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**THE POLITICAL ECONOMY OF LABOUR  
IN A DEPENDENT PLANTATION ECONOMY  
UNDER STRUCTURAL ADJUSTMENT**

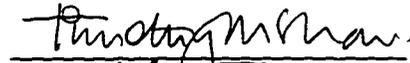
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**SIGNATURES OF THE EXAMINING COMMITTEE**

**Dr. Timothy M. Shaw:**  
Supervisor



**Dr. Henry Veltmeyer:**  
Co-Supervisor



**Dr. Victor Thiessen:**  
Reader





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## TABLE OF CONTENTS

	PAGE
<b>TABLE OF CONTENTS</b>	<b>1</b>
<b>DEDICATION</b>	<b>5</b>
<b>ACKNOWLEDGEMENTS</b>	<b>6</b>
<b>ABSTRACT</b>	<b>7</b>
<b>LIST OF TABLES</b>	<b>8</b>
<b>LIST OF ACRONYMS</b>	<b>9</b>
<b>MAP OF GUYANA</b>	<b>10</b>
<b>CHAPTER 1</b>	<b>11</b>
1.0 INTRODUCTION	11
1.1 BACKGROUND	11
1.2 STATEMENT OF THE PROBLEM	13
1.3 THESIS STATEMENT	15
1.4 METHODOLOGY	15
1.5 FRAMEWORK OF ANALYSIS	16
1.6 DEFINITION OF KEY CONCEPTS	17
1.7 STRUCTURE OF THESIS ARGUMENT	19
<b>CHAPTER 2:</b>	<b>23</b>
2.0 THE DYNAMICS OF THE LABOUR MARKET	23
2.1 INTRODUCTION	23
2.2 ORTHODOX THEORIES OF LABOUR MARKETS	24
2.2.1 Classical Theory	25

2.2.2 <i>Neo-Classical Perfect Markets</i>	26
2.2.2.1 <i>The Demand for Labour</i>	26
2.2.2.2 <i>The Supply of Labour</i>	27
2.2.2.3 <i>The Human Capital Model</i>	28
2.2.3 <i>Neo-Classical Imperfect Markets</i>	29
2.2.3.1 <i>Monopsony</i>	29
2.2.3.2 <i>Monopoly</i>	30
2.2.3.3 <i>Market Discrimination</i>	31
2.2.4 <i>Keynesian Theory</i>	33
2.3 <i>DUAL LABOUR MARKET THEORY</i>	34
2.4 <i>RADICAL POLITICAL ECONOMY APPROACH</i>	37
2.5 <i>CONCLUSION</i>	38
<b>CHAPTER 3</b>	<b>42</b>
3.0 <i>DEVELOPMENT APPROACHES IN THE CARIBBEAN</i>	42
3.1 <i>INTRODUCTION</i>	42
3.2 <i>COLONIAL APPROACH TO DEVELOPMENT</i>	45
3.3 <i>TWO-SECTOR MODEL</i>	47
3.4 <i>PLANTATION ECONOMY APPROACH</i>	48
3.5 <i>STRUCTURAL ADJUSTMENT</i>	48
3.6 <i>COMPARISONS OF THE FOUR APPROACHES</i>	49
3.6.1 <i>Labour Flexibility</i>	49
3.6.2 <i>Labour Supply</i>	50
3.6.3 <i>Wage Determination</i>	50
3.6.4 <i>The Role of the State</i>	51

<i>3.7 A CRITIQUE OF DEVELOPMENT APPROACHES IN THE CARIBBEAN</i>	52
<i>3.8 CONCLUSION</i>	54
<b>CHAPTER 4</b>	<b>55</b>
<b>4.0 DEVELOPMENT OF THE LABOUR FORCE IN GUYANA</b>	<b>55</b>
<i>4.1 INTRODUCTION</i>	55
<i>4.2 FROM SLAVE LABOUR TO APPRENTICESHIP</i>	56
<i>4.3 THE EMERGENCE OF A FREE LABOUR MARKET</i>	58
<i>4.4 THE EMERGENCE OF WORKERS' ORGANISATIONS</i>	64
<i>4.5 CONCLUSION</i>	71
<b>CHAPTER 5</b>	<b>76</b>
<b>5.0 EMERGENCE OF CO-OPERATIVE SOCIALISM IN GUYANA</b>	<b>76</b>
<i>5.1 INTRODUCTION</i>	76
<i>5.2 HISTORICAL BACKGROUND</i>	78
<i>5.3 THE ROLE OF LABOUR</i>	82
<i>5.4 LABOUR UNDER CO-OPERATIVE SOCIALISM</i>	87
<i>5.5 CONCLUSION</i>	92
<b>CHAPTER 6</b>	<b>94</b>
<b>6.0 STRUCTURAL ADJUSTMENT AND THE GUYANESE LABOUR MARKET</b>	<b>94</b>
<i>6.1 INTRODUCTION</i>	94
<i>6.2 POLICY PRESCRIPTIONS FOR LABOUR</i>	95
<i>6.3 RACE COMPOSITION OF THE LABOUR FORCE</i>	100
<i>6.4 IMPACT OF ADJUSTMENT ON THE LABOUR MARKET</i>	106
<i>6.4.1 Public Sector Employment</i>	106
<i>6.4.2 Public Sector Wages</i>	110

<i>6.4.3 The Trade Union Movement</i>	<i>113</i>
<i>6.4.4 Structural Adjustment and Civil Society</i>	<i>118</i>
<i>6.5 CONCLUSION</i>	<i>123</i>
<b>CHAPTER 7</b>	<b>125</b>
<i>7.0 CONCLUSIONS AND RECOMMENDATIONS</i>	<i>125</i>
<b>BIBLIOGRAPHY</b>	<b>132</b>

## **DEDICATION**

To my mother Doris, foster father Patrick, brother Milton, and sisters Pauline and Claudette who have given me the strength, courage and inspiration to carry on.

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## **ABSTRACT**

### **The Political Economy Of Labour In A Dependent Plantation Economy Under Structural Adjustment**

The political economy of labour in the dependent plantation economy of Guyana is characterised by a traditional ethnic division of labour and ethnic internal labour markets. These features are overlooked by the orthodox-theoretical approaches being currently employed in that country. Indeed, the labour policies contained in the current economic recovery programme have not only by-passed the traditional ethnic division of labour and ethnic internal labour markets, but they also threaten to reinforce them by inadvertently causing a race-based fragmentation of the labour movement and civil society. This situation has the potential to erupt into ethnic violence. What is required are policies derived from an appropriate framework of political economy and segmentation theory, adopted to Guyanese conditions. A combination of those two approaches is considered most appropriate for the analysis of the ethnic division of labour and ethnic internal labour markets and their impacts on the development process in Guyana.

Dennis C. Canterbury  
June 1996

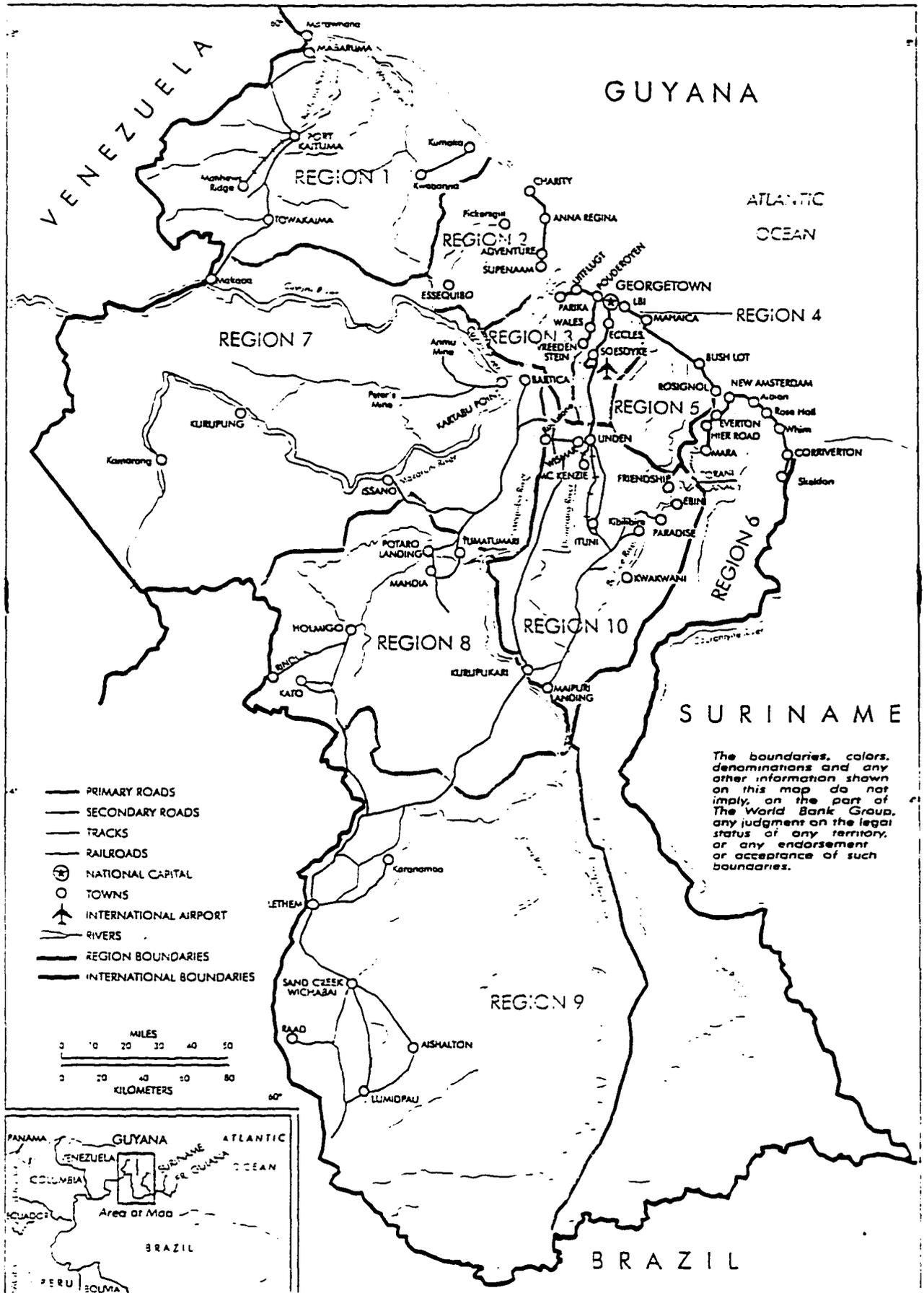
## LIST OF TABLES

TABLE 1	SELECTED JOB CATEGORIES & WAGE RATES IN THE SUGAR INDUSTRY: 1844 .....	61
TABLE 2	AVERAGE RATE OF DAILY WAGES FOR ESTATE LABOUR: 1880-1905 (IN CENTS).....	62
TABLE 3	JOB CATEGORY & DAILY WAGE RATE BY GENDER .....	70
TABLE 4	STATE OWNED ENTERPRISES IN GUYANA: 1993 .....	97
TABLE 5	EMPLOYMENT BY INDUSTRY & RACE: 1992 ( ) = % .....	101
TABLE 6	EMPLOYMENT STRUCTURE BY SECTOR: 1980 & 1992 ( ) = %.....	103
TABLE 7	SELF-EMPLOYED & REGULARLY SALARIED JOBS BY OCCUPATION AND RACE: 1992.....	105
TABLE 8	EMPLOYMENT IN THE PUBLIC SECTOR: 1980-1993 ( ) = % .....	106
TABLE 9	EXCHANGE RATE, No. OF STRIKES, No. OF STRIKES IN SUGAR INDUSTRY, NOMINAL & REAL WAGES, CONSUMER PRICE INDEX: 1980-1993 .....	108
TABLE 10	GUYANA, PHYSICAL OUTPUT: 1980-1993 .....	109
TABLE 11	UNEMPLOYMENT RATE BY GENDER & RURAL/URBAN: 1970-1992.....	110
TABLE 12	LIST OF AFFILIATES, GUYANA TRADES UNION CONGRESS: 1993 .....	113
TABLE 13	SELF & REGULAR EMPLOYMENT, CASUAL LABOUR, UNEMPLOYMENT & ECONOMICALLY INACTIVE BY REGION: 1992 .....	120
TABLE 14	RATE OF UNEMPLOYMENT BY AGE & RACE .....	121
TABLE 15	AVERAGE INCOME & WAGES OF SELF-EMPLOYED & REGULARLY SALARIED WORKERS BY OCCUPATIONAL GROUPS: 1992 (G\$) .....	122

## LIST OF ACRONYMS

ASCRIA	AFRICAN SOCIETY FOR CULTURAL RELATIONS WITH INDEPENDENT AFRICA
BGLU	BRITISH GUYANA LABOUR UNION
BGEIA	BRITISH GUYANA EAST INDIAN ASSOCIATION
BGWL	BRITISH GUYANA WORKERS LEAGUE
CCWU	CLERICAL AND COMMERCIAL WORKERS UNION
EFPPF	ECONOMIC AND FINANCIAL POLICY FRAMEWORK PAPER
ERP	ECONOMIC RECOVERY PROGRAMME
FITUG	FEDERATION OF INDEPENDENT TRADE UNIONS OF GUYANA
GIWU	GUYANA INDUSTRIAL WORKERS UNION
GMWU	GUYANA MINE WORKERS UNION
GAWU	GUYANA AGRICULTURAL AND GENERAL WORKERS UNION
GB&GWU	GUYANA BAUXITE AND GENERAL WORKERS UNION
HIES	HOUSEHOLD INCOME AND EXPENDITURE SURVEY
IDB	INTER-AMERICAN DEVELOPMENT BANK
IMF	INTERNATIONAL MONETARY FUND
MAO	MOVEMENT AGAINST OPPRESSION
MPCA	MAN-POWER CITIZENS ASSOCIATION
NAACIE	NATIONAL ASSOCIATION OF AGRICULTURAL, COMMERCIAL, AND INDUSTRIAL EMPLOYEES
NGO	NON-GOVERNMENTAL ORGANISATION
OWP	ORGANISATION OF WORKING PEOPLE
PPP	PEOPLE'S PROGRESSIVE PARTY
PNC	PEOPLE'S NATIONAL CONGRESS
SAP	STRUCTURAL ADJUSTMENT PROGRAMME
TUC	TRADES UNION CONGRESS
UGWU	UNIVERSITY OF GUYANA WORKERS UNION
UF	UNITED FORCE
WB	WORLD BANK
WPA	WORKING PEOPLE'S ALLIANCE

# MAP OF GUYANA



## CHAPTER 1

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### 1.0 INTRODUCTION

#### 1.1 BACKGROUND

Guyana is a small country with a land mass of 214,970 sq km, located in Northern South America, which is bordered by the Atlantic ocean to the North, Brazil to the South, Suriname to the East, and Venezuela to the West. It has border disputes with Suriname and Venezuela, and has a maritime claim to 200nm of continental shelf, 200nm exclusive fishing zone, and 12nm of territorial sea. Its terrain comprises mainly rolling highlands, a low coastal plain, and southern savannahs. Guyana's natural resources include bauxite, gold, diamonds, hardwood timber, shrimp, and fish. Approximately 83% of the country is forest and woodland, 6% meadows and pastures, and only 3% is arable, with just 1,300 sq km irrigated. Some of the environmental concerns in the country include water pollution from sewage, agricultural, and industrial chemicals, deforestation, and natural hazards such as flash floods.

The population in 1995 was estimated at 729,425, with a negative growth rate of 0.75%. At the end of 1995 the birth, death, and infant mortality rates were 19.95, 7.36, and 48.5 per thousand of population, respectively, while the net migration rate was negative 20.03 migrants per thousand of population. Life expectancy at birth

was 64.9 years, with that of males being 61.6 and females 68.3 years. The total fertility rate was 2.29 children born per woman. The overall literacy rate was 95%, while the male literacy rate was 98%, and that of female was 96%.

The ethnic divisions in the country in 1995 were as follows: East Indian 51%, African and Mixed 43%, Amerindian 4%, and European and Chinese 2%. In religious terms, 57% were Christian, 33% Hindu, 9% Muslim, and 1% other. The country is divided into ten administrative regions: Barima-Wini (1), Pomeroon-Supernaam (2), Essequibo Islands-West Demerara (3), Demerara-Mahaica (4), Mahaica-Berbice (5), East Berbice-Corentyne (6), Cuyuni-Mazaruni (7), Potaro-Siparuni (8), Upper Takatu-Upper Essequibo (9), and Upper Demerara-Berbice (10) (see Map).

The first Europeans to settle in Guyana were the Dutch in 1621, at a place called Kykoveral in the county of Essequibo, and subsequently at Fort Nassau, in Berbice county. The country was later captured by the English in 1781, and by the French in 1782; returned to the Dutch in 1783; and finally retained by the English in 1803. In March, 1831, the English merged the counties of Essequibo, Berbice, and Demerara into one colony under the name of British Guiana. After considerable struggle against colonialism, and domestic ethnic strife, British Guiana obtained its independence from the United Kingdom on May 26, 1966, under the new name

Guyana. On February 23, 1970 the country was declared as the “Co-operative Republic of Guyana”.

## **1.2 STATEMENT OF THE PROBLEM**

The economic crises in Guyana during the 1970s and 1980s forced the government to adopt an International Monetary Fund (IMF)/World Bank (WB) structural adjustment programme (SAP) in 1988. This programme is known as the Economic Recovery Programme (ERP). The ERP identifies low labour productivity as a major problem which constrains economic growth. The solution to this problem is seen to lie in the orthodox neo-classical theory of labour market flexibility, which allows labour to accept lower wages and firms to hire and fire workers at will. Thus, the IMF/WB labour market policies contained in the ERP are geared towards the removal or restriction of all hindrances to market flexibility; e.g. labour unions, welfare programmes, and subsidies.

But, this neo-classical focus in labour-market policy overlooks the ethnic division of labour, which has considerable influence on outcomes in the Guyanese labour market, and ultimately on economic growth. The problem cannot only be tackled at the level of making the labour market more flexible. The ethnic division of labour must also be addressed since the success of the ERP depends heavily on ethnic unity. This unity was being forged in the labour market at the level of organised labour when there was an anti-dictatorial and anti-ERP alliance of labour

organisations and civil society. Racial unity, however, is turning out to be fragile due to traditional ethnic divisions, which are being reinforced by the ERP. Thus, the dilemma facing the Guyana government is that while the ERP's success requires ethnic unity, since both East Indians and Africans control vital sectors of the economy, it has no policy which addresses the ethnic division of labour. Indeed, its policies tend to reinforce those divisions.

Further, the labour movement's position is being weakened by the ethnic division of labour. Rather than the workers taking a united stance in their own self-interest, they are forced instead to adopt many irrational positions out of a sense of ethnic loyalty. This ethnic division of labour reduces the labour force participation rate due to ethnic based internal markets, from which persons of another ethnic group are excluded. In a small country like Guyana, such a situation is potentially explosive because there is always a threat of a return to the ethnic violence, which erupted in that country during the 1960s. Ethnic violence always appears to be only a moment away in Guyana and the ERP's labour policies are inadvertently fanning those flames. Positive labour policy changes need to be undertaken to avoid ethnic violence and to bring about a lasting ethnic unity in the labour movement.

### **1.3 THESIS STATEMENT**

The main argument of this thesis is that ethnicity has played a major role in the historical determination of the Guyanese labour market, and that this continues to be the case until today. As a consequence, the Guyanese labour market is divided along ethnic lines. Based on this argument, **it is hypothesised that if a plantation dependent labour market is characterised by an ethnic division of labour, as in Guyana, then a structural adjustment programme will have a contradictory impact in that market - a tendency for organised labour to unite as an initial response to the SAP, either in opposition to it, or in order to influence its labour policies in favour of the broad mass of workers; and a tendency for organised labour to fragment along traditional ethnic lines. This hypothesis is tested, and the associated thesis is argued on the basis of data that relate to labour market conditions in Guyana.** The focus on ethnicity and the labour market is due to the assumption, based on historical evidence, that ethnic violence which may result from real or perceived racial discrimination in the labour market, has the greatest potential for disrupting the process of economic recovery in Guyana.

### **1.4 METHODOLOGY**

Library and archival searches were the main methods through which the data for this thesis were collected. Data were obtained from government, trade union, and other documents, reports, books, and journal articles. The argument of the thesis will

therefore be supported mainly by empirical and circumstantial evidence provided by these sources.

### **1.5 FRAMEWORK OF ANALYSIS**

A study on the structural evolution of the Guyanese labour market in terms of supply, wage, and employment levels, is best undertaken through a historical framework of analysis. This framework is provided by a “political economy approach” which allows for the study of the structural determinants of labour market behaviour, and the forces generated by them. Also, the political economy approach combines well with dualist labour market theory. Both approaches use social groups and classes rather than the individual as basic units of analysis. If an ethnic group is a social category defined as a group of individuals with the same social customs, shared characteristics and features, and, these groups have an identifiable position in the social organisation of production and associated class structure, then a combination of the political economy and dualist approaches will provide a better framework for the analysis of ethnic-related behaviour in the labour market. An ethnic group, therefore, does not conform to the Marxian definition of class based on the ownership of the means of production, consciousness, and remuneration (Ossowski 1970). The central focus of this thesis is not on classes in the Marxist sense, but on the evolution of the ethnic structure of the Guyanese labour market.

However, in the evolution of that market, Marxian classes have developed and do have an influence on market outcomes.

### **1.6 DEFINITION OF KEY CONCEPTS**

A working definition of the key concepts used in this thesis is essential to avoid ambiguity. The main terms used are: political economy, labour market, plantation economy, dependence, structural adjustment, and ethnic group. "Political economy" refers to the study of social, political and economic problems in terms of conditions generated by the interrelated domestic or international political and economic systems (see Gordon 1974, Whyne 1984, Staniland 1985). The "political" is defined in various ways, but in essence it has to do with societal relations of power and conflict, and the authoritative allocation of values. The "economic" also has many meanings which may be reduced to the allocation of scarce resources among competing ends.

A "labour market" is any arrangement for bringing buyers and sellers of labour-power into contact. These may operate at the levels of individual firms or workers or as groups of firms (employers' associations) or workers (labour organisations). Groups of workers may also be categorised by ethnic origins, as is the case in Guyana. Labour markets can be domestic (local, national) or global (regional, international). They can also be internal or external, or central, marginal or sub-marginal to a firm or industry (Piore 1975).

For the purposes of this thesis, an “ethnic group” is defined as a category or group of workers with the same ethnic origins. This definition is based on the common knowledge that the majority of Guyanese refer to themselves as East Indians, Africans, or Amerindians. Also, writers such as Smith (1971), Rodney (1981), and Young (1958) have all referred to the “ethnic composition of the population” in Guyana, in terms of Africans, East Indians, and Amerindians. These very ethnic groups are discussed by Smith (1971), Hintzen (1984), and Greene (1974) as “race groups”. Thus, although “race” and “ethnicity” are not always the same, in the case of Guyana the two terms are used interchangeably. The “ethnic” or “race” composition of the Guyanese labour force is being debated in this thesis in the context of the ethnic or race composition of the population identified by those writers. Members of an ethnic or race group may belong to various societal classes, or may be concentrated in a specific class. Their race or ethnicity provides an alternative source of identity and line of action in the labour market.

A “plantation economy” is export propelled, hierarchically organised on the basis of race, colour, class and gender, and dependent on a metropolis country for its economic well-being (Best 1969, Levitt & Best 1975, Beckford 1984). In the case of the Caribbean, a plantation economy is taken to be dependent. Hence, Caribbean economies are referred to as “plantation dependent economies” (Girvan 1973).

“Structural adjustment” refers to the neo-liberal economic reform programmes designed by the International Monetary Fund, and the World Bank (see Toye 1987). These programmes emphasise demand management - i.e., the implementation of micro- and macro-economic policies which restrict consumer demand - and supply side management - i.e., economic policies which are designed to stimulate the productive capacity of firms. It is immediately recognisable that these policies are contradictory since they aim to restrict demand, and at the same time to increase supply. Now, if demand is falling at the same time that supply is increasing, price will fall and firms will eventually have to go out of business. *ceteris paribus*. The “state” is defined as the mechanism which mediates conflict in the society, manages the public good, and sanctions right and wrong.

### **1.7 STRUCTURE OF THESIS ARGUMENT**

This thesis is divided into seven chapters. Chapter two addresses some general theoretical concerns with regards to the labour market. Three categories of theories are analysed: orthodox, (i.e. classical, neo-classical, and Keynesian); political economy; and dual or segmented labour market. These theories are summarised in terms of their strengths or main points. A critique of each approach is undertaken, and it is posited that an appropriate framework for the analysis of the Guyanese labour market can be derived from a combination of the political economy

and segmentation approaches. The third chapter analyses four development approaches employed in the Caribbean: colonial, two-sector, plantation economy, and structural adjustment. These approaches, which are situated within the orthodox framework, are critiqued from a political economy perspective, and are compared with regards to the labour supply, flexibility, wage determination, and the role of the state.

In chapter four, the historical development of the Guyanese labour force is analysed. The transition of the workforce from slave-labour to wage-labour is examined in terms of the apprenticeship system, the emergence of a free labour market, and the development of workers' organisations. In the following chapter, the system of "co-operative socialism" is analysed. The historical background to co-operative socialism, and the role of labour in the establishment of that system are examined. The treatment meted out to organised labour under co-operative socialism is also discussed.

An empirical analysis of the structural adjustment programme and the Guyanese labour market is undertaken in chapter six. Emphasis is placed on the policy prescriptions for labour, the ethnic composition of the labour market, and on the impact of SAPs on public sector employment and wages, the trade union movement, and civil society. The conclusion is drawn in chapter seven that although the data are overwhelming in support of an ethnic division of labour in Guyana, they

are insufficient to confirm the hypothesis under consideration. However, the hypothesis is supported by the circumstantial evidence presented. Further, it is concluded that the labour movement is under threat of fragmentation along ethnic lines. In addition, while the ERP emphasises labour market flexibility, the Guyanese labour market is segmented on ethnic lines *inter alia*, which inhibits the free operations of market forces, a necessary condition for flexibility. Three recommendations are made which address the ethnic problem in the Guyanese labour market. First, labour market policies should be formulated jointly by the labour movement, the business community, and the government, with a presence of the recently established Task Force on race relations in Guyana. Second, a political solution which recognises Guyanese political party politics as a main source of ethnic conflict is urgently needed. Third, there is an urgent need for policies which address the segmented nature of the Guyanese labour market. Unless measures are taken to adequately address the ethnic concerns of the broad mass of people, the future of Guyana is bleak, since the ethnic problem compares with the situation in countries like Bosnia and South Africa.

In the chapter which follows it will be argued that although orthodox theories dominate the labour market literature (McCormic and Smith 1968), and labour policies (Standing 1991), globally, they cannot by themselves explain labour market behaviour in political economies like Guyana's. Local knowledge must play an

integral part in the explanation of those economies (Agrawal 1995). To argue this point, orthodox utility maximisation procedures as explained by Joll et al. (1983) are discussed. It will be demonstrated that the race factor, as a social variable which impacts on labour markets, is remarkably absent in the optimisation procedures employed by these theories. Yet, it is well known through local knowledge that race plays an important role in the Guyanese labour market.

## **CHAPTER 2:**

---

### **2.0 THE DYNAMICS OF THE LABOUR MARKET**

#### **2.1 INTRODUCTION**

This chapter describes some of the key principles of the classical, neo-classical, Keynesian, political economy, and dual or segmentation theories, with respect to labour markets. The first three approaches are categorised under the general rubric of orthodox theories. The summaries of these orthodox theories which follow are of their strengths or main points. Although segmentation theory is considered by some to be radical (Carnoy 1977), or as having radical variants (Lynch 1995), it is not taken as radical in this study because it does not advocate a fundamental change in or the abolition of the dominant capitalist system. At the same time, segmentation theory differs from the orthodox approaches in that its unit of analysis is class or group, and not the individual.

As defined above, a labour market is any arrangement for bringing labourers and firms together for the purpose of the sale and purchase of labour-power. Orthodox labour market theories start out from the premise that both the suppliers of labour (workers) and those who demand it (firms) seek to optimise a return on their resources in a market system driven by price (Joll et al. 1983). Political economy, and segmentation theories focus on classes or groups, and on the social relations of

production in explaining labour market behaviour (Gordon 1974; Doring and Piore 1971; Carnoy 1977).

A brief discussion of the classical labour market theory is followed by an examination of the neo-classical perfect labour markets in terms of the demand, and supply of labour, and human capital theory. Further, neo-classical imperfect labour market theories, namely monopsony, monopoly, and market discrimination, are explained. The Keynesian, dualist, and radical political economy approaches, are also discussed. These orthodox, dualist and radical political economy approaches, are analysed from the viewpoint of their applicability as frameworks for the analysis of the Guyanese labour market.

## **2.2 ORTHODOX THEORIES OF LABOUR MARKETS**

The dominance of orthodox theories in the study of labour markets has been reinforced by what Toye (1987) refers to as the “neo-liberal counter revolution”. These orthodox approaches are identified with aspects of the classical, neo-classical, and Keynesian theories, which address issues concerning labour market behaviour. Some of the main ideas about labour markets under each of these broad theoretical approaches are described in this section. These theories are based on a number of mathematical principles which are used to explain the behaviour of productive factors under different market conditions such as perfect competition, monopsony, and monopoly. These principles are also used to explain theories about demand,

supply, human capital, and market discrimination. An exposition on the essence of these theories which demonstrate their mathematical foundation is necessary to provide the evidence of their mechanical nature, and failure to incorporate the ethnic factor.

### ***2.2.1 Classical Theory***

In essence, the relationship between classical economic theory and labour markets can be gleaned from Adam Smith's idea that "employments of labour" tends continually towards "equality", and from J. B. Say's Law that every supply will generate its own demand (MacKay & Jones 1989). In both cases there is the presumption of a balance in the labour market between demand and supply. If for some reason that balance is disturbed, then the "invisible hand" of the market - i.e., market forces - will come into play to restore equilibrium. The idea of the "invisible hand" of the market is critical to the classical model, because it is responsible for the smooth functioning or "clearing" of the market system, under conditions of disequilibrium. Two classical assumptions are that labour is unlimited in supply, and that the wage rate is equal to the subsistence level; i.e. the Ricardian "Iron Law" of wages.

### **2.2.2            *Neo-Classical Perfect Markets***

The neo-classicists (Walrus, Pareto) whose chief exponent was Alfred Marshall, have added more mathematical rigor to the classical equilibrium analysis. They disagreed, among other things, with the assumption of an unlimited supply of labour and with the Ricardian Iron Law, assuming instead that the labour supply was limited in the short run. Through marginal analysis, they demonstrated that the wage level was equal to the marginal productivity of labour, and not to the subsistence level. The neo-classicists advanced the perfect market, founded on utility maximisation theory, as an “ideal construct” (approximation) of reality. Certain assumptions must be met before a perfect market can be said to exist. These assumptions are that all firms and consumers respectively, seek to maximise their profit and satisfaction, each has perfect knowledge of the prevailing market conditions, price is determined by free-market forces, since neither firms nor consumers can influence it, and there is full freedom of entry and exit from the market.

#### **2.2.2.1            *The Demand for Labour***

To satisfy the assumption of profit maximisation, the firm must fix its marginal cost equal to its marginal revenue (Joll et al. 1983). The point of intersection of the marginal revenue and cost curves signals to the firm that it should not employ any more of the variable factor (labour) (ibid 1983). If labour is

employed beyond that point, then, costs are greater than revenue and the firm is inefficient, and if less labour is employed, the firm is also inefficient because costs will be less than revenue, implying that it can add more of the variable factor (ibid 1983). Also, where marginal revenue is equal to marginal cost, wage  $W$  is equal to the value which the last person employed contributes to the total product: i.e., the marginal product of labour (MPL),  $W = MPL$  (ibid 1983).

### **2.2.2.2      *The Supply of Labour***

It is assumed that every individual has a choice of spending the time available to him or her either to consume leisure or to work. The worker is therefore faced with the problem of spending his or her time in such a manner that the utility or satisfaction derived from both leisure and work are maximised. The satisfaction derived from work is based on the goods consumed from income earned, while the utility from leisure is influenced by the amount of time worked which also has a bearing on income. The labour supply, therefore, is determined by the maximisation of a utility function, subject to two constraints: income and time (Joll et al. 1983). The function may be expressed as follows:  $U = U(G, L)$  subject to  $PG G = WH$ , and  $T = H + L$ , where,  $U$  is individual utility;  $G$  are goods;  $L$  is leisure;  $PG$  is the price of the goods;  $W$  is the wage rate;  $H$  is the number of hours worked; and  $T$  is time. Diagrammatically, this maximisation position is at the point where the indifference curve is tangential to the budget line.

### **2.2.2.3      *The Human Capital Model***

The human capital model is derived from neo-classical economic theory (Lynch 1995). This model regards education as a consumption good which can be subjected to maximisation procedures similar to other goods. Education, therefore, in terms of its quality and form, depends on the characteristics of educational programmes compared with other commodities, individual preferences, and the relative price of education (Joll et al. 1983). Education is simultaneously regarded as the process through which skills are acquired, and the main determinant of a person's occupation. Under such conditions, therefore, occupation and income are really the outcome of consumption decisions on education (ibid 1983).

The human capital model is based on several assumptions, such as, that all individuals seek to maximise their lifetime utility and income, since utility is derived solely from consumption, which in turn depends on income (ibid 1983). The model assumes that there exists a close relationship between education and earnings, since skill level is determined by education, MPL depends on skill, and  $W = MPL$  (ibid 1983). It also assumes that there is perfect knowledge of earnings streams and education costs; that there are no restrictions on the supply of higher education; that all individuals are endowed with the ability to pursue educational programmes offered; and that the individual's choices are not constrained by his or her income (ibid 1983).

### **2.2.3 Neo-Classical Imperfect Markets**

Labour markets which do not satisfy the conditions of a perfect market are regarded by the neo-classicists as imperfect. Below we consider three different situations of imperfect labour markets: monopsony, monopoly, and discrimination.

#### **2.2.3.1 Monopsony**

The monopsony model assumes that there are many firms operating independently in each labour market (Joll et al. 1983). These firms are faced with perfectly elastic supply curves, due to competition for labour among themselves, downward sloping marginal revenue product (MRP) curves, which are the same as their demand curves, and wage levels equal to the MRP: i.e., the marginal product (MP) multiplied by the marginal revenue (MR),  $MRP = MP \times MR$  (ibid 1983). Due to competitive product markets, wage is also the same as the value of the marginal product (VMP): i.e. MP multiplied by price (P),  $VMP = MP \times P$  (ibid 1983).

If we assume, however, that there is only a single firm operating in the market, and it buys a particular kind of labour, the market supply curve will be upward sloping, and the firm has monopsony power: i.e. it can by itself determine market wage, and therefore the level of employment of that type of labour (ibid 1983). The monopsonist's labour supply curve measures the average cost of labour (ACL) employed, and there must also be a corresponding marginal cost (MCL) curve, which lies above the ACL, because, the firm must pay a higher wage to attract

more labour (ibid 1983). The firm will therefore continue to employ labour until its  $MRP = MCL$ . Thus, it is only after the supply curve of labour is known that the demand curve can be derived under monopsony, it cannot be determined in the same way as in conventional markets (ibid 1983).

In practice, monopsony power is usually derived through the collusion of oligopolistic firms operating in a market. These firms often agree to fix the wage level below the MRP. Monopsony power is also achieved by a firm which finances the educational training of its staff, who are then tied to the company. Monopsony power is considered to be undesirable because the practice of fixing the wage level below the MRP is regarded as exploitative and an inefficient means of resource allocation and welfare distribution.

### **2.2.3.2 Monopoly**

A monopolist is the sole seller of a particular type of labour-power. Usually such a situation would arise when a trade union is formed. The main objective of a trade union is to increase the welfare of its members, which in turn is dependent on wage and employment levels. Consequently, the utility function of the trade union is given as  $U = U(W, N)$ ,  $U_W > 0$ ,  $U_N > 0$ , where  $U$  is utility,  $W$  is the wage level, and  $N$  is the level of employment (ibid 1983). Diagrammatically, the union maximises its utility at the point where its indifference curve is tangential to the market MRP, which it is assumed will always be downward sloping.

Unionised firms are also considered to earn a normal rate of profit. If the union maximises its utility based on real or expected wage, instead of on money wage, then its optimum combination of the wage and employment levels will be higher. The neo-classical position is that labour unions are undesirable, because, in the long run it is the consumers and not firms who are worse off from their activities. Neo-classical theory argues that in the long run, wage increases, which are the result of trade union pressure, will lead to an increase in the price of those commodities produced by unionised labour, as firms pass on their increased production cost to the consumers.

### **2.2.3.3      *Market Discrimination***

There are two main sources of market discrimination - firms and workers (Joll et al. 1983). Firms may engage in wage and employment discrimination. Wage discrimination occurs if a firm pays its employees who have the identical skills and do the same job, at different wage levels. Employment discrimination results from the practice of placing workers with the same skill and productivity levels to do different jobs. Wage and employment discrimination may be based on factors such as race, gender, age or religion.

A discriminating firm is faced with the following utility function:

$$U = U(P, B), \quad \frac{dU}{dP} > 0, \quad \frac{dU}{dB} < 0, \quad \frac{d^2U}{dB^2} > 0,$$

where  $U$ , is utility,  $P$ , is profit, and  $B$ , is the number of workers against whom a firm has a taste to discriminate. This firm's indifference curves are upward sloping and gives the co-ordinates of the profit level and the number of  $B$  workers employed, which is really the marginal rate of substitution of profit for  $B$  workers. Its upward sloping indifference curve is due to the positive second order derivative ( $U_{BB} > 0$ ), "which implies that a higher amount of compensation is required for each extra  $B$  worker employed as the proportion of  $B$  workers in the labour force rises" (ibid 1983).

In the case of worker discrimination, we assume that group  $A$  workers has a taste for discrimination against group  $B$  workers, and that employers do not discriminate. Group  $A$  workers will have a utility function expressed as:  $U_A = U(G, LT, B)$ ,  $U_G > 0$ ,  $U_{LT} > 0$ ,  $U_B < 0$ ,  $U_{BB} > 0$ , where  $U$  is utility,  $G$  is goods, and  $LT$  is leisure time. Also, we can construct diagrammatically group  $A$  workers' indifference curves which will be upward sloping like that of the firm. The marginal utility  $U_B$  is negative because of  $A$ 's discrimination against  $B$ . Group  $A$  workers must be compensated by being paid a higher wage, for working with group  $B$  workers. Thus, the more  $B$  workers employed the steeper the indifference curve, due to the positive second order derivative ( $U_{BB} > 0$ ). Discrimination is seen to be a

transitory phenomenon, because in the long-run, due to competition or workers' actions, firms in which worker discrimination is practised, will make losses.

#### **2.2.4 Keynesian Theory**

Labour market issues in the Keynesian model can be gleaned from its theory of employment, saving, and investment. In the Keynesian model, saving,  $S$ , and investment,  $I$ , are set to be equal,  $S=I$ . Also, an assumption is made that "the higher the real income of a community, the more the community would save" (Means 1994). A schedule may be drawn-up to show the amount of community savings at each level of real income. Another assumption of this model is that "at any given time, the desire to invest in goods will differ less at different possible levels of real income than saving. This means that a schedule of real investments at each possible level of real income would rise less steeply than that representing the real propensity to save" (Means 1994). Finally, the model proposes that the savings and investment "schedules are so determined that, at least under some conditions, general unemployment would not cause an alteration in them that would lead to the elimination of general unemployment" (Means 1994). The level of income and employment are determined from the first three assumptions.

Keynes' theory of employment was developed almost entirely on his notions about the interest rate. He challenged the classical argument that the interest rate is responsible for bringing investment and savings into equilibrium. Keynes argued

instead that the interest rate, “brings into equilibrium the willingness to hold savings in the form of money and the existing stock of money” (Means 1994). Since the equilibrium of savings and investment is not determined by the rate of interest, Keynes argued that it was “adjustments in the level of real income, production and employment” (Means 1994), which were responsible.

The Keynesian employment model, unlike the classical and neo-classical, does not subscribe to the idea of the automatic clearing of labour markets. In the Keynesian model, involuntary unemployment could not be eradicated by price manipulation. In this model, the burden of relieving involuntary unemployment is placed on increased government spending to stimulate the level of economic activity.

### **2.3 DUAL LABOUR MARKET THEORY**

Dual or segmentation labour market theory of which there are several variants (Lynch 1995; Carnoy 1977; Doringer and Piore 1971; Piore 1975; Gordon, Edwards and Reich 1982), was developed in response to the limitations of the dominant orthodox approaches (Carnoy 1977) in explaining the social, non- or extra-economic factors which impact on labour market behaviour. The dual model assumes that there are two basic labour markets in an economy, one primary, and the other secondary (Piore 1975). These markets are differentiated *inter alia*, by the type of jobs they offer, trade union organisation, wage levels, job stability and security, promotion possibilities, levels of technology, and work ethic (ibid 1975). Primary markets offer

jobs that require a high degree of technical knowledge, pay higher wages, and their workers enjoy a greater level of job security, stability, and possibility for promotion. Secondary labour markets operate at a much lower level of technology, employment stability and security, wage, promotional possibilities, and labour organisation.

Firms are considered to have internal labour markets which favour particular groups of employees since it is only these workers who have the opportunity to trade in them (Doringer and Piore 1971). The existence in firms of formal and informal internal arrangements for filling vacancies makes it difficult for workers who are external to those firms to gain employment in them. Internal labour markets therefore deny certain groups of workers access to primary jobs. In this way employers can “divide and rule” the workforce, restrict trade union activity, and thwart the development of working class organisation and consciousness (Gordon, Edwards and Reich 1982). This situation intensifies the political struggle in the labour market, as groups of workers seek to gain entry into certain jobs, which are denied to them by the capitalists, who use internal markets to discriminate, whether by race, gender, age, or religion, and to suppress the workforce.

As Carnoy (1977) observed about dual theories, each segment in the labour market is rewarded differentially, both in wages and employment

not so much because of “marginal productivity” differences but more for political and social reasons, employment patterns will not be affected primarily by changes in the structure of the economy, nor by changes in the distribution level of education and other personal characteristics, except as

those changes affect the political power of the various segments, particularly the ability of workers in each segment to increase their employment security over lifetime relative to workers in other segments. Employment-unemployment-underemployment in the radical theory, therefore, is not primarily a technological problem (economic growth) nor a problem of the human capital characteristics of workers, but primarily a political issue dependent on the political power of workers' organisations relative to capitalists and managers.

Segmentation theory does not subscribe to the orthodox notion that labour markets are made up of individual workers and firms, each of whom seeks to maximise a utility function. The basic unit of analysis in dual labour markets are groups or classes of workers. Consequently, segmentation theory regards the relationship between labour and capital, and not price, as the main determinant of the social relations of production (Carnoy 1977). Thus, institutional developments, including technology and job structure, are regarded in segmentation theory to be conditioned by the interaction of classes or groups of individuals with a multiplicity of objective interests (ibid 1977). But, this class interaction which fosters institutional developments is severely constrained by systemic forces (ibid 1977).

Compared with orthodox theories, the segmentation approach, seems to be better to explain factors such as race, class, age, gender, religious, and other social group dynamics, which influence labour market behaviour. Though the orthodox discrimination models do consider these variables, the social dynamics of race, class, gender, age, religion, etc., are lost in the mechanical utility maximisation methods

employed. Yet, these very social dynamics excluded by orthodox approaches, or merely dismissed as “non-economic” factors (McCormic & Smith 1968), are undeniably important in the determination of human behaviour in every sphere, including in labour markets. On this score, therefore, pure orthodox labour market theories are being set aside for alternative ones which have more room for the inclusion of the social and political dimensions.

#### **2.4 RADICAL POLITICAL ECONOMY APPROACH**

Radical political economy is founded on the philosophical, political, and economic ideas of Karl Marx (Gordon 1974). The radicals explain labour market behaviour by focusing on modes of production, classes and class conflict, the drive for capital accumulation, self-defining institutions rooted in the relations of production, the role of the state, and the internal contradictions of the capitalist system (ibid 1974). Means (1994) contends that Marx’s laws of capitalist accumulation and development contains a theory of crisis, which has particular significance with regards to labour market outcomes. Means (1994) identified four basic propositions which encompass Marx’s laws of capitalist accumulation.

First, the capitalist has an insatiable desire to accumulate capital through a system-wide process founded on a set of dynamic laws of capitalist development.

Secondly, with reference to one of these laws:

Capital accumulation, combined with industrial concentration, improved industrial techniques and increased labour productivity, leads to a

progressive decline in the ratio of capital invested in wages to the total capital invested in production (ibid 1994).

Third, the decline in the investment in labour relative to total capital causes a progressive fall in the average rate of profit. Finally, the three situations outlined above, when combined, “tends to produce a relative surplus-population and unemployment” (ibid 1994).

Unemployment in Marx’s theory results from periodic crises in the capitalist system which are endemic to the contradictory laws of capitalist accumulation. These temporary crises lead to the laying off of workers, until a next subsequent period of expansion is experienced, when it is expected that the unemployment rate would fall again. Further, the capitalist deliberately keeps an army of reserve industrial labour in order to exercise power over wages and the workforce in general.

## **2.5 CONCLUSION**

In conclusion, a critique of the orthodox, dual, and political economy approaches is undertaken with respect to their applicability as frameworks for the analysis of the Guyanese labour market. First, a context for this critique is provided by the ethnic division of labour in Guyana, which was historically determined by the dependent plantation economy that evolved in the country. The first point is that the orthodox approach reduces economic behaviour to the individual and to prices, and is therefore limited in its ability to analyse the social impact on labour markets of

variables such as race, class, and gender. These variables are dismissed by orthodox theories as “non-economic factors”, which lie outside of the domain of market analysis. Neo-classical market discrimination theory, however, does consider factors such as race, gender, age, and religion. But, again, the social dynamics of these factors are left out, because neo-classical labour market discrimination theories reduce them to the behaviour of price, and the optimisation of a series of utility functions.

Second, dualist labour market theories are also problematic, in terms of their application to the Guyanese labour market. In the first instance, at a certain conjuncture of Guyanese and Caribbean history, race and class overlapped leading them to be seen as virtually synonymous (Beckford 1989). Smith (1971) observed that “in the West Indies ethnic and class distinctions do not coincide, but they are very closely correlated”. It would be difficult for dualist theory to explain such a phenomenon, since it divides labour markets only into two sectors - primary and secondary. A second problem is that the very notion of “dualism” is problematic because all labour market activities are reduced to either a primary or secondary sector. Labour market behaviour is much more differentiated and cannot be confined only to two sectors.

Third, the radical political economy approach, which is essentially based on the dialectical and historical materialist method of Marx, recognises only class, and

not race, as a category which is capable of group action in labour markets. To reduce labour market behaviour only to class action is a mistake, since other important social categories such as race, and gender are omitted. Thus, the radical political economy approach is also limited when it comes to explaining the Guyanese labour market.

However, in comparison to the dualist and the radical political economy approaches, the orthodox approach is more constrained in its ability to explain the Guyanese labour market. The orthodox approach reduces labour market behaviour to the individual, and as such is unable to address group action in those markets. On this basis, therefore, the orthodox approach is unsuitable for a labour market analysis which focuses on group behaviour, whether that group be based on race, class, or gender. Although both the dualist and radical political economy approaches have their problems and limits, they have more relevance in the explanation of group behaviour. In both cases, the focus is on the group and not on the individual as the basic unit of analysis.

A possible framework for the analysis of the Guyanese labour market based on a combination of the segmented labour market and radical political economy approaches when adopted to local conditions, can be much more useful in addressing the ethnic peculiarities of the Guyanese labour market than orthodox theories. The combination of these two approaches must be based on a reformulation of

segmentation theory to allow for a greater differentiation of the basic structure of the labour market, and on a reorientation of the radical political economy approach to make allowance for social variables other than class, in explaining labour market behaviour.

In the next chapter, four development approaches employed in Guyana and the Caribbean, are investigated in terms of their relevance to the labour market. It will be demonstrated that these approaches are heavily influenced by orthodox labour market theory, and are virtually silent on labour market segmentation and radical political economy.

## CHAPTER 3

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### 3.0 DEVELOPMENT APPROACHES IN THE CARIBBEAN

#### 3.1 INTRODUCTION

The labour scene in Guyana and the Caribbean during the periods of slave and indentured labour and thereafter has always been characterised by state/capitalist repression and control (see Best 1975; Henry 1972; Rodney 1981; Hart 1988; Chase 1967; Lewis 1977). A “free” labour market only evolved after the abolition of slavery when the ex-slaves acquired in theory, the prerogative to sell their labour power to the highest bidder (Standing 1982). In practice, however, under the prevailing conditions at that time, they had a limited choice, because there was virtually only one buyer in the labour market - the sugar estate. From its inception, therefore, the labour market was monopsonistic and not subjected to the neo-classical forces of supply and demand.

The plantation economy labour market was also hierarchically structured on the basis of class, race, and colour, which were more or less synonymous at that time. The upper class was white, the middle class coloured and the working class of African descent. Aspects of this class, race, and colour stratification of the workforce continue to persist in the present post-colonial period. Further, the labour market was stratified by gender, and women were paid at a lower wage rate than men.

This chapter focuses on labour issues in the literature that has emerged since emancipation in the English-speaking Caribbean on the development challenge in the region. There are several development approaches that have emerged in the Caribbean since the region was colonised, but I have chosen to review only four - the colonial, two-sector, plantation economy, and structural adjustment. The main reason for reviewing these four approaches has to do with the fact that they coincide with four distinct historical periods in global and regional transformations.

While colonialism coincided with the transformation from slave- to wage-labour in the West Indies, the two-sector model appeared at a historical juncture characterised by the decline and end of colonialism and the rise of neo-colonialism. The major challenge to the two-sector model came from the plantation economy approach. The two-sector model which was supported by the British for its colonies was seen by the dependency theorist as an extension of the colonial approach, representing a form of recolonisation. The plantation economy approach was advanced as an alternative to bring about a radical break with colonialism, and the neo-colonial forms partly associated with the two-sector model.

Neo-liberalism is also associated with a major transformation that has taken place at the global level. This global transformation is characterised by the transnationalisation of production, the ascendancy of global finance over production, a revolution in communications, the internationalisation of states which are now

mere conduits of capital, the globalisation of capital markets, and the emergence of new states and issues etc. in the post-cold war era (see Magdoff 1992; Cox 1994; Shaw 1995). Domestic and international political and economic activities are nowadays dominated by a single ideology - neo-liberalism. This neo-liberal ideological hegemony, which was extended even to the shores of Guyana and the West Indies, is central to the debate on labour market issues in that part of the globe.

It will be argued here that even though the Guyanese labour market is historically characterised by ethnic divisions the colonial, two-sector, plantation economy and neo-liberal approaches have treated the labour force as if it was a cohesive unit subject only to the laws of economics. The paradox is that even though it was the colonials who introduced the race factor into the labour market, they seem not to have fully appreciated its impact. Failure to adequately allow for the integration of the race factor into labour market policy is the main weakness of these approaches. And, even though the neo-liberal adjustment programme initially forged ethnic unity in the Guyanese labour movement, it tends to reinforce the race divisions which have historically existed in the country's labour market and destabilise the labour movement.

What follows is an overview of the four approaches mentioned with respect to the labour issue. In addition, a comparison of these approaches in terms of some key labour market concerns, namely labour flexibility and supply, and wage

determination, is undertaken. Further, a comparison is made of the relative position of each approach regarding the state. Finally, a critique of the approaches are undertaken to show that they all fall within the orthodox tradition and have failed to adequately address the influence of ethnicity on the labour market.

### **3.2 COLONIAL APPROACH TO DEVELOPMENT**

The main assumption of the colonialist was that labour was limited in supply relative to land (see Curtin 1970). A number of problems are identified in the labour market based on that assumption. First, the view was held that disequilibrium in the labour-land ratio increased the bargaining power of the workers (ibid 1970). This was so because an abundance of unused land promoted squatting and alternative forms of economic activities such as peasant agriculture, gold mining, timber extraction, and balatta bleeding, which threatened large-scale colonial agriculture. Second, increased bargaining power led to increased wages and lower profits. To attract and keep their workers, sugar plantations had to pay them more than what they could have earned from lucrative alternative employment in peasant agriculture, gold production, and forestry products.

Third, the colonials assumed that higher wages led to a further fall in the labour supply due to a backward-sloping labour supply curve. This implies that, at higher wages less labour is supplied, since an increase in the wage rate brings about a corresponding increase in leisure activity. Also, there were two non-economic

factors which influenced the wage-rate - first the activities of the church missionaries which increased the workers' consciousness, and second the decisions of the "stipendiary" magistrates which favoured the labourers (ibid 1970).

The solution to these problems required a combination of legislative and fiscal measures (Best 1975). First, land policy legislation was introduced to limit the size and sale of lands to ex-slaves.. Also, planters were encouraged to sell the lowest yielding lands to the freed men. Further, a tax on land made its price and maintenance prohibitive (ibid 1975). In addition, the deliberate flooding of peasant farmlands became a major feature for discouraging alternative agriculture.

Second, the agricultural sector was completely oriented towards plantation production. Agricultural credit, marketing, research, transportation, land tenure modes, drainage and irrigation, and technology, all favoured the plantation sector (Thomas 1984). Measures were also implemented to restrict gold and forest products operations. Third, the importation of indentured labour from India, Portugal, China, and to a lesser extent from other Caribbean countries and Africa was undertaken on a grand scale (Rodney 1981).

These policy solutions to the labour problem which were designed to control the labour force had major effects on the Guyanese labour market. They permanently divided the working class along ethnic lines, with East Indians becoming the majority and Africans, the second largest ethnic group in the workforce. These

policy measures also suppressed the wage rate; created a large army of reserve labour; introduced job insecurity based on ethnicity and escalated ethnic conflict; increased the ability of the plantation to manipulate and control the labour force; increased state distortions and authoritarianism in the labour market; and sharpened the contradictions between labour and plantation capital.

### **3.3 TWO-SECTOR MODEL**

The two-sector model (Lewis 1954) commences with a reversal of the colonial assumption. It assumes instead that labour was unlimited in supply relative to land. This was basically the classical assumption. The labour problem in this case was how to absorb the excess labour, identified to be in the traditional rural sector. The solution to this problem was seen to be in the level of profit and wage in the modern sector. The capitalist in the modern sector needed to reinvest his or her profit thereby employing labour from the rural sector as industrial activity expands. The wage rate in the capitalist sector was higher than the wage rate in the rural sector. This difference in wage rates would also serve as a pull factor of rural labour into the modern sector, so long as the capitalist was making sufficient profit and reinvesting more and more of it.

### **3.4 PLANTATION ECONOMY APPROACH**

The plantation economy is assumed to be characterised by a labour surplus (Levitt & Best 1975). The main problem which prevents this economy from achieving full-employment is its dependence. Because of its dependence, wages in the traditional and new export sector tends to pull wages upwards in the unionised sectors including the public service, and in other parts of the economy (ibid 1975). This increases production costs in the West Indies compared with other poor regions. prohibits investment and thwarts the achievement of full-employment (ibid 1975). Higher wages also fuel consumption of imports, which compounds the problem. The solution, however, is not to restrain wages or increase taxation, but to control the level of imports.

### **3.5 STRUCTURAL ADJUSTMENT**

The neo-liberal assumption on which structural adjustment is based is that there is too much state intervention and over-regulation (see Toye 1987, Lal 1985) in the labour market. As a consequence, there is a large state-sector, over-staffing, and unnecessary labour market distortions. These problems require solutions which include downsizing the state and private sectors, and free-trade in the labour market. The consequences of these solutions include public and private sector layoffs, the creation of a large reserve army of labour, the weakening of the labour movement, increased job insecurity, a proliferation of civil society organisations, new divisions

in the labour force, and increased racial tensions, the feminization of the workforce, lower wages, and labour flexibility.

### **3.6 COMPARISONS OF THE FOUR APPROACHES**

#### **3.6.1 Labour Flexibility**

The colonials preferred a captive and inflexible labour force unlike the neo-liberals who advocate labour market flexibility. Though they differ on that score, the colonials and neo-liberals seem to have the identical objective i.e., the total control of the labour force. While the colonials exercised their control over labour in a blatantly authoritarian fashion, the neo-liberals are now doing so under the disguise of free-trade and democracy. But the consequences of both the colonial and neo-liberal labour market policies are basically the same - the suppression of wages, an increase in the labour reserve, increased job insecurity, and a general weakening of labour.

The two-sector model explicitly promoted a kind of limited flexibility in terms of the transfer of labour from the rural to the modern sector. Labour was also free to migrate to countries with surplus capital but migrant labour was discouraged because of its potential for social unrest. The plantation economy is characterised by a captive, residential and inflexible labour force, and only its temporary expatriate employees were flexible.

### **3.6.2 Labour Supply**

Whereas the colonials assumed that labour was limited in supply, both the two-sector model and the plantation economy approach assumed that it was unlimited. Operating within the neo-classical framework, the neo-liberals also employ the assumption of the former. The neo-classical assumption is that all factors are limited in the short-run.

### **3.6.3 Wage Determination**

If there is a theory of wages in the plantation economy approach it is that the wage rate in the traditional and new export sectors pulls that in the rest of the economy upwards (Levitt & Best 1975). The wage rate in the export sector is determined by external factors relating to economic dependence. The colonials have adopted a totally different approach to wage determination.

The colonials rejected the Ricardian iron law of wages which is based on the Physiocratic notion that the wage rate was naturally determined by the subsistence level. Arguing that there was something unnatural about the wage rate in the West Indies, the colonials advanced the notion that the bargaining power of labour and extra-economic factors exerted the greatest pressure on wages (Curtin 1970). The two-sector model also recognised the influence of labour negotiations on wages (Lewis 1954).

There are two wage rates in the two-sector model - one for the rural and another for the modern sector. The subsistence wage rate in the rural sector is equal to the average product of labour. In the modern sector trade union activity also influences the wage rate. But, the neo-liberals are critical of the fact that labour unions exert so much influence on wage determination.

Operating within the neo-classical framework, the neo-liberals would also prefer the wage rate to be determined by the forces of supply and demand, employing the marginal productivity theory of labour (MPL). According to this theory, the wage rate is determined by the marginal product of labour. If wage is increased above its marginal product the firm is inefficient and needs to be rationalised. Wage will only be increased if there is an increase in production and productivity; or if there is a fall in the interest rate.

#### **3.6.4 *The Role of the State***

The colonial, two-sector, and plantation economy approaches have all accorded the state a central role in the labour market. Neo-liberalism, however, explicitly rejects the state as a major actor in the labour market. The colonials depended heavily on the state to support their policies with respect to labour. In a sense, the neo-liberals exhibit a similar dependence. But, while the colonials saw the state as a direct actor in the labour market and wanted it to continue doing so in their

favour, the neo-liberals want the state to remove labour regulations which hinder labour flexibility and free-trade and to stay out of the market.

The two-sector and plantation economy models both advocate an interventive Keynesian state. While the two-sector model wants the state to undertake direct investment to create employment, the plantation economy approach prefers the state to bring about full-employment through a regime of import controls.

### **3.7 A CRITIQUE OF DEVELOPMENT APPROACHES IN THE CARIBBEAN**

This chapter has served to show that the colonial, two-sector, plantation dependence, and structural adjustment schools, conveniently referred to as Caribbean development approaches, all fit neatly into the orthodox tradition of reducing labour market behaviour mainly to an economic imperative while omitting to address non-economic factors such as ethnicity, gender, etc. They therefore suffer from the same limitations of the orthodox approaches identified in the previous chapter. And, as the historical evidence will show in the chapter that follows, the labour market in Guyana from its inception has been ethnically divided. This ethnic division has had negative impacts on the evolution and development of the labour force and its institutions.

Further, the labour market objectives of the SAP are incompatible with the historical development of the labour market in Guyana. The country has never had a free labour market in a strict neo-classical sense. Rather, it has always been subjected to authoritarian state control and in-fighting based on class, race, and colour. The labour force has always been captive and inflexible, with very few options. This inflexibility is not restricted to agriculture, it is very evident in other sectors of the economy.

Labour flexibility in Guyana has to be seen in the context of the colonial socialisation of the workforce. The colonials never wanted the workforce to be flexible for the fear of a reduction in the labour supply. As a consequence a culture of inflexibility was encouraged, nurtured and developed in the labour market. This culture of inflexibility persists until today. Flexibility is also limited by the size and diversity of the economy itself. There are not too many employment options in the Guyana economy but to work in sugar, rice, bauxite, the public service, infrastructure work, and now gold. As a consequence many people are turning to drugs and the informal sector. Further, skill level varies within and between industries and are not easily transferable. In recent times, however, the gold industry has been absorbing skilled bauxite workers.

### **3.8 CONCLUSION**

The labour market is treated by the colonial, two-sector, plantation dependent, and structural adjustment approaches as a racially homogenous entity. The potential of ethnic action impacting, in one way or another, on the labour market is overlooked. But, the historical evidence will show that the ethnic factor influenced the wage rate, the labour supply, labour flexibility, and state action in the economy. Also, it will be shown in the final chapter that the SAP has an effect of reinforcing the ethnic factor in the labour market, and in the process destabilises the trade union movement.

In the chapter that follows, a review of the historical development of the labour force in Guyana is undertaken. Particular attention is paid to the genesis of ethnic divisions in the labour market; the origins and development of labour organisations as integral parts of civil society; and labour relations under the authoritarian system of “co-operative socialism”. Through this review, the influence of the ethnic factor on the labour market issues identified above will be revealed.

## CHAPTER 4

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### 4.0 DEVELOPMENT OF THE LABOUR FORCE IN GUYANA

#### 4.1 INTRODUCTION

We have seen in the previous chapter that leading development approaches - the colonial, two-sector, plantation economy, and neo-liberalism - applied in Guyana and the Caribbean have all failed to incorporate adequately the ethnic factor in their explanation of labour market issues such as labour supply, wage determination, flexibilisation, and the role of the state. In this section, an examination of the historical development of the Guyanese labour force is undertaken to support the claim that the ethnic factor has indeed played a pivotal role in those labour market issues in that country. The statements made and conclusions drawn in this chapter are derived from analyses of the historical accounts, and the Guyanese political economy undertaken by a number of writers such as Alexander, Adamson, Daily, Rodney, Hart, Young, Thomas, Chase, Best, Standing, Beckford, and Smith, *inter alia*.

The discussion commences with an identification of the ethnic implications of the transformation from slave labour to the apprentice scheme during the 1840s. This is followed by arguments to the effect that the Guyanese labour market emerged as a type of monopsony, with an ethnic division of labour by skill level, and

industry, heavily influenced by the state, and leading economic interests, characterised by inflexibility, and with supply and wage levels that had an ethnic bias. The emergence of Guyanese workers' organisations are discussed in the following sub-section. These organisations reflected the ethnic biases in the labour force and as a consequence they reinforced the ethnic division of labour, much to the detriment of working class unity. A summary of the main points made are presented in conclusion with an accompanying claim that ethnicity continues to exert influence on Guyanese labour.

#### **4.2 FROM SLAVE LABOUR TO APPRENTICESHIP**

Except for the aboriginals workers, the labour force in Guyana was imported from various parts of the world - essentially Africa, India, China and Europe (Rodney 1981). The non-marketed production system of the aboriginals in Guyana was replaced with a form of primitive capital accumulation based on slave-labour. That system has been variously described as "slavery-cum-capitalism" (Williams 1964), "slave mode of production" (Beckford and Witter 1982; Standing 1982), and "a colonial slave mode of production" (Thomas 1984). Under either system, i.e. non-marketed production and primitive capital accumulation, did a "free" labour market exist. In 1834, however, the slave-labour economy succumbed to pressures from civil society, slave rebellions, and economic decline, and thereafter, a labour market

emerged (Hart 1988; Rodney 1981; Best 1975; see also Williams 1964 and Daily 1966 for the causes of the abolition of slavery).

In that very year, a system of apprenticeship was introduced which effectively tied plantation labour to the estate for another four years, further delaying the development of a free labour market (see Standing 1982). The apprentice scheme was claimed to be designed to train the African plantation workers in new skills. This new training, however, did not encourage African labour flexibility. It served to make those workers more dependent on the sugar factories for employment. Historical accounts show, however, that the African workers had already acquired many factory skills during slavery. These were some of the very skills they were supposed to be taught under the apprentice system. The apprentice scheme, therefore, was really nothing more than an extension of slavery by another four years (see Standing 1982; Daily 1966). The apprentices were paid a small fee for the sale of their labour-power while in "training".

A most important point to be gleaned from the literature about the apprentice system in connection to the argument being presented here is that it had a central role in the ethnic division of the plantation labour force by job category and skill level. The evidence in support of this claim can be identified from Young (1958) and Standing (1982). These writers have shown that African labourers migrated from the estates in waves as East Indian indentured labourers replaced them. The African workers had a

higher skill level in the production of sugar than East Indians due to their years of experience and training in estate work. Indeed, some estates paid a “bounty” to attract Africans workers who were considered to be more efficient and had greater expertise in the production of sugar compared with East Indians (see Rodney 1981). As a consequence, a number of the Africans who remained on the estates were located in the high skill factory jobs while the East Indians who were imported as indentured labourers occupied the lowly field positions. Thus, a sort of ethnic superiority, based on job category and skill level, was encouraged among the Africans.

#### **4.3 THE EMERGENCE OF A FREE LABOUR MARKET**

Before a “free” labour market was established there were a few paid employees on the sugar plantations. Smith (1971) argues that some slaves were also involved in a money economy. However, the economic surplus was produced entirely by forced labour (Thomas 1984), which was a part of the plantation’s property. Wide-scale paying of wages commenced only after the end of the apprentice period in 1838. But, again, bound indentured labour played a significant role in the production of the economic surplus after 1838. And, the very presence of that kind of labour hindered the emergence of a truly free labour market until 1921 when the indentured system finally ended.

The sale of labour-power was also limited by the volume and level of economic activity in Guyana, which was restricted mainly to the sugar plantation (see Rodney 1981 for production figures which substantiate this point), and by ethnic origin. Standing (1982) also argues that the state and planters combined their respective powers to restrict the scale of economic activity to the production of sugar. The ability of the plantation sector to buy labour-power was also constrained by foreign factors such as external price and colonial state protection (see Rodney 1981; and Standing 1982). As a consequence, the level of employment and economic prosperity in Guyana fluctuated with movements in the external price of sugar, and the demand for that product in Europe (Rodney 1981; Thomas 1984).

It is a historical fact that in the immediate post-emancipation period a few of the free Africans who remained in plantation employment occupied skilled factory jobs, while the majority toiled in the cane fields beside the East Indian indentured workers. This division between factory and field workers led to the development of class and ethnic biases in the labour force. The African factory workers were among the first elements of a creole middle strata which emerged from the ranks of the ex-slaves. However, because that group was African, and the indentured workers were mainly East Indians, simultaneously an ethnic bias was introduced into the labour supply and wage rate. This ethnic bias was not restricted to factory positions, it affected the entire workforce.

While the Africans demanded higher wages and withdrew their labour from the plantation market to seek more lucrative alternatives (see Rodney 1981; Standing 1982; and Young 1958), the East Indians were bound to the estate by law (Alexander undated). However, they joined the free labour market at the end of their period of indentureship. This availability of the East Indians to work on the estates had a tendency to keep wages down which in turn lowered the market supply of African labour (see Young 1958 for data on the migration of labourers from the estate).

Further, the ethnic bias in skill level exerted a similar influence on wages since African workers in the factory were paid more than their African counterparts and East Indians in the field. The wage rate of field workers, i.e. cane-cutters, drain-diggers, punt-loaders, and trench-cleaners was lower than that of factory employees, i.e. blacksmiths, carpenters, engineers, and masons (Table 1).

The data reveal that this pattern of wage differentiation continued into the 1900s (Table 2). Notice the relative decline in the average daily wage rate for tradesmen and most categories of field workers between 1880-1884 and 1896-1905. Also, attention is drawn to the relative increase in the average daily wage rate of most categories of factory workers between the same period. Further, the gender bias in the wage rate should be observed. Megass carriers and cane throwers (feeding canes to mill), were two factory categories which were occupied by women (Table 3).

**Table 1**  
**SELECTED JOB CATEGORIES AND WAGE**  
**RATES IN THE SUGAR INDUSTRY: 1844**

JOB CATEGORY	WAGE RATE (G\$)
Blacksmiths	1.33 per day
Cane-cutters	1.17 per day
Carpenters	1.33 per day
Drain-diggers	1.17 per day
Engineers	12.00 per month
Masons	1.33 per day
Punt-loaders	1.17 per day
Trench-cleaners	1.17 per day

SOURCE: Young 1958.

However, those jobs earned the lowest pay. But, the fact remains that the factory workers and tradesmen generally received a higher wage rate than field workers, and that there was some ethnic bias in those job categories.

We must note, however, that wage differentials between factory and field workers in the immediate post-emancipation period, were indeed based on skill levels, as they are today. The ethnic bias in the wage rate must therefore be understood in the context of the overlap of skill level and ethnicity which resulted from the ethnic division of labour. The point is that, in the absence of an ethnic

division of labour, it would have been easier to argue that the wage differential between factory and field workers had nothing to do with ethnicity and was determined more by market forces and negotiation.

**Table 2**  
**AVERAGE RATE OF DAILY WAGES FOR ESTATE LABOUR:**  
**1880-1905 (IN CENTS)**

JOB CATEGORY	WAGE RATE 1880-1884	WAGE RATE 1885-1895	WAGE RATE 1896-1905
Cane-cutters 1	40-80	48-96	36-84
Shovel-men	40-60	24-48	24-48
Weeders	24-32	30-32	20-36
Suppliers	32-60	36-60	24-48
Puntmen	36-60	32-48	24-48
Porters	-----	32-48	32-48
Cane throwers <sup>2</sup>	32-40	24-32	28-40
Boilermen	48-56	36-48	32-60
Firemen	48-80	36-48	32-60
Sugar curers	40-54	48-72	40-60
Boxmen	32-40	40-48	36-48
Megass carrier	20-24	28-32	24-36
Clarifiers (a)	48	72-84	48-60
Clarifiers (b)	20-24	32-44	24-36
Distillers	32-48	32-100	-----
Engineers <sup>3</sup>	96-200	-----	48-96
Carpenters	80-120	-----	48-96
Masons	80-120	-----	60-96
Coopers	120-152	-----	60-96

**SOURCE: Rodney 1981.**

Note: 1 and below are field workers; 2 and below are factory workers; 3 and below are tradesmen; (a) are headmen and (b) are other than headmen.

Further, it must be noted that ethnicity was only one non-economic factor which influenced wages; there were other economic factors such as the profit margin and production costs which are involved as well.

The labour market emerged with the estate enjoying monopsony power as a large single buyer of the many skills associated with the production of sugar (see Standing 1982). Under such conditions, wage price-fixing favourable to the buyer is irresistible, and sellers with limited options to find alternative buyers have to take whatever wage is offered (see discussion on monopsony in chapter 2 above). The colonial state never attempted to control the monopsony power of the plantations in the labour market but acted in a manner to protect it (Standing 1982).

The colonial state was a main instrument which fuelled the ethnic division in the labour market (see Rodney 1981). A tax imposed by the state, which African workers had to pay, served to finance the importation of East Indian indentured labourers who were being used to displace the former from the market (Best 1975: Rodney 1981). The Africans were cognisant of the basic contradiction that they were actually financing their own demise. Their struggle against the state to repel the tax and to abolish indentureship at times spilled over into ethnic conflicts.

#### **4.4 THE EMERGENCE OF WORKERS' ORGANISATIONS**

In its early stage of development the Guyanese labour market was characterised by two sectors - plantation and non-plantation. Workers' organisations emerged in the plantation sector as well as among small farmers, workers, and small craft producers in the non-plantation sector (Rodney 1981). The "task-gang" was the earliest and main form of worker-organisation to emerge among plantation workers who operated in the quasi-free labour market during the post-1838 period (Rodney 1981).

These task gangs were groups of skilled and semi-skilled Africans who undertook specific jobs on any sugar plantation in the country. They sold their skills to the estate that offered the highest wage and the most favourable working conditions (Rodney 1981). Task gangs were involved in the negotiation of wages and the conditions of service (Rodney 1981). They were the forerunners to the trade unions which emerged in the sugar industry almost a hundred years later. The important point to observe here is that initially task gangs were organisations of African sugar workers; and we will see below that, when trade unions were introduced into the sugar industry during the 1920s, they too had an ethnic bias in terms of their membership.

The non-plantation workers also formed several types of organisations in their own self-interest (Rodney 1981). Some of these groups were not formed as

strict labour institutions even though they were primarily concerned with the economic conditions of their members and participated in public discourses which influenced the conditions of work. In other cases these organisations represented the interests of specific categories of workers, small farmers, and small craft producers. Non-plantation worker groups, initially took the form of civil society institutions such as Friendly, Benevolent or Benefit Societies and Lodges (Rodney 1981). These civil society organisations by definition lay outside of the realm of the state, and were some of the earliest forms of non-governmental agencies to emerge in Guyana. The primary objective of these groups was to provide sickness and death benefits to their members (Rodney 1981).

A number of workers' organisations were formed between 1852 and 1890 - a Teachers' Benevolent Society in 1852; a Benevolent Society for Printers in 1854; a Working Man's Club in 1872; a Teachers' Mutual Improvement Society in 1888, which was subsequently referred to as the Teachers' Association; a Bakers' Association in 1888; a Farmers' Association in 1889; a Printers and Compositors Union in 1890; and there were moves in 1890 to form a Guyanese Patriotic Club and Mechanic Union (Rodney 1981). Benefit societies also called strikes and the state used its powers through the law to keep them subordinated.

A point to note about the formation of these early civil society institutions is that they too reflected the ethnic divisions of the labour force. It is a historical fact

that many Africans were employed in the teaching profession and trades, and that the Friendly and Benefit Societies were important mediums through which they were organised. By the year 1900 there were calls from various sources including the Congregational church in Guyana, for the formation of trade unions in the country (Rodney 1981; Chase 1967).

The depressing living conditions of the labour force in the West Indies during the early 20th century led to considerable social unrest in that region between 1934 and 1939 (West India Commission Report 1945). In 1934 there were disturbances on the sugar estates in Trinidad and Tobago. There were five major disturbances in 1935 - the strike of wharf labourers at Falmouth Jamaica and rioting; disputes on various sugar estates in Guyana; and rioting in Kingston and Camden Park in St. Vincent. In 1937 there were general disturbances both in Trinidad and Tobago and in Barbados. Twice in 1938, rioting took place in Jamaica (West India Commission Report 1945). And, in Guyana sugar workers at Leonora estate and in neighbouring villages rioted in 1939 (West India Commission Report 1945).

But, even before these working class strikes and riots in Guyana in 1935 and 1939. which would permanently determine the structure of the labour market in that country - in that, the colonial state was forced to concede the legal registration of labour organisations - middle class Guyanese elements had been clamouring for social, political and economic reform (see Rodney 1981). The call for reform of the

political economy of Guyana's plantation system found expression in the formation of the Political Reform Club in 1887 and the Reform Association in 1889 (Rodney 1981). These middle class groups wanted to take politics to the masses instead of limiting it to the activities of the planters and the governor. The struggle for mass involvement was to allow the democratic majority to exercise its influence on social, political and economic outcomes in Guyana, rather than restricting the national decision-making processes in those areas to the planters and the governor who were in the minority (Rodney 1981). The formation of these reform organisations marked the emergence of mass politics in Guyana (Rodney 1981).

The masses, however, were not involved in politics in their own self-interest. Mass political action served the interest of the emerging middle class. That class saw itself coming to power if the political system was reformed to increase the franchise. The middle class wanted to give itself a decided electoral advantage over the planter class by involving more voters in the national elections. Its strategy was to struggle for full mass participation in the electoral process, or at least to have the voting requirements lowered, so that more people were given the opportunity to vote. At that time, only property owners and individuals above a stipulated level of income in Guyana, were legally entitled to exercised the franchise. The middle class also wanted to use the masses to fight its battle for economic reform which would have allowed for greater economic diversification. That class was dominated by a creole

Portuguese and coloured business strata and a sprinkling of African and Indian educated elite. It was not until during the first decade of the 20th. century that a working class Peoples' Association was born under the leadership of S. A. Robertson who was also chairman of the Teachers' Association (Rodney 1981).

The first trade union in Guyana - the British Guiana Labour Union (BGLU) - was formed in 1919, but it was only registered in July 1922, after the Trade Union Ordinance was enacted in 1921 (Chase 1967; West India Commission Report 1945). The membership of the BGLU was drawn mainly from among the creole African water-front workers. The union subsequently extended its membership to include a wide range of city and industrial employees in the bauxite and gold mining sub-sectors which were also dominated by African workers. However, the BGLU attempt to organise sugar workers failed due to class and race rivalry in that industry.

The specialist estate factory workers such as pan-boilers, engineers, and mechanics were a part of the middle class who rivalled and jostled the BGLU out of the sugar industry by forming, in 1931, the first union - the British Guiana Workers League - in that sector (see Chase 1967 for a discussion on this rivalry, and Hart 1988). Under the colonial system all grievances of the indentured workers were reported to, and addressed by the Immigration Agent-General. This person was considered to be the "mother and father" of the East Indians (see Enmore Enquiry Commission Report 1948). When indentureship finally ended in 1921, and the office

of the Immigration Agent-General was abolished, the East Indians felt that there was no institution or organisation which represented their interest. A group of prominent Guyanese East Indians decided to form an organisation called the British Guiana East Indian Association (BGEIA) (see Enmore Enquiry Commission Report 1948).

It was through the activities of the BGEIA that the East Indian sugar workers first became unionised (see Enmore Enquiry Commission Report 1948). Under such ethnic conditions it was difficult for the BGLU to organise sugar workers. Thus, the Man-Power Citizens Association was registered in November 1937 (see West India Commission Report 1945) as the sugar union representing East Indian field workers. However, it was not until 1942 that the Sugar Producers' Association accepted the principles of collective bargaining and entered into a formal written agreement with the BGWL and the MPCA to represent factory and field workers, respectively (see West India Commission Report 1945).

There was a proliferation of trade unions in Guyana between the registration of the BGLU in 1922 and April 1948 (Chase 1967, West India Commission Report 1945). As was mentioned, the BGWL and the MPCA were registered in 1931 and 1937, respectively. Two unions were formed in 1939 - the Demerara Overseers Association in July and the British Guiana Clerks' Association in August. During 1941, the Cosmopolitan Workers' Union, and the Guiana United Trade Unions were established. In March 1943 the Guianese Workers' Federation was registered.

followed by the British Guiana and West Indies Sugar Boilers Union, in June 1944. The British Guiana Drivers' Association and the Sugar Estates' Clerk's Association were registered in November 1945, and December 1946, respectively. In April 1948 the Guiana Industrial Workers Union (GIWU) was registered but it was not recognised until 1976 under a new name, the Guyana Agricultural Workers Union (GAWU), adopted in 1962. Out of twelve labour unions formed in Guyana between 1922 and 1948, six were in the sugar industry. The ethnic bias in the development of the Guyanese labour force and workers' organisations cannot be denied.

It must be noted, however, that the wage rate and labour supply also had a gender bias which did not necessarily follow the general pattern of ethnic divisions in the economy. Women occupied some field and factory positions (Table 3).

**Table 3**  
**JOB CATEGORY AND DAILY WAGE RATE BY**  
**GENDER: 1844**

JOB CATEGORY	GENDER	WAGE RATE (G\$)
Feeding canes to mill	Males	0.50
	Females	0.41
Fetching megass	Males	0.25
	Females	0.17
Threshing young canes	Males	0.41
	Females	0.33
Weeders	Males	0.41
	Females	0.33

SOURCE: Young 1958.

positions (Table 3). In every case they were paid at a lower rate than men doing the same job. Wages and job categories of estate women were seem to be determined more by gender and less by race. But, traditionally, the East Indians in Guyana were less concerned with education and as a consequence their women were less educated than their African counterparts. Due to educational differences between African and East Indian women the former occupied more of the clerical positions on the estates. This situation is rapidly changing, however, since nowadays East Indians are placing much emphasis on the education of their children. In the field there seems to be hardly any distinction between African and Indian women. But, these women were kept racially divided by the colonial practice of organising them into work gangs which were made up only of members of their own race.

#### **4.5 CONCLUSION**

There are several important conclusions to be drawn from the facts presented above, concerning the role of ethnicity in the development of the Guyanese labour market. The first point is that the transformation from simple to expanded reproduction based on primitive capital accumulation in Guyana, saw the simultaneous emergence of an ethnic division of labour - with the economic surplus being produced by the Africans and appropriated by the Europeans.

Second, when slave-labour production was transformed to a productive system which was based on wage-labour, an apprentice scheme was initially put in place which further divided the work force on ethnic lines. Africans were trained to take up the skilled jobs on the estates, even though many of them were already performing those tasks before apprenticeship. The East Indian immigrant labourers were initially confined to the unskilled field tasks.

Third, when a free labour market emerged in Guyana it was divided on ethnic lines. The labour market comprised mainly of: i) East Indians who had served out their time of indentureship and chose to remain in the country rather than returning to India, ii) African workers who remained in the villages and on the plantations to sell their labour-power to the sugar estates, and iii) African workers who migrated to populate the capital city of Georgetown, and to take up jobs there. This ethnic division in the labour force served to shift the nature of the ethnic conflict in Guyana from between African-European to African-East Indian.

Fourth, the ethnic division of labour also influenced the labour supply and the wage rate. African workers withdrew their labour supply from a market in which East Indians were used by the state and the sugar planters to lower and to suppress the wage rate. Both indentured and non-indentured Indians served to keep down the price of labour. The fact that skill level also overlapped with ethnicity meant that the

wage differential, which was maintained between skilled and unskilled workers, had an ethnic bias.

Fifth, the labour market emerged as a type of monopsony, highly regulated by the state which, along with the main employers, deliberately discouraged flexibility (see Levitt and Best 1975). The colonial state also fuelled ethnic tensions in the labour market by maintaining the ethnic division of labour based on a tax on Africans to finance further East Indian immigration.

The sixth general set of observations has to do with the labour market implications of the emergence, in both the plantation and non-plantation sectors, of ethnically divided workers' organisations. Before trade unions came into existence a number of working class organisations were formed by the professions and skills in which there were many Africans. These and other community-based organisations were mainly of a benevolent nature but they also provided a forum for their members to discuss labour and other issues and would have probably helped to shape their attitudes towards work. One cannot deny the positive role played by the emergent Guyanese middle class in helping to raise the consciousness of the masses. This consciousness was raised, however, to serve the narrow ends of the middle class, rather than in the masses own self-interest.

Thus, when trade union organisations were finally formed in Guyana, the class consciousness of the labour force was insufficiently developed to resist the

colonial state which did everything in its power to prevent the evolution of an ethnically united labour force. But, the political agenda of the GIWU was to bring about racial unity among the working class. It was difficult, however, for the GIWU to achieve its political goal of racial unity in the Guyanese labour market and at the same time to be involved in a power struggle with the MPCA over the leadership of the East Indians. Also, the ability of the GIWU to unify the workforce was constrained by the fact that its membership was predominantly East Indian. The GIWU was never recognised by the Sugar Producers Association (SPA). Instead, the SPA recognised the MPCA as the legitimate sugar union. This legitimate and illegitimate status of the MPCA and the GIWU, respectively, embittered the power struggle between them, and was a major characteristic of labour relations in the sugar industry since the end of indentureship. However, the GIWU did play an important role in the emergence of the ethnically-unified nationalist movement in the 1950s. Its leadership, principally Dr. Cheddi Jagan, was also at the helm of the Political Affairs Committee formed in 1947 and which, in 1950, was transformed into the multi-racial Peoples' Progressive Party.

The fact that labour unions emerged in ethnic camps was not something that was deliberately done by their organisers. As was already noted, there was an ethnic division of labour by job, skill, and industry. Therefore, the unionisation of a skill or industry would facilitate an ethnic bias. This problem persists up until today where

East Indians dominate the agricultural and Africans the mining sub-sectors. The recent economic hardships associated with authoritarian rule and the structural adjustment programme, however, have forced many Africans back onto the sugar plantations as field labourers, but this does not promote ethnic unity because they are seen as a threat in an industry otherwise dominated by East Indians.

In the next chapter it will be argued that ethnicity continued to exert considerable influence in the labour market under the authoritarian co-operative socialist system during the 1970s and 1980s. It will also be shown how the ethnic divisions in the labour movement, in conjunction with foreign interventionism, served to destabilise the democratically elected PPP government and finally brought about its downfall in 1964. Further, the part played by ethnicity in the manipulation of the labour force, and the role of the state during the era of co-operative socialism in Guyana will be addressed.

## CHAPTER 5

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### 5.0 EMERGENCE OF CO-OPERATIVE SOCIALISM IN GUYANA

#### 5.1 INTRODUCTION

Co-operative socialism in Guyana played a contradictory role in the ethnic affairs of the country. The perpetrators of co-operative socialism promoted the ethnic division of labour in Guyana as a necessary condition for the institutionalization and survival of that system. At the same time, however, because of the authoritarian nature of co-operative socialism, a fragile anti-dictatorial ethnic unity was forged in and between the trade union movement and civil society. In 1988, however, there was a split in the confederation of workers' organisation called the Guyana Trade Union Congress (TUC) due to the contradictions within the labour movement. These contradictions such as the partisan support or non-support by some unions of genuine working class issues, e.g. the one hundred and thirty seven days sugar workers' strike, resulted from the traditional political party rivalry in that organisation, and the co-operative socialist state manipulation of its executive council. A group of unions which opposed state control of the labour movement, broke away from the TUC and formed a rival confederation of workers' organisations called, the Federation of Independent Trade Unions of Guyana (FITUG). Left behind in the TUC were those unions which were controlled by the

state. The creation of FITUG added a new dimension to the Guyanese labour scenario.

FITUG comprised the largest trade unions in Guyana representing workers in the most important sectors of the economy - sugar, bauxite, the public sector and the commercial sector. The University of Guyana Workers Union is also a member of that organisation. The fact that there exists an ethnic division of labour by sector - sugar dominated by East Indians, while Africans are a majority in the bauxite industry and in the public service - meant that FITUG, in a true sense, was a bastion of ethnic unity. The unions which remained in the TUC were predominantly African-based. This meant that the TUC became a minority in terms of its numerical strength compared with FITUG, and that the African labour force was divided.

Thus, the contradictions within the labour movement deepened. While the state, due to its Labour Amendment Bill (1984) which centralised collective bargaining, negotiated public-sector wages officially with the minority TUC, the majority of the unionised workers were under the umbrella of FITUG which was not recognised by the government. Also, the ethnic contradictions heightened. While the East Indian dominated opposition PPP supported FITUG, which was a truly multi-racial organisation, the African dominated PNC opposed it. Thus, the Africans in FITUG were accused by the PNC of joining forces with the East Indians to destabilise a black government. The fact of the matter remains, however, that even

if the East Indians opposed the PNC government on racial grounds, a genuine multi-racial anti-dictatorial movement emerged in response to co-operative socialism.

It will be argued in the next chapter that the political conditionality of democratisation associated with the structural adjustment programme has brought about a change in the national government, which in turn created the conditions for the reunification of FITUG and the TUC. But, the re-uniting of the labour unions under the umbrella of the TUC has rekindled racial tensions in that organisation. The racial flames are being fanned by the traditional political party rivalry in the TUC, and by the economic adjustment measures associated with the structural adjustment programme.

What follows is a brief historical account of the emergence of co-operative socialism in Guyana with an emphasis on the role of organised labour. Also, the treatment of the labour movement under that system is examined. This discussion is undertaken to establish the fact that the ethnic division of labour by sub-sector played a pivotal role in the emergence and perpetuation of co-operative socialism.

## **5.2 HISTORICAL BACKGROUND**

The prime objective of the early nationalist movement in Guyana was to bridge the ethnic division between Africans and East Indians. Ethnic unity was regarded by the nationalist leaders as a necessary condition for obtaining political

power from the British at a national election. That goal led to a fragile coalition of those two ethnic groups under the umbrella of the People's Progressive Party in the first national election, held on a constituency system, with universal adult suffrage over the age of 21, in April 1953. There was a 74% voter turn out at that election and the PPP won 51% of the votes (see Report on Race Disturbances 1963).

At that time there was a bi-cameral legislature consisting of a House of Assembly, which comprised twenty-three elected representatives and three ex-officio members, and a State Council made up of nine members - six being appointed by the governor, two on the recommendations of elected ministers of the House of Assembly and one after consultation with the independent and minority party members of the House (ibid 1963). There was also an Executive Council which had all the vested powers of the constitution. That Council comprised the Governor as chairperson with a casting vote, the three ex-officio members of the House of Assembly, six ministers chosen by ballot from among the elected members of the House and a member of the State Council (ibid 1963).

The PPP's electoral victory meant that it had not only succeeded in uniting the ethnic groups for common action, but that the nationalists, based on the power structure of the state, were indeed in full control of the decision-making apparatus, subject to the Governor's veto power. Afraid of the consequences of the power which the nationalist PPP government derived from the constitution, and from the

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unity of the major race groups in Guyana, the colonials initiated a set of actions to weaken it. As a consequence, there was a disastrous ethnic split in the nationalist movement in 1955 (see Jagan 1972).

After only one hundred and thirty three days in office the colonial state suspended the constitution, and evicted the first government to be elected in Guyana on a constituency system, with universal adult suffrage (ibid 1972). The charge against the government, as contained in the "Constitutional Suspension Order 1953", was that the PPP government was pursuing a Marxist communist ideological path. The suspension order named Cheddi Jagan, Janet Jagan, Rory Westmaas, and Sidney King (now Eusi Kwayana), as the communist ring-leaders in the PPP. They were accused of making visits behind the "Iron Curtain" and Eusi Kwayana was charged with returning to Guyana with his suitcase filled with communist literature. He was also accused of being the leader of an armed band of Africans, whom he could have called on to unleash violence at a moment's notice. Mr. Forbes Burnham was identified as among the moderates in the party.

It was this colonial division of the PPP into communists and moderates which encouraged and brought to the fore a leadership struggle in that party. The power struggle in the PPP led to its split in 1955, which eventually took on an ethnic dimension. When Mr. Burnham, a man of African descent, failed in his bid to take over the party's leadership he left it and started an ethnic campaign into the 1957

election. the first to be held after the constitution was suspended in 1953, and under a new legislative structure. The PPP also engaged in an ethnic campaign referred to as “apan jhaat”, which in colloquial Hindi means “race for race” (ibid 1972). In the new constitutional arrangements there was a Legislative Council comprising fourteen elected, eleven nominated, and three ex-officio members; and an Executive Council consisting of three ex-officio members and seven elected members of the Legislative Council nominated by the Governor (Report on Race Disturbances 1963).

The PPP and Mr. Burnham’s People’s National Congress became the two mass, race-based parties, purporting to be representing East Indians and Africans, respectively. The PPP won the 1957 election. Thereafter, the ethnic and anti-communist campaign against that party began to heat up. The labour unions were already divided on racial lines due to the ethnic division of labour. Now, organised labour was further divided into two political camps, with Dr. Jagan leading the GIWU - the largest East Indian based trade union and located in the sugar industry - and Mr. Burnham emerging at the helm of the BGLU - the first union to be established in Guyana, and whose membership was predominantly urban based African workers.

### **5.3 THE ROLE OF LABOUR**

The ethnic division of labour by industry made it easier for the PNC to use the African-dominated trade unions in the city, in conjunction with external anti-communist assistance from the United States and Britain, to destabilise and finally remove the PPP from office in 1964. Campaigning on an anti-communist platform, the PNC and its foreign collaborators instigated the trade union movement to call a general strike against the PPP government in 1962. The general strike was most effective in the city of Georgetown. The campaign against the PPP took on an ethnic form because the supposedly communist PPP government, elected again at the 1961 general elections with twenty out of thirty five seats, was Indian dominated. While, the main PNC anti-communist opposition, and the city workers who were on strike were predominantly African. The anti-communist alliance against the PPP also included the Portuguese-based United Force (UF) party. At the 1961 elections the PNC won eleven seats and the UF, a party newly formed in November 1960, won four (see Report on Race Disturbances 1963).

The January 1962 national budget presented by the PPP government was the focus of an anti-communist attack by the PNC, the UF and their foreign collaborators. Although the budget was criticised as being based on communist principles, Mr. Nicholas Kaldor, the distinguished economist on whose recommendations it was founded, was seen to be a man with no “communist

prepossessions” (ibid 1963). The budget was essentially a working-class programme of national self-reliance. It promoted the principle of self-help as being important to Guyana’s development, while at the same time down-playing a total reliance on foreign aid. The budget also abolished the regressive tax structure which favoured the rich, and replaced it with a progressive one that benefited the poor (ibid 1963).

The evidence suggests that there were contradictory responses to the budget in Guyana and overseas. Even though Arthur Schlesinger (1965) and Philip Agee (1976), exposed the role of the Americans in those anti-budget activities, the New York Times, the London Times, Sir Jock Campbell, Chairman of Booker Brothers, and Senator Tasker, the company’s representative inside the country, supported the view that the budget's proposals represented a serious attempt on the part of the government to come to terms with the development challenge facing Guyana (ibid 1963). But the local press, the Daily Chronicle and the Argosy, along with the PNC, the UF and the labour unions, attacked the budget as being anti-working class, Marxist, and iniquitous (ibid 1963).

The TUC, now under the presidency of Mr. Richard Ishmael, who was also the General President of the MPCA, denounced the budget and threatened to call a general strike at 2. p.m. on Tuesday February 13, 1962 (ibid 1963). Note that the MPCA was the arch rival to Dr. Jagan’s GIWU for the leadership of the East Indians in the sugar industry (Report Enmore Commission 1948). On February 13, 1962 the

predominantly African civil service workers went on strike (Report on Race Disturbances 1963). The TUC along with the Civil Service Association held a mass demonstration in Georgetown on that same day (ibid 1963). On February 14, 1962 a general strike which included workers in the essential services commenced (ibid 1963). And on February 16, rioting, arson and looting broke out in Georgetown. A state of emergency was declared and British troops arrived at about 2.30 p.m. on that very day.

The success of the general strike in 1962 was determined by the ethnic division of labour in Guyana. The agricultural workers are predominantly East Indians who reside in the rural areas such as Regions 2, 3, 5, and 6 (see Map). The African workers are concentrated mainly in the capital city of Georgetown where the seat of government is located, and in the towns of New Amsterdam and Linden. There is also a concentration of the essential services in the city and those towns. Thus, a strike which cripples Georgetown will have a devastating effects on the government's ability to carry out its functions. And such was exactly the case in Guyana in 1962. It was mainly the African workers in Georgetown who struck in 1962 and brought the East Indian PPP government to its knees. The PPP finally lost power in 1964 only after a coalition between the UF and PNC, at the national election called in that year. The national election held in 1964 was earlier than

constitutionally required. An early election was called because of the racial disturbances and civil war in Guyana between 1962 and 1964.

In the first budget presented by the PNC-UF coalition government in 1964, the estimates of current and capital expenditures were 50% higher than the average budget for the years 1960-1964, while the PPP was in office (Annual Budget 1964). The 50% rise in current and capital expenditures in 1964 was the beginning of the trend of increasing government spending in Guyana. This trend continued into the 1970s and 1980s and was partly responsible for the huge public domestic and foreign debt in Guyana. The country's large public sector deficit and economic crisis can also be traced to the rise in government spending. Mr. Peter d'Aguiar, the Finance Minister at the time boasted, that the 50% increase in government spending was the biggest in the history of budgets in Guyana and probably anywhere else in the world (ibid 1964). The increase in government spending was financed mainly through taxation. The tax burden fell principally on working class families. Mr d'Aguiar argued, however, that the tax measures employed to finance the increase in government spending would be painless. This is what he had to say:

I have confidence that all the money for current and capital expenditure set out in the draft estimates will be obtained. I anticipate that such money has to be extracted from the pockets of our taxpayers to meet the current expenditure will be extracted as painlessly as possible (ibid 1964).

The budget favoured the rich in that the share of company income tax in current revenue was lowered, while that of personal income tax was increased.

Subsequently, the PNC kicked the Portuguese based UF party out of the coalition government. The PNC then set in place a mechanism to rig the 1968 national elections to give itself an overall majority at the polls. With an overall majority, there was no need for the PNC to depend on another political party to form a coalition government. The 1968 national election was rigged through a system of overseas voting. The PNC “won” an overall majority at that election and went ahead to form a government on its own.

While in the opposition after the 1964 elections, the East Indian-based PPP now had its turn to hit out at the African-dominated PNC government. Allegedly, during 1964 and 1965, the PPP went on the offensive in the ethnic war. After the ethnic war subsided and Guyana achieved its independence from the British in 1966, it is further alleged by the PNC that the PPP was involved in activities that undermined the country’s economy for the remainder of the 1960s, and especially during the decades of the 1970s and 1980s. The PNC usually accuse the PPP of being partly responsible for the poor performance of Guyana’s economy during the 1970s and 1980s. During those two decades there were regular strikes in the vital sugar industry which resulted in a fall in production. Also, there was a dramatic decline in rice output. Both the rice and sugar industry are in the control of the East

Indians. While the PNC accused the PPP of influencing the East Indians to reduce their output of sugar and rice, the mainstay of Guyana's economy, the PPP blame the shortfall in output of those two commodities on the PNC's agricultural, labour and other policies of co-operative socialism.

#### **5.4 LABOUR UNDER CO-OPERATIVE SOCIALISM**

The rigged 1968 general election marked the beginning of a series of such polls in Guyana (see British Parliamentary Human Rights Group 1980). The results of national elections were manipulated to perpetuate the race and class rule of the PNC. The fraudulent electoral system was replaced twenty-four years later in October 1992. Held under the supervision of the Carter Centre and a team of international observers, the 1992 election was declared to be "free and fair". The very PPP under its same leader, Dr. Cheddi Jagan, who had been forced out of political office in 1964 by an American inspired anti-communist conspiracy, was returned to power in 1992. The circle was complete.

The Americans with whom a section of the Guyanese political elite collaborated to force the PPP government from office during the 1960s, and whom had hitherto turned a blind eye to PNC electoral fraud, used their power to bring about a change in the electoral system which brought the PPP back into office in 1992. The change in the official US attitude towards the PPP came about only after

the collapse of Soviet communism. The US thereafter sided with the anti-dictatorial forces in Guyana who were calling for a democratisation of the country's polity soon after the fraudulent 1968 national elections. The ethnic factor also featured heavily in the PPP's return to power in 1992. The East Indians, who have a numerical majority in Guyana, voted for Dr. Jagan, while the African minority voted mainly for the PNC. The ethnic problem continues to exist.

Between 1968 and 1992 the PNC unleashed a reign of terror in Guyana based on a personalised authoritarian dictatorship headed by Mr. Burnham (see Marable 1987 for supportive data in this regard for the period up to the mid-1980s). The dictatorship manipulated race and class in its own interest. Africans in Guyana were told by the PNC that the only alternative to itself was an East Indian PPP government. This play on race brought about African solidarity around the PNC. However, at the class level, the PNC enjoyed the support of both the African and Indian emergent national bourgeoisie who supported the state financially in return for its protection. At the bottom of the class scale was the mass of African and East Indian workers. They were made to fight the ethnic battles of the upper classes who were in the leadership of the PNC and PPP.

The PNC also manipulated the race situation in the labour movement to its own advantage. It was able to exploit the race differences in the TUC to secure pledges of loyalty from the African dominated unions. Some East Indian union

leaders who benefited from the PNC state also pledged their loyalty to that party. Again, due to its manipulation of the race differences and the voting system in the TUC, the PNC determined the outcome of the elections of office bearers on the TUC's Central Executive Committee. In this way it controlled the organised labour movement from the top. After the PNC declared Guyana a "Co-operative Socialist Republic" in February 1970, it further tightened its control of the labour movement.

The main characteristics of co-operative socialism were the exercise of full control over Guyana's natural and economic resources through a series of nationalisations of the commanding heights of the economy; the declaration that the co-operative was the vehicle through which socialism would be achieved; the formulation of a draft economic programme to feed, clothe, and house the nation by 1976; the promulgation of the dreaded doctrine of the "paramountcy of the party" (see Thomas 1982); and race and class manipulations of the labour force.

Under the doctrine of party paramountcy many key civil servants and military personnel had to publicly swear allegiance to the PNC and its leader (Marable 1987). Some trade union cadres were also forced to do the same. This is what the Report of the First Biennial Congress of the PNC held in 1975, had to say about the labour movement:

- i) during this period unions should make available funds annually for education of workers in programmes approved by the state;

- ii) punitive measures should be meted out to party members who support trade unions whose aims and objectives are not consistent with the revolutionary movement;
- iii) salaried unionists should be phased out because this encourages such leaders in supporting any unjust demands by the workers;
- iv) government must ensure that there are free and fair elections in trade unions;
- v) trade unions operating in the public sector must be affiliated to the party since unions not affiliated can undermine the aims and objectives of the party and government;
- vi) because of the paramountcy of the party it should seek to control unions in the major sectors of the economy, e.g. sugar, bauxite, rice, etc. (see Kwayana 1988).

The extent to which the PNC attempted to control the labour movement can be gleaned from that long quote of its 1975 Congress Report. Another lengthy quotation from the very Report is necessary to reinforce the point:

- i) The Party is the Vanguard Party, mobilising the people in execution and pursuance of the socialist revolution;
- ii) by definition, the socialist revolution should involve the proletariat and other sections of the working class which means the membership of the trade unions;
- iii) therefore, there cannot be another institution which lays down a line superior to the Party in this respect; and
- iv) therefore, that your membership of a trade union, though obligatory, should not be subordinate to your membership of the Party. If the Party has a certain position on an important matter from whom then do you take the lead? The Party or the union that may be led by persons who do not necessarily subscribe to the Party's objectives, the Party's strategies and the Party's tactics? (ibid 1988)

But despite all the pressure, the PNC's control over the labour movement was not complete. It was never able to exercise any control over the largest labour union

in the country - the East Indian/PPP-based GAWU. Also, there were other independent unions in the TUC such as the National Association of Agricultural and Industrial Employees (NAACIE), and the University of Guyana Workers' Union (UGWU).

These unions, along with four others under progressive leadership - the Guyana Bauxite and General Workers' Union (GB &GWU), the Guyana Mine Workers' Union (GMWU), the Guyana Public Service Union (PSU), and the Clerical and Commercial Workers' Union (CCWU) - broke away from the TUC to form FITUG. The split in the TUC was the climax of a long struggle by those progressive unions to regain control of their organisation.

The crack in the co-operative socialist system, which also explains the rupture in the labour movement, began to open up in the light of a series of repressive acts by the PNC. These acts included, rigged elections in 1968, 1973, 1980 and 1985; the delay of the elections constitutionally due in 1978 and the holding instead of a rigged referendum to change the Guyana constitution; the enacting of a new Guyana constitution in 1980 which gave excessive power to the president, and effectively placing that office above the law; the army's seizure of ballot boxes in the 1973 elections and its murder of PPP activists who attempted to protect them; the repression of organisations such as the African Society for Cultural Relations with Independent Africa (ASCRIA), the Movement Against Oppression (MAO), the

Organisation of Working People (OWP); and Ratoon, a University-based organisation; the tear-gassing of bauxite workers in a prison cell; the shooting of Joshua Ramsammy; political dismissals in the public sector; police brutality and harassment of political opponents; the violent breaking up of public meetings organised by the Working People's Alliance (WPA) and the arrest on trumped up charges of treason of its members; the Arnold Rampersaud murder trial; political victimisation of government's opponents; secret police spying on citizens; and the nationalisation and suppression of the media. These acts and many more were crowned with the brutal assassinations of a Roman catholic Jesuit priest, Fr. Bernard Darke, and WPA members Ohene Koama, Edward Dublin and, finally, Walter Rodney. Increasingly, labour leaders and civil society organisations of all races in Guyana began to recognise the authoritarianism which had characterised the country's political economy. And they began to speak out against it.

### **5.5 CONCLUSION**

It was demonstrated in the foregoing chapter that the ethnic factor continued to exert an important influence on Guyanese labour market institutions between the 1960s and 1980s. It was pointed out that the British manipulated the race differences in Guyana to divide the nationalist movement along ethnic lines in 1955. Further, it

was explained how ethnicity influenced the activities of the labour unions which eventually brought about the downfall of the PPP government in 1964.

Due to the ethnic divisions in the Guyanese political economy, there is a national perception that the country is governed either by East Indians or Africans, depending on which political party is in power. As a consequence, the PNC's co-operative socialist government was characterised as African. Workers of African heritage were therefore more tolerant of the government's labour policies than were their East Indian counterparts. This basic understanding of the Guyanese psyche has led to a false sense of ethnic security by the PNC. The ethnic division of labour led the government to believe that it could have exacted an even greater loyalty from the African labour force. But that was not to be. The African workers opposed authoritarian control.

It will be pointed out in the next chapter that although the government built up a dictatorship based on the exploitation of the ethnic division of labour, and on the dominance of one man, and one political party, the anti-dictatorial and anti-ERP activities of its opponents have initially forged ethnic unity in the labour movement. However, that unity is being threatened by the policies of the economic adjustment programme.

## CHAPTER 6

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### 6.0 STRUCTURAL ADJUSTMENT AND THE GUYANESE LABOUR MARKET

#### 6.1 INTRODUCTION

In the previous chapter it was argued that co-operative socialism thrived on the ethnic division of labour in Guyana. Also, the manipulation of the racial situation by the co-operative socialist deepened the ethnic divisions in the Guyanese labour market. This chapter provides the empirical data in support of the argument that the Guyanese labour market is ethnically segmented by sector, industry and region (see IDB 1994; Standing & Szal 1979). First, the policy prescriptions for labour in the ERP which are aimed at restricting the level of aggregate demand by placing a cap on public sector wages and employment, are outlined. Second, the ethnic composition of the labour force is examined, and the employment structure by sector, industry, and race are analysed along with public sector employment levels between 1980 and 1993. Third, the impact of structural adjustment on the labour market is analysed with regards to public sector employment and wages, the trade union movement, and civil society.

The data show that more African than East Indian workers are affected by the downsizing of the public sector due to structural adjustment. The fact of the matter is

that there are more Africans in the public sector than East Indians. The data also show that there are more Africans than East Indians in the sectors that earn the lowest level of income. These facts have important implications for the formulation of measures to alleviate the widespread poverty brought about by the steep rise in the cost of living since the structural adjustment programme was implemented in Guyana. The allocation of resources through the social impact amelioration programme to civil society agencies to cushion the impact of economic adjustment on the most vulnerable groups in Guyana should reflect the facts stated above. To avoid racial feelings and conflict, it is absolutely necessary for the authorities to ensure that the most vulnerable groups in the society indeed benefit from the resources allocated to alleviate poverty. The conclusion is drawn that the labour market policies within the overall structural adjustment programme being employed in Guyana, have failed to address the issue of the ethnic division of labour in that country.

## **6.2 POLICY PRESCRIPTIONS FOR LABOUR**

The policies of co-operative socialism, which included the state's ownership and/or control of over 80% of the economy (Table 4), have brought about an economic and general crisis of unprecedented proportions in Guyana (Thomas 1982). The crisis forced the Guyana government to adopt various IMF/World Bank

stabilisation measures between 1977 and mid-1980, when a full-fledged structural adjustment programme was implemented. That programme, however, was abandoned soon after 1980 (Harrigan 1991, Thomas 1982).

The main aim of the stabilisation and structural adjustment programmes was to stimulate Guyana's economic recovery. The stabilisation measures which were first implemented sought to bring about a reduction in the level of aggregate demand and public expenditure. Subsequently, a combination of demand and supply measures were employed. The added objective of the latter prescriptions was to stimulate the level of aggregate supply. A special emphasis was placed on increasing the supply of exports. These stabilisation measures were implemented on the basis of the IMF's diagnosis, that Guyana's economic crisis was due to low labour productivity. The principal policy prescriptions to improve labour productivity were the "continued efforts to clarify and extend wage incentive schemes", and the "extension of on- and off-the-job training schemes to include middle and senior management and skilled and semi-skilled technical staff" (Thomas 1982, Harrigan 1991).

The policy measures of the full-fledged structural adjustment programme undertaken in mid-1980 were also based on the assumption that the economic crisis

**Table 4**  
**STATE OWNED ENTERPRISES IN GUYANA: 1993**

No	NAME OF ENTERPRISE
1	BERBICE MINING ENTERPRISE
2	GUYANA AIRWAYS CORPORATION
3	GUYANA BROADCASTING CORPORATION
4	GUYANA ELECTRICITY CORPORATION
5	GUYANA FISHERIES LIMITED
6	GUYANA NATIONAL ENGINEERING CORPORATION
7	GUYANA NATIONAL NEWSPAPERS LIMITED
8	GUYANA NATIONAL PRINTERS LIMITED
9	GUYANA NATIONAL SHIPPING CORPORATION
10	GUYANA OIL COMPANY LIMITED
11	GUYANA PHARMACEUTICAL CORPORATION
12	GUYANA POST OFFICE CORPORATION
13	GUYANA RICE EXPORT BOARD
14	GUYANA RICE MILLING AND MARKETING AUTHORITY
15	GUYANA STOCKFEED LIMITED
16	GUYANA STORES LIMITED
17	GUYANA SUGAR CORPORATION
18	LINDEN MINING ENTERPRISE
19	NATIONAL EDIBLE OIL COMPANY
20	NATIONAL PADI AND RICE GRADING CENTRE
21	SANATA TEXTILE LIMITED

SOURCE: Guyana Annual Budget 1994.

in Guyana was due to low labour productivity. However, the SAP identified the major constraints on supply as being the “over-regulation of the economy, inefficient pricing policies of the state sector, the prevalence of subsidised prices, and the insufficient monetary rewards paid to the managerial and technical cadres in the society” (Thomas 1982).

Notice that the cause of economic crisis identified by the IMF/WB group led to the implementation of wages policies which created further divisions in the Guyanese labour force. The IMF and World Bank reasoned that in order to raise labour productivity, the salaries of the middle and senior management, and the skilled and semi-skilled technical staff, should be increased. Although the salaries earned by employees in those job categories were indeed very low, they were still considerably higher than the wages paid to the vast majority of workers. Thus, the policy to increase the salaries of the managerial and technical staff and to freeze the wages of the other categories of workers increased the income gap between those two groups. This disparity in income was even more glaring given the steep increase in the cost of living associated with the IMF/World Bank adjustment policies.

It is difficult to reason, however, how policies which freeze wages in the public sector, the largest employer of labour in Guyana at that time, could actually lead to an increase in production and productivity. Indeed, the policy prescriptions for labour, and the government and state enterprises under the three-year Extended Fund Facility in August 1979 were, that there should be “no significant or widespread increases in wages in the public sector”, and that there should be “increases in taxation, and a definite exercise of restraint in the growth of the public sector” (Thomas 1982). The structural adjustment programme of 1980 was

abandoned due to domestic political factors and the non-achievement of its stated targets (Harrigan 1991, Thomas 1982).

In mid-1988, however, under the pressures of a deepening general crisis and Guyana's total economic isolation by the international financial community, the government was again forced to adopt an Economic Recovery Programme, under the auspices of the IMF and the World Bank. The Canadian government was instrumental in facilitating Guyana's return to the "good books" of the international financial community (Black & McKenna 1995).

The prescriptions for labour under the ERP are basically the same as in the previous IMF/World Bank programmes. The incomes policies outlined in the Economic and Financial Policy Framework Paper are as follows:

general wage increase in the public sector to be kept below the projected rate of inflation in 1988/89 and will not exceed the projected rate of inflation in 1990/91; merit increases to depend on productivity increases and on the overall financial situation of the public sector; with the exception of some nonunionised workers, wages in the private sector will be freely determined (EFPPF 1988).

It will be pointed out below that these policies have increased the burden of the workers, and are unworkable due to the ethnically segmented nature of the Guyanese labour market.

### **6.3 RACE COMPOSITION OF THE LABOUR FORCE**

Thus far we have argued that the Guyanese labour market evolved on the basis of an ethnic division of labour. Although with the passage of time the labour market has become more differentiated, however, the data indicate a persistence of the overall pattern of the ethnic division of labour identified above. Afro-Guyanese workers are a majority (65.0%) in the public sector (Table 5) compared with 23.0% East Indians. While, the latter ethnic group represents 60.0% of the workforce in agriculture, hunting, forestry, and fishing, the former accounts for only 16.4% (Table 5). Further, there is a greater number of East Indian workers employed in trade 55.8%, manufacturing 55.6%, construction 50.0%, and transport, storage and communications 53.6%, compared with 35.4%, 33.7%, 40.1%, and 36.7%, respectively, of Afro-Guyanese.

However, in addition to being a majority in the government sector, there are more Afro-Guyanese workers employed in mining and quarrying 62.1%, education 49.5%, health and social work 63.8%, and community, social and personal services 46.6%, compared with 15.6%, 31.2%, 22.5%, and 40.4%, respectively, of East Indians.

**Table 5**  
**EMPLOYMENT BY INDUSTRY & RACE: 1992 ( ) = %**

INDUSTRY	EAST INDIANS	AFRICANS	ALL RACES
AGRI., HUNTING, FORESTRY & FISHING	44,078 (60.0)	12,107 (16.4)	73,498 (29.9)
MINING & QUAR.	1,541 (15.6)	6,111 (62.1)	9,836 (4.0)
MANUFACTURING	15,301 (55.6)	9,280 (33.7)	27,504 (11.2)
ELECTRICITY, GAS & WATER	687 (26.3)	1,627 (62.2)	2,607 (1.0)
CONSTRUCTION	5,060 (50.0)	4,059 (40.1)	10,116 (4.1)
TRADE	21,664 (55.8)	13,742 (35.4)	38,806 (15.8)
HOTELS & REST.	1,254 (40.4)	1,456 (47.0)	3,097 (1.2)
TRANSPORT, STORAGE & COMMUNICATION	6,768 (53.6)	4,639 (36.7)	12,623 (5.1)
FINANCIAL INTERMEDIARIES.	714 (25.8)	1,751 (63.4)	2,760 (1.1)
REAL ESTATE & BUSINESS	1,743 (36.0)	2,516 (52.0)	4,838 (1.9)
PUBLIC ADMIN.	4,175 (23.0)	11,774 (65.0)	18,092 (7.3)
EDUCATION	2,722 (31.2)	4,311 (49.5)	8,701 (3.5)
HEALTH & SOCIAL WORK	1,082 (22.5)	3,060 (63.8)	4,794 (1.9)
COMMUNITY, SOCIAL & PERSONAL SERVICES	3,972 (40.4)	4,581 (46.6)	9,821 (4.0)
PRIVATE HOUSE.	4,515 (51.2)	3,288 (37.3)	8,811 (0.04)
EXTR-TERRITORIAL ORGANISATIONS	42 (36.5)	73 (63.4)	115 (3.2)
NO INDUSTRY	3,828 (48.2)	3,357 (42.3)	7,933 (3.2)
TOTAL	119,144 (48.5)	87,732 (35.7)	245,492 (100)

SOURCE: HIES 1992.

Thus, in a general sense, African workers control the public sector; mining and quarrying; education; health and social work; and community, social and personal

services; while East Indians dominate agriculture, hunting, fishing, and forestry; trade; manufacturing; construction; and transport, storage and communications.

A significant amount of ethnic differentiation in the labour force has taken place in areas such as construction and manufacturing which were dominated by Afro-Guyanese during the period of indentureship and immediately thereafter. The growth in the number of East Indian workers in the construction and manufacturing sectors compared with African employees, might have resulted from internal ethnic trading by the former, or disinterest by the latter in doing those kinds of jobs.

Although it is difficult to establish, some Guyanese of African heritage source the increase in the number of East Indians in those sectors to a belief that the latter only hire members of their own ethnic group, or hire an African in order to learn a particular skill or trade from him or her.

Data on the employment structure by sector (Table 6) show that, although between 1980 and 1992 commerce grew the fastest, i.e. by 14.2% on average, agriculture, hunting, and fishing is still the largest employer in Guyana. However, while the government was the second largest employer in 1980, it fell to fifth position behind other services in 1992, with commerce taking over second place.

**Table 6**  
**EMPLOYMENT STRUCTURE BY SECTOR: 1980 & 1992 ( ) = %**

SECTOR	1980	1992	ANNUAL GROWTH RATE
AGRICULTURE, HUNTING & FORESTRY	48,603 (25.2)	74,038 (30.1)	4.4
MINING & QUARRYING	9,389 (4.8)	9,836 (4.0)	0.4
MANUFACTURING	27,939 (14.5)	27,504 (11.2)	-0.1
ELECTRICITY, GAS & WATER	2,772 (1.4)	2,607 (1.0)	-0.5
CONSTRUCTION & INSTALLATION	6,574 (3.4)	10,116 (4.1)	4.5
COMMERCE	14,690 (7.6)	39,806 (16.2)	14.2
TRANSPORT, STORAGE & COMMUNICATION	9,160 (4.7)	12,623 (5.1)	3.2
FINANCE, INSURANCE & REAL ESTATE	2,878 (1.4)	7,598 (3.0)	13.7
GOVERNMENT	29,249 (15.1)	18,092 (7.3)	-3.2
COMMUNITY SERVICES	13,899 (7.2)	14,615 (5.9)	0.4
OTHER SERVICES	14,268 (7.4)	20,724 (8.4)	3.8
NOT STATED	13,215 (6.8)	7,933 (3.2)	-3.3
TOTAL	192,636(100)	245,492(100)	2.3

SOURCE: Guyana Population Census Report 1980. HIES 1992.

followed by manufacturing. The decline in government employment is attributable to the economic adjustment policy measures.

The data on self-employed workers and persons who are in regularly salaried employment by occupation and race (Table 7) are revealing. The figures in the row entitled "agriculture, forestry and fishing", however, are problematic in that they do

not present a true picture of the number of persons who are employed in those areas. But, that flaw in the data does not discount from the observations which are made below about Africans and East Indians who are self-employed, or are in regularly salaried employment.

The first point is that Africans who worked for a regular salary were double the amount of those who were self-employed. In the case of East Indians, however, the regularly salaried workers were only 2.6% more than those who were self-employed. Thus, when the two race groups are compared there is a proportionately higher percentage of Afro-Guyanese, than East Indians who depend on salaried employment for their existence. This fact must be considered against the observation made earlier that a larger number of Afro-Guyanese than East Indians were affected by downsizing in the public sector.

A possible conclusion to be drawn from these facts is that as the number of unemployed Africans increased due to retrenchment, the more they depend on salaried jobs, rather than on self-employment, for their existence. This situation may be termed the paradox of retrenchment. The reasons why there are less self-

**Table 7**  
**SELF-EMPLOYED & REGULARLY SALARIED JOBS BY OCCUPATION AND RACE: 1992**

OCCUPATIONS	SELF-EMPLOYED		REGULARLY EMPLOYED	
	E/INDIANS	AFRICANS	E/INDIANS	AFRICANS
LEGISLATORS, SENIOR OFFICIALS & MANAGERS	1,458	407	1,501	1,578
PROFESSIONALS	204	286	2,983	4,842
TECHNICAL & ASSOCIATE PROFESSIONALS	449	377	2,460	5,214
CLERKS	77	100	4,729	6,676
SERVICES & SALES	1,960	1,488	6,234	10,833
AGRICULTURE, FORESTRY & FISHERY	1,879	4,938	2,041	667
CRAFT & RELATED	7,058	5,945	7,913	8,341
PLANT & MACHINE OPERATOR	5,542	1,118	5,932	4,817
ELEMENTARY OCCUPATIONS	21,093	10,874	24,720	10,472
DEFENCE	-	-	-	324
NOT STATED	2,330	1,758	1,260	1,121
TOTAL	47,389	27,291	59,746	54,885

SOURCE: HIES 1992. IDB 1994

employed Africans than East Indians are unclear. But, one reason must be related to their inability to secure the necessary financial and other forms of support to start their own businesses.

A second point is that the gap between East Indian and African self-employed workers is much larger than the difference between members of those two ethnic groups who are regularly employed. This difference further implies that Africans tend to depend more on paid employment, than East Indians. Third, although East Indians were 56.6% of the total amount of self-employed and regularly salaried

workers compared with 43.4% Africans, both ethnic groups were concentrated mainly in elementary occupations. Africans, however, had a greater concentration in the services and sales, and craft and related areas. Fourth, of a total number of 114,631 regularly salaried workers in 1992, 52.1% were East Indians, and 47.8% Africans. While, out of a total of 74,680 self-employed workers, 63.4% were East Indians, and 36.5% Africans. There was a total number of 245,492 employed workers, of which 48.5% were East Indians, and 35.7 were Africans.

#### **6.4 IMPACT OF ADJUSTMENT ON THE LABOUR MARKET**

##### **6.4.1 Public Sector Employment**

Employment in the public sector was the greatest casualty of the ERP's labour prescriptions (Table 8). Even though the 1980 adjustment programme was aborted, employment in the public sector declined by 35.5% between that year and 1992. Noting that in 1992, 65.0% of government workers were Afro-Guyanese, the labour prescriptions to downsize the workforce in the public service and in the state owned enterprises was hardest felt by that ethnic group.

**Table 8**  
**EMPLOYMENT IN THE PUBLIC SECTOR: 1980-1993 ( ) = %**

YEAR	CENTRAL GOVERNMENT	STATE ENTERPRISES	TOTAL
1980	42,000 (42.4)	56,848 (57.5)	98,848
1981	29,981 (43.7)	56,245 (65.2)	86,226
1982	27,502 (32.8)	56,252 (67.1)	83,754
1983	28,096 (34.5)	53,130 (65.4)	81,226
1984	28,686 (36.7)	49,420 (63.2)	78,106
1985	28,686 (37.7)	47,261 (62.2)	75,947
1986	28,650 (38.6)	45,398 (61.3)	74,048
1987	27,411 (36.7)	47,167 (63.2)	74,578
1988	24,493 (34.7)	45,901 (65.2)	70,394
1989	22,034 (32.9)	44,894 (67.0)	66,928
1990	19,280 (29.5)	45,887 (70.4)	65,167
1991	18,123 (27.8)	46,967 (72.1)	65,090
1992	17,062 (26.7)	46,627 (73.2)	63,689
1993	21,067 (31.5)	45,622 (68.4)	66,689

SOURCE: ANNUAL BUDGET 1994. IDB 1994

At the same time that public sector employment decreased by 35.5%, the foreign exchange rate increased on average from 1US\$=2.5G\$ to 1US\$=125.6G\$ between 1980 and 1992 (Table 9), while the output of sugar, rice and bauxite declined dramatically (Table 10). Between 1980 and 1991 sugar output fell by 54.4%, while rice production declined by 43.9% between 1980 and 1990, and bauxite output went down by 44.7% between 1980 and 1992.

**Table 9**  
**EXCHANGE RATE, No. OF STRIKES, No. OF STRIKES IN THE SUGAR INDUSTRY,**  
**NOMINAL & REAL WAGE, COMSUMER PRICE INDEX: 1980-1993**

YEAR	EXCHANGE RATE (1)	No. OF STRIKES	STRIKES SUGAR	NOMINAL WAGE (2)	REAL WAGE (3)	CPI (4)
1980	2.5	333	276	11.55	11.55	264.0
1981	2.8	621	585	12.36	9.96	322.7
1982	3.0	653	639	12.36	9.73	390.2
1983	3.0	731	764	12.37	7.62	448.5
1984	3.8	493	480	15.10	7.86	561.5
1985	4.2	718	712	16.00	7.37	645.9
1986	4.2	453	447	18.80	7.18	696.7
1987	9.7	497	498	23.75	7.89	896.9
1988	10.0	349	345	24.94	5.94	1255.1
1989	27.1	138	134	35.92	5.29	2415.6
1990	39.5	329	315	43.04	3.80	5055.4
1991	111.8	307	257	106.74	4.65	9587.0
1992	125.0	258	237	165.65	5.73	12105.0
1993	126.7	475	448	173.86	6.47	13238.3

SOURCE: Bank of Guyana Annual Reports 1980-1994

- 1 Exchange Rate At 1980 Prices
- 2 Nominal Daily Wages G\$
- 3 Real Daily Wages Period Average G\$
- 4 Consumer Price Index 1970=100

The reduction in public sector employment led to the wide-scale development of an informal sector. Much of the 14.2% growth experienced by the commercial sector between 1980 and 1992 (Table 5), might be attributed to informal activity, as many of the retrenched workers took to trading, vending, or “higgling”. Although many Africans are involved in the parallel economy, the number of persons from that ethnic group who are self-employed is comparatively small (Table 7).

**Table 10**  
**GUYANA, PHYSICAL OUTPUT: 1980-1993**

YEAR	SUGAR 000 TONS	RICE 000 TONS	BAUXITE 000 TONS (1)	GOLD 000 OZS.
1980	270	166	1,603	-
1981	301	163	1,495	19.4
1982	287	182	1,350	8.8
1983	252	149	1,076	4.6
1984	238	181	1,140	11.4
1985	245	154	1,574	10.5
1986	245	180	1,477	14.2
1987	220	143	1,333	21.4
1988	170	130	1,346	18.8
1989	167	142	1,321	17.3
1990	132	93	1,423	38.7
1991	163	151	1,346	59.2
1992	247	168	885	79.5
1993	247	210	897	307.7

SOURCE: Bank of Guyana Annual Reports 1980-1994

(1) Dried and Calcine Bauxite

The decline in the male and female unemployment rate in the formal sector between 1980 and 1992 (Table 11), may also be attributed to the increase in informal activity. The male unemployment rate fell from 15.1 in 1980 to 8.4 in 1992, while the female unemployment rate went down from 22.1 to 18.1 in the same period. Though both the urban and rural male and female unemployment rate declined between 1980 and 1992, rural female unemployment was still higher than urban female unemployment in 1992, while the situation was reversed for male rural unemployment which was below the urban rate.

**Table 11**  
**UNEMPLOYMENT RATE BY GENDER & RURAL/URBAN: 1970-1992**

	1970		1980		1992	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
TOTAL	14.5	19.0	15.1	22.1	8.4	18.1
URBAN	12.9	15.4	12.9	18.9	9.0	16.2
RURAL	15.2	22.8	16.1	24.9	8.2	19.3
G/TOTAL	15.4		16.8		11.7	

SOURCE: HIES 1992. Guyana Population Census 1970

#### **6.4.2 Public Sector Wages**

The policy to freeze public sector wages has had a catastrophic effect on the Guyanese working class (Table 9). That was so for two main reasons. First, the public sector was the largest employer in the country. Second, the government's minimum wage is used as a benchmark by private sector firms to fix the level of emolument of their employees. Thus, the effect of the policy to freeze public sector wages was felt in the private sector as well. Though the nominal daily wage increased from G\$11.55 in 1980 to G\$173.86 in 1993, the Consumer Price Index, using a 1970 base year, skyrocketed from 264.0 to 13,238.3 points in the same period. The consequence of this galloping inflation was a calamitous and dramatic decline in the real daily wage, at 1980 prices, from G\$11.55 in 1980 to G\$6.47 in 1993.

Dissatisfaction with the government's wage policy led to a phenomenal number of strikes in the sugar industry. Between 1980 and 1993 work stoppages in the sugar sub-sector accounted for well over 90% of the total number of strikes in Guyana, except for 1980 and 1991 when it was 80% and 83%, respectively (Table 9). Of the total number of strikes in 1985, 99% was in the sugar industry. That figure fell to 98% between 1986 and 1988, and was 97% in 1982, 1984, and 1989. Not all work stoppages in the sugar sub-sector were wage related, however: conditions of service, and poor industrial relations practices by the management of the Guyana Sugar Corporation (GUYSUCO) accounted for a significant amount of the strikes.

Why is it that throughout those years the number of strikes in the sugar industry was so high? Five main explanations may be offered as answers to that question. First, the sugar industry has traditionally been an industrial hot bed, with numerous strikes and riots that have been the subject of a number of commissions of inquiry (see the Commission Reports in the Bibliography). Second, the management practices in the state owned sugar estates have led to a poor industrial relations climate in the industry.

Third, over 90% of the sugar industry in Guyana is state owned. And while the state is considered to be in the control of Africans in the PNC, the workforce in the sugar industry is predominantly East Indian, and is organised in the GAWU,

which is under the general direction of the PPP. Dr. Jagan, the leader of the PPP is the also Honorary president of the GAWU. Due to those characteristics of the employer and employed in the sugar industry, the numerous strikes in that sub-sector are seen to have an ethnic or political bias.

For example, although the sugar workers had a legitimate claim, their 135 days strike in 1977 was officially branded as political by the government. And, at the community level, the strikers were also being described as having an ethnic motive. The government mobilised the predominantly African public service employees to work as scabs in the cane fields during that strike. The treatment meted out to the sugar workers in 1977 was a serious blow to working class unity. The political elite used the ethnic division of labour to further divide the workers and to promote its own narrow ends.

We should note that even though there was a change in government in 1992, and the government is now considered to be East Indian, there was an increase in sugar strikes in 1993. Fourth, a possible explanation for this is that, although the government has changed, the bureaucracy in the sugar industry is still very much the one that was in place under the previous administration. However, there are a few new top officials who represent the Booker Tate privatised management team that is now in charge of the sugar company, as a part of the privatisation programme in Guyana.

Fifth, the major areas other than the sugar industry in which strikes may be called to disrupt the Guyana economy and society, are the mining, public service, education, and health sectors, and in the government corporations. But those areas are dominated by African workers who were not expected to strike while an African government was in power. Thus the number of strikes by the mine, education, health, public service, and government corporation workers was low. The expectation is that the number of work stoppages in these areas will increase. Now that the East Indian-based PPP government is in power. Already there are signs of increasing worker agitation by the African-dominated PSU.

#### **6.4.3 *The Trade Union Movement***

The trade union movement is organised around a number of labour organisations which are affiliated to the Guyana Trade Union Congress (Table 12). As was mentioned earlier some of the unions in the TUC have close ties with the PNC party. Those unions also controlled the TUC's principal decision-making body, its Central Executive Council. Thus, although the TUC was critical of the ERP, it never called a strike against it. However, individual unions affiliated to the TUC namely the GMWN, GB&GWU, UGWU, GAWU, NAACIE, and the CCWU took

**Table 12**  
**LIST OF AFFILIATES, GUYANA TRADES UNION CONGRESS: 1993**

No.	AFFILIATES
1	AMALGAMATED TRANSPORT & GENERAL WORKERS' UNION
2	ASSOCIATION OF MASTERS & MISTRESSES
3	CLERICAL & COMMERCIAL WORKERS' UNION
4	GENERAL WORKERS UNION
5	GOVERNMENT EMPLOYEES UNION
6	GUYANA AGRICULTURAL & GENERAL WORKERS UNION
7	GUYANA BAUXITE & GENERAL WORKERS UNION
8	GUYANA CO-OPERATIVE BANK STAFF ASSOCIATION
9	GUYANA CO-OPERATIVE MORTGAGE FINANCE BANK ASSOCIATION
10	GUYANA LABOUR UNION
11	GUYANA LOCAL GOVERNMENT OFFICERS' UNION
12	GUYANA MINE WORKERS UNION
13	GUYANA POST & TELECOMMUNICATION WORKERS' UNION
14	GUYANA PUBLIC SERVICE UNION
15	GUYANA TEACHERS' UNION
16	NATIONAL ASSOCIATION OF AGRICULTURAL, COMMERCIAL & INDUSTRIAL EMPLOYEES
17	NATIONAL MINING & GENERAL WORKERS UNION
18	NATIONAL UNION OF PUBLIC SERVICE EMPLOYEES
19	PRINTING INDUSTRY & ALLIED WORKERS UNION
20	PUBLIC EMPLOYEES & GENERAL WORKERS UNION
21	SAWMILL & FOREST WORKERS UNION
22	UNION OF AGRICULTURAL & ALLIED WORKERS
23	UNIVERSITY OF GUYANA WORKERS UNION

SOURCE: Pollydore 1993

strike action in connection with the ERP. As was pointed out above, these were the unions which along with the PSU, broke away from the TUC and formed FITUG in 1988.

The most significant political effect of the ERP was the change in government which came about as a result of the democratisation conditionality imposed on the authoritarian PNC regime by the international financial institutions. The PNC was forced to reform the electoral system to allow for “free and fair” elections as a condition for IMF/WB credit. It is ironic, however, that the PPP got into power in October 1992 as a result of the PNC’s reluctant acceptance of the IMF/WB’s democratisation conditionality. Although, in a real sense, the PNC had no choice but to reform the political system. The PNC was virtually under siege. Its opponents, including political parties, pressure groups, and civil society organisations had totally surrounded it. Thus, when the international community lend a hand to the opposition forces in Guyana, by demanding that “free and fair elections” be held as a condition for foreign credit, it was a foregone conclusion that the PNC’s reign was at an end.

The PPP as did most of the political opposition at that time stoutly opposed the ERP. At present, however, the PPP campaigns vehemently in favour of the ERP. But, the PPP’s support of the ERP may be attributed to the fact that its coming to power was partially influenced by the external forces which propagate structural

adjustment, and it was enmeshed by the IMF/WB programme which was already on the way in Guyana when it took office. Thus, the former Minister of Finance, for example, said the following in connection with the ERP:

In 1988 the state of the Guyana economy was such that there was no alternative but to seek to put in place a programme for structural adjustment and structural adjustment under the aegis of the International Monetary Fund (IMF) if we were going to be able to access the much needed financial resources (Ally 1994).

The former Finance Minister went on to add:

The role of the trade unions is so much more than wages and conditions of work, and strikes. It also has to do with worker mobility and flexibility and therefore with education and training; with job performance and productivity; with enterprise participation and investment, with the garnering of resources...(ibid 1994)

The change in the domestic political conditions which resulted from the "free and fair" elections held in October 1992, led to a reunification of the labour movement under the umbrella of the TUC in September 1993. Although the TUC is on record as being in opposition to the ERP, it has been co-operating with the government in the implementation of programme. A main concern of the TUC is that the government implement the ERP in such a manner that it causes a minimum amount of hardship to the working class..

But, the democratisation which has come about as a result of the ERP is potentially disruptive of the racial peace in the TUC and in Guyana as a whole.

For example, there is an increasing tendency by affiliates of the TUC to poach members from their sister unions. This tendency of increased poaching seems to be the way in which some unions are expressing their new found democratic freedoms under the PPP government. Some trade unions seem bent on organising workers in areas that were considered to be the domain of either one ethnic group or political party or another.

For example, electricity and telecommunications workers are mainly Africans. They are organised by unions with a majority of members of the same ethnic group. Recently, however, NAACIE, a union with strong roots in the East Indian-dominated sugar industry, won over the electricity workers. Further, NAACIE has a court matter with the telecommunications union, a sister affiliate of the TUC over the representation of workers in that sector. A similar situation has developed with the NAACIE and the GB&GWU, over the representation of the predominantly African workforce at OMAI Gold Mines Limited. The struggle for trade union power in a labour market that is as sharply divided along ethnic lines as in the case of Guyana is bound to have racial overtones.

Also, since the new East Indian-based government has been sworn in, the African dominated public service union has become very militant. There is a tendency in the TUC for unions in which East Indian are a majority, to be more supportive of the government's policies than the African-dominated ones. These

tendencies are potentially disruptive and may lead to open ethnic confrontation.

Recognising this potential problem President Jagan (1994) reassured the nation that:

The government respects fully the independence of state institutions, which deal with employment and promotion. Employment and promotion will be carried out regardless of political affiliation, race, ethnicity and religious persuasion. Qualification, merit and experience are the bases for employment and promotion. In this regard, and also to cope with fears of racial/ethnic insecurity, a Task Force on Race Relations has been set up under the leadership of the distinguished Archbishop of Guyana, the Rt. Rev. Bishop Randolph George (Jagan 1994).

Only time will tell whether the activities of the Task Force on Race Relations will allay the fears of racial insecurity, or whether the employment and promotion policies will indeed be based on qualification, merit, and experience.

#### **6.4.4 Structural Adjustment and Civil Society**

The economic adjustment programme has led to a proliferation of non-government organisations which are involved in efforts to alleviate poverty in Guyana (Canterbury 1993). NGOs undertake a wide range of poverty alleviation projects in areas such as infrastructural maintenance and development; health; education; economic ventures including craft, small farm agro-businesses, and micro-entrepreneurial activities such as baking and sewing (ibid 1993). Emphasis is being placed on the economic sustainability of many of these projects.

As a consequence of their activities described above, NGOs are becoming an important source of employment for many people in the local communities. Some NGOs such as the Red Thread women's group are also involved in the training of un- and under-employed persons to acquire new skills for the job market. Although it is known that NGOs employ and train or re-tool a number of workers, there is no hard evidence of their impact on the Guyanese labour market. The government statistical department in Guyana should begin to systematically record the employment and training/re-tooling activities undertaken by the NGO sector.

Even though NGOs make a significant contribution to employment, training, infrastructural, and community economic development, their activities have the potential for unintentionally stirring-up and perpetuating the traditional ethnic divisions in Guyana at the local and national levels. This point will be better appreciated when the data on self and regular employment, casual labour, unemployment and economically inactive persons by region (Table 13) are considered.

**Table 13**  
**SELF & REGULAR EMPLOYMENT, CASUAL LABOUR, UNEMPLOYMENT & ECONOMICALLY**  
**INACTIVE BY REGION: 1992**

REGION	SELF-EMPLOYED	REGULARLY EMPLOYED	CASUAL LABOUR	TOTAL	UN-EMPLOYED(1)	ECONOMIC INACTIVE (2)	TOTAL
1	6,060	1,128	251	7,439	242	2,440	10,121
2	8,328	4,545	2,218	15,091	1,524	9,899	26,410
3	11,163	16,581	2,681	30,425	1,932	27,812	60,172
4	31,616	66,092	5,021	102,729	19,646	75,972	198,34
5	8,870	7,753	1,633	18,256	845	13,963	33,064
6	17,624	21,267	6,820	45,711	5,577	44,825	96,113
7	2,844	2,216	428	5,488	588	3,029	9,105
8	1,910	287	13	2,210	128	901	3,239
9	4,613	975	113	5,701	68	1,312	7,081
10	4,057	7,878	507	12,442	2,137	8,942	23,521

SOURCE: HIES 1992. IDB 1994

1 At School, Domestic Duties, Rentier Pensioner, Disabled, Other

2 Seeking & Available for Work

Most of the unemployed and economically inactive persons are in Regions 4 (which includes the capital city of Georgetown) and 6. These Regions are respectively dominated by Africans and East Indians.

We observe also, that there is a higher rate of unemployment among Africans than all other races (Table 14). In every age band between 15 to 54 years there are more unemployed Africans. And, that age band is made up of persons who are in their prime. The unemployment rate, however, is higher amongst older East Indians between the age bands of 55 to 59 years, and 65 years and older. There is no ready explanation as to why the unemployment rate is higher amongst older East Indians.

Perhaps, it is due to a cultural factor. It is not uncommon to find older East Indians being taken care of by their younger off-springs. Thus, although they may be seeking employment, they are not hard-pressed to find a job because their needs will be met by the wider family system.

**Table 14**  
**RATE OF UNEMPLOYMENT BY AGE & RACE**

AGE GROUP	EAST INDIAN	AFRICANS	ALL RACES
15-19 YEARS	36.1	44.4	36.6
20-24 YEARS	17.6	24.4	19.5
25-29 YEARS	9.7	12.3	10.4
30-34 YEARS	6.4	7.6	6.6
35-39 YEARS	3.5	4.2	3.7
40-44 YEARS	3.3	4.4	3.3
45-49 YEARS	3.0	3.3	2.8
50-54 YEARS	3.0	5.3	4.0
55-59 YEARS	4.2	3.5	4.1
55-59 YEARS	4.2	3.5	4.1
60-64 YEARS	1.9	2.3	1.7
65 YEARS +	2.7	2.0	2.2

SOURCE: HIES 1992. IDB 1994.

Further, the occupations which are dominated by East Indians generate a higher level of income than those in which Africans are a majority (Table 15). For example, the average income of self-employed persons in agriculture, hunting, forestry and fishing was \$32,606 in 1992 and, 60% of the workers employed in those jobs were East Indians (Table 6). However, while there is a greater percentage of African professionals (Table 6), the average income of regularly salaried and

**Table 15**  
**AVERAGE INCOME & WAGES OF SELF-EMPLOYED & REGULARLY**  
**SALARIED WORKERS BY OCCUPATIONAL GROUPS: 1992 (G\$)**

OCCUPATIONS	REGULARLY SALARIED	SELF-EMPLOYED
LEGISLATORS SENIOR OFFICIALS & MANAGERS	3,625	2,268
PROFESSIONALS	9,423	547
TECHNICIANS & ASSOCIATE PROFESSIONALS	9,324	1,054
CLERKS	13,003	210
SERVICE & SHOP SALES	19,373	3,926
AGRICULTURAL, FORESTRY & FISHERY	3,112	32,606
CRAFT & RELATED	18,305	14,755
PLANT & MACHINE OPERATORS & ASSEMBLERS	11,782	4,289
ELEMENTARY OCCUPATIONS	37,749	32,847
TOTAL	128,722	97,085

SOURCE: HIES 1992. IDB 1994.

self-employed persons in that group is considerably below the income levels of agriculture, hunting, forestry and fishing (Table 15).

The above data were presented to show some of the areas in which NGO poverty alleviation activities should be focused, if they are to make a contribution to reducing the ethnic tensions which are at the very core of the local communities in Guyana. It may be argued that Africans are in need of a considerable amount of assistance to cushion the impact of structural adjustment since the unemployment rate is highest amongst them and they also occupy the jobs that pay the lowest

wages. There should also be a focus of poverty alleviation amongst the older East Indians who are unemployed.

There is an urgent need for the government of Guyana to implement the recommendations of the poverty studies contained in the book entitled "Poverty in Guyana: Finding Solutions". One of the recommendations was that there should be undertaken a comprehensive study to identify the various categories of poor Guyanese and that a mechanism should be put in place for monitoring poverty. In this way the NGO community can target the most vulnerable groups in the economy who are in need of poverty alleviation.

If NGO activity to alleviate poverty is seen by Guyanese communities to be favouring one ethnic or social group, then racial tensions will be heightened. Thus, the allocation of funds for the amelioration of poverty and the hardships associated with economic adjustment must be carefully undertaken to avoid ethnic feelings.

## **6.5 CONCLUSION**

The main conclusion to be drawn from the foregoing discussion is that the labour market policies contained in the economic adjustment programme have failed to recognise that a dominant feature of the structural characteristics of the Guyanese labour market is its ethnic division of labour. This ethnic feature of the labour

market makes it much more difficult for the traditional orthodox micro- and macro-economic policies based on wage and employment restraints to work efficiently in Guyana. Under such conditions of ethnic specialisation, labour is hardly allowed to be flexible since there is a race constraint on mobility. The employment and wage levels are also negatively affected because of internal trading in certain industries and sectors based on ethnicity.

## CHAPTER 7

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### **7.0 CONCLUSIONS AND RECOMMENDATIONS**

The central argument of this thesis is that the race factor has played a major role in the historical determination of the Guyanese labour market and that this situation continues to be the case today. The hypothesis tested was that given the historical determination of the Guyanese labour market, a structural adjustment programme will tend to forge some degree of ethnic unity within the labour movement, either in opposition to the programme, or in an effort to influence its labour policies to make them more favourable to the broad mass of workers. At the same time, however, because of the ethnic division of labour, the adjustment programme will also display a tendency to fragment the labour movement along traditional ethnic lines.

The data presented in this thesis are overwhelming in their support of the argument that the Guyanese labour market portrays an ethnic division of labour. It was also established that a broad-based multi-racial unity developed in opposition to the SAP when it was implemented. Further, in more recent times, the labour movement through its umbrella organisation, the TUC has been holding discussions with the government on how to improve on the measures of the SAP to make them more favourable to the Guyanese workers.

The data, however, are insufficient in terms of proving as correct the sub-section of the hypothesis which says that the SAP brought about a fragmentation of the labour movement along ethnic lines. There is sufficient circumstantial evidence however, in support of the sub-section of the hypothesis about the potential of the SAP to stimulate ethnic conflict. Although there is no hard data available, it is a fact that the proliferation of NGOs, which is a direct result of the SAPs policies, has led to some community-based activities which are indeed arousing ethnic feelings, especially in the countryside.

A good example of such a situation was the implementation of a road-repair project in a section of LaGrange village which has a majority of East Indian residents. The project was organised by a community based NGO at LaGrange. That project raised much concern in the adjoining village named Bagotville, which is populated mainly by Africans, and also had a need for its roads to be repaired. In order to pre-empt the escalation of ethnic feelings, a similar road-repair project was also undertaken at Bagotville. The Minister of Finance took personal responsibility for the Bagotville project. He was also well on his way towards upgrading the pure-water supply system in the same village when he was called upon to resign by the ruling PPP party. Although his resignation had to do with other political party matters, it is public knowledge that the East Indian Finance Minister, who was

recruited to the government as a technocrat, was trying to build his own support base amongst the Africans of Bagotville.

Further, the labour movement is under a grave threat of fragmentation along ethnic lines. This threat is being reinforced by adjustment programmes. The recent militancy of the Public Service Union against the government's economic adjustment labour policies has a tendency of forging ethnic blocs in the TUC. The unions which are supported mainly by African workers tend to work more closely together in opposition to the government's wages policy under economic adjustment. On the one hand, the East Indian-dominated unions, although militant and also opposing the SAP, tend to restrict their militancy in such a way that their activities cannot be construed as anti-government. It is difficult to establish however, how much of the tendency towards ethnic strife is due to economic adjustment, or to the traditional tribal politics of the PNC and the PPP.

However, the weaknesses of the economic adjustment programme with respect to the labour market are very evident. Also, the data has revealed the segmented nature of the labour market. Segmentation prevents labour market flexibility since there are internal labour markets within firms and industries which respond more to ethnicity rather than price, merit, skill level, training, etc. While this situation exists, the labour market policies of the economic adjustment programme are founded on the assumption that labour markets are flexible.

Ethnic-based segmentation also interferes with the labour force participation rate. Since jobs are traded in internal markets, it would be difficult for both East Indians and Africans to participate in firms and industries which are dominated by either ethnic group. This is another reason why it is difficult to argue a case for labour market flexibility under conditions of an ethnic division of labour which allows for labour market segmentation based on race differences.

To address the problems associated with an ethnic division of labour, and race-based labour market segmentation, there is an urgent need for a reorientation of labour market theory and policies towards the inclusion of local knowledge about those issues. At the theoretical level, there is a need for the generation of theories at various levels of generality, which will allow for the specificities of particular economic, political and social conditions, to combine in the explanation of labour market behaviour. In this way, local knowledge, along with economic, political, and social theory, will be allowed to interact to provide the framework within which labour market policies are formulated. This is the only way to avoid the current divergence of labour market theories and policies from the labour market practices that is so much evident in Guyana, and in other Third World countries which are undergoing economic adjustment.

In the case of Guyana, there is a number of measures which the government may adopt to address the problems of an ethnic division of labour and race-based

labour market segmentation. First, the government, with the full participation of the labour movement, and the business community, must strive to formulate measures which would reverse the ethnic division of labour, and race-based labour market segmentation. Firms and industries may agree to quotas in terms of percentages of the various ethnic groups to be employed in each job category. This will not eradicate internal trading and the ethnic division of labour, but it will reduce their incidence.

Second, the root cause of the ethnic division of labour, and race-based labour market segmentation must be addressed. This requires a political solution since ethnic divisions and labour market segmentation are being perpetuated by political tribalism associated with the major political parties which are organised around the two major race groups. These political parties usually exercise their political power through their control of the most vital firms and industries in the country. The PPP controls the economically dominant sugar industry, while the ailing bauxite industry is under the influence of the PNC. A resolution of the problems of the ethnic division of labour therefore requires a reversal of the political tribalism which engulfs Guyana.

Third, there is an urgent need for the redistribution of the burdens of economic adjustment across all ethnic groups, rather than to have them concentrated among the members of a single race group. This redistribution may be attained

through an increase in the allocation of resources to the most vulnerable groups in the society. These groups should be carefully identified through detailed poverty studies on the impact of economic adjustment on Guyana's population as a whole.

Unless the ethnic problem is adequately addressed, the future of Guyana is very uncertain. The development efforts promoted by a government which is considered to be biased in favour of one ethnic group, will be frustrated by the ethnic group which is seen to be in the opposition. The PPP-Civic government seems to have recognised this dilemma and has proceeded to establish a Race Relations Commission since it won power in 1992. In a news release by the secretary of the Task Force of the Race Relations Commission in May 1996, it was stated that a country-wide educational campaign was soon to be launched "to keep the race relations discourse in the public eye; to get ideas and opinions from a wide cross section of the population as possible with a view to influencing national race relations policy and legislation; and to create an atmosphere of consensus and inclusion." The success of the Race Relations Commission in bringing about legislation and other policies to restrict the practice of internal labour market trading based on ethnicity is yet to be determined. However, the establishment of the Race Relations Commission is a step in the right direction.

Trinidad and Tobago, and Suriname are two countries in the Caribbean Community, which compare with Guyana in terms of ethnic divisions that influence

their labour markets. However, while in Trinidad and Tobago the ethnic division is identical to Guyana's due to the countries' similar colonial history, in Suriname, there is further differentiation and labour market segmentation between the Hindus, Javanese, Creoles, Djukas, and Amerindians, *inter alia*. Indeed, there is a Hindu political party, a creole political party, a group of armed Djukas, and a band of armed Amerindians, all operating on the political landscape in Suriname with varying degrees of legitimacy.

Although not with the same level of intensity, the Guyana situation also compares with the ethnic conflicts which have emerged in Eastern Europe since the collapse of communism, and with South Africa. Ethnic conflicts in Eastern Europe and in South Africa are much more complicated than in Guyana, but the rationale is the same - exclusion or inclusion based on ethnicity. But while religion is a major factor which has brought about ethnic conflicts in Eastern Europe, in Guyana the Hindus and Muslims who are mainly East Indians, seem to be more united based on their racial origins, rather than being divided on religious terms.

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