly unstable pattern during the 1970s, actually declining by 4.5% during 1972, stagnating in 1973 and then stagnating again in 1976 and 1977. Of course, this type of pattern severely impairs any long-run growth performance and it adds substantial complications to problems of policy as will be seen later.

In disaggregating GDP by subsectors, it can be seen that the instability is generated by certain specific sectors. The major causes of the downturn in 1972 and 1973 were sugar, rice and bauxite, the sectors traditionally denominated the "tripod of the economy." Of course these are the same sectors which were important in the early 1960s, and their continued importance coupled with their instability imparts a cyclical pattern to the economy. For example, the real output of the sugar industry fell by 16% in 1972 and by another 8% in 1973, bauxite fell by 13% and 3% in the two years, while rice output fell by 22% in 1972 and rose by 27% in 1973. Of course, sugar and rice milling had a similar pattern, but virtually every other industry in the economy grew during 1972 and 1973 or, at the worst, the declines were minor. So structural continuity seems to bring with it economic instability.

The degree of instability imparted by these sectors is made more impressive when the current figures are examined in Table 6. With this measure, GDP rises in every year except 1976, and the declines in output in sugar, rice and bauxite are not so dramatic. Sugar declines only in 1973, and then only by 12.5%; bauxite declines in 1973 by 17%. But the price impact on stability is seen dramatically in the increases in output registered during 1974 and 1975. Sugar output increases by 272% in one year, 1974, and this is followed by a further increase of 34% in 1975. Rice increases by 99% in 1972 and by a further 41% in 1975. The bauxite figures are 58% for 1974 and 21.5% in 1975. The nominal changes generated by these sectors are huge, and there are a variety of mechanisms which can transmit these changes to the domestic economy and can have an impact there. Comparing changes in these sectors with those of sectors which produce goods for domestic consumption, the price-induced changes are much less in the latter, indicating that the domestic economy is able to sterilize some of the changes which are generated in the export industries.

All of these measures reinforce the basic point which has been made that the traditional sectors which still dominate are the major determinants of growth and stability in the economy. This is not to say that all other sectors respond to impulses from these sectors. For example, the other crop, rent, government and other manufacturing sectors exhibited real growth every year with no major price surges. In addition, fishing, distribution, transport, construction, financial services, and other service sectors had minor declines, generally only in one year, and again did not exhibit major irregular price changes. This does indicate that there are sources of stability in the economy, and this question will be reexamined when specific consideration is given to government policy. It should be emphasized that government is the most important of these stabilizing sectors. By 1976 it had certainly established itself as a major factor in the economy. Indeed, since government along with sugar and sugar milling and bauxite accounted for over 50% of GDP by 1976, it is apparent that the tripod of the economy should rightly include government rather than rice production and milling.

Before leaving the topic of instability on the side of production, it should be realized that the final costs of the instability are borne by the citizens of a country, and the problem with instability is the variation in these costs and any linkage that there might be between instability and economic growth. In order to gain a greater idea of the costs, Table 7 presents information on changes in retail sales from 1971 through the second quarter of 1977. Of course the indices are of current dollar sales; and inflation, which ran at an average of 9.6% over the period, would lower the apparent increase. But even in current dollar terms, there are a number of cases in which the index declined. Of course the most apparent and consistent of these is in the first two quarters of 1977, indicating a substantial decrease from 1976 as well as a fall from the first to the second quarter. Indeed, in many of the categories, the index in 1977 was far below the index value for 1975. In real terms the decline would have been even greater.

A second manner of unfolding the economy for examination is through the categories of final expenditure. This provides an additional vantage point for isolating the causes of instability in the economy and it can again indicate the internal shifts which may be occurring. It will show that the international sphere is the major focus of instability and it will clearly document the increasing role of the government. Tables 8 and 9 refer to these questions.

The role of the international sector in the instability of the domestic economy is clear from Table 8. The consumption component of final expenditures increases every year and at an increasing rate. Gross domestic investment falls in money terms during one year, 1971, but in other years increases at a rate greater than the rate of inflation. The increase in 1975 is much greater than in the other years, but overall this component exhibits relatively stable growth. Such is not the case with the net export component which undergoes continual gyrations. In one year the change in net exports is equal to 25% of GDP; and in another year it amounts to 15%. The magnitude of this impact is clearer if one recalls Table 2 which indicated that for the other countries the total share of exports in GNP was less than 25%! From the components of net exports it can be seen that the changes were induced by the export performance. Imports rose during every year, though not at a regular rate, but it was in the export area that actual declines in nominal terms were registered, and it is here that the instability for the economy originated during the period studied.

Table 9 presents a sectoral breakdown in percentage terms. Of most importance is the growth in the government share. With respect to total consumption, both public and private consumption increased, but the rate of growth of public consumption exceeds the rate of growth of private consumption. Thus the relative share of public consumption increased from 17.1% in 1970 to 26.1% in 1976 while the relative share of private consumption decreased from 60% to 55%.

The same pattern appears in the public and private components of Fixed Capital Formation. Fixed Capital Formation has increased its share from 21% in 1970 to 35% in 1976. Much of the reason for this was in Public Fixed Capital Formation which increased from 10% of GDP in 1970 to 30% in 1976. Private Fixed Capital formation declined from 11% in 1970 to 4% in 1976. Indeed, the dollar volume of Private Fixed Capital Formation was less in 1976 than it was in 1970. Since investment is a major factor in growth, a closer look at the shares is useful. It is seen that the share of fixed capital formation does fluctuate, falling in 1971 and 1974 but over the whole period rising substantially. Since all of the increase is in the public sector, this implies that the government has been successful in commanding an increasing portion of GDP for use in capital formation. On the other hand, it has not sterilized this from overall fluctuations in the economy, a theme which will be dealt with extensively below.

To summarize the discussion from the expenditure perspective, two points seem most important. First both consumption and investment represent sources of growth and are relatively stable. The growth is definitely due to the increasing importance of public activity in both expenditure areas. Second, the international sector not only inhibits growth, with imports rising more rapidly than exports, but it also is the major expenditure source of instability with substantial variations from year to year.

Given the importance of the international sector for the economy, it will be useful to examine it at some greater length at this point. Table 10 presents the balance of payments figures for the period 1970-1977. In the current account, as has been mentioned previously, the pattern is one of instability and massive changes from year to year in the overall payments situation. Most of these changes arise in the merchandise export component. On the side of services there was a consistent deficit which grew in size during the entire period. Much of the growth was in the travel and transportation component and in other services. Transfers also increased regularly over the period.

It should be obvious that a continual current account deficit is a major weak spot in an open economy such as that of Guyana, and to understand its outlines more clearly it will be necessary to disagregate the merchandise sector. Table 11 examines the merchandise trade by one-digit SITC classes, while Table 12 details trade by origin and destination.

Imports in all 10 categories increased in virtually every year with almost all categories showing a sudden surge in 1974. This was most notable in fuels and lubricants which after increasing from G$ 28m in 1972 to G$ 48m in 1973 ballooned further to G$ 103m in 1974. A second notable surge was in machinery imports during 1975 where the increase was from G$ 122m to G$ 239m. Over the 1971-76 period these two categories, plus manufactured articles, accounted for 72% of the total increase in imports. It is important to note that during 1977 there was some success in cutting back both total imports and imports of manufactures and machinery. However, imports of fuels continued at a high rate of increase. Much of the decline was due to government imposed restrictions, a question which will be examined in the next section.

In the case of Guyana, the value of merchandise exports depends almost exclusively on the production and price of three commodities: sugar, rice, and bauxite. Together these three commodities represented, on the average, 75% of Guyana's merchandise exports during the 1970-76 period.

In terms of physical quantities, exports of bauxite have decreased since 1970, but this has been more than offset by an increase in the export price of bauxite, generating a pattern of steadily increasing export earnings. The patterns for the production, price, and, therefore, the value of sugar and rice exports are not nearly as steady. In 1973 with poor weather conditions, there was a substantial decrease in export quantities for both rice and sugar. In the case of rice, this decrease was offset by favorable price conditions leaving the value of export earnings from rice basically unchanged between 1972 and 1973. With sugar, there was no upward movement in price and consequently the value of export earnings from sugar fell appreciably. All this simply underscores the point that the behavior of merchandise exports is determined by the production and price of the three principal exports.

For 1977, preliminary data analysis suggests that domestic merchandise exports will fall for a second consecutive year. Output levels for both sugar and bauxite decreased while rice production increased significantly. The reduction in production of bauxite represents a continuation of the trend previously cited and may be explained by a somewhat depressed world demand.

The Guyanese performance in sugar and rice is good by comparison with the rest of the world, for prices of both commodities weakened during the year. In part this was offset by the access of Guyana to a quota from the Lomé Convention which established a price now above the world market price. There may be some additional aid from the International Sugar Agreement in coming years if the price firms up but in its absence the Lome quota is the only stabilizing force on this front. Guyana has been attempting to obtain U.S. preference status for its sugar which it is estimated would generate an added G$ 14 m of proceeds, but as yet they have been unsuccessful. In the case of rice, most of the sales are to the CARICOM countries and once again the price is a negotiated price which tends to be more stable than world prices.

Turning to Table 12 it can be seen that the distribution of Guyanese imports by currency area has shown some minor fluctuations over time but in general can be viewed as relatively constant over the 1970-76 period. Thus in 1970 the Commonwealth countries were the source of approximately 58% of Guyana's imports and in 1976 the corresponding figure was 51%. This decline for the Commonwealth countries largely reflected the increasing importance of the U.S. as a Guyanese supplier. The data suggest that there is more variation in the Commonwealth classification than between the Commonwealth and other currency areas. Here the U.K. and Canada have become relatively less important while CARICOM has become more important. These general patterns are supported by the preliminary data for 1977.

With respect to the destination of Guyana's exports, the relative shares going to the various currency areas are also fairly stable. For example the Commonwealth countries absorbed about 52% of the Guyanese exports in 1970 and 46% in 1976. The preliminary data for 1977 suggest that the 1970-76 patterns continue to prevail.

It is interesting to note that the U.S. is the most important trading partner in 1977 and that the U.S., U.K. and CARICOM together account for over 60% of both imports and exports.

Deficits incurred on current account must be offset by various capital transactions. In the case of the Guyanese economy, the major balancing accounts are represented by official capital receipts and central bank holdings. Over the 1970-76 period the bulk of the current account deficits were offset by official capital receipts. The two major exceptions to this pattern were 1973 and 1976. In both of these years the deficit not absorbed by official capital receipts largely became the responsibility of the Guyanese central bank, the Bank of Guyana. In 1973 the Bank of Guyana responded to the balance of payments problems by undertaking a substantial reduction in its holdings of foreign assets and by increasing rather dramatically its indebtedness to international organizations. Foreign assets fell by approximately G$ 45 million while deposits of international organizations rose from G$ 3.4 million to G$ 13.0 million. The same pattern, but on a larger scale, emerges in 1976. From December 1975 to December 1976 foreign assets of the Bank of Guyana fell from G$ 254.2 million to G$ 75.7 million while deposits of international organizations rose from G$ 77.4 million to G$ 134.1 million.

As yet, no data are available for the capital account for 1977, but it would appear that the expected deficit on current account would again require inflow of official capital receipts and actions by the Bank of Guyana. It is this situation, the continuing need to finance the deficit combined with an acute scarcity of reserves, which has led to negotiations between the government and the IMF for credit arrangements. This is the most tangible evidence of the point which has appeared throughout this section, that the major pressures on the economy originate in the international sphere, and their linkages into the domestic economy are the crucial questions for assessing the economy's success in providing for the needs of the population.

There is one additional useful vantage point for viewing the macroeconomy, and this is the generation of savings in the economy. While it will only serve to reinforce the importance of the government role as well as the centrality of the international sphere, savings' key role in the capital formation process justifies such an examination.

It had been noted earlier that investment's share of GDP had risen and that the government's share of that rose from 44% in 1970 to 82% in 1975.

Turning to the financing of investment, the data presented in Table 13 indicate that the regular increase in investment contrasts sharply with the instability in each of the three major sources of investment funding. Gross National Saving, for example, falls from G$86.9 million in 1972 to G$40.6 million in 1973 but explodes to G$ 227.3 million in 1974. Net External Capital Inflows experienced a significant increase between 1974 and 1975 but in 1976 had returned to their 1974 level. In 1972 there was a G$12.1 million increase in reserves, followed by a G$60.6 million decrease followed by a G$63.7 million increase in 1974. Even within the category of Gross National Savings there is a great deal of fluctuation. Here Gross Domestic Savings ranges from a low of G$67.7 million in 1973 to a high of G$391.9 million just two years later. Net Factor Incomes are slightly more stable, moving from a minus G$42.4 million in 1970 to a minus G$24.1 million in 1972 to a minus G$52.4 million in 1974.

A second pattern revealed in Table 13 is that in each and every year of the 1970-76 period Gross Domestic Savings was larger than Gross National Savings with the difference arising because of the drain of Net Factor Incomes. It is interesting to note that one effect of the institutional changes should be the stabilization of Net Factor Payments since profit repatriation by private firms is no longer an important flow, having been replaced by fixed payments of interest and principal.

A third pattern, which is implied by the two previous patterns, is the importance of external forces in the flow in investment funding. As capital flows into the country it has, within the present context, three possible uses: it can be used to augment reserves (or offset factors tending to decrease reserves), it can be used to meet outpayments for factor services, or it can be used to finance investment. If net external capital inflows are not sufficiently large to cover the first two uses then domestic savings must be reallocated from domestic investment to cover the remaining deficiencies in net factor incomes and changes in reserves. Although the exact balancing procedures may not occur in this manner, the influence of international considerations upon investment funding are clear. Thus once again the central themes of the importance of government and the importance of the international sector in the Guyanese economy are repeated.

## III. Stabilizing the Domestic Economy: Policy Tools and Uses

The last section has examined in some detail the sources of instability for the economy of Guyana, finding that the international sphere plays a major role in this. This section will turn to a more detailed examination of the domestic economy, and more particularly of the tools which the government has at its disposal to stabilize or insulate the domestic from the international fluctuations. In addition an effort will be made to isolate any other factors which can impart stability to the economy to allow as complete an understanding as possible of the implications of the international fluctuations for the welfare of the Guyanese. In so doing it should also be possible to find areas which could be supported to enhance domestic stability.

The first question which must be examined is the manner in which the international and the foreign sphere link up. Of course many of the linkages are implicit in the earlier treatment, but it will be useful to make them explicit at this point. Table 14 provides a diagram which attempts to isolate these linkages. It also indicates the areas in which government policy can have an impact on the overall functioning of the economy. This will be a major theme of the section.

As can be seen from the diagram, variations in exports have widespread ramifications for the economy. Their initial and major impact is on export proceeds which can be used to finance imports into the economy. As noted above, the latter are more stable, but they must adjust over time to the level of exports. Of particular importance to the supply side is the adjustment which would be made on intermediate inputs such as petroleum, wheat (which is an input) into flour production, chemicals and machinery. In all cases, disruption of supply would have substantial impact on economic performance and welfare. Imports are also a major component of final consumption and of investment. Again, a lowering of supplies would result in lower real consumption and more importantly in lower investment and growth.

The second area in which the international and national economies link up is through factor payments: wages, rent, profits, and the taxes which all of these imply. These payments are the source of domestic savings which as noted above are a major component of investment financing. The third linkage is again through savings, in this case by capital flows which can supplement savings of the domestic economy and can therefore finance either investment or foreign reserve accumulation.

In all of these cases, there is substantial instability, and the task of this section is to indicate how they affect the domestic economy and more importantly what mechanisms the government has available to it to offset these fluctuations.

The first area in which adjustment could be expected is that of fiscal and monetary policy. Actions which counter the external cycles could provide to the domestic economy a much greater degree of stability than would be found under a situation of complete openness. While this is theoretically correct, in actual fact it appears that fiscal and monetary policies are not counter-cyclical and have a tendency to adjust in a fashion to accommodate the external changes. Let us examine this in greater detail.

It will be recalled that the years 1974 and 1975 were years of rapid growth in export proceeds, and they were accompanied by relatively good performance on the capital account internationally. These changes had two direct effects on indicators of government policy. In the first place, given the nature of the tax system which was benefitting greatly from the ad valorem taxes on sugar exports, government receipts increased at a rapid rate during these years. (See Tables 15, 16) Current revenues during 1974 more than doubled over the previous year to G$320 million, and then they increased by another 50% in the following year. Current and capital revenues increased by similar amounts. Expenditures were on the rise as well, but their growth lagged revenues by one year. After growing by some 20% in 1974, they blossomed by 70% in 1975 and by 25% in 1976, a year of substantial declines in revenues.

In addition, Table 17 shows that the pattern of money supply increases was virtually the same. After a rate of growth of 15% in 1973, it grew by 33% in 1974 and by another 58% in 1975. In part this is because the money supply increased to accommodate government expenditures, but more appropriately it can be considered a reflection of the growth in export proceeds and international assets.

The behavior of government expenditures and of the money supply is again accommodating in the downturn, with total expenditures declining by 22% in 1977 and the growth of the money supply slowing substantially to an 8% growth rate.

The conclusion of this examination of orthodox policy making in Guyana is that it has not played a major role in stabilizing the economy and in insulating it from the fluctuations in the export sector. This does not imply that such an effort would be impossible for the government. The years 1976 and probably 1978 show that it is possible to reduce government expenditures. Presumably, they could be changed in a countercyclical fashion. Similarly the government is able to control the money supply through the Bank of Guyana, and could consciously stabilize the domestic economy in this manner.

Given the substantial external pressures, and given that orthodox policy seems to have followed the cycle rather than offsetting it, the question of what are the sources of stability in the economy remains. The essential answer to that question is that the extensive governmental control of the economy in all its basic operations allows the economy to function in a far more stable manner than would be expected given the exogenous stimulation.

In looking for sources of stability, there will be three that should be emphasized. The first is governmental direct controls on virtually all sectors of the economy. The second area of importance is the state enterprise sector and the key operational role which it plays in the overall economy. And finally, the third source of stability is the government's impact on the sources of income in the society and the existence of an agricultural sector with ample land. They will be examined in turn.

Governmental Direct Controls

The direct controls on the economy are widespread and when taken together provide few areas which have notbeen taken into account by the government. The major controls for our purposes are the following:

-import controls: certain goods have simply been banned in the past years. (In March of 1978, the list included 84 items ranging from meat, to salted fish, to biscuits and varnish). In the case of other goods which are permitted, it is still necessary to obtain an import license in order to be allocated the foreign exchange necessary for the purchase.

-price controls: the Ministry of Trade and Consumer Protection is empowered to set both wholesale and retail prices on most commodities. The basic methodology used is to allow the cost of production or the international purchase price plus a percentage markup at both wholesale and retail. This program was coupled with active efforts to subsidize basic commodities out of general revenues. Table 18 indicates the course of subsidies.

-interest rate controls: the Bank of Guyana sets the internal interest rates for various transactions. However, in keeping with its generally passive role, there has not been an active policy in the area, e.g. the bank rate has remained constant at 6 1/2% since 1966 and reserve ratios have not changed since 1972. In addition the government directly allocates a portion of the economy's financial assets to such entities as the Agricultural Cooperative Development Bank. The impact of these operations on the banking system can be seen in Table 19 which shows how the banking system has accommodated wider governmental policies. The most notable feature of the table is the rapid increase in liquid assets from 20% of assets in 1970 to 49% in 1975.

-wage setting: the government sets a minimum wage for government employees which sets the pattern for the overall minimum wage within the economy. In addition, of course, since the government is a major employer, it can significantly affect the wage structure by its overall wage-setting behavior.

This array of direct controls provides the government with a set of policy tools which could be effectively utilized to stabilize the economy and to offset the impact of the international fluctuations. In reviewing the period of the 1970s, however, this was not the manner in which they were utilized. Rather, they had a tendency to coincide with the external cycle and therefore to transmit the cycle to the domestic economy in a fashion similar to that of the orthodox policies. Several examples will suffice to make this point.

The first one is the use of subsidies. There have been a variety of subsidies over the years in Guyana, but their use became quite widespread during the period following 1974 when the list of subsidies grew and the amounts involved increased substantially also. They were generally provided for basic foodstuffs such as edible oil and wheat and milk, but a variety of policies extended these to areas such as transportation and other domestic food products. With the international downturn in 1977 and 1978, the government has been removing the subsidies and passing along the higher prices to consumers, thus exacerbating the sluggishness of real incomes caused by the downturn.

Interest rate controls appear to have had little impact since they were not used actively as a tool, though direct allocations of financial resources were again pro-cyclical. The case of import and currency controls again provides a clear example of pro-cyclical behavior on the part of the government. As was seen earlier, the rapid increase in export proceeds was followed in short order by increases in imports, so that on current account even in the good years there remained a deficit. When foreign exchange became scarcer, the reaction was to tighten up on the controls of exchange and imports and to cut back substantially on imports, thus ratifying the impact of the external fluctuation.

So in retrospect, it is apparent that the array of governmental tools which are available in terms of direct controls were not used to offset the externally induced fluctuations in the economy but instead ratified and transmitted them. On the other hand, it is important to note that structurally it is completely possible for the government to act in the opposite fashion. It can control the amount of foreign exchange which enters the economy, it can affect the prices that consumers pay and therefore their real income by setting prices and by setting subsidy rates. It can also affect the wage structure in the economy and set the allocation of financial resources. Thus it has a very effective group of policies which could be utilized and presumably will be utilized in the future in a somewhat different fashion. In this the government is in an enviable position, for many economies which are of an open nature simply do not have the ability to offset the external fluctuations for the lack of policy options. This is certainly not the case with the government of Guyana.

## State Enterprise Sector

A second fundamental area which allows the government to have the weapons necessary to stabilize the domestic economy is the state enterprise sector. As noted earlier, by some measures the state now controls through its state enterprises some 80% of the productive assets of the economy. It is strategically placed in the three main sectors of the economy through its control of GUYMINE in bauxite, of GUYSUCO (GAIL) in sugar and now in foodstuff, and Guyana Rice Board (GRB) in the rice industry. In a dition, major sectors of distribution are controlled by the government, allowing more direct enforcement of pricing decisions.

There are two main areas in which the state enterprise sector contributes to the governmental impact on the economy. The first has to do with the capture of the surplus generated in the economy and the second has to do with insulating the economy from international fluctuations.

In the first case, as noted earlier, the state enterprises directly or indirectly provided a substantial portion of government revenue in the past. Table 16 gives an indication of their importance. It is seen there that the high point of their contribution to current revenues was during 1975 where primarily because of the sugar levy 46.6% of government revenues were generated by this sector.* This percentage had gradually fallen to 24% in 1976, to 12% in 1977 and it is programmed to increase to 17% in 1978. The main revenue generators are given in Table 20.

Although the capital expenditures in past years are not available for the state enterprises, some indication of their role can be gained from the estimates for the 1978-81 plan period. Table 21 indicates that the state enterprises are programmed to undertake G$369 million of capital expenditures, 57% of which are to be internally financed. This represents 35% of the total planned capital expenditures during the plan period and it would be much higher except that the irrigation projects for rice are not under the GRB.

While there is little point in examining the realism of these figures, they have been mentioned to suggest that the government is strategically .

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*Of course the sugar plantations were still owned by Bookers, but the point is that the revenues came from what is now a state controlled sector.

placed to control the major sources of revenues which can be used for capital formation. And thus it can affect both the stability of the economy and the growth prospects of that economy by the operation of the state enterprise sector.

On the other hand, it is certainly correct to say that the performance of the state enterprise sector in terms of actually generating surpluses and investible funds has been unexceptional. For example, the 1977 estimates had called for a surplus of G$35 million from Guystac enterprises aside from the trading corporations. In actuality, the surplus amounted to only G$534,000. This has led the government to undertake a series of efforts to realize the surplus that should be generated in this sector, and thereby to turn the state enterprise sector into a major source of capital formation for whatever diversification may be undertaken.

The Minister of Finance in his message highlighted the surplus or deficit situation of virtually all the corporations in this sector (see Table 1). This is hardly a meaningful exercise given the wide range of governmental interventions on prices and allocations of goods, for the latter largely determine net surpluses. Nonetheless, there does seem to be emerging a consistent thrust to governmental actions and a policy vis-à-vis this sector. The first prong is to make the price comparisons more of an indicator of operating efficiency, and there have been a number of changes in this area. The consumer price of rice was doubled in January 1978, making it virtually identical with the farm price of rice. In addition there are indications that this entire sector is under reevaluation, and other changes are likely. Similarly, many public services were allowed to raise their price: transportation, telephone and electricity. All of these had been receiving government subsidies to offset their deficits. Gasoline prices have gone up substantially. In addition, many of the subsidies on the input side are being lowered. Fertilizer had been sold at 50% of cost but will now be sold at full cost. Seeds had been distributed free, but they will now be sold at close to cost. Thus there does seem to be a definite move to set prices closer to market prices and to use them to allocate consumption and to provide a measure of public sector enterprise functioning.

While at first glance this seems to be a rational policy, and it is certainly one which will make the economy look more familiar to the ordinary economist, there are several aspects of this policy which must be noted. The first is that it will have definite impacts on the distribution of income in the society, or better put, on the distribution of purchasing power. For it should be obvious that not all persons consume the same amounts of these now subsidized goods, and the impact of the changes will differ greatly according to the role such goods play in one's overall consumption bundle. To the extent that staple goods such as rice become more expensive, the poorer segments of the population will suffer a decline in their welfare. This of course is to some extent offset by the case of the rice farmers who will simply increase their own consumption of rice, but even in that case they have been prevented from purchasing rice at the subsidized price.

The second aspect is that these policy changes will not necessarily even improve the efficiency of operation of the economy. The "theory of second best" applies here and it suggests that efficiency will not necessarily be greater as one moves toward a system of competitive prices. The basic problem that the state sector is facing is inefficiency. There are enough indications such as power blackouts to indicate that this is surely so. Another example is the failure of the Agricultural Products Corporation to make any substantial gains in production of oil palm, black eyed peas and cassava. So certainly steps must be taken to improve the operation of the sector, but changes in price policy will not be a major aid. Much more important will be the development of management skill and of management attitudes which see clearly the role of this sector in the economy and provide leadership for the effective handling and operation of the sector.

It should be noted that the absorption by Guyana Agro Industries Ltd. of GAPC is likely to be the first of a series of consolidations whose purpose is to draw upon the already developed management skills of the corporations and to spread the overhead of operation of these firms across larger economic entities. Presumably there will be some economies to such amalgamations and the overall efficiency of the economy will increase. Such steps to bring some coherence to this crazy-quilt pattern of economic activity will in the long run have more of an impact on economic functioning than the pricing policies. To be sure, being able to use prices as measures of values will aid in decision making, but a coherent price policy which was not pegged to the market could have the same effect if it were properly done. Market prices may be the best choice only because they do not rely upon a great deal of planning ability for their consistent choice.

Two other steps are being undertaken to rationalize the state sector. The first is redeployment or, as it is officially and euphemistically termed, "Proper Labour Placement." This is claimed to be a mechanism whereby state employees can be moved from one job to another where their productivity will be higher and thus their contribution to the society can be greater. This certainly seems to respond to what is often claimed as a failure of state enterprises, the ineffective use of the labor force. It appears that some 2500 persons are supposed to be redeployed, which is around 10% of the government labor force. Upon redeployment they receive the wage of their new job and thus there may be some attempt to lower the wage structure if persons are consistently being moved to lower paying jobs. It is really too early to be able to assess any effect on efficiency of such an effort, although it should be obvious that it has much potential for damage if the decisions are made on personal or political grounds. Thus it should simply be noted that this is apparently another effort to attain greater efficiency in the public sector.

The other step is the formation of the State Planning Commission. It is quite unusual that a developing country, especially one with such major governmental involvement, would not have a planning unit. To some extent this may have been less necessary since there are few major sectors, and if they can be controlled, then coherent policy can result. But any steps toward austerity or diversification could benefit from coordinated policy which could come out of a planning agency. Again there is little basis for evaluating its actual effect since the commission is in the throes of organization.

The state enterprises play a second role of importance in acting as a buffer between the domestic economy and the world economy. In other economies where the main export industries are in private hands, especially private and domestic hands, changes in the world economy will be automatically transmitted to the domestic economy through higher factor incomes. This again is not necessarily the case in Guyana, for the state can appropriate the impact of changes internationally and can offset their effect by its own policies. Once again there is no claim that this has been done, for the state enterprises seem to have passed on their proceeds rather directly to the central government which then put them into the domestic economy; but the point is simply that the tool is there to offset the international impact.

Maintenance of state control in this area is certainly one factor in the labor strife in the sugar industry, though this is only one component. A major bone of contention which remains to be solved is the sugar workers' claim to profit sharing in the revenues of the sugar firms. If the sugar workers win their point on this, one impact will be to lead to a direct pass-through of any increase in the price and profitability of sugar production and therefore a lessening of the government control over this source of surplus. Of course the fact that this would be passed into the hands of the political opposition is not unimportant.

The most interesting case of this insulating role is the Guyana Rice Board. In its operation one can begin to see one of the main sources of stability of the economy, the agricultural sector, and in particular the production of rice. The GRB relies on peasant producers of rice for its supplies, but it plays the dominant role on both the input and the output sides for the farmers.

It provides tractor services at rental fees; it can provide the fertilizer and seed inputs to production; it purchases the rice, mills it, packages it, and distributes it both internationally and domestically. Thus its importance to the welfare of the ordinary rice farmer is central, and the urban consumer also is affected. And yet it is almost impossible to ferret out this impact, for the prices of its services and of its purchases and sales are not generally set so as to maximize its profits--luckily for both the rice farmer and the consumer. An example of the impact of the GRB comes from the 1960s, when the predecessor agencies were running deficits. To cut into them, they lowered the farm level price. At that point acreage sown to rice and the production of rice began to fall rapidly from a high of 165,000 tons in 1965 to 110,000 tons by 1970. Pricing policy was then reversed and prices to the farmer rose by some 33% from 1972 to 1973. They have since risen further, though they have been held constant over the last two years. This has led to charges that rice farmers were unable to meet their costs of production, but there is not enough information to be able to answer this question. Suffice it to say, however, that the GRB is the key factor in the rice market, and given its form of operation it is highly unlikely that setting profitability targets for it will ensure that it operates efficiently from its own standpoint or from the standpoint of the economy as a whole.

For present purposes, however, the key factor about the GRB operation is that it seems to play a definite stabilizing role in the rice sector. Farmers are guaranteed certain prices for their product, and they generally receive the specified amount, even if it is with a delay. Any fluctuations in rice receipts internationally, which of course have not been as substantial as in the other areas, are in no way passed on to the producer. While it is very difficult to make any meaningful estimates of the number of rice farmers, early 1970 estimates had it that 45,000 families were involved in rice production, and in most cases this would be the major source of income and of livelihood for this group of persons. Thus the operation of the Guyana Rice Board allows the government to provide a substantial degree of stability in the level of living of a large number of persons in the economy.

A similar point can be made about the other state enterprises, which implies that they can play a major role in stabilizing incomes.

Again, this sector provides the government the tools which it can use to stabilize the economy and indeed to restructure the economy if necessary, as long as it can operate the sector in an effective manner.

## Government Impact On Income Sources

Granted the strong government role in the economy and its ability to affect virtually all aspects of its functioning, the welfare of the Guyanese citizen will ultimately be determined by the functioning of the many micro-economies within which the population operates.

One distinction which can be helpful in this regard is that between the urban and rural sectors. This also correlates with the difference between industry-services and agriculture, between black and east indian, and with a series of other differences.

The population census of 1970 indicated a population of Guyana of 699,848 of which 476,636 or 68% lived in areas classified as rural. The urban areas are Georgetown, its suburbs, Linden and New Amsterdam. Interestingly enough, the growth of these urban areas was lower than the average for the country, 11% as compared with an overall 25% increase since 1960. In addition, in the data for Georgetown it is quite apparent that "suburbanization" has been playing a major role. This may mean that the true definitions of suburban areas, based on economic function, should be extended, which would raise the urban share and growth rate. However, no information is available.

The World Bank has used a rate of population increase of 2% per year and on that basis has calculated the population as 766,187 in 1975. It appears that they have basically used the population data and extrapolated it.

In the absence of other information, these demographic patterns would seem to set Guyana off from many other countries which saw explosive increases in their urban and suburban populations during the sixties. This should be related to the availability of land in rural areas, rural opportunities, and perhaps lack of urban opportunities. Indeed, the extent to which the economy has not been very successful in providing modern sector jobs, as noted in Table 4, may have actually aided in maintaining the rural nature of the society and in lowering the amount of rural-urban migration.

The first area of importance is the functioning of the labor market. Here only partial information is available since very little information has been gathered on rural labor markets. The small farm surveys generally indicate that there is little off-farm employment, though this would certainly vary from area to area. Nonetheless, given that Guyana is a land surplus economy, the problem of the unemployed landless which is seen in much work on Asia is unlikely to be important, as semi-productive lands can still be obtained in Guyana and most rural workers will have some farming activity.

In dealing with the modern wage sector, the open nature of the Guyanese economy again comes into play. The large number of Guyanese in Canada, England and the U.S. indicates that the labor market of relevance over time has been the international labor market and that given racial and ethnic and national solidarity this has remained an option for Guyanese. Examination of the information on immigration and emigration indicates that participation in this wider labor market continues.

According to the statistics compiled by the Statistical Bureau of the Ministry of Economic Development, during 1976 the total departures from the country were 94,611 which was up from 86,548 in 1975 and from 77,616 in 1972. Virtually the entire increase was in the category of "departing residents," who are residents leaving the country for less than one year, though since 1972 "emigrants" have increased from 4,443 to 7,114. There are a number of possible explanations for this, but the most logical one seems simply to be that there has been a substantial increase in the numbers of persons who are travelling. If the data on arriving persons are examined, increases there virtually match the increases in departures. In 1976, 85,020 persons arrived, of which 42,619 were returning residents and 2,245 were immigrants. In 1975 the amounts had been 78,835 arrivals, 35,570 being returning residents and 2,189 being immigrants. For 1972, arrivals were 69,634 with 30,600 returning residents and 1,556 immigrants. Of course there remains a yearly imbalance between arrivals and departures, but this could be interpreted only by looking at the data over a long period of time. The existence of large groups of Guyanese in New York, Washington, and London certainly indicates that this is no new phenomenon.

Some additional information is provided on the occupational class of those who declared themselves as immigrants or emigrants. In 1976, 301 persons who were classified as "Professional or Technical Workers" emigrated, an increase of 55% over the 1972 figure of 193. There were 825 "Administrative and Clerical Workers" who migrated, an increase of 26% from the 651 of 1972; 1,132 "Others," an increase of 58% from 1972's 714; and finally 4,956 emigrants "outside the labor force," which represents an increase of 71% over the 2,885 of 1972. In the immigrants, there were increases in all categories with the "Professional and Technical" being the lowest at 29% and the "Administrative and Clerical" the highest at 55%.

This relates to a very important question: the relative balance in the migration of technicians and professionals. There does seem to be some increase in the net outmigration of technicians, and this may have important implications for future economic policy and performance. But at least as far as can be ascertained from the data, this is not a process which differs substantially from previous years.

The wage setting behavior in the economy has a strong government input. Such an influence can be exerted through the direct employment bargaining between the state enterprises and their workers, or it can also be brought in through changes in the minimum wages for government workers. These minima were raised at the end of 1978 to G$11 per day in an attempt to narrow the range of incomes received in the state enterprises and in government activity. The raises went mainly to certain specified categories of employees. Thus anyone who earns over G$900 per month is unaffected by the recent increase, and it really affects only those who were at the G$200 minimum previously. In many cases however, except for workers in the lowest category, the change in the minimum wage will not actually affect the salary, for periodic wage adjustments are also applied to a worker's salary and these will tend to outrun the change in the minima. Thus the main factor which determines the wage differentials will be these adjustments, with the one exception being the lowest category of workers. The workers who have a fixed salary will also be affected as their salary rates are adjusted only at longer periods, about two years in most cases.

Nonetheless it is highly likely that this adjustment will have an impact on the wage bill of the public enterprises. One calculation from one of the firms showed that it would raise this bill by some 22%. Thus there is likely to be a substantial impact on the government's fiscal effort, and this could only be offset by changes in employment. Unfortunately, there seems to be little information on what percentage of the public work force is affected by this change and thus of what the overall impact will be.

The remainder of the wage structure is set by a composite of bargaining between government and unions and by bargaining between private firms and unions. Only the farmers seem to be in a position not to affect their incomes by group action ever since the members of the Rice Producers Association were removed from the Guyana Rice predecessor in the late 1960s. There seem to be some changes in the relative positions of wage earners in the various sectors, as Table 22 shows. The interesting thing to note in that case is that the real wage over the period declined, as wages did not keep pace with the rate of inflation. These are before-tax wages; changes in subsidies may have offset the decline in early years, whereas the apparent wage increases in 1977 are overstated since subsidies were being removed.

It is interesting to note in this regard that sugar workers are the second lowest paid group in the survey, and they received increments during the period which did not raise their relative position. It is also of interest to see the implications of the figures in Table 22 in yearly terms. Earnings of G$31 per week, for example, translate into a yearly per-worker income of US$640 at the official exchange rate expressed in 1972 dollars. It should be noted, however, that per-capita income, which is also a function of household size and other household earnings, would undoubtedly be lower. As a point of comparison, small-farm surveys generally reveal that up to 90% of farm families have an income below $150 per capita -- but this is somewhat of an understatement because of the difficulty of measuring own consumption.

A second area in which the government affects levels of welfare and can affect the rural-urban balance is in the subsidy program which, as noted above, has been phased down as government revenues have dropped. An idea of how the costs and benefits of cyclical changes are distributed, can be gained by looking at the pattern of subsidies and viewing it with reference to the expenditure patterns of the urban and the rural sectors presented in Table 23.

The interesting result of this effort is that the subsidies probably benefit the urban consumer more, simply because of his higher income, but the overall structure of subsidies had major benefits to both sectors. For example, the subsidy on flour, which has been maintained, supported a good which was much more important to rural than to urban consumers, 3.9% of expenditure as opposed to 1.5%. The same is true of vegetable oils, where rural consumers spend 3.3% and urban 2.0% of their income. On the other hand, evaporated milk, electricity, and transport, which were all subsidized or sold at a loss, were a greater portion of the urban household's budget. Thus it seems that the subsidy program benefitted both sectors of the economy, and that its removal will similarly affect both sectors in a negative manner.

Another side of the subsidies was the ban on imports of some products which could not be produced domestically. The range of products was so wide that virtually all were affected. But in some obvious cases such as potatoes and salted fish the goods are more important to the rural consumer and thus their welfare was affected more than the urban consumer by these bans.

The other source of differential impacts is price changes, which affect the two sectors differently. From Table 24 it can be seen that the rate of price increase in the rural sector has been higher over the whole period, 59% as compared to the urban 49%. Much of the imbalance came during 1977 when urban prices rose by only 2.5% but rural prices by 10%. Thus there is some indication that the burden of the downturn may be hitting the rural sectors with greater force.

To provide a complete understanding of urban-rural differentials, it would have been necessary to know the level of income of the two sectors and its change over the period. No such data are available, but it seems again that both sectors are affected by the economy's fluctuations. As noted earlier, real wages have not kept pace with inflation in general, and thus the urban incomes have fallen. The case of the rural producer is much more complex. It seems that in products for which there are a number of buyers, e.g. vegetables, the prices received by the farmer have increased faster than overall inflation. However, in the basic cash crop, rice, the situation is much more complex because of the operations of the GRB. The price of rice is set in October of every year and has been maintained the last two years, thus implying a decline in real income per bag of rice. This could be offset by the other subsidies the GRB offers, and in 1977 it was certainly offset by the large harvest. So on the rural side, it is difficult to make an estimate of the changes in income over the last several years, except to say that it is not quite so apparent that there has been a decline in income.

But in comparing the two sectors, there is a very different result of the instability. Much of the fluctuation in the economy seems to be focused on the urban sector: it is here where the jobs will be lost, it is here where salaries seem to be more volatile. Although the rural sector is certainly poorer and more vulnerable in many ways because of the dependence on weather, it seems to be less affected by the ups and downs of the economy. To some extent the price rises will affect the real income, but a bumper crop can more than offset this;

and presumably, given the rather low labor input, the effect of higher prices could be offset by increased work as long as the price of the output did not drastically decline. While more information would be necessary to allow definite conclusions, some comparisons between the urban and rural sector are possible. First, both sectors received benefits from and suffered losses due to government actions. The best example of this is the subsidy program. Secondly, it is likely that because of the actions of the GRB and the pricing of non-rice products rural incomes maintained themselves better than urban, though this was to some extent offset by higher rates of price increase for rural consumption items. Thirdly, employment creation in the government sector was a major result of the export boom, and the recession forced reductions in this area, implying that this is a major mechanism for transmitting instability to the domestic economy's urban sector. Finally, and very hypothetically, it appears that the nature of the rural sector and the policies of entities such as the GRB resulted in relative stability in the non-sugar agricultural sector. This may indeed be a major factor in keeping the domestic economy on some sort of stable path.

To sum up this section, it has been shown that the government has the ability to stabilize the economy because of the broad range of weapons which it has at its disposal. Nonetheless, in the past it has not done so, but has passed through the international instability to the domestic economy. But even in this case, the domestic economy has been affected differentially, with urban areas being hit harder by the downturns than the rural areas. Thus Guyana has an economy open to world pressures, with the ability to insulate or counteract these pressures, and with an important rural sector and ample land which can act as a type of shock absorber even if the fluctuations are transmitted to the domestic economy.

## III. Some Economic Projections

The economy of Guyana in 1978 is in the midst of a recession which was caused by her shortage of foreign exchange in the face of continued import demands and continued repayment requirements. As a result she had entered into a process of negotiation with the IMF for credit arrangements which could directly provide foreign exchange at the same time that it would facilitate access to private exchange markets.

At the same time the government was involved in an effort to reduce its own deficit and to pass along the costs of the recession to the rest of the economy. The last section documented a number of these actions: redeployment of labor in the government sector, restrictions on imports, removal of subsidies, closer monitoring of the state enterprises, more market-based pricing, etc.

In attempting to assess the economy's future course, it would be well to return to one of the earlier themes of this study, continuity within change. As an aid to this, it will be useful to quote an assessment of the economy which is taken from a World Bank comment on the 1966-72 Plan at the time of its publication. They said:

> The recent deterioration in the fiscal accounts is attributable entirely to the swollen current expenditures explained above. The rapidly expanding public investments of 1965 and 1966 have been financed by large internal borrowing in the former year and especially heavy external aid in the latter year, amounting to 50 percent of the investment.
>
> The agreement (with the IMF), by the ceilings it sets on government borrowing and total credit expansion, has contributed to improvement of the recently critical balance of payments situation, under which, despite large foreign aid, Guyana's previously satisfactory exchange reserves were reduced to one month's imports of goods and services at the end of 1966 (p. ii-IBRD Appraisal of the Development Program of Guyana, April, 1967).

This statement should have a familiar ring, for it could be made today were the IMF and the government to reach agreement. And its implications provide probably the best available projections of the course of the economy over the next few years. The fundamental course of the economy will be set in the external sphere. At least in the short run, the government has the tools to insulate portions of the domestic economy from much of the effects of international changes but in general its role for the present will be to allocate the costs of the recession among sectors. The domestic economy will continue to function, and in a particularly stable manner in the rural areas, and the growth of manufacturing and of foodcrop production may begin to add up to a type of transformation which the government has desired.

These implications will be taken in turn. In the international sphere, the price and quantity of production of the three export products are the crucial determinants of the export and therefore import performance. In terms of production of rice and sugar, those involved in the industry feel that production will increase at a substantial rate, given acceptable weather conditions. In sugar the government is talking of production over 300,000 tons for 1978, up from the 241,000 tons of 1977. In rice, production estimates are for some 240,000 tons, up from 1977's 210,000. There are reasons to think that both projections are optimistic, e.g. there is likely to be disruption of production in sugar due to the unresolved issues with the unions, and farmers are likely to hold off their production from the market given the new pricing arrangements. But if such output increases occur, it will give the government added flexibility.

In bauxite, the projections are more modest. As noted above, production in the sector has been gradually declining, and unless the U.S. steel industry revives rapidly during 1978, it is unlikely that this trend will be reversed.

The price situation is certainly not optimistic. International stocks of sugar were quite high in 1977, and projections for August of 1978 indicate that they should reach 36.5% of current season usage. Whenever stocks get above 20% on this measure, there is likely to be a weakening of the price. To a large extent, Guyana is insulated from this situation in the short run, for much of its external sales, 179,000 tons out of 208,000 tons last year, are under the Lomé convention whose price holds above the world market price. Nonetheless, if production were to reach 300,000 tons, after domestic consumption of 35,000 tons, this would imply sales of 86,000 tons at very, very low prices. There would be a gain of foreign exchange, but its benefits would be hindered by the low prices.

In the case of rice, a similar pattern exists. International rice prices peaked during 1973-74 and have since declined to around 50% of their value at that time. There seems to be little evidence of a firming trend in prices. Once again this does not directly affect Guyana since its rice is sold almost exclusively to the CARICOM countries at a negotiated price. It certainly does indicate that the price will not increase. A potentially greater problem is the absorptive capacity of CARICOM. During 1977, they took some 65,000 tons, and the GRB estimates a market of 100,000 tons. However, last year the major purchaser of rice, Jamaica, was able to maintain its purchases only with the help of a loan from the Canadian government. While this was a multiyear loan, it will run out and other countries in CARICOM may suffer similar difficulties which would make market projections a bit uncertain.

In summary, there are possibilities of modest growth in exports and export proceeds, but their contribution to solving the substantial external pressures is unlikely to be great. The major source of exchange will have to be in the capital flow area. In this area the government is expecting substantial resource inflows. In the capital revenue area, the government estimates for 1978 that G$147 of a total of G$151 million will come from external grants or loans. There are a number of reasons to feel that this figure overestimates the inflows. In the first place it would require virtually a doubling of external resource flows from G$84 in 1977. This is highly unlikely. In the second place, any estimates made before the agreement with the IMF is reached are hypothetical at best. Finally, the government will have a hard time attaining private resources and the net impact of these inflows will be lessened by the increasing burden of the external debt. For example, the ratio of external debt to GDP has continued to deteriorate. In 1974-75 it was 47% but rose to 63% in 1976. In 1977 it rose further to 70% as a result of the sluggish economy and increasing debt. These all indicate that the government is unlikely to be able to bring off its investment program and that the margin of flexibility to be gained from the external capital markets is unlikely to be great.

In the domestic economy, the government has many mechanisms available to it to distribute the costs of the recession. One such policy has been the imposition of import restrictions which as noted above has not had an obvious bias toward one or another sector. In this the government has been very successful. For example, imports of tobacco, fish, preserved fruit, chocolate, cotton, paints, perfume, textiles, cement, clay, iron plates and tubes, electric machinery, telecommunication equipment, furniture, and films--all of these items--declined by more than 50% during 1977. The areas where there was little success were petroleum and vegetable oils. But it should be obvious that the ability to limit imports has about been reached, and it will be a matter of time before shortages of intermediate products begin to disrupt production further. So added flexibility here is small.

There are also certain to be limits to the number of jobs which can be abolished in the government sector. Thus the government will have to operate on the economy by using its control of prices and its influence on wages, and combining this with a monetary or fiscal policy which distributes the burdens as the government desires. But its ability at this point to offset the downward pressures on the economy and on the standard of living of the country is limited. Only when it can amass resources and exchange as happened during the 1975 boom will it be possible to offset downturns.

This finally leads to the functioning of the domestic economy. Some indications were given above as to how it was being affected by the downturn and how it is likely to function given continued difficulties over the next few years. In general it is likely that the urban sector will have the greatest difficulties, as jobs are lost and consumption items become less available and prices rise. It is unlikely that the government will be able to offset these impacts given its shortage of resources. The rural sector will also suffer from a shortage of certain goods and from increases in prices. But unless the GRB undertakes a program which severly impairs the incentives to production in rice, there is likely to be a far higher degree of stability and of continued welfare in this area. Thus once again, this seems to be a major source of overall economic stability for Guyana, one which has maintained itself despite the wild gyrations in the rest of the economy. It may begin to have more of a dynamic effect as well. The effort of GUYSUCO to increase foodcrop production, if successful, will have a tremendous impact on the foreign exchange situation; but even more importantly it will signal success in finding a mechanism of transformation of the economy.

## IV. A.I.D. Objectives, Guyana's Objectives and Performance

The Congressional Mandate for AID is that projects should concentrate on aiding the "poor majority" of the countries in question. This implies that efforts should be aimed at target groups defined in terms of their income and should serve to increase these groups' income, their nutrition, health, education, production capabilities, and should affect their rate of population increase. In addition, this should take place in an ambience of participation in which the role of women in development is specifically considered and in which human rights are respected. Thus the question arises as to whether working with the government of Guyana in its programs is likely to operate in this direction.

While it should be obvious that no country will satisfy all of these stipulations, the conclusion of this section will be that at this time Guyana both in rhetoric and in performance is certainly in accordance with these objectives, and consequently seems a very fruitful place for AID activity. It will be pointed out that there is some question as to the long-run effect of several of the government policies, but these are areas in which AID may be able to make a substantial contribution.

The most recent specification or summary of the goals of the society was given by The Minister of Finance in his budget message of March, 1978. In it he described the type of society which Guyana was attempting to create as one based on "egalitarianism—equality of opportunity based only on citizenship and willingness to work; decreases in alienation to be achieved by worker control in an atmosphere of co-operativism; the right to work; the eradication of exploitation on a radical, class, ethnic, or any other basis." The mechanisms to be used are diversification of the economy in a context of major state ownership, the creation of infrastructure, the maintenance of existing capital work, and the movement to self-reliance or being "prepared to consume mainly that which we produce," i.e. import substitition in basic goods.

While these goals and mechanisms do not correspond directly with the AID Mandate, they are certainly consistent philosophically with it, and in actual practice they are also consistent. To examine the question it will be useful to extract certain aspects of the earlier treatment of the macro economy and to indicate their relation with the question at hand.

In the first place, it should be realized that in general the poor majority of the population reside in the rural areas. On virtually all measures, rural dwellers have a lower level of welfare: income, education, health and nutrition, etc. (See K. Jameson, "Income and Land Distribution in Guyana: A Summary of Existing Information.") This is not to say that there is no poverty in the urban areas, for on some measures there are small numbers of persons who are among the poorest in the society, e.g. some of the most extreme cases of nutritional deprivation are in the urban areas. In any case, one measure of consistency between governmental and AID programs is the government stance vis-à-vis agriculture. From the earlier treatments, it was found that Guyana generally performs much better in this area than most developing countries. Many of the problems noted by Michael Lipton in his book The Urban Bias in Economic Development have been avoided in Guyana.

Table 25 gives the sectoral allocations of planned investment expenditures during the previous and present plan periods to indicate the emphasis being placed on agriculture. It is seen there that a very high percentage of the funds are to be applied to agricultural investment, mainly to drainage and irrigation projects. It should be noted that one aspect of the reallocation of investment is less than completely consistent with the New Directions: the reduction in importance of investments in the health and education and social development efforts. This to some extent is a reflection of the availability of investment funds for these projects.

Other important indications of the government stance concerning the rural population can be gleaned from earlier treatments. The relatively low degree of urbanization which has taken place in Guyana, at least by the standards of Latin America, may indicate that the usual imbalance of rural and urban sectors is not so prevalent in Guyana, that a viable life in the rural areas is possible. Secondly, government policies were not found to discriminate against the rural sector directly. The benefits from the subsidy programs which grew up with the blooming of government receipts benefitted both sectors. Government wage policy in recent years has not distributed income to the wage earners, though this may have happened in earlier years. Overall price policy on inputs and outputs seems to have attempted to maintain farm incomes, though there is evidence that there has been a deterioration in recent periods which parallels the general deterioration of the economy.

It should be noted at this point that this balancing of urban and rural is not a new phenomenon; indeed it is because of the rather small imbalance between the sectors that Guyana performs quite well on measures of the Physical Quality of Life which are highly correlated with income distribution questions. Guyana ranks third on this index among countries of its GNP level. It appears that government policy will continue this general thrust.

One other indication of the government stance is the policy on imports in the face of severe foreign exchange shortages. The attempt has been made to restrict imports to regain balance, and all have been affected. But the evidence suggests that every effort has been made to maintain the availability of basic goods such as flour and oils, and until recently at subsidized prices.

On the other components of AID interest, women in development and human rights, the Minister's statement talked about "any form of exploitation" as being unacceptable. This certainly covers the case of women. However, it is difficult to find specific policies designed to implement this view. Nonetheless one does find women in many occupations that are not common in the United States, e.g. police work, and this may be some indication of relatively equal treatment. In addition, one of the AID-financed projects for a swine reproduction facility was generally to be run by women.

No in-depth study of human rights in Guyana was attempted. However, at this point it seems obvious that by Latin American standards, Guyana is a pristine case, with few if any political prisoners, little evidence of torture and other violations, and a dedication to full human rights, economic as well as political and social. Nonetheless this is a crucial time in Guyana, with elections slated for this year, and the stance taken by the government must of necessity reflect on the human rights situation. In any case it can certainly be said that Guyana performs much better in this area than many countries where AID is working.

As noted above, however, there are certain government policies which may have a detrimental impact on the persons of interest to AID, and these policies should be mentioned. The basic problem is that the government and the pricing system have a definite capital bias, i.e. given the costs of capital and of labor, it is generally rational to use capital rather than labor. As noted above, with the land surplus situation, this does not seem to have created a rural landless class where exploitation would be pushed to its highest. On the other hand, there is little doubt an alteration in this mixture would have a definite beneficial effect on the possibility of absorbing labor and on saving foreign exchange for basic needs expenditures.

This is pushed very far in agricultural sector investment and in the Majaruni hydroelectric project. These are massive and highly capital-intensive projects with a very high capital and foreign-exchange component to them. They have quite a long gestation period, and when the irrigation comes on stream, it will serve to increase the rice acreage available for planting. This will finally benefit additional persons who obtain access to the lands, but the total number of persons aided by these large capital expenditures it is unlikely to be great.

An alternative strategy would be to move into smaller-scale and less capital-intensive undertakings, generally starting to work with existing operations and to improve their operational efficiency and performance. This would probably bring into play some attempts at decentralizing rural industries and developing some forms of technology which might be particularly adapted to the Guyanese situation. This seems to be a fruitful area for AID to become involved in, one which is consistent with the AID objective, certainly not contrary to the objectives of the government of Guyana, and one which in terms of a long-run impact on the poor majority and indeed on the overall functioning of the economy could potentially be highly beneficial.

To sum up this section, there seems to be a high degree of congruence between the goals of AID and of the government of Guyana. In addition, some of the apparent biases on the part of the government might be offset by the allocation of expenditures by AID, and thus AID has the opportunity to make a major contribution to furthering the mutually shared goals and providing a counterpoint to the massive capital intensive project bias which seems to exist in Guyana.

# STATISTICAL APPENDIX

Note: Given the short period of time in Guyana and the unavailability of national income statistics in their raw form, many of the Tables are based on already published work, with no checking of consistency possible. In some cases this leads to apparent inconsistencies in data, but this is because it was necessary to use published information, even if the definitions differ somewhat.

Table 1

Firms Operating in the State Enterprise Sector

Major Enterprises

GUYANA MINING ENTERPRISE (GUYMINE)

Revenues G$375 m. Expenses G$449 m.

Has responsibility for the mining and processing of all bauxite in the country. Also plans the long-term capital and operating program of the industry. Was reorganized in 1978 to bring all aspects of industry under one sixteen-person board which has representatives of management, clerical, and field employees as well as of the majority party and other interested sectors.

GUYANA AGRO-INDUSTRY, LTD (GAIL, FORMERLY [illegible])

Revenues G$ 2.75 m.

Has responsibility for cultivation, processing and sale of sugar. In early 1978 it absorbed Guyana Agricultural Products Corporation which is to increase the output of basic foodstuffs: blackeyed peas, cassava, oil palm.

GUYANA RICE BOARD (GRB)

Controls all aspects of rice farming in the country, de facto. Is the sole channel for marketing of rice domestically and internationally. Provides the whole range of inputs from tractor services to seed. Also mills and stores rice. Sets prices at each point in chain.

No information on dollar volume of operations was available.

## LIVESTOCK DEVELOPMENT CORPORATION

(LIDCO)

Has control over the operation of cattle ranches. Sells to private slaughterhouses. Also is in charge of dairy developments.

No information on dollar volumes is available.

## LESSER STATE ENTERPRISES

### TRADING GROUP I

Revenues G$ 85 m. Expenses G$ 78.4 m.

GUYANA NATIONAL TRADING CORPORATION

Revenues. . . . . . . . . . . . . . . . . G$ 32.4 m.
Expenses. . . . . . . . . . . . . . . . . G$ 29.1 m.

EXTERNAL TRADE BUREAU

Revenues. . . . . . . . . . . . . . . . . G$ 28.3 m.
Expenses. . . . . . . . . . . . . . . . . G$ 26.2 m.

GUYANA GAJRAJ LIMITED

Revenues. . . . . . . . . . . . . . . . . G$ 13.6 m.
Expenses. . . . . . . . . . . . . . . . . G$ 12.9 m.

GUYANA WREFORDS LIMITED

Revenues. . . . . . . . . . . . . . . . . G$ 10.9 m.
Expenses. . . . . . . . . . . . . . . . . G$ 10.2 m.

### TRADING GROUP II

Revenues G$ 120.1 Expenses G$ 104.4

GUYANA STORES LTD

Revenues. . . . . . . . . . . . . . . . . G$ 81.9 m.
Expenses. . . . . . . . . . . . . . . . . G$ 74.4 m.

GUYANA LITHOGRAPHIC CO LTD

Revenues. . . . . . . . . . . . . . . . . G$ 7.0 m.
Expenses. . . . . . . . . . . . . . . . . G$ 6.5 m.

GUYANA NATIONAL PHARMACEUTICAL CORPORATION LTD

Revenues. . . . . . . . . . . . . . . . . G$ 19.5 m.
Expenses. . . . . . . . . . . . . . . . . G$ 15.0 m.

DEMERARA SUGAR TERMINALS LTD.

Revenues. . . . . . . . . . . . . . . . . G$ 3.7 m.
Expenses. . . . . . . . . . . . . . . . . G$ 1.9 m.

GUYANA SHIPPING CORP LTD.

Revenues. . . . . . . . . . . . . . . . . G$ 8.0 m.
Expenses. . . . . . . . . . . . . . . . . G$ 6.6 m.

## FINANCIAL GROUPS

Guyana Agricultural Co-operative Development Bank provides loans in the agriculture sector. Approved G$ 31 million of which G$7 were disbursed in 1977.

Guyana National Cooperative Bank: provides loans to co-operatives

Guyana Cooperative Mortgage Finance Company: provide loans for housing .
In 1977 loaned G$ 6.2 million.

GNCB Trust Corporation: administers pensions for Guymine and Guysuco

Guyana Co-operative Insurance Services: carries government insurance.
Earned G$ 6 million in premiums in 1977

## PUBLIC UTILITIES

Revenues G$ 58.8 Expenses G$ 68.4

GUYANA TRANSPORT SERVICES LTD

Revenues. . . . . . . . . . . . . . G$ .85 million
Expenses. . . . . . . . . . . . . . G$ 9.22 million
Operates main public bus transport system in the country.

## INFORMATION AND COMMUNICATION GROUP

Revenues GS 37.0 m. Expenses GS 36.5 m.

### GUYANA TELECOMMUNICATION CORP.

Revenues. . . . . . . . . . . . . . . . GS 16.8 million
Expenses. . . . . . . . . . . . . . . . GS 15.1 million
Provides domestic phone service.

### GUYANA NATIONAL NEWSPAPERS LTD

Revenues. . . . . . . . . . . . . . . . G$ 5.1 million
Expenses. . . . . . . . . . . . . . . . G$ 4.4 million
Publishes main newspapers.

### GUYANA INTERNATIONAL TELECOMMUNICATIONS CORP

Revenues. . . . . . . . . . . . . . . . GS 8.0 million
Expenses. . . . . . . . . . . . . . . . GS 6.3 million

### GUYANA PRINTERS LTD

Revenues. . . . . . . . . . . . . . . . GS 3.2 million
Expenses. . . . . . . . . . . . . . . . G$ 2.9 million

### GUYANA BROADCASTING SERVICES LTD

Revenues. . . . . . . . . . . . . . . . G$ 0.7 million
Expenses. . . . . . . . . . . . . . . . G$ 1.7 million

### POST OFFICE CORPORATION

Revenues. . . . . . . . . . . . . . . . GS 3.2 million
Expenses. . . . . . . . . . . . . . . . GS 6.1 million

## INDUSTRIES GROUP

Revenues GS 10.0 Expenses GS 9.5 m.

### GUYANA TIMBERS LTD.

Revenues. . . . . . . . . . . . . . . . GS 6.9 million
Expenses. . . . . . . . . . . . . . . . GS 6.5 million
Logging and sawmilling.

GUYANA FORESTRY CORP.

Revenues. . . . . . . . . . . . . . . . G$ 3.1 million
Expenses. . . . . . . . . . . . . . . . G$ 3.0 million

OTHERS

Revenues G$ 167.2 m. Expenses G$ 151.6 m.

GUYANA ENGINEERING CORP.

Revenues. . . . . . . . . . . . . . . . G$ 47.9 million
Expenses. . . . . . . . . . . . . . . . G$ 39.8 million
Tractor distributor

GUYANA OIL COMPANY LTD.

Revenues. . . . . . . . . . . . . . . . G$ 35.0 million
Expenses. . . . . . . . . . . . . . . . G$ 33.2 million

GUYANA STOCKFEEDS LTD.

Revenues. . . . . . . . . . . . . . . . G$ 24.1 million
Expenses. . . . . . . . . . . . . . . . G$ 23.7 million
Produces chicken, calf and pig feeds.

GUYANA LIQUOR CORPORATION

Revenues. . . . . . . . . . . . . . . . G$ 60.2 million
Expenses. . . . . . . . . . . . . . . . G$ 54.9 million

Source: Estimates, 1978 (as submitted).

Note: Revenues and expenses are generally those estimated for 1978 and thus are not based upon actual performance. They are likely to be optimistic on the net surplus.

Table 2

Exports and Imports as a Percentage of GNP - Selected Countries

External Capital as Percentage of GDI

| Country | Year | Total Exports/GNP | Total Imports/GNP | External Capital and Use of International Reserves/GDI |
|---|---|---|---|---|
| Guyana | 1977 (P) | 60.2 | 80.6 | |
| | 1976 | 68.6 | 92.1 | 70.9 |
| | 1975 | 75.2 | 71.3 | 14.3 |
| | 1974 | 66.5 | 62.9 | 12.1 |
| | 1973 | 46.5 | 60.1 | 70.4 |
| | 1972 | 52.5 | 52.5 | 10.7 |
| | 1971 | 54.6 | 50.4 | |
| Brazil | 1972 | 9.2 | | |
| Colombia | 1972 | 13.0 | | |
| Ghana | 1972 | 18.9 | | |
| India | 1972 | 8.0 | | |
| Kenya | 1972 | 16.3 | | |
| Nicaragua | 1972 | 26.6 | | |
| Nigeria | 1972 | 25.6 | | |
| Philippines | 1972 | 16.0 | | |
| Sri Lanka | 1972 | 24.4 | | |
| Zaire | 1972 | 39.6 | | |
| France | 1972 | 13.5 | | |
| U.S.A. | 1972 | 4.9 | | |
| U.S.S.R. | 1972 | 4.1 | | |

(P): 1977 figures are provisional.

Source: Ministry of Economic Development, Statistical Section;

ODC, Agenda, 1974.

Table 3

SECTORAL ORIGIN OF GDP*

| | 1960 | 1970 | 1975 |
|---|---|---|---|
| Agriculture | 19.2% | 19.3% | 25.0% |
| Sugar | (13.4%) | (9.1%) | (16.0%) |
| Rice | (4.5%) | (2.9%) | (3.0%) |
| Livestock | (1.3%) | (2.3%) | (2.7%) |
| Mining | 11.0% | 20.4% | 13.8% |
| Bauxite | (9.5%) | (19.5%) | (12.9%) |
| Manufacturing | 10.2% | 12.2% | 12.1% |
| Sugar Milling | (4.2%) | (3.2%) | (5.5%) |
| Rice Milling | (.8%) | (.8%) | (.5%) |
| Services | 59.6% | 48.1% | 49.1% |
| Government | | (13.2%) | (18.1%) |

* The GDP values are in current G$.

Sources: 1960 - British Guyana (Guyana) Development programme, 1966-1972;
1970, 75 - Ministry of Economic Development.

Table 4

Employment Shares by Industry

| | 1946 | 1956 | 1960 | 1965 | 1970 | World Bank 1977 | Share of Jobs in Urban Sectors (1970) |
|---|---|---|---|---|---|---|---|
| Labour Force | 147,481 | 164,600 | 174,997 | 193,048 | 183,744 | 219,700 | |
| Employed | 143,750 | 135,000 | 161,202 | 165,912 | 159,333 | 186,745 | |
| Industries | | | | | | | |
| Agriculture | .420 | .425 | .371 | .349 | .290 | .309 | .02 |
| Mining | .028 | .013 | .038 | .031 | .049 | .033 | .58 |
| Manufacturing | .160 | .129 | .153 | .162 | .150 | .154 | .36 |
| Building | .049 | .067 | .078 | .056 | .045 | ↑ | .35 |
| Transport | .042 | .054 | .048 | .061 | .049 | | .65 |
| Commerce | .082 | .126 | .114 | .127 | .108 | .451 | .89 |
| Services | .167 | .185 | .180 | .190 | .281 | | .58 |
| Electricity | -- | -- | .005 | .014 | .007 | ↓ | .88 |
| None | .005 | -- | .001 | .012 | .021 | .053 | .46 |
| Unemployment | 2.6% | 21.9% | 8.5% | 16.4% | 15.9% | 15.0% | |

Sources: Tabulations from Ministry of Labour: 1946, 1956, 1960, 1970;
World Bank Country Study of Guyana: 1977;
Manpower Survey: 1965.

TABLE 5: SECTORAL ORIGIN OF GROSS DOMESTIC PRODUCT
AT CONSTANT FACTOR COST, 1970-76
(G$ millions at 1976 prices)

| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | Growth over Period 1970-76 ( ) |
|---|---|---|---|---|---|---|---|---|
| Agriculture | 246.5 | 267.2 | 237.8 | 230.6 | 273.1 | 250.3 | 262.5 | 6.5 |
| Sugar | 160.2 | 183.9 | 154.6 | 141.0 | 174.7 | 147.1 | 166.5 | .2 |
| Rice | 31.0 | 26.2 | 20.5 | 26.0 | 33.7 | 37.8 | 26.0 | -16.1 |
| Other Crops | 19.1 | 21.5 | 22.9 | 23.0 | 24.0 | 26.0 | 27.0 | 41.4 |
| Livestock | 17.8 | 19.1 | 19.7 | 20.5 | 18.4 | 18.9 | 23.0 | 29.2 |
| Forestry | 11.3 | 9.9 | 11.5 | 11.5 | 12.3 | 11.8 | 10.0 | -11.5 |
| Fishing | 7.1 | 6.6 | 8.6 | 8.6 | 10.0 | 8.7 | 10.0 | 40.8 |
| Mining and Quarrying | 176.8 | 171.6 | 152.4 | 147.5 | 157.8 | 157.6 | 145.0 | -18.0 |
| Bauxite and Alumina | 168.5 | 163.2 | 144.6 | 139.8 | 152.3 | 149.3 | 136.0 | -19.3 |
| Other | 8.3 | 8.4 | 7.8 | 7.7 | 5.5 | 8.3 | 9.0 | 8.4 |
| Manufacturing and Processing | 86.0 | 103.8 | 97.2 | 81.4 | 108.5 | 115.3 | 127.5 | 59.9 |
| Sugar Milling | 55.9 | 72.7 | 64.8 | 46.6 | 68.5 | 68.1 | 58.5 | 4.6 |
| Rice Milling | 6.1 | 5.1 | 4.0 | 3.4 | 4.4 | 4.9 | 5.0 | -18.0 |
| Other | 24.0 | 26.0 | 28.4 | 31.4 | 35.6 | 42.3 | 64.0 | 166.6 |
| Services | 385.7 | 395.6 | 408.9 | 439.3 | 438.6 | 507.4 | 515.0 | 33.5 |
| Distribution | 80.9 | 80.0 | 79.8 | 87.5 | 88.4 | 105.2 | 105.0 | 29.8 |
| Transport and Communication | 45.4 | 46.0 | 45.1 | 48.3 | 50.8 | 55.3 | 60.0 | 32.2 |
| Construction | 75.5 | 78.6 | 83.0 | 85.0 | 79.0 | 83.4 | 85.0 | 12.6 |
| Rent Dwellings | 11.9 | 12.5 | 13.2 | 13.8 | 15.2 | 16.6 | 16.0 | 34.5 |
| Financial Services | 26.8 | 28.9 | 29.2 | 30.6 | 30.6 | 33.2 | 32.0 | 19.4 |
| Government | 115.8 | 118.4 | 128.0 | 143.6 | 146.8 | 185.8 | 190.0 | 64.1 |
| Other | 29.4 | 31.2 | 30.6 | 30.5 | 27.8 | 27.9 | 27.0 | -8.2 |
| TOTAL | 895.0 | 938.2 | 896.3 | 898.8 | 978.0 | 1030.6 | 1050.0 | 17.3 |



Source: IBRD, Economic Memorandum on Guyana

The 1976 data are preliminary

Note: Other sources are Ministry of Economic Development and the Bank of Guyana. This source was chosen because of its theoretical consistency and its correction of the other figures.

Table 6

GROSS DOMESTIC PRODUCT AT CURRENT
FACTOR COST, 1970-76
(G$ Million)

| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | Growth over Period 1970-76(%) |
|---|---|---|---|---|---|---|---|---|
| Agriculture, Forestry and Fishing | 90.0 | 101.7 | 103.8 | 106.3 | 264.1 | 345.4 | 262.5 | 191.3 |
| Sugar | 42.8 | 54.3 | 56.7 | 49.7 | 184.7 | 247.5 | 166.5 | 289.0 |
| Rice | 13.2 | 11.2 | 9.0 | 12.8 | 25.4 | 35.9 | 26.0 | 96.9 |
| Other Crops | 13.7 | 14.5 | 15.3 | 17.7 | 19.7 | 22.0 | 27.0 | 97.1 |
| Livestock | 10.2 | 11.3 | 11.8 | 13.3 | 18.1 | 20.0 | 23.0 | 125.4 |
| Forestry | 5.1 | 5.0 | 5.4 | 6.0 | 7.6 | 10.0 | 10.0 | 96.1 |
| Fishing | 5.1 | 5.4 | 5.6 | 6.8 | 8.6 | 10.0 | 10.0 | 96.1 |
| Mining and Quarrying | 95.5 | 95.8 | 96.6 | 80.5 | 114.8 | 142.2 | 145.0 | 51.8 |
| Bauxite and Aluminum | 91.0 | 91.1 | 91.6 | 76.3 | 110.8 | 138.7 | 136.0 | 49.5 |
| Other | 4.5 | 4.7 | 5.0 | 4.2 | 4.0 | 7.5 | 9.0 | 100.0 |
| Manufacturing and Processing | 57.0 | 61.3 | 64.2 | 62.4 | 120.3 | 147.3 | 127.5 | 87.8 |
| Sugar Milling | 15.0 | 19.1 | 19.9 | 17.5 | 64.9 | 87.0 | 58.5 | 290.0 |
| Rice Milling | 3.9 | 3.2 | 2.4 | 2.9 | 5.9 | 6.3 | 5.0 | 28.2 |
| Other | 38.1 | 39.0 | 41.9 | 42.0 | 49.5 | 54.0 | 64.0 | 68.0 |
| Services | 224.8 | 241.6 | 260.2 | 326.8 | 370.6 | 458.4 | 515.0 | 125.1 |
| Distribution | 53.5 | 54.5 | 57.3 | 64.4 | 80.8 | 95.0 | 105.0 | 96.3 |
| Transport and Communication | 27.7 | 29.8 | 30.3 | 37.1 | 46.3 | 50.0 | 60.0 | 116.6 |
| Construction | 36.8 | 38.6 | 42.7 | 47.9 | 52.7 | 75.4 | 85.0 | 131.0 |
| Rent of Dwellings | 10.8 | 11.3 | 11.9 | 12.4 | 13.7 | 15.0 | 16.0 | 48.1 |
| Financial Services | 16.3 | 18.4 | 19.1 | 22.1 | 27.0 | 30.0 | 32.0 | 96.3 |
| Government | 61.9 | 70.0 | 79.1 | 121.2 | 126.6 | 168.0 | 190.0 | 208.6 |
| Other | 17.8 | 19.0 | 19.8 | 21.7 | 23.5 | 25.0 | 27.0 | 51.7 |
| TOTAL | 467.4 | 500.4 | 524.8 | 576.0 | 869.8 | 1093.3 | 1050.0 | 124.6 |

Sources: IBRD, Economic Memorandum on Guyana.

Table 7

Indices of Retail Sales

Items

| Year | All | Groceries | Clothing | Motor Vehicles | Industrial Equipment | Building Materials | Furniture Household | Drugs & Cosmetic | Miscellaneous | Petroleum Prod. | Restaur Bar |
|---|---|---|---|---|---|---|---|---|---|---|---|
| '71 | 102.1 | 103.0 | 121.3 | 97.7 | 93.4 | 91.2 | 98.1 | 105.3 | 62.9 | 104.8 | 89.0 |
| '72 | 110.2 | 111.7 | 130.9 | 104.1 | 117.2 | 106.8 | 108.9 | 114.9 | 120.9 | 110.8 | 86.6 |
| '73 | 129.4 | 116.8 | 145.8 | 112.4 | 131.8 | 121.2 | 161.2 | 124.9 | 111.3 | 123.0 | 110.0 |
| '74 | 159.7 | 133.4 | 160.8 | 134.8 | 192.7 | 182.1 | 198.2 | 206.0 | 201.2 | 197.0 | 121.7 |
| '75 | 196.8 | 148.6 | 216.3 | 180.1 | 325.8 | 229.7 | 280.2 | 289.5 | 271.3 | 205.8 | 111.4 |
| '76 - (V) | 223.5 | 173.9 | 235.4 | 214.6 | 297.8 | 349.1 | 322.0 | 340.4 | 246.7 | 291.7 | 113.7 |
| '76- IV | 274.2 | 214.5 | 325.3 | 253.4 | 303.5 | 446.1 | 474.7 | 409.5 | 303.7 | 319.0 | 126.5 |
| '77- I | 222.0 | 200.0 | 189.0 | 177.0 | 244.0 | 324.0 | 275.0 | 447.0 | 244.0 | 301.0 | 115.0 |
| '77- II | 218.0 | 183.0 | 224.0 | 132.0 | 261.0 | 360.0 | 291.0 | 338.0 | 253.0 | 321.0 | 121.0 |

Source: Ministry of Economic Development, Statistical Bureau.

Table 8

EXPENDITURE ON GROSS DOMESTIC PRODUCT, 1970-76
(G$ Million)

| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | Change 1970-76 |
|---|---|---|---|---|---|---|---|---|
| Total Consumption | 413.1 | 443.2 | 481.9 | 577.1 | 666.2 | 792.3 | 931.5 | +518.4 |
| Public | 90.9 | 101.7 | 116.9 | 159.7 | 162.2 | 244.0 | 300.0 | +209.1 |
| Private 1/ | 322.2 | 341.5 | 365.0 | 417.4 | 504.0 | 548.3 | 631.5 | +309.3 |
| Gross Domestic Investment | 121.9 | 105.1 | 118.9 | 175.5 | 252.1 | 380.0 | 479.1 | +357.2 |
| Fixed Capital Formation | 112.7 | 102.8 | 108.3 | 154.8 | 198.1 | 355.0 | 399.1 | +286.4 |
| Public | (53.4) | (63.8) | (71.3) | (104.7) | (132.9) | (312.3) | (350.5) | (+297.1) |
| Private | (59.3) | (39.0) | (37.0) | ( 50.1) | ( 65.2) | ( 42.7) | ( 48.6) | ( 10.7) |
| Change in Inventories | 9.2 | 2.3 | 10.6 | 20.7 | 54.0 | 25.0 | 80.0 | 70.8 |
| Goods and Nonfactor Services Balance | -2.0 | 17.8 | -7.7 | -107.8 | 36.5 | 11.9 | -261.6 | -259.5 |
| Exports of Goods and NFS | 303.8 | 327.4 | 344.4 | 336.5 | 657.1 | 906.1 | 778.3 | +474.5 |
| Imports of Goods and NFS | -305.8 | -309.6 | -352.1 | -444.3 | -620.6 | -894.2 | -1039.9 | -734.1 |
| Gross Domestic Product at Current Market Prices | 533.0 | 566.1 | 593.1 | 644.8 | 954.8 | 1184.2 | 1149.0 | +616 |
| Plus: Subsidies | 4.2 | 4.3 | 3.8 | 9.7 | 22.8 | 32.0 | 38.0 | +33.8 |
| Minus: Indirect Taxes | -69.8 | -70.0 | -72.1 | -78.5 | -107.8 | -122.9 | -137.0 | -67.2 |
| Gross Domestic Product at Current Factor Cost | 467.4 | 500.4 | 524.8 | 576.0 | 869.8 | 1093.3 | 1050.0 | +582.6 |
| Net Factor Income Payments Abroad | -42.4 | -33.4 | -24.1 | -25.8 | -52.4 | -47.3 | -64.0 | + 21.6 |
| Gross National Product at Current Factor Cost | 425.0 | 467.0 | 500.7 | 550.2 | 817.4 | 1046.0 | 986.0 | +561.0 |

1/ Residual.
Source: Economic Memorandum on Guyana, Published by the World Bank.

Table 9

Sectoral Shares of Expenditure Categories

(as % of GDP)

| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 |
|---|---|---|---|---|---|---|---|
| Total Consumption | 77.5 | 78.3 | 81.3 | 89.5 | 69.8 | 66.9 | 81.1 |
| Public | 17.1 | 18.0 | 19.7 | 24.8 | 17.0 | 20.6 | 26.1 |
| Private | 60.4 | 60.3 | 61.5 | 64.7 | 52.8 | 46.3 | 55.0 |
| Gross Domestic Investment | 22.9 | 18.6 | 20.0 | 27.2 | 26.4 | 32.1 | 41.7 |
| Fixed Capital Formation | 21.1 | 18.2 | 18.2 | 24.0 | 20.7 | 30.0 | 34.7 |
| Public | 10.0 | 11.3 | 12.0 | 16.2 | 13.9 | 26.4 | 30.5 |
| Private | 11.1 | 6.9 | 6.2 | 7.8 | 6.8 | 3.6 | 4.2 |
| Change in Inventories | 1.8 | 0.4 | 1.8 | 3.2 | 5.7 | 2.1 | 6.9 |
| Goods and Nonfactor Services Balance | -0.4 | 3.1 | -1.3 | -16.7 | 3.3 | 1.0 | -22.8 |
| Exports of Goods and NFS | 57.0 | 57.8 | 58.1 | 52.2 | 68.3 | 76.5 | 67.5 |
| Imports of Goods and NFS | -57.4 | -54.7 | -59.4 | -68.9 | -65.0 | -75.5 | -90.4 |

Source: Adopted from Table 8.

Table 10

## BALANCE OF PAYMENTS [1]
### 1970-1977
### (IN G$ MILLION)

| ITEM | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 |
|---|---|---|---|---|---|---|---|---|
| CURRENT ACCOUNT | | | | | | | | |
| MERCHANDISE | | | | | | | | |
| IMPORTS | -268.2 | -267.6 | -297.9 | -372.5 | -567.0 | -810.6 | -927.4 | -816.5 (2) |
| EXPORTS | +264.8 | +290.9 | +299.8 | +288.1 | 600.0 | +854.4 | +690.2 | 610.5 (3) |
| MERCHANDISE TRADE BALANCE | - 3.4 | +23.3 | +1.9 | -84.4 | +33.0 | +43.8 | -237.2 | -206.9 |
| SERVICES (NET) | | | | | | | | |
| INVESTMENT INCOME | -42.5 | -36.0 | -22.0 | -27.0 | -38.0 | -40.0 | -40.0 | |
| INSURANCE | - 5.8 | - 6.0 | - 3.7 | - 2.5 | - 4.8 | - 5.0 | - 1.0 | |
| TRAVEL AND TRANSPORTATION | + 1.5 | - 1.4 | - 4.9 | -13.6 | - 4.0 | -15.0 | -30.0 | |
| OTHER | + 2.8 | + 5.3 | + 5.1 | + 4.1 | + 1.8 | -10.0 | -29.0 | |
| SERVICE BALANCE | -44.0 | -38.1 | -25.5 | -39.0 | -45.0 | -70.0 | -100.0 | |
| BALANCE ON GOOD AND SERVICES | -47.4 | -14.8 | -23.6 | -123.4 | -12.0 | -26.2 | -337.2 | |
| TRANSFERS | + 0.7 | + 1.6 | + 1.0 | - 0.0 | - 5.0 | - 9.0 | - 14.0 | |
| BALANCE ON CURRENT ACCOUNT | -46.7 | -13.2 | -22.6 | -123.4 | -17.0 | -35.2 | -351.2 | |
| CAPITAL ACCOUNT | | | | | | | | |
| NON-MONETARY SECTOR | | | | | | | | |
| OFFICIAL CAPITAL RECEIPTS (NET) | +21.7 | +32.1 | +24.4 | +33.0 | +57.5 | +102.2 | +123.5 | |
| DIRECT INVESTMENT | +17.9 | - 3.6 | + 5.2 | +17.6 | +18.0 | + 4.0 | - 2.5 | |
| OTHER PRIVATE LONG-TERM | - 0.5 | +14.6 | + 5.1 | +10.0 | + 2.4 | - 7.5 | - 10.0 | |
| OTHER PRIVATE SHORT-TERM | - 3.6 | - 4.8 | + 1.0 | + 2.4 | +14.7 | - 4.5 | - 1.0 | |
| BALANCE ON NON-MONETARY SECTOR | +35.5 | +38.3 | +35.7 | +63.0 | +92.6 | +109.2 | +110.0 | |
| MONETARY MOVEMENTS | | | | | | | | |
| GOVERNMENT | - 0.6 | - 1.0 | - 2.0 | + 5.0 | + 6.7 | - 2.0 | ----- | |
| CENTRAL BANK | + 0.8 | -11.7 | -20.7 | +54.0 | -76.2 | - 82.8 | +235.1 | |
| COMMERCIAL BANKS | + 1.9 | ---- | + 0.3 | -11.1 | + 5.9 | - 7.5 | + 2.2 | |
| BALANCE ON MONETARY MOVEMENTS | + 2.1 | -12.7 | -22.4 | +47.9 | -63.6 | - 92.3 | +237.3 | |
| BALANCE ON CAPITAL ACCOUNT | +37.6 | +25.6 | +13.3 | +110.9 | +29.0 | +16.9 | +347.3 | |
| ERROR AND OMISSIONS | + 9.1 | -12.4 | + 9.3 | + 12.5 | -12.0 | +18.3 | + 3.9 | |

(1) Data for 1970-76 taken from Bank of Guyana 1976 Annual Report.
(2) 1977 import data are obtained by taking totals through November 1977 and multiplying by 12/11.
(3) 1977 export data are obtained by taking totals for domestic exports through November 1977 and multiplying by 12/11.

Table 11

Merchandise Imports, Exports, and Net Balance by Sector, 1971 - 1977

(In G$ Millions)

| SITC Section Number | Title | Item | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | Change 1971-76 | 1977* | Change 1976-77 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | Food | Import | - 41.5 | - 41.4 | - 55.8 | - 72.5 | - 90.6 | -113.6 | + 72.1 | - 98.4 | - 15.2 |
| | | Export (Domestic) | +128.7 | +143.6 | +118.6 | +354.5 | +512.9 | +322.3 | +193.6 | +250.4 | - 7[illegible] |
| | | Net Balance | + 87.2 | +102.2 | + 62.8 | +282.0 | +422.9 | +208.7 | | +152.0 | |
| 1 | Beverages and Tobacco | Import | - 2.6 | - 2.7 | - 3.7 | - 3.3 | - 4.2 | - 8.0 | + 5.4 | - 4.4 | - 3.6 |
| | | Export (Domestic) | + 7.1 | + 6.4 | + 8.5 | + 15.9 | + 17.9 | + 14.1 | + 7.0 | + 8.6 | - 5.5 |
| | | Net Balance | + 4.5 | + 3.7 | + 4.8 | + 12.6 | + 13.7 | + 6.1 | | + 4.2 | |
| 2 | Crude Materials Inedible except Fuel | Import | - 1.6 | - 1.6 | - 1.5 | - 6.1 | - 9.4 | - 8.2 | + 6.6 | - 9.0 | + [illegible] |
| | | Export (Domestic) | +142.5 | +136.9 | +143.2 | +206.8 | +274.2 | +304.7 | +162.2 | +324.6 | + 19.9 |
| | | Net Balance | +140.9 | +135.3 | +141.7 | +200.7 | +264.8 | +296.5 | | +315.6 | |
| 3 | Mineral Fuels, Lubricants, and Related Materials | Import | - 23.6 | - 28.1 | - 48.4 | -103.5 | -135.0 | -138.1 | +114.5 | -163.9 | + 25.[illegible] |
| | | Export (Domestic) | ---- | ---- | ---- | ---- | ---- | ---- | 0 | ---- | |
| | | Net Balance | - 23.6 | - 28.1 | -48.4 | -103.5 | -135.0 | -138.1 | | -163.9 | |
| 4 | Animal and Vegetable Oils and Fats | Import | - 3.8 | - 3.1 | - 3.6 | - 12.5 | - 8.8 | - 10.4 | + 6.6 | - 15.1 | + 4.7 |
| | | Export (Domestic) | ---- | + 0.2 | + 0.2 | ---- | ---- | ---- | 0 | ---- | 0 |
| | | Net Balance | - 3.8 | - 2.9 | - 3.4 | - 12.5 | - 8.8 | - 10.4 | | - 15.1 | |
| 5 | Chemicals | Import | - 30.7 | - 35.7 | -45.5 | - 67.3 | - 82.2 | - 91.1 | + 60.4 | - 74.1 | - 17.[illegible] |
| | | Export (Domestic) | + 2.5 | + 3.1 | + 3.6 | + 4.0 | + 5.5 | + 7.2 | + 4.7 | + 7.5 | + 0.[illegible] |
| | | Net Balance | - 28.2 | - 32.6 | -41.9 | - 63.3 | - 76.7 | - 83.9 | | - 65.5 | |

Table 12

Imports and Exports by Currency Areas
Expressed as a per cent of Total Imports and Exports

| IMPORTS | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977* |
|---|---|---|---|---|---|---|---|---|
| Commonwealth | | | | | | | | |
| Total | 53.2 | 55.7 | 56.9 | 56.0 | 54.4 | 49.2 | 51.2 | 53.4 |
| U.K. | (31.0) | (30.9) | (30.3) | (25.4) | (20.5) | (21.4) | (23.0) | (19.3) |
| CARICOM | (14.1) | (15.1) | (17.2) | (22.2) | (26.5) | (2[illegible].5) | (22.5) | (26.4) |
| CANADA | ( 9.0) | ( 5.5) | ( 5.1) | ( 5.3) | ( 4.9) | ( 4.3) | ( 4.2) | ( 3.[illegible]) |
| U.S.A. | 23.5 | 24.3 | 24.3 | 24.2 | 25.7 | 29.3 | 28.5 | 22.8 |
| L.A.F.T.A. | 0.8 | 1.6 | 0.7 | 1.5 | 1.7 | 2.8 | 1.3 | 1.4 |
| E.E.C. | 9.8 | 9.9 | 8.8 | 10.4 | 10.3 | 8.6 | 6.7 | 8.5 |
| E.F.T.A. | 1.6 | 1.8 | 1.8 | 1.4 | 1.4 | 1.1 | 1.5 | 1.4 |
| Rest of the World | 6.2 | 6.9 | 7.6 | 6.4 | 6.5 | 9.0 | 10.8 | 6.5 |

| EXPORTS | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977* |
|---|---|---|---|---|---|---|---|---|
| Commonwealth | | | | | | | | |
| Total | 51.9 | 52.0 | 50.0 | 50.4 | 37.8 | 45.0 | 45.6 | 49.8 |
| U.K. | (19.7) | (24.6) | (29.0) | (29.3) | (20.8) | (28.5) | (26.7) | (23.5) |
| CARICOM | (13.2) | (16.2) | (13.4) | (16.0) | (11.5) | (12.5) | (16.1) | (17.9) |
| CANADA | (18.6) | (10.7) | ( 6.4) | ( 5.0) | ( 5.4) | ( 3.7) | ( 2.7) | ( 6.3) |
| U.S.A. | 27.6 | 26.0 | 25.2 | 21.4 | 27.6 | 23.7 | 19.6 | 24.6 |
| L.A.F.T.A. | 1.4 | 1.6 | 1.7 | 1.9 | 4.3 | 2.0 | 3.5 | 3.5 |
| E.E.C. | 4.5 | 5.1 | 6.6 | 8.1 | 5.9 | 8.1 | 12.6 | 8.3 |
| E.F.T.A. | 9.6 | 7.5 | 1.2 | 1.4 | 5.4 | 2.5 | 3.6 | 6.5 |
| Rest of the World | 4.9 | 7.8 | 16.3 | 16.8 | 19.1 | 18.7 | 15.2 | 6.7 |

Source: Adopted from data in Guyana Quarterly Statistical Digest (December 1976).
* 1977 are based on data for the first two quarters of the year.

Table 13

GROSS DOMESTIC INVESTMENT AND ITS FINANCING, 1970-76

(G$ Millions)

| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | Estimated 1976 |
|---|---|---|---|---|---|---|---|
| Gross Domestic Investment | 121.9 | 105.1 | 118.9 | 175.5 | 252.1 | 380.0 | 479.1 |
| Gross Fixed Capital Formation | 112.7 | 102.8 | 108.3 | 154.8 | 198.1 | 355.0 | 399.1 |
| (Public) | (53.4) | (63.8) | (71.3) | (104.7) | (132.9) | (312.3) | (350.5) |
| (Private) | (59.3) | (39.0) | (37.0) | (50.1) | (65.2) | (42.7) | (48.6) |
| Change in Inventories | 9.2 | 2.3 | 10.6 | 20.7 | 54.0 | 25.0 | 80.0 |
| Financing of Investment | 121.9 | 105.1 | 118.9 | 175.5 | 252.1 | 380.0 | 479.1 |
| Gross National Savings | 77.9 | 89.9 | 86.9 | 40.6 | 227.3 | 333.3 | 139.5 |
| (Gross Domestic Savings) | (119.9) | (122.9) | (111.2) | (67.7) | (288.6) | (391.9) | (217.5) |
| (Net Factor Incomes) | (-42.4) | (-33.4) | (-24.1) | (-25.8) | (-52.4) | (-47.3) | (-64.0) |
| (Net Current Transfers) | (0.4) | (0.4) | (-0.2) | (-1.3) | (-8.9) | (-11.3) | (-14.0) |
| Net External Capital Inflows | 28.8 | 29.2 | 44.2 | 70.6 | 88.5 | 138.0 | 88.4 |
| Change in Reserves ( -increase) | 3.2 | -13.2 | -12.1 | 60.6 | -63.7 | -91.1 | 251.2 |
| Statistical Discrepancy | 12.0 | -0.8 | -0.1 | 3.7 | - | -0.2 | - |

Source: World Bank: Economic Memorandum on Guyana.

Table 14: Schematization of the Economy of Guyana

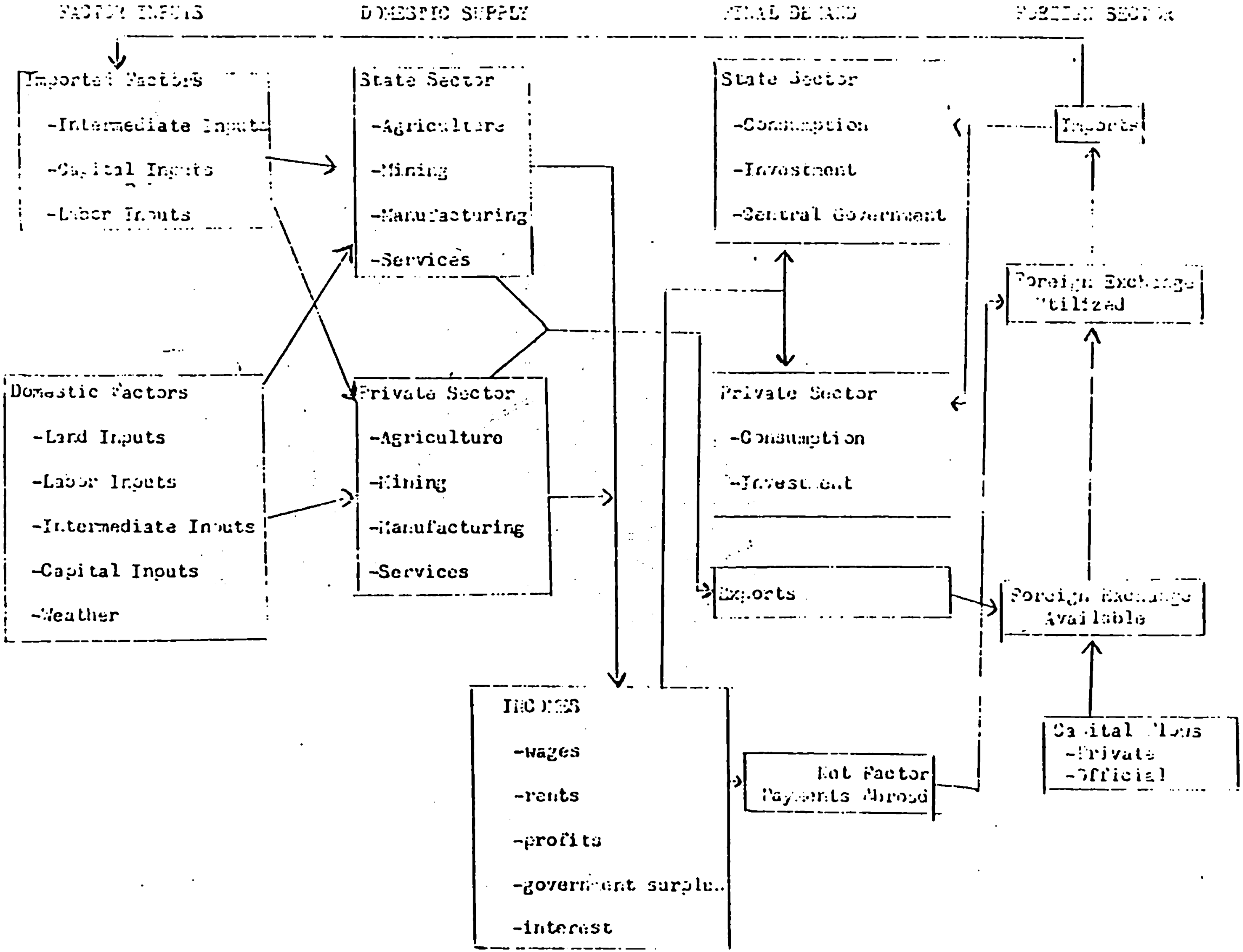

Table 15

Current and Capital Account Revenues and Expenditures 1970-78
(In G$ Millions)

| Year | Current Expenditures | Capital Expenditures | Total Expenditures | Current Revenues | Capital Revenues | Total Revenues | Surplus (+) or Deficit (-) |
|---|---|---|---|---|---|---|---|
| 1970 | 123.7 | 52.1 | 175.8 | 133.0 | 36.6 | 169.6 | - 6.2 |
| 1971 | 134.7 | 60.8 | 195.5 | 126.8 | 48.4 | 175.2 | - 20.3 |
| 1972 | 152.6 | 56.4 | 209.0 | 151.0 | 44.8 | 195.8 | - 13.2 |
| 1973 | 207.4 | 83.2 | 290.6 | 153.0 | 73.8 | 226.8 | - 63.8 |
| 1974 | 254.7 | 103.8 | 358.5 | 320.2 | 88.1 | 408.3 | - 49.8 |
| 1975 | 318.6 | 288.4 | 607.0 | 487.3 | 111.8 | 599.1 | - 7.8 |
| 1976 | 457.7 | 288.7 | 746.4 | 376.6 | 124.4 | 500.9 | - 245.5 |
| 1977 | 432.2 | 152.8 | 585.0 | 354.9 | 86.1 | 441.0 | - 144.0 |
| 1978 | 462.4 | 181.5 | 644.0 | 332.3 | 151.5 | 483.8 | - 160.1 |

*Source: Data for 1970-75 taken from Bank of Guyana 1976 Annual Report. Data for 1976-78 taken from Estimates Current and Capital of Guyana for the year 1978.

<u>Table 16</u>

<u>Major Sources of Current Revenue</u>

<u>1970 - 1978</u>
(<u>In G$ Millions</u>)

| Year | Company Taxes | Personal Income Taxes | Sugar Levy | Import Duty | Consumption Tax | Other | Total Current Revenue |
|---|---|---|---|---|---|---|---|
| 1970 | $29.1 (21.9%) | $18.3 (13.8%) | ---- ---- | $35.5 (26.7%) | $5.3 (4.0%) | | $133.0 |
| 1971 | 24.0 (18.9%) | 18.9 (14.9%) | ---- ---- | 34.2 (27.0%) | 6.6 (5.2%) | | 126.8 |
| 1972 | 48.1 (31.9%) | 20.6 (13.6%) | ---- | 32.1 (21.2%) | 8.6 (5.7%) | | 151.0 |
| 1973 | 39.2 (25.6%) | 20.2 (13.2%) | ---- | 30.2 (19.7%) | 16.8 (11.0%) | | 153.0 |
| 1974 | 47.8 (14.9%) | 27.4 (8.4%) | $ 91.0 (28.4%) | 33.2 (10.4%) | 37.5 (11.7%) | | 320.2 |
| 1975 | 72.9 (15.0%) | 30.2 (6.2%) | 227.0 (46.6%) | 41.4 (8.5%) | 43.0 (8.8%) | | 487.3 |
| 1976 | 67.0 (17.8%) | 38.6 (10.2%) | 63.2 (16.8%) | 51.9 (13.8%) | 49.9 (13.3%) | | 376.6 |
| 1977 | 108.0 (30.4%) | 39.0 (11.0%) | 11.9 (11.0%) | 39.1 (11.0%) | 44.4 (12.5%) | | 354.9 |
| 1978 | 86.8 (26.1%) | 44.0 (13.2%) | ---- | 40.0 (12.0%) | 45.0 (13.5%) | | 332.3 |

Source: Estimate, Current and Capital, of Guyana for the year 1978.

Table 17

Selected Indicators of Monetary Policy

1970 - 1976

| Year | $M_1$ | $M_2$ | Total Foreign Assets Held by Bank of Guyana | Total Holdings of Government Securities, Treasury Bills, and Government Advances by Bank of Guyana |
|---|---|---|---|---|
| 1970 | 62.1 | 165.0 | 40.2 | 21.2 |
| 1971 | 70.7 | 192.5 | 45.1 | 20.4 |
| 1972 | 85.4 | 231.7 | 73.0 | 28.8 |
| 1973 | 97.2 | 274.1 | 27.4 | 89.2 |
| 1974* | 129.5 | 317.8 | 133.9 | 23.4 |
| 1975* | 207.5 | 449.4 | 254.2 | 45.2 |
| 1976* | 218.5 | 491.5 | 75.4 | 254.8 |
| 1977 | | | | |

*December figures.

Source: Bank of Guyana 1976 Annual Report.

Table [illegible]

Central Government Subsidies G$.

| Item | 1978 (est) | 1977 | 1976 | 1975 |
|---|---|---|---|---|
| GMC | 5,000,000 | 1,200,000 | 1,000,000 | 995,000 |
| Edible Oil | 0 | 3,013,876 | 200,000 | 430,000 |
| Poultry Feed | 0 | 3,000,000 | 6,283,036 | 3,919,600 |
| Reduction of Water Assessment | 937,482 | 500,000 | 500,000 | 500,000 |
| GEC | | 1,228,189 | 9,000,000 | 1 |
| Evaporated Milk | 0 | 2,900,000 | 1,712,672 | 1,947,600 |
| Conveyance of Goods to Hinterland | 200,000 | 233,000 | 244,073 | 207,000 |

Source: Estimates, 1978.

Table 19

Selected Characteristics of the Guyanese Commercial Banking System

1970 - 1976

| Year | Total Assets Or Liabilities | Liquid Assets | Government of Guyana Securities | LOANS AND ADVANCES Total | Statutory Board and Other Public Authorities | PRIVATE Total | Business Firms | Demand Deposits | Time Deposits | Savings Deposits |
|---|---|---|---|---|---|---|---|---|---|---|
| 1970 | 146.6 | 30.2 (20.6%) | 6.4 (4.4%) | 94.2 (64.3%) | 12.4 (8.5%) | 80.2 (54.7%) | 64.1 (43.7%) | 22.4 (15.3%) | 38.0 (25.9%) | 67.1 (45.8%) |
| 1971 | 174.9 | 51.2 (29.3%) | 5.9 (3.4%) | 97.9 (56.0%) | 13.2 (7.5%) | 83.8 (47.9%) | 67.4 (38.5%) | 26.7 (15.3%) | 50.2 (28.7%) | 74.5 (42.6%) |
| 1972 | 206.5 | 79.9 (38.7%) | 6.4 (3.1%) | 96.8 (46.9%) | 12.2 (5.9%) | 83.5 (40.4%) | 65.5 (31.7%) | 31.5 (15.3%) | 70.4 (34.1%) | 80.8 (39.1%) |
| 1973 | 249.2 | 92.5 (37.1%) | 5.4 (2.2%) | 122.7 (49.2%) | 20.3 (8.1%) | 100.2 (40.2%) | 74.8 (30.0%) | 36.2 (14.5%) | 81.0 (32.5%) | 100.6 (40.4%) |
| 1974* | 292.4 | 92.0 (31.5%) | 8.1 (2.8%) | 160.6 (54.9%) | 55.8 (19.1%) | 101.8 (34.8%) | 77.4 (26.5%) | 58.0 (19.8%) | 79.1 (27.1%) | 114.7 (39.2%) |
| 1975* | 422.4 | 207.8 (49.2%) | 7.4 (1.8%) | 172.0 (40.7%) | 57.5 (13.6%) | 107.4 (25.4%) | 84.7 (20.1%) | 98.0 (23.2%) | 99.7 (23.6%) | 144.5 (34.2%) |
| 1976* | 440.4 | 180.0 (40.9%) | 16.4 (3.7%) | 196.9 (44.7%) | 76.5 (17.4%) | 110.0 (25.0%) | 81.9 (18.6%) | 96.0 (21.8%) | 109.0 (24.8%) | 172.2 (39.1%) |

* December Totals.

Source: Bank of Guyana 1976 Annual Report.

Table 10

Revenue Impacts of State Enterprises (all G$)

| | 1975 | 1976 | 1977 | 1978(estimate) |
|---|---|---|---|---|
| Sugar Levy | 227,281,600 | 63,243,188 | 11,958,700 | |
| Payments on Loans to State Enterprises | | | 2,707,000 | 3,595,000 |
| GUYMINE | | | | |
| Tax Payments | | | | 28,000,000 |
| BIDCO Earnings | 6,000,000 | 28,700,000 | 12,300,000 | 9,745,000 |
| GUYSUCO Tax | | | | |
| Payments | | | | |
| GUYSUCO Earnings | | | 4,675,000 | 4,700,000 |
| Guyana Liquor Corp Earnings | | | 807,000 | 807,000 |
| Guyana National Engineering Corp Earnings | | | 1,800,000 | 1,800,000 |
| GUYSTAC Trading Group I Earnings | | | 3,835,000 | 2,350,000 |
| GUYSTAC Trading Group II Earnings | | | 5,010,000 | 5,070,000 |
| GUYSTAC Other | | | 534,000 | 1,070,000 |
| Total Current Government Revenues | 487,301,902 | 376,557,895 | 354,884,587 | 332,342,600 |

Table 21

PUBLIC ENTERPRISE CAPITAL EXPENDITURES

| SECTOR AND ENTERPRISE | 1978 Financing Foreign | 1978 Financing Local | 1978 Total Expenditure | 1978-81 Financing Foreign | 1978-81 Financing Local | 1978-81 Total Expenditure |
|---|---|---|---|---|---|---|
| AGRICULTURE | | | | | | |
| 1. Guyana Sugar Corporation Limited | 16.[illegible] | 1.0 | 17.[illegible] | 34.0 | 19.0 | 53.0 |
| 2. Guyana Agricultural Products Corp. | - | - | - | - | - | - |
| 3. Guyana Rice Board | - | 0.45 | 0.45 | - | 2.75 | 2.7[illegible] |
| 4. Guyana Marketing Corporation | - | (0.7) | (0.7) | - | (4.[illegible]) | (4.[illegible]) |
| 5. Livestock Development Company Limited | 0.3 | 0.2 | 0.5 | 0.34 | 0.5 | 0.84 |
| FISHERY | | | | | | |
| 6. Guyana Food Processors Limited | - | - | - | - | - | - |
| 7. Guyana Marine Foods Limited | - | - | - | - | - | - |
| 8. New Amsterdam Fish Processors Limited | - | - | - | - | - | - |
| FORESTRY | | | | | | |
| 9. [illegible] Timbers Limited | [illegible] | 2.0 | [illegible] | [illegible] | [illegible] | [illegible] |
| 10. Guyana Forest Industries Corp. | 1.0 | 0.34 | 1.34 | 1.0 | 1.54 | 2.54 |
| 11. Guyana Timber Export Board | - | 0.18 | 0.18 | - | 0.32 | 0.32 |
| MANUFACTURE | | | | | | |
| 12. Guyana Pharmaceutical Corp. | - | 1.2 | 1.2 | - | 5.7 | 5.7 |
| 13. Guyana Stockfeeds Limited | | 0.1 | 0.1 | - | 0.40 | 0.40 |
| 14. Guyana Distilleries Limited | | | | | | |
| 15. Guyana Liquors Limited | | | | | | |
| 16. Guyana Liquor Corporation | 4.[illegible] | - | 4.0 | [illegible] | 5.85 | 9.95 |
| 17. Glass Factory | 12.0 | - | 12.0 | 15.0 | - | 15.0 |
| POWER | | | | | | |
| 18. Guyana Electricity Corporation | 30.25 | 2.8 | 33.0[illegible] | 39.5 | 25.85 | [illegible] |
| MINING | | | | | | |
| 19. [illegible] | 5.[illegible] | 32.4 | [illegible] | 41.0 | [illegible] | [illegible] |
| [illegible] | | | | | | |
| 20. Guyana National Engineering Corp. | - | 2.0 | [illegible] | - | [illegible] | [illegible] |
| TRANSPORTATION | | | | | | |
| 21. Guyana National Shipping Corp. | - | 0.2 | 0.2 | - | 0.[illegible] | [illegible] |
| 22. Demerara Sugar Terminals Limited | | 0.4 | 0.4 | - | 0.15 | [illegible] |
| 23. Guyana Transport Services Limited | - | - | - | 12.5 | [illegible] | [illegible] |
| 24. Guyana Airways Corporation | - | - | - | - | - | - |
| TELECOMMUNICATIONS | | | | | | |
| 25. Guyana Telecommunications Corp. | 6.6 | 1.7 | 8.3 | [illegible] | 8.3 | 16.[illegible] |
| 26. [illegible] | - | 0.1 | 0.1 | - | 2.[illegible] | 2.59 |
| 27. Guyana Broadcasting Services | - | - | - | - | - | - |
| 28. Post Office Corporation | - | - | - | - | - | - |
| PRINTING | | | | | | |
| 29. Guyana National Lithographic Ltd. | - | [illegible] | [illegible] | - | [illegible] | [illegible] |
| 30. [illegible] Printers Limited | | .3 | 0.3 | | 0.8 | 0.8 |

Table 9 (cont.)

PUBLIC ENTERPRISE CAPITAL EXPENDITURE

| SECTOR AND ENTERPRISE | 1978 Financing | | 1978 Total Expen-diture | 1979-81 Financing | | 1979-81 Total Expen-diture |
|---|---|---|---|---|---|---|
| | Foreign | Local | | Foreign | Local | |
| **TRADING AND DISTRIBUTION** | | | | | | |
| 32. Guyana Stores Limited | - | 1.6 | 1.6 | - | 4.2 | 4.2 |
| 33. Guyana National Trading Corp. | - | 0.54 | 0.54 | - | 1.54 | 1.54 |
| 34. Guyana Gajraj Limited | - | - | - | - | 0.5 | 0.5 |
| 35. Guyana Wefords Limited | - | 0.02 | 0.02 | - | 0.17 | 0.17 |
| 36. External Trade Bureau | - | - | - | - | 0.8 | 0.8 |
| 37. Guyana Oil Company Limited | | 0.6 | 0.6 | - | 2.5 | 2.5 |
| **INSURANCE** | | | | | | |
| 38. National Insurance Scheme | - | - | - | - | - | - |
| 39. Guyana Co-operative Insurance Scheme | - | - | - | - | - | - |
| **FINANCIAL SERVICES** | | | | | | |
| 40. Guyana National Co-operative Bank | - | - | - | - | - | - |
| 41. Guyana Co-operative Mortgage Finance Bank | - | 0.05 | 0.05 | - | 0.29 | 0.29 |
| 42. Guyana Agriculture Co-operative Development Bank | - | 0.2 | 0.2 | - | 1.0 | 1.0 |
| 43. Small Industries Corporation | - | 0.07 | 0.07 | - | 0.07 | 0.07 |
| 44. Bank of Guyana | - | - | - | - | - | - |
| Total of State Enterprises | 81.25 | 47.19 | 128.74 | 60.04 | 200.36 | [illegible] |

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Table 2[illegible]

Wages in Industrial Employment

(Weekly Earnings)

| | 1973 | 1974 | 1975 | 1976 | Increase over Period | 1976 Value in 1972 prices | Apparent Increase in 1977 |
|---|---|---|---|---|---|---|---|
| Sugar | 35.86 | 40.88 | 46.32 | 40.88 | 14 | [illegible] | 32[illegible] |
| Food.Beverage, Tobacco | 39.18 | 43.62 | 47.70 | 43.82 | 12[illegible] | 31.73 | 25[illegible] |
| Other Manufacturing | 38.81 | 45.75 | 50.55 | 45.75 | 18[illegible] | 33.12 | 24[illegible] |
| Mining | [illegible]7.25 | 96.36 | 93.37 | 96.36 | 10[illegible] | 69.75 | 10[illegible] |
| Services (exc.govt) | 56.26 | 58.76 | 60.67 | 58.[illegible] | 5[illegible] | 42.34 | 17[illegible] |
| Distribution | [illegible] | [illegible] | [illegible] | 37.67 | [illegible] | [illegible] | 21[illegible] |

Source: Quarterly Statistical Digest, Ministry of Economic Development.

1977 figures are only for 6 months and thus are not completely comparable.

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Table 23

Urban and Rural Expenditure Patterns

(all in % of Total Outlays)

| | Urban | Rural |
|---|---|---|
| Food | 42.[illegible] | 54.0 |
| (flour) | (1.5) | (3.9) |
| (bread) | (1.5) | (1.0) |
| (oils) | (2.0) | (3.3) |
| (stew beef) | (1.4) | ([illegible].0) |
| (salted fish) | (0.6) | (0.8) |
| (frozen chicken) | (1.8) | (0.4) |
| (evaporated milk) | (2.2) | (1.5) |
| (potato) | (0.9) | (1.6) |
| Housing | 29.5 | 19.[illegible] |
| (electricity) | (3.1) | (1.2) |
| Clothing | 8.6 | 9.7 |
| Miscellaneous | 19.4 | 17.[illegible] |
| (transport) | ([illegible]) | ([illegible]) |
| (taxi) | (0.[illegible]) | (1.6) |
| (petrol) | (1.5) | (0.[illegible]) |

Source: Ministry of Economic Development, Statistical Bureau, "Report on the Household Expenditure Survey, 1969-70," n.d.

Table 24

Rates of Inflation in Consumer Prices

| | Total Index | | | | | Urban Index | | | | | Rural Index | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | All Item | Food | Clothing | Housing | Other | All Item | Food | Clothing | Housing | Other | All Item | Food | Clothes | Housing | Other |
| 1972 | 4.9 | 7.5 | 4.6 | .2 | 3.0 | 5.0 | 8.8 | 2.3 | .1 | 5.1 | 4.7 | 6.4 | 5.5 | 0.0 | 3.7 |
| 1973 | 9.8 | 13.0 | 16.8 | 1.0 | 7.0 | 7.5 | 12.0 | 11.8 | .3 | 5.9 | 10.4 | 13.6 | 18.7 | 1.1 | 7.1 |
| 1974 | 19.7 | 27.2 | 19.6 | 8.1 | 9.2 | 17.5 | 26.4 | 15.6 | 6.4 | 12.4 | 20.6 | 19.7 | 15.7 | 8.5 | 7.3 |
| 1975 | 6.0 | 5.9 | 11.9 | .1 | 5.7 | 7.9 | 8.4 | 10.6 | 5.5 | 8.1 | 5.6 | 5.3 | 12.6 | 2.0 | 4.3 |
| 1976 | 8.7 | 12.1 | 8.3 | 1.2 | 4.8 | 9.0 | 13.8 | 5.9 | .1 | 9.2 | 8.5 | 11.9 | [illegible] | 1.5 | [illegible] |
| 1977 | 8.8 | 7.7 | 13.0 | 1.6 | 15.5 | 2.5 | 9.2 | 15.1 | 1.9 | 11.0 | 10.0 | 9.5 | 13.4 | 2.0 | 18.2 |

Table 25

COMPARISON OF PLANNED INVESTMENT ALLOCATIONS

IN PERCENTAGES

| SECTOR | 1972-76 PLAN | 1978-81 PLAN |
|---|---|---|
| Agriculture | 15.5% | 33.5% |
| Forestry and Fishing | 7.9% | 7.8% |
| Mining and Quarrying | 5.3% | 12.9% |
| Manufacturing | 4.1% | 3.9% |
| Power | 7.1% | 6.5% |
| Education and Social Development | 21.7% | 3.9% |
| Health and Housing | | 3.0% |
| Roads | 18.1% | 6.8% |
| Sea Defence | 3.5% | 1.9% |
| General Administrative and other Services | 12.2% | 19.9% |
| Engineering and Construction | .8% | |
| Distribution | 3.2% | |
| Total Programmed Public | | |
| Investment | G$ 1018.3 million | G$ 1122 million |
| Private Investment | G$ 132.7 million | G$ 160 million |
| Total Investment | G$ 1152 million | G$ 1282 million |