THE FAILURE OF GUYANA'S FIRST DEVELOPMENT PLAN, 1966-1972

by

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Guyana's First Development Plan was published as the British Guiana Development Programme, 1966-1972, and declared that its main objectives were the reduction of unemployment and raising the living standards of the nation.[1] The Plan was drawn up by Professor Arthur Lewis who headed a team of experts assigned to the Guyana Government by the United Nations. However, at the end of 1971, the Plan was explicitly abandoned and a new Plan for the period, 1972-76, was introduced. The abandonment of the First Plan, after six of the seven years allcoated to its implementation, constituted a **de facto** non-implementation of the Plan.

In logical terms of plan implementation, the degree of the non-implementation of a given Plan is coextensive with its failure to achieve its declared objectives. Since the attainment of objectives is the function of supporting policies, implementation machinery as well as sutained commitment of the Government and people to the implementation of the Plan, it seems necessary to treat such inter-related factors, categorically.

The Plan failed to reduce the level of unemployment, estimated at 21% which prevailed in 1965.[2] Per caput income grew by 5.2%, annually, but the price level rose at an average of 2.3% per annum, thus affording an annual growth in real income of merely 2.9%, during the Plan period.

The growth in per caput real income in the context of the level of unemployment meant that the standard of living of the unemployed became relatively worse. In the absence of unemployment benefits being provided for the pool of able-bodied unemployed, it also meant that total community welfare tended to decline.

A more positive indicator of the decline in community welfare was an alarming rate of increase of praedial larceny in every area of the Country throughout the Plan period. The resultant loss of farm income fell heaviest on small vegetable and livestock farmers. And increased efforts of law enforcement to protect the victims yielded no tangible results; because the law enforcement authorities in efforts to apply the law were denied the co-operation of the individual against offenders comprising his own or any other discontented group.

The failure of the law enforcement authorities to gain public co-operation represented one indication of social disintegration. Stagnant unemployment associated with a decline in community welfare meant that the First Plan failed to achieve its main objectives, namely, to reduce the level of unemployment and to raise the standard of living of the people. The static level of high unemployment, during the Plan period, meant that the rate of labour absorption was inadequate to reduce the level of unemployment. For many projects, it seemed that the capital/labour ratio, in the construction process, was too high.

In the Agricultural, Transport and Communications Sectors which accounted for some 57% of public capital investment during the Plan period, several projects of water control, land development and road construction, replaced labour by huge machines which made their appearance in the Country. These were largely symptoms of the nature of tied loans afforded by some International Aid Donors. The overall Incremental Capital/output Ratio was approximately 1, as seen in Table 2. It seems, therefore, that under the conditions of investment and production which prevailed throughout the Plan period, in order to attain at least a similar rate of growth of GNP, 7.3%, while absorbing the supply of labour which increased by 2% yearly, as well as simultaneously reducing the pool of unemployed by a rate of 14% per annum, there was need to achieve an annual growth of capital formation of some 18% during the Plan period. But **total fixed** investment grew by only 7.4% per annum. throughout the Plan period, while **private fixed** investment actually declined by 2.8%, yearly.

For many decades, Guyana's economy has been dominated by three main economic activities; bauxite, sugar and rice production. The Plan provided for the construction of a Deep-Water Harbour aimed at reducing transport costs in order to facilitate increased production of the three main commodities of export.

The Deep-Water Harbour was to be situated at the estuary of the Berbice River and was intended principally to aid the shipment of bauxite from the upper Berbice River, where there was operated for several years the smaller of two expatriate bauxite firms, a subsidiary of Reynolds Metals Company, U.S.A. The bauxite firm, however, failed to expand as was expected and made little or no contribution to Government revenue. Accordingly, Government could not be disposed to invest on expensive infrastructural works in such circumstances.

Guyanese Geologists had already identified reserves of bauxite ore estimated at over 500 million tons, but the amount of bauxite production exported during the Plan period averaged only 2.8 million tons per annum. Bauxite products continued throughout the Plan period (as was done in the preceding decades) to be transported by small vessels to two transhipment centres located in neighbouring territories, Venezuela and Trinidad, for transhipment in larger vessels to importing countries.

The continued use of transhipment centres for bauxite outside of Guyana's territorial waters denied Guyanese of additional employment opportunities and associated annual income estimated by Guyanese Economists in a joint exercise with UNDP consultants, at over G$13 million in 1971.

By 1969, employment in bauxite mining had reached 5,700 having realised an average annual increase of 6.7% on the 1965 total of 4,550 persons despite the low rate of extraction of bauxite ore.

In order to develop bauxite processing, the First Plan also provided for the surveying of sources of hydro electric power. Investigations had already shown that aluminium smelting in Guyana could become feasible if there were sufficient low cost power available. The Plan recognised that power costs could not be as low as those obtained by the huge industries in Canada and the U.S.A. However, it anticipated that advantage would have been taken of the proximity of the bauxite, so as to make feasible the establishment of a small or medium-size plant. The Plan also envisaged that the operation of an aluminium plant in favourable conditions would be an effective stimulant to accelerated growth of the entire economy.

During the Plan period, surveys were conducted and the construction of a Hydro Power Station was found to be technically feasible. However, the estimated cost of supplying electricity was regarded as uneconomical by the main potential customer, the Demerara Bauxite Company. Consequently, the foreign Governments which were committed to the granting of financial support to the construction of the Hydro Power Station withdrew such support; hence another major proposal for developing bauxite production was not implemented.

The Plan envisaged that the proposed Deep-Water Harbour in Guyana, would have reduced transport costs not only for bauxite products but also for exports of sugar, rice and timber. And as these products were made more competitive in world markets, production and employment in the related sectors would have been stimulated. In like manner, the proposed Hydro Power Station was expected to provide an increasingly cheap supply of electric power which would have encouraged the emergence of a number of industries, especially those relating to the manufacturing of forest products including particle board, plywood, prefabricated houses, pulp and paper.

However, the entire scheme which was devised to multiply economic activities by reducing transport costs and the supply of power to regions richly endowed with timber and minerals, foundered from the lack of alliance between the Government and the two bauxite companies.

The other sector of crucial importance to the economy was agriculture in which rice and sugar production provided employment for about 37% of the population in 1965. The Plan was formulated to achieve about 3-4% annual increase in agricultural output or a gross increase of about 30% by 1972, during the 10 to 12 years immediately succeeding 1965. The increase was planned to be acheived by "sound diversified agricultural output of products that will continue to find growing markets both at home and abroad". However, agriculture grew by 5.3%, yearly, but agricultural output which formed 18.2% of GDP in 1965 contributed only 16.1% in 1971.

Owing to the vagaries of the international market for sugar, the Planners claimed that they could not devise a scheme to effect any increase in sugar cane production. The Plan declared that the best that could be expected was that output could more or less be maintained at the average level of 300,000 tons of sugar for several years. Sugar cane farming was not expected to contribute to growth in agricultural output in the forseeable future.[3]

That perspective proved erroneous. The Private Sector had foreseen a growing world demand for sugar and a contraction of its production in certain countries. Accordingly, the sugar plantations, increased their production targets. In 1967, output of sugar reached 344,000 tons; 55,000 tons more than the previous year's output, but production fell appreciably in 1968 owing to work stoppages.[4] Peasant cane farmers, however, were able to increase their output throughout the Plan period.

There were improved marketing facilities for sugar during the Plan period. The U.S. permitted increased imports at higher prices and in Britain the by products of sugar, rum and molasses, gained increased concessions. In 1969, a Land Use Study Team found that some sugar factories were operating with excess capacity.[5] Where manufacturing capacity existed, land for growing sugar cane was not available and vice versa. This constraint on the production system of the industry could have been avoided if the Plan had provided for growth in the industry.

Regarding rice production, it should be noted that rice exports under a new Government lost the Cuban market in 1966, where demand exceeded Guyana's supply and where price per unit of the commodity sold was about the highest obtainable. As stocks of rice accumulated in the bonds of the State Marketing Board, the price to farmers was reduced and this minimised the incentive to rice producers, growers and millers alike. While rewards to the embittered rice producers were reduced by Government's action, sugar workers who lived side by side with rice producers were able to win yearly increases in wage rates and farm prices. Sugar workers were strongly unionised and effectively led by the Opposition Party of the Guyana Parliament.

The great majority of rice producers though not largely unionised, were also appreciably controlled by the political party in Opposition. Hence, Government's policy aimed at modernising production processes so as to increase productivity of paddy in farms without increasing its price was opposed by concerted action to reduce output. Such policy urged disgruntled political groups in general, to mobilise popular support against Government's declared objectives.

It is clear that production in the traditionally dominated economic sectors was subject to considerable constraints which occurring simultaneously as they did militated against rising income and employment. The declared policies for rice and sugar production proved, ex-post, inconsistent with the Plan's main objectives of raising the level of employment and the standard of living.

With regards to agriculture, in general, the Plan emphasised the aim to pursue agricultural diversification. This pursuit may have influenced the decision not to increase production of sugar and the constraint imposed on rice production.

Furthermore, Guyana as a major advocate of Caribbean unity joined the Caribbean Free Trade Association, which became operational in May 1968, and which immediately executed a Protocol on the Marketing of 22 agricultural commodities. The rationale of the Protocol was to prevent low cost producing member states from reducing the number of farm workers in other member states. Imports of the commodities in member territories were not permitted unless the prices exceeded a certain minimum.

Consequently, Guyana's export of green vegetable and root crops to Trinidad, Barbados and other member territories declined. The Guyana Government was vigorously pursuing increased productivity in agriculture. However, increasing productivity in agriculture unsupported by expanded marketing possibilities meant falling prices and declining employment in the sector. The solution to agricultural diversification resided in processing and canning, but the absence of such facilities helped to perpetuate subsistence agriculture.

In Guyana, as in many other developing countries, farm output is also influenced by widely varying weather conditions, as well as inefficient water control systems. In periods of favourable farming conditions, physical yields rise considerably, but the prices of the more perishable products fall to unprofitable levels. In times of poor harvests and growing scarcity, prices rise steeply and disseminate inflationary influences on the economy. Since the volume of farm products have been traditionally related to seasonal changes, the Agricultural Development Programme should have allocated high priority to the provision of processing, canning and storage facilities in order to eliminate the perishable nature of farm produce and permit rationalisation of distribution over periods of scarcity and abundance of supplies.

Such improvement mechanisms were needed as built-in stabilisers in the Agricultural Sector, in order to raise the living standards of the farming community and to provide incentives to the pursuit of agricultural diversification as declared in the Plan. But throughout the Plan period peasant farmers on the whole suffered the traditional vicissitudes of farm life and their numerous problems of survival (confirmed by the Report of the Land Use Study Team, 1970) really meant that the declared objective of the First Plan to raise the national standard of living did not materialise.

With regard to industrial development, the Plan envisaged a rapid growth in the private manufacturing sector and considered it feasible that industrial output would double within ten years. However, during the Plan years, manufacturing, excluding electricity supply by the public sector, grew at a yearly average of 5.4%. Total manufacturing output, however, which represented 13.0% of GDP in 1965, declined to 12.1% in 1970 and made only a slight improvement to attain 12.4% of GDP in 1971. As mentioned earlier, private fixed investment declined during the Plan period by 2.8% annually. This decline in investment seemed to have affected industry more than agriculture, because foreign private investors were basically concerned with industrial projects.

As in the case of agriculture, industry was restrained by Guyana's membership of CARIFTA. Free trading in CARIFTA preceded essential agreements on the harmonisation of fiscal incentives, financial and monetary policies. There was need to set up a Regional Machinery which could rationalise the establishment of industrial undertakings in a market, comprising about 5 million people, which is too small to sustain even one of certain large scale industries.[6] Member territories excluding Guyana, competed in offering fiscal concessions to attract foreign investors, and since income tax and particularly corporate tax in Guyana were the highest in the Caribbean, this meant that Guyana lost many prospective investors to other CARIFTA member countries.

The CARIFTA treaty provided for Area treatment of commodities which could be regarded as products originating from CARIFTA enterprises. The provision sought to qualify,'for Area free trade, any commodity which acquired additional input value in CARIFTA, not less than 50% of the F.O.B. price. Furthermore, there was no Common External Tariff set up around the Free Trade Area. These two features of CARIFTA operated against the interest of the manufacturing sector in Guyana. There was no effective machinery for determining the value added content of commodities which gained Area treatment. This made it possible for multinational corporations to set up branch firms, in certain member countries of CARIFTA, capable of manipulating the prices of industrial inputs from parent firms in Third Countries in order to dominate trade in many commodities. Such practices were supported by liberal tax holidays which enable the expatriate firms to gain Area treatment for their products without raising wage rates where they operated.

The absence of a common external tariff tended to encourage exports from Third Countries to flow over the lower tariff walls of CARIFTA and force less competitive domestic producers to seek marketing outlets in other CARIFTA Countries. With exception to the manufacture of garment and pharmaceuticals nearly all of Guyana's manufacturing enterprises catered exclusively for the domestic market and were unable to operate at full capacity.

In the earlier years of the Plan period, Guyana's industrial policy did not accommodate any type of assembly or foot-loose industries which merely sought to utilise cheap labour. However, such industries flourished particularly in Jamaica, Barbados and Trinidad. They competed successfully against Third Countries for the Guyanese market and in time, new skills were disseminated in the host countries of CARIFTA. Guyana's policy relating to foot-loose industries did not serve to absorb unemployment or to promote industrial discipline in an economy which needed so much to compensate for the very liberal concessions offered by its CARIFTA counterparts and which comparatively depopularised what concessions Guyana was then offering to Transnational Corporations in order to attract investments.

With regard to the implementation machinery for industrial development, the Guyana Development Corporation was assigned the role of undertaking, facilitating and stimulating industrial development in both the Private and Public Sectors. It was also made responsible for pioneering certain commercial enterprises in agriculture. The Corporation was run by a Board of Directors and a General Manager and they were assigned a staff of senior personnel comprising :

two Economists, one Finance Officer, one Agronomist, one Tourist Officer, one Marketing Officer, one Industrial Engineer, and one Accountant.

The Economists were required to provide feasibility studies relating to the granting of concessions to industry. They were also required to carry out studies on the economic problems of tourism and marketing and the financing of worthwhile projects by public funds. Obviously, such tasks were too much for two Economists. Alternatively, the Corporation was inadequately staffed for the proper execution of any of its functions.

By 1969, the rate of establishment of enterprises in relation to the number of prospective investors to whom industrial concessions were offered was just 50%. The low rate of response to concessions granted, indicated that such concessions were not appropriate to the needs of the projects. Accordingly, the Corporation complained that potential investors were wary of taking up concessions granted because of fear of adverse competition from Jamaica, Trinidad and Barbados; Guyana's counterparts in CARIFTA.[7]

With regard to the Corporation's agricultural functions, these could not be justified on either economic or administrative grounds. The Corporation with its lone Agronomist had to rely on the Ministry of Agriculture for many technical services for its projects, while at the same time the Ministry of Agriculture declared that its own projects were constrained by a shortage of technical and scientific personnel. The result was that the Corporation was unable to establish any new crop on a commercial basis.

The development of tourism was also assigned to the Guyana Development Corporation. The Corporation sought to encourage the building of hotels, restaurants and other tourist facilities by granting incentives to private investors, but was never able to establish any tangible links with the international stream of tourists and the Travel Agents in Guyana. In fact, the Tourist Bureau's function was confined to advertising unidentified tourist attractions. It never collaborated with the Travel Agents who were involved with the migration of tourists.

Also, it should be pointed out that Ministerial control of tourism resided in the Ministry of Trade but the tourist bureau was answerable to the Corporation as well as to the Ministry of Trade for policy formulation. In fact the Corporation's direction of the Bureau was more apparent than real. This was a case of undivided responsibility which afforded no clearly defined policy on tourism. The functions of the Tourist Bureau was nebulous and the needs of tourism remained unidentified throughout the Plan period.

In the pursuit of its marketing functions the Corporation failed to negotiate external markets for its industrial clients. It was not adequately staffed for this purpose and could not offer guidance to pioneering industrialists who were unable to forge new links with foreign importers.

From its inception the Corporation tended to expand horizontally but consistently failed to increase the size of its professional staff with its increasing functions. As such, it attained no great heights in promoting industrial development. The failure of the Corporation to attract the desired amount of investment was due not only to structural defects, but also to inappropriate policies in the context of CARIFTA.[8]

The important point, however, is that non-implementation of planned industrial development during the First Plan period is largely attributable to the malfunctioning of the main machinery which was made responsible for "stimulating, facilitating and undertaking industrial development."

The other features of non-implementation of the First Plan, may be attributed to the failure of the Plan to provide any machinery for ensuring the implementation of rural development projects. Guyana has inherited, from Colonial times, a system of administration with clearly defined administrative districts. In each district there was placed a Chief Administrator known as the District Commissioner and who was the indirect representative of the Crown. The Governor of the Colony was the direct representative. The District Commissioner's Office was staffed with officials in order to supervise Local Government Authorities and all other public offices and officials located in the administrative district. The staff comprised general administrators of the Central Civil Service who held the rank of Assistant Secretaries and who were Assistant District Commissioners; Administrative Assistants; Accounting Officers; Inspectors of Weights and Measures; Revenue Collectors and a supporting clerical staff. Responsibility for the Country's Local Government administration was assigned to a Local Government Board. In each administrative district, the District Commissioner also represented the Local Government Board in his control of several Village and District Councils.

Cedric Grant wrote, as late as 1965 that:

> One of the prominent features of the District Commissioner system in British Guiana (Guyana) is the close control over local authorities exercised by the District Commissioner on behalf of the Local Government Board. The District Commissioner's statutory powers are not limited to general supervision. They include scrutiny, correction and approval of virtually all decisions made by local authorities. This is particularly striking in regard to finance . . . The close control prevents the exercise of local judgement almost completely.[9]

However, Grant conceded that Village Councils were too poor to carry out large scale loan-aided projects; their Overseers, the most senior officers, received salaries comparable to those of messengers of the central government services since the Councils could demand only the most humble educational qualifications.

With the growth of the functions of Government, an increasing number of Senior Civil Servants were posted to the administrative districts in order to directly control the branch offices of their respective Ministries. These officers included District Supervisors of Agriculture, Public Works, Geological Surveys, Education, Drainage and Irrigation, Land Settlement Schemes, Co-operative Organisations and Community Development. Many of the new District Supervisors were directly controlled in their district functions by their respective Head of Department stationed in Georgetown.

This development meant that the District Commissioner became increasingly unable to co-ordinate the functions of other District Officers and to direct their services to the needs of the Village and District Councils. In October 1969, a Seminar on Integrated Rural Development organised by ECLA noted that there were special problems of public administration in the Caribbean countries which militated against the formulation and implementation of integrated rural development plans. The Seminar declared that:

> the importance of co-ordination in an integrated rural development effort and team work by the officials of various ministries and/or departments hardly required any elaboration. Both at the ministerial and at the operational levels, arrangements for co-ordination between ministries engaged in various sectors for regional development might be strengthened and streamlined. Inter-ministerial and/or inter-agency co-ordination must be built into the programme of development . . . with a view to ensuring prompt and speedy execution of approved projects, some machinery should be established on a national and/or ministerial basis.[10]

Such constraints on integrated rural development were becoming increasingly evident in Guyana where the functions of the District Commissioner declined and his effective control of the administrative district was more or less confined to Local Government authorities. He was no longer an effective representative of the Head of State but merely a district officer of the Ministry of Local Government. Also, he no longer provided any meaningful forum where the mass of rural citizens could air their complaints against alleged mal-administration and seek redress for the misdoings of public officials in his district.

With the introduction of Local Government reforms during the later years of the Plan period, the District Commissioner no longer supervised even the affairs of Local Government Authorities. He was made a mere adviser to the newly created Town and District Councils which were elected by party organisation and which tended to function largely on partisan lines.

In March 1971, a Caribbean Regional Seminar on Central Services to Local Authorities pointed out that Local Authorities in the Caribbean were only marginally involved in planning and development. The Seminar recommended a partnership system of administration in which central government agencies would render several direct services and others would be carried out autonomously by Local Authorities (pursuant to statutory powers). It was also recommended that they should carry out other services on behalf of or under the technical supervision of Central Government Ministries. The Seminar emphasised that such partnership operations needed co-ordination especially at the urban and regional levels.[11]

In Guyana, the need for co-ordinating development administration had already been conceived of by the Central Government Regional Officers, but it appeared as though Civil Servants, in general, were the victims of frustration throughout the years of the First Plan. They strove unsuccessfully during those years to obtain higher salaries similar to those enjoyed by their counterparts in the Private Sector and Public Corporations. Many Civil Servants allocated low priority to the planning requirements. For example, several Ministries declared that as a result of inadequate staffing they were unable to provide quarterly progress reports on projects to the Central Planning Unit. There was no reliable communication system maintained to keep the Central Planning Unit aware of the progress of rural development programmes.

By divesting the District Commissioner of his age old functions of co-ordinating and integrating the efforts of public officials in the rural areas and in the absence of any compensatory administrative machinery being introduced, there was removed a vital link from the process of Central Government policy making and implementation. Remote control effected by Sectoral Ministries from their headquarters in Georgetown tended to disintegrate the community efforts organised by public agencies and private interest-groups in the traditionally unified regions of the Country. These changes adversely affected the system of National Plan formulation and implementation.[12]

The political parties were not able to dispassionately appreciate the role of the District Commissioner who for many decades has been a native of Guyana. They conceived the post of District Commissioner as the last vestige of Colonialism which denied political freedom to the rural masses. These distorted subjective notions provided the sanction for the diminution of the functions of the District Commissioner but gave no indication of the need to introduce an administrator who could more effectively direct regional planning within the frame-work of National Development Plans. The dismantling of the traditional system of Regional Administration run by District Commissioners produced many major defects in the process of national plan formulation and implementation throughout the First Plan period.

Firstly, the regional offices of the District Commissioner provided a valuable training ground for general administrators, (in the Sectoral Ministries) who assisted the Political Heads in the formulation of policies for their respective ministries. The abolition of this type of training deprived the senior administrators of knowledge of the latent as well as the articulated economic social and political demands of the rural inhabitants. Hence, ministerial policies formulated in Georgetown, the seat of Central Government, became increasingly the products of party political ideals and misconceptions rather than being the assembled inputs of the urgent socio-economic needs of the rural communities. The new process of administration facilitated the emergence of an overly bureaucratic system of national planning from top to bottom (as opposed to planning from below) and which failed to enlist the support of the mass of rural citizens who were sharply divided on political lines since the mid-nineteen fifties.

The other results of the dismantling of the traditional system of Regional Administration articulated the need for regional planning and co-ordination. To give a brief exemplification, it may be said that the immediate administrative development included the tendency of various district offices to operate in water-tight compartments. For example, the Land Use Study Team Report 1970, stated that there were no systemic relationships existing between the agencies which were responsible for regional development programmes. Thus, in the agricultural sector it was found that neither the Administrator of Government Land

Settlement projects, nor the District Commissioner involved in a given development area, could ensure timely or adequate action by the Drainage and Irrigation Authorities in a situation requiring prompt attention. Where the Guyana Rice Corporation operated a pool of harvesters, tractors and other agricultural machines, no consultation with the Land Settlement Office in the area was done relating to the establishing of feasible priorities for timely harvesting or ploughing the tenants' holdings. The Ministry of Agriculture was unable to control the cropping pattern so as to utilise the drainage and irrigation system of a given region. Completed projects, whether they were drainage or irrigation systems, co-operative farms or factories, or other government-aided enterprises, were not made subject to continuous research into their functioning so as to eliminate constraints and facilitate sustained efficiency.

Since there was no formal machinery set up to ensure public accountability, in cases of alleged neglect or incompetence on the part of public agencies operating in the developing areas, the Local Government Councillors behaved with obvious partiality; public works were programmed so as to afford priority to fulfilling the demands of close associates. Councillors held meetings irregularly and such meetings were often prematurely ended as a result of improper acts by political combatants. Local Authority revenues declined to unprecedented levels, neither Councillors nor ordinary residents continued the traditional diligence in paying Local Authority rates and taxes.

Where new housing estates were set up, the private investors were able to flout the public health regulations relating to the provision of basic amenities. Relationships between Local Government Councils and the Central Housing and Planning Authority became non-cooperative; construction design submitted by Local Councils for final approval to the Central Housing Authority were too often rejected and housing estates built with the permission of the Central Housing Authority were in turn denied the services provided by the Local Councils. The residents in some regions complained against a system of land allocation in Government Land Settlement projects which did not afford the communities suitable land for building schools and recreational centres. The absence of schools in some new development areas seems to have increased the number of absentee tenants and resulted in a decline of farm output. In other regions, private plantations operated outside of Local Government control and where the system of water control was common to such areas, the absence of unified supervision increased the hazards of public health as well as the economic life of the farming community.

Much voluntary self-help work organised by the Community Development Department was dissipated because of the failure of the District Officers of that Department to seek co-operation with other public agencies. Thus several community farms established without technical advice from District Agricultural Officers failed owing to inappropriate use of soils. At least one airstrip constructed in the hinterland by voluntary community efforts was condemned by the Civil Aviation Department on grounds of safety. Several buildings constructed with the aid of community volunteers to house secondary schools, community recreational and marketing centres, depreciated before they could bc taken over by the proper authorities concerned. Furthermore, not many District Community Development Officers sought to foster harmonious relations with Rural District Councils, most tended to establish alliances with only sectors of the Council, and in effect aided such Councils to function on partisan lines and to militate against the declaration of the First Plan which assigned to the Community Development Deparment the role of promoting social cohesion.

It is clear from the foregoing, that the machinery for regional development was dysfunctional and it contributed to the decline of community welfare during the First Plan period. Commitment to the implementation of the Development Plan by the mass of rural inhabitants **was conspicuously absent.** Even farmer's meetings convened by Agricultural Extension Officers to propagate new production techniques were often boycotted by the political opponents of the party in power.

Another important factor which impeded the implementation of the First Plan resided in the functions of the apex of the formulation/implementation machinery. Final decisions on major policies are usually made by the Cabinet of Government Ministries. During the Plan period a sub-committee of Cabinet was created to deal with economic affairs. Its functions included allocating annual capital expenditure and treating problems of economic administration as a continuous function of managing the national economy. The Cabinet sub-committee on economic affairs had for its chairman a Senior Minister, the Deputy Prime Minister. Its permanent membership comprised Ministers and Permanent Secretaries responsible for economic ministries, namely, Trade, Forestry, Finance, Agriculture and Public Works; the Governor of the Bank of Guyana; Government Technical Advisers; and representatives of the Central Planning Unit of the Ministry of Economic Development. The subcommittee met at least once weekly. The programming of meetings was done by the Ministry of Economic Development to whom all economic matters had to be submitted for processing and transmission to the Cabinet Sub-Committee on Economic Affairs. Approval by the Sub-Committee was generally endorsed by the full Cabinet of Ministers.

This was obviously an ideal frame-work for co-ordinating Sectoral Programmes and Policies at the ministerial level. As seen earlier, such machinery did not exist for co-ordinating activities at the regional or district level.

However, a machinery is only efficient as its constituent parts, Ministers who were not technocrats had to depend on their advisers. But very often their chief advisers were Permanent Secretaries, who like their British counterparts, were originally recruited to be trained as 'generalists'.

Hence, the arrangements did not ensure that decisions were based on sound economic criteria. At any rate, to be effectual, decisions on major issues should gain political commitment. If the Ministers are somehow keenly committed to certain actions which do not confirm to sound economic or social investment, intense economic and/or technical arguments tend to become necessary in order to modify such pursuits. But successful arguments in such cases, however directed by appropriate techniques of persuasion, constitute no guarantee of optimal working relations between dispassionate Civil Servants and disappointed Ministers. It follows that when Civil Servants are confronted by certain demands by Ministers the tendency is to justify those demands on mere academic grounds. Such procedures though judicious tend to remove from certain decisions, especially those relating to annual and supplementary budgets, their corrective features needed to direct the economy through the planned path of economic progress.

It should be pointed out, too, that throughout the Plan period the Public Sector operated with an appreciable shortage of key personnel. An Establishment Enquiry Survey of June, 1969, reported that there were 16 vacant posts of professional and technical officers in the Department of Town and Country Planning, 122 in the Department of Geological Surveys and Mines, 27 in the Department of Forestry, 24 in the Research Divisions of the Ministry of Agriculture and among the more important Departments of Government directly involved with the Plan implementation. The assessment of the results of the Plan period shows that the sectors whose performance were relatively poor operated with a greater shortage of professional and technical employees.

With regard to the Central Planning Unit which functioned as the main organ in the machinery of National Economic Planning, it was expected at all times to provide competent advice for correcting adverse trends in the various sectors of the economy, But throughout the Plan period it never assumed such an influential role in economic affairs; it offered no sustained direction in trade, industrial, agricultural, monetary, fiscal or financial matters. Its functions were largely concentrated on annual capital budgeting, processing applications for supplementary finance for urgent capital works and participating in inter-ministerial research studies. The Unit was inadeqtately staffed, it retained only six posts of Economists and three Research Assistants. By 1971, the average length of service of an Economist in the Central Planning Unit was a mere five months and only one Economist remained in the Unit throughout the Plan period.

Whatever has been the cause, the high frequency of change denied the Unit of experienced Economists needed to influence important economic decision-making. Hence sectoral agencies were able to introduce changes which often failed to recognise the adverse effects produced on other sectors of the economy. The more notable economic decisions which militated against the implementation of the First Plan included the acceptance of the terms on which the Country joined CARIFTA, and the reduction of the price of rice at the crucial moment when the Agricultural Sector needed effective stimulus to absorb the growing number of unemployed. Furthermore, there was devaluation of the Guyana currency twice during the Plan period. The first devaluation in 1967 resulted in a substantial decline in the Country's income terms of trade as recorded in available trade indices for the years, 1965-1969. Accordingly, Guyana imported a relatively smaller volume of goods and services at a relatively higher value and exported a relatively higher volume of goods at a relatively lower value. The second devaluation in 1971 produced similar results for the economy.[13] The balance of merchandise trade declined from G$23.3m in 1971 to minus $84.4m in 1973. The loss of trade earnings during 1972 to 1973, resulting from the devaluation in the last month of the Plan period was economically unjustifiable. As in the previous case devaluation made imports more costly to Guyanese who needed more imports to sustain growth both in the agricultural and industrial sectors.

Exports were made less rewarding in an economy which needed structural changes. There was no evident unused capacity in the economy to benefit from economies of large scale production. Devaluation could not create improvement mechanisms in the exporting sectors. In Guyana's case, economic expansion depended not on price manipulation but rather on structural changes in the economic system. Thus in order to increase bauxite output, new kilns, mining, washing and crushing equipment were required because the industry was operating at full capacity. Also Sugar production needed major reoganisation; where factory capacity existed land to grow sugar cane was non-existent and vice-versa. Timber exports have always been constrained by inadequate logging and shipping facilities and rice development required improved drainage and irrigation systems in order to accommodate the new high yielding varieties introduced.

Furthermore, the exploitation of natural resources which like bauxite and kaolin are inexhaustible and timber which stands on 80% of Guyana's land area, needed for rapid expansion, capital investment beyond the Country's resources. Economic policies have been unsuccessful in attracting foreign resources needed to construct planned hydro-power and deep-water harbour facilities as well as industrial plants to transform local resources into producers' and consumers' goods and to reduce transport cost of exports.[14]

As seen in appendix, the Country's income terms of trade tended to decline continuously. This resulted from devaluing the domestic currency in 1967 and 1971. Devaluation in both cases was affected in the face of chronic disequilibria and despite exports from two of the main sectors, rice and sugar, these were based on contractural prices.[15] The exports from the third main sector, bauxite, were valued in U.S. dollars since Guyana has been a price-taker for the dominant share of its bauxite sales.

Certain institutional changes, however, provided greater social services to the mass of people. Such changes included expansion of the health services, free secondary education, vocational training and accelerated University training facilities. By the end of the 1970s it was evident that there was a declining quality in these services. Management of the public services was also handicapped by an inadequate supply of the required skills.

Throughout the Plan period the shortage of housing units grew on average by 22.4%, yearly. The planners, in 1965, had calculated the number of additional houses needed by the growing population but decided to fulfil only minimal needs and to provide incentives to encourage private investment in housing. Such incentives have distinctly failed.

Hope and David, in concluding their analyses of the 1966-72 Plan, declared that :

> In essence the Plan was primarily one for the public sector. It simply showed how the Government planned to spend funds, over a seven-year period. The macro-economic growth targets of the Plan were not too optimistic, especially in view of the limited possibilities for export growth. The Plan was illogically structured. It attempted to be internally consistent and failed. The illogical structure of the Plan, its ambiguity in terms of stated objectives and to a certain extent, the existence of new development parameters influenced the Guyana Government to abandon the Plan during the 1970-71 period.[16]

It is however difficult to agree with many of the above pronouncements largely because the article gives no evidence of its claims. The Plan was indeed a public sector plan in as much as there was no collaboration with the private sector in formulating investment and production targets. The macro-economic targets were not at all too optimistic. For example, while the Plan aimed at achieving a rate of National Income of 5-6 per cent, by 1969 when the Plan was revised it had achieved an average rate of growth of 6.80 per cent, per annum. It should be noted that the revised Plan increased public fixed investment by 26.2%, yearly, but the annual growth rate of National Income increased by only 0.2 per cent by 1971.

The abandonment of the Plan did not result from its ambiguity in terms of stated objectives. Inarticulate declarations of socio-political objectives were the result of the expedient and thus tenuous coalition between the Nationalist (PNC) and Capitalist (UF) parties which formed the Government. The major reason for the coalition was the ousting of the Marxist PPP from power in 1964. The abandonment of the Plan in 1971 was intended to give effect to Government's new policy of majority equity participation in certain industrial enterprises and to deal with the persistent high rate of unemployment of over 20%. In fact the abandonment of the First Plan, 1966-72, began with its revision at the end of 1969. The official declaration was stated thus :

> The 1966-72 Development Programme has been revised to reflect the changed emphasis in policy since 1965 when the original Programme was drafted. This changed emphasis has become necessary for a variety of reasons . . .[17]

In February 1970, the Government of Guyana modified its Constitution and declared Guyana a Co-operative Republic. It sought since 1969, to transform the economy into one organised on principles of Co-operative Socialism. The ultimate aim declared is to enable the Co-operative Sector to become the dominant sector of the economy.

The implementation of this policy began with the Government setting up the National Co-operative Bank with little equity participation by the Co-operative Sector which is expected to ultimately acquire complete ownership and control of the Bank. Since then the Demerara Bauxite Company was nationalised in 1971. Private Sector transport services in certain regions were replaced with the introduction of Government transport services which were organised on similar aims and principles to those pertaining to the National Cooperative Bank.

Subsequent developments after the 1968 general election when the Coalition was replaced by the PNC party alone in power, were the results of clear policies. However, the private sector was too alarmed to retain its rate of investment. Private fixed investment fell from G$57.8m in 1970 to G$36.8m in 1971, which meant a decline of 36.3% in the initial year of change.

Hope and David have failed to examine the effects of the changed policies of the Plan and the functional effectiveness of the machinery for plan implementation. It follows that their study points to only few of the important aspects of the failure of the 1966-72 Plan. More importantly they have been unable to identify the various crucial factors which militated against successful plan implementation.

A more critical account of economic planning in Guyana is afforded by J. E. Greene.[18] However, he is moreso specially concerned with "the Politics of Economic Planning in Guyana."

Greene sought to treat what may be considered the crucial factors in Guyanese social and economic development. As he pointed out:

> Impediments to the attainment of a new mobilisation system in Guyana are reflected not only in the leadership corps but also in the nature of racial politics, the system of patronage and the whole process of political socialisation.

He describes, however, what is generally conceded by the masses in Guyana:

> It was said, for example, that Jagan discriminated against the urban workers (mostly Africans) in favour of farmers (mostly Indians). In Jagan's Development Plan, 1956-60, almost 50 per cent of the development funds were allocated to Agriculture, 15 per cent for urban housing and 2 per cent for industrial development. In Jagan's 1960-64 Plan, a similar distribution was made except that allocations to agriculture were 5 per cent higher than the 1956-60 Plan, while allocation to urban housing had declined. In Burnham's 1966-72 Development Plan all was altered. Capital spending on agriculture including sea defences and new land development was estimated at 16 per cent of development expenditure, while improvement on communications was 40 per cent and other public works 22 per cent. The crucial factor in terms of patronage is the shift in the proportion of Government expenditure away from the Indian farmer into the pockets of the African wage earner."

Greene's claims of political patronage in Guyana since 1956, during the rule of the Marxist led Government under Jagan and since 1964 under the coalition Government of Burnham and D'Aguiar are not scientifically verifiable. Like his other Guyanese colleagues, Hope and David, Greene has been appreciably more concerned with the literature relating to plan documentation than with the process of plan implementation or with any functional diagnosis of the Plan. Thus Greene's claims may be refuted on the basis that in the development process of the 1950's and 1960's agricultural exports were most feasible and provided immediate employment opportunities. Rice, bauxite and sugar comprised 75% of Guyana's export for several decades.

During Jagan's rule there was ready market for rice and timber in Cuba. The Government Rice Marketing Board earned increasing revenue for the state. There was no bar to the African population in Guyana against moving into the expanding rice sub-sector, but traditionally not many Afro-Guyanese have exhibited any great aptitude to become successful rice farmers. The African farmers advocated a diversification of agriculture to produce more of root crops, pulses, fruit and other vegetable. To produce such a type of agriculture on a sound commercial basis it was necessary to expend a considerable period of time on investigating soils and identifying suitable varieties of plants for propagation.

Sugar cane production was increased by peasant-cane farming. The Afro-Guyanese took favourably to this because the established sugar plantations afforded peasants mechanised methods of sowing and harvesting and credit facilities based on the title deeds of the land. However, not many Afro-Guyanese benefitted because most of the lands they held were owned by family groups and the individuals in such groups were unable to offer in business a lien on his holding as a collateral because he generally had no title deed of ownership.

It means, so far, that Jagan's pursuit of agriculture and the relatively great benefit to Indian farmers could be seen as a logical sequence of development coincidentally benefitting the bulk of his Indian supporters.

Similarly, Burnham's led coalition Government came at the phase of economic progress when development of agriculture as well as industry needed greater infrastructural facilities.

Also it should be stated that the PNC/UF coalition in coming to power after ousting the PPP from office, embraced/proposed the Puerto Rican model as their development alternative. The Government, which then included several capitalists as economic ministers, was able to raise loans and secure unreciprocal aid from Western Countries. Independence came in 1966 and the Country was then free to conduct external affairs. Guyana with only internal Self-Government under the Marxist Jagan, could not obtain external loans without the British Government's approval, hence industrial development by external aid was minimal.

Burnham's Government was able to extend on construction of roads, expansion of electricity supply and sea defences and completion of certain public works which began during Jagan's rule such as wharfs and other public buildings including those for the Bank of Guyana and the University of Guyana. Housing construction was largely carried on by the Commonwealth Development Corporation in suburban areas where infrastructural facilities existed.

During Burnham's Plan period, 1966-71, 28% of public capital expenditure went on Land Development and Sea and River Defences, and 28% on

Transport and Communications. This meant that 56% public expenditure was done on infrastructural facilities which benefitted both agriculture and industry indistinguishably and as such continued a logical sequence in the process of economic development.

It is clear that the pattern of public expenditure pursued by both Jagan and Burnham coincidentally rewarded the skills and aptitudes of the followers of both national political leaders in a logical sequence of economic development. Nevertheless, these factors have been exploited at the political hustings and have facilitated a disintegration of the Guyanese society on ethnic and political lines. Moreover, the Jagan Marxist-led political party rejected the results of the 1968 general election and resorted to controlling trade unions and concentrated its efforts on mobilising its supports to effect passive resistance to Government's declared development policies as a means of refuting its legitimacy.

Nevertheless, Greene makes a suggestion which underlines the most powerful constraint on Guyana's economic, social and political development. "The primary need is to create a mobilization system with effective economic and political participation, and **legitimate political authority.**"

Implementation of the First Plan was not achieved because the policies pursued could not gain adequate collaboration between the public and private sectors; the machinery for plan implementation was partly non-existent and dysfunctional; and the economic and political systems assumed competitive instead of complementary roles. The results were declining private investment; increasing public investment and expansion of the public sector; absolute decline in rice production, the main peasant activity : stagnant unemployment[10] associated with an alarming rate of increase in praedial larcency, especially in the rural areas of the Country. The loss of farm income fell heaviest on the small vegetable and livestock farmers. The political strife between the government and opposition political parties in parliament prevailed throughout the Plan period.

In short, failure of Guyana's First Development Plan resulted from inadequate co-operation between public and private sectors, concerted political opposition, inappropriate economic policies and dsyfunctional administrative systems.

NOTES

1. **British Guiana Development Programme, 1966-1972.** Georgetown, Govt. Printery, Chapter 11 p. 11.
2. Derived from O. J. Francis **Survey of Manpower Requirement and the Labour Force.** Georgetown, Ministry of Labour. See also **Guyana Development Programme 1972-1976.** Georgetown, Govt. Printery (n.d.) p. 53.
3. **British Guiana Development Programme 1966-1972.** op cit p. 138.
4. **See Economic Survey of Guyana.** Georgetown, Statistical Bureau, Guyana.

1968, pp. 17-21.

5. S. S. Naraine, L. J. A. Brotherson, et al **Report of Land Use Study Team.** Georgetown, Vol. 111 Study Activities 1970, University of Guyana. pp.73-77.
6. See UNIDO. Final Report on the Industrial Development Mission to CARIFTA Countries. UNIDO, Vienna, 1969.
7. Ibid p. 12.
8. L. J. A. Brotherson. **Report on Structural Functional Appraisal of the Guyana Development Corporation.** Georgetown, Central Planning Unit, Ministry of Economic Development, Guyana, 1969.
9. C. H. Grant. "The District Commissioner System." **Journal of Commonwealth Political Studies.** Leichester. Vol. 3, 1965, pp. 32-49.
10. UN/ECLA. Report on Caribbean Regional Workshop on Integrated Rural Development, Mona, Jamaica, 1969, p. 36.
11. UN/ECLA. Report by Caribbean Regional Seminar on Central Services to Local Authorities, 1971, Chp IV.
12. **Report by Land Use Study Team,** op cit, pp. 59-68.
13. For a More Comprehensive Treatment of the Devaluation Issue, See L. J. A. Brotherson, **An Appraisal of the Success and Prospects of Development Planning in Guyana 1966-1976.** M. Phil Thesis, Edinburgh University Library, 1975, pp. 81-100.
14. For a Sectoral Analysis of the Performance of the First Plan. See Ibid Chapter III, pp. 47-106.
15. Ibid, pp. 50-54.
16. See "Planning for Development in Guyana, The Experience from 1945-1973." **Inter-American Economic Affairs.** Vol. 27 No. 4, pp. 27-46.
17. Third Aid Donors Conference, Capital Expenditure for 1970, A.D.C. 3/1969/V. Georgetown, September 1969, p. 1.
18. See J. E. Greene, "The Politics of Economic Planning in Guyana." **Social and Economic Studies.** Kingston, Vol. 23, 1974, pp. 186-203.
19. See UNDP Background Paper 1972-1976. Georgetown, UNDP Office, p. 53.