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A. INTRODUCTION

Comrade Speaker,

The partisans of the old International Economic Order had regarded the convulsions that had thrown the world system into confusion and disarray during the 1970s as aberrant and transient phenomena. These developments were not consistent with settled doctrine, contradicted conventional wisdom and did not accord with the orthodox thesis that continuous growth and prosperity of the industrialised economies were an inevitable and irreversible process. They brought into question not merely the adequacy of the arrangements that had regulated international economic relations since Bretton Woods, but also the validity of their underlying assumptions. Admittedly, the system was malfunctioning; and the syndrome of inflation without growth,

high interest rates, fluctuating exchange rates and massive unemployment pointed to a systemic disorder. But its defenders conceded no structural weakness: the system was basically sound, self-regulating and self-adjusting, and would automatically purge itself of any anomalies and correct any malfunctionings that might accidentally appear. Comforted by these doctrinal certainties, forecasters were convinced that the abnormal conditions could not outlast the 1970s and would right themselves by the end of the decade.

These early years of the 1980s have not fulfilled the confident expectation that they would have restored to the world system the stability of earlier years and renewed the process of growth and prosperity in the industrialised countries. Instead of getting better, the situation has worsened, and the dreaded word "depression" has begun to appear tentatively in the literature of economic forecasts. The symptoms that manifested themselves during the 1970s have persisted with a stubborn intensity. Indeed, the problem is rooted in the skewed and inequitable arrangements institutionalised in the world economic system and there is little likelihood of a solution without the fundamental

changes proposed by the developing countries as the basis of a New International Economic Order. It has become evident that the economic well-being of the developed countries can be sustained only on the basis of a parallel well-being of developing countries which provide the markets and source of raw materials for their manufactures.

In the meantime, as the world system becomes increasingly unmanageable, economic adversity has shown itself to be no respecter of ideology, social systems or geographical locality. It has afflicted capitalist and communist countries alike. It has exacted as severe a toll in Europe as in North America. It has ravaged the economies of developed and developing countries, and has been particularly brutal on the economies of non-oil developing countries. And it has brought to the brink of bankruptcy not only least developed countries but also many a middle-bracket country which was thought to be well on its way to industrialised status.

In spite of these grave economic problems or perhaps, indeed, because of them, the prospects for world peace have receded and the danger of armed confrontation between major power blocs has become a disturbing possibility. The word "détente", so fashionable among the statesmen of the great powers only a few years ago, has now been quietly deleted from the diplomatic lexicon. The "game of nations", cynical and cruel at all times, has degenerated to the simplicity of undisguised power-plays. Astronomical sums are now being spent to develop and deploy sophisticated weapons of mass destruction. Spheres of influence are being arrogantly claimed and demarcated; and the surrogates and proxies of the big powers are being armed with weapons which many of them cannot even operate or maintain.

In this climate of growing hostility, the developing countries have been the prime victims. The issues which affect their vital interests have been removed to the bottom of the agenda in world affairs. The North/South Dialogue, initiated to promote a New International Economic Order, has been reduced to a barely audible soliloquy.

The Cancun Summit has come and gone - and, with it, the hopes for early progress in the Global Round of Negotiations. In the meantime, the Old International Economic Order remains entrenched, chaotic and unreformed and the New International Economic Order no longer rates a passing mention in the media of the developed countries. The civil debates on the issues of peace, development and human survival, in which the developing countries had placed such high hopes, can now scarcely be heard above the harsh rhetoric of belligerence and bigotry.

Our own region of the Caribbean has become infected with the menace of the wider world. Indeed, never in history has the region been so unstable, so flammable and so threatened. And in this unhappy situation, Venezuela's continued economic aggression against us and her repeated violations of our airspace and territorial integrity, in her frenzied pursuit of a spurious claim to our land, have been a major factor in the unsettled and volatile condition of the region.

At the best of times, small countries, particularly non-oil developing countries, have the greatest difficulty in maintaining viable economies.

Thus, their main preoccupation has always been with development issues. But in the prevailing economic and geo-strategic realities, the problem of overriding immediacy for most of them is how to preserve independence and their territorial integrity and survive with dignity. The world has suddenly revealed itself to be a most dangerous place, especially for small countries.

It is against the background of these disquieting international and regional developments that I have the honour, Comrade Speaker, to present this eighteenth annual Budget of the People's National Congress Government.

B. BUDGET METHODOLOGY

The 1982 Budget reflects a further advance on the methodological innovations introduced in 1979 and continued since then. The changes are aimed at improving the presentation and quality of the data and other information contained in the Estimates. Thus, they will enable a ready understanding of the organisational structures of Ministries and make it easier to determine their capability to implement their programmes. They are also intended to ensure stricter financial control and facilitate the analyses that are necessary for monitoring, evaluating and planning.

The format of the Current Estimates has been completely recast. The line item or cost centre approach formerly used by Ministries in preparing their estimates has been abandoned; and, in its place, has been adopted a materials input format which enables us to identify more accurately the true employment cost of agencies, the number and categories of staff and the materials, supplies and services inputs required to carry out the Ministries' programmes. The revised format permits a more coherent presentation of the Estimates.

This new format was conceptualised and designed after intensive preliminary work. It was based on a management appraisal which the Public Service Ministry undertook in 1981 to assess the consistency between Ministries' programmes and their Mission Statements and, within this context, to evaluate their staffing and financial requirements. On the basis of the appraisal report, Ministries for the purposes of the 1982 Budget submitted their annual work programme in a "logical framework" which set out their goals and objectives, the inputs needed to achieve them, the outputs or specific results to be achieved by the programmes, and the mechanisms by which the results could be verified. The

State Planning Secretariat analysed these programmes to establish that they were practicable and relevant within the ambit of the Ministries' Missions, the organisational structure proposed by the Public Service Ministry and the financing requested for their implementation. The Secretariat then compiled an overview and critique in a booklet entitled "Review of 1981 Targets and Summary and Review of the 1982 Targets for Ministries and Government Departments". This document was circulated to all Ministers, Permanent Secretaries, Regional Chairmen and Regional Executive Officers for their information, criticisms, suggestions and guidance.

Furthermore, in keeping with the mandate of the Constitution which confers a right and a duty on the people to manage and develop their regions, the Estimates have been regionalised, and financial allocations (both current and capital) have been made direct to the Regions to enable them to discharge their responsibilities.

It was on the basis of these appraisals and analyses and the evolutions in the political organisation of the State that the format of the current estimates was redesigned and the financial allocations made to Ministries. It should be noted, therefore, that any stringency

that might appear to be inherent in the 1982 current allocations resulted not simply from a process of mechanical arithmetic, but from an overall management and systems approach to the preparation and structure of the Budget.

Inevitably, therefore, with the rationalisation of services, the elimination of unproductive activities and the removal of excess staff, Central Government expenditure has been trimmed considerably.

C. ECONOMIC PERFORMANCE IN 1981

(1) THE WORLD SITUATION

Comrade Speaker, our own cautious hopes for an upturn in the economies of the industrialised countries in 1981 were disappointed: the conditions remained bleak. Output stagnated again; inflation continued unchecked; interest rates fluctuated but remained at high levels; exchange rates moved unpredictably; and balance of payments deficits were still very large. The growth rate of the industrialised countries, as a group, declined by 0.2% to 1.2%, some of them recording negative growth.

The human side of these problems manifested itself in the persistence of widespread and massive unemployment. In OECD countries, the total number of unemployed workers soared from

21 million in 1980 to 27 million in 1981; and, in Western Europe, it increased from 9 million in 1979 to 13 million in 1981. These numbers, high though they appear to be, may still be an underestimate. For example, in the United Kingdom, official statistics reported unemployment at 3 million, the Manpower Services Commission at 4 million and the Trades Union Congress at 5 million. In the U.S.A., the number of unemployed was reported as 9.5 million (or 8.9% of the work force). The grimness of the situation may further be illustrated by the fact that in the U.S.A., there were 500,000 personal and some 17,000 corporate bankruptcies. At the end of 1981, in every one of the industrialised countries, the number of unemployed workers was significantly higher than it had been at the beginning of the year.

The global nature of the economic woes might be illustrated by the difficulties of the Soviet Union which announced a 30% shortfall in its grain harvest - the third bad grain harvest in a row. The Soviet trade deficit with Western countries exceeded US\$5.5 billion, which was double the 1980 deficit. Faced with a hard currency liquidity problem, Soviet trading corporations have been forced to ask Western and

Japanese companies to defer the collection of about JS\$ 1 billion in short-term debt.

These general economic problems were paralleled in the economies of Eastern European countries. The pressures on the economies of Comecon countries might be gauged from their rising indebtedness to Western countries and international financial institutions. Their net indebtedness rose from US\$70 billion in 1980 to US\$80 billion in 1981 and is estimated to reach US\$100 - US\$130 billion by 1985.

The recession in the industrialised countries is not a matter of mere academic interest to the developing countries. The state of the economies of the former had a profound effect in the economies of the latter. The objective reality is that the world economic system is interlinked and dependency relationships have been institutionalised over the years. The developing countries market their exports, mainly raw materials, in the developed countries. They also buy from them much of their manufactured goods and raw materials and other inputs for their own industries. In these circumstances, recession in the latter countries is bound to impact severely on the former. During 1981, the repercussions on the economies of non-oil

developing countries were particularly harsh. They were buffeted by the high oil prices, adverse terms of trade, high interest rates and shrinking demand for their exports. As a result, their balance of payments deficit on the current account which was US\$37 billion in 1979 leapt to \$84 billion in 1980 and \$100 billion last year. Their debt service payments which were US\$75 billion in 1980 amounted to almost US\$100 billion in 1981; and their debt service ratio continued its steady upward trend, climbing from 18% in 1980 to 21% in 1981. At the end of the year, their liquidity had deteriorated by 15% and their net foreign exchange reserves had become precariously low.

The continued stagnation of the world economy and the worsening situation of developing countries were disheartening features of 1981 and caused grave anxiety.

(2) THE GUYANA ECONOMY

(a) General Performance

To put it bluntly, the performance of our own economy in 1981 was disastrous. Physical output was unacceptably low and in consequence financial outturn disappointed. ↴

Undeniably, the interaction of many external or uncontrollable factors contributed to the poor result. Weather conditions were not always propitious; the lead-time for the delivery of spare parts and other essential imports was sometimes unduly protracted; and the terms of trade, one of the most serious and intractable problems, continued to move against us. Indeed, during 1981, the terms of trade declined by 10%: they have therefore deteriorated by 30% since 1976. The unreliability of electric power supply to manufacturers was also a great impediment to production.

But when all these things have been taken into account, they still constitute an insufficient reason for the poverty of our production volumes and the mediocrity of our standards. We, as a people, cannot evade a collective responsibility for a failure to manage our systems efficiently and to implement with a timely ruthlessness desirable

policies and programmes. With our existing plant capacity, our infrastructure and our skills, we were - and are - capable of doing much better.

Our economy still depends crucially on the three major sectors of sugar, bauxite and rice. We have therefore to examine the performance of these sectors to understand the extent by which our efforts fell short of what was desirable - and possible.

The Bauxite industry made strenuous efforts to overcome the technical and manpower problems that had been bedevilling it for some years now. These endeavours proved to be still inadequate, and production fell far below the targets. Moreover, the difficulties of the industry were aggravated by the reduced demand for some of its products and by a significant decline in its share in the world market for calcined bauxite. The Bauxite industry suffered a loss of nearly G\$100 Mn. in its operations during the year.

Although not reaching the original target, the Sugar Industry did reasonably well and improved on its 1980 performance. It was ironical that the benefits that ought to have accrued to the

industry from the increased effort were nullified by a sharp decline in the world price of sugar. Estimated at the beginning of the year at some £300 sterling per ton, the price of sugar plummeted, at times, to level below £150 sterling per ton. These and other setbacks, including losses from currency fluctuations, had such a serious effect upon earnings that the industry recorded a loss of G\$81 Mn. instead of its projected profit of G\$18.0 Mn.

The Rice industry during the first crop achieved about 79,000 tons out of its target of 83,000 tons. But the failure of the short dry season to materialise hampered land preparation for the second crop and resulted in decreased acreages being cultivated. In the end, the industry fell short of its original target of 217,000 tons by 54,000 tons or nearly 25%. However, there still continue to be too many shortcomings in the organisation of the industry. These include weak management, poor planning, inefficient machinery deployment and maintenance systems and ineffective procedures to prevent losses through carelessness or irregularities.

I will now compare the targeted levels of production and export earnings in the three major industries with the actual volumes and receipts.

Industry	Tonnes		Export Earnings	
	Target	Actual	Target G\$	Actual G\$
Sugar	315,000 (310,000)*	306,000 (311,700)*	402.0	300.0Mn
Bauxite				
(1) Dried Bauxite	919,000	637,000) 636.0) 428.0
(2) Chemical grade	400,000	333,000		
(3) Calcined Bauxite	735,000	513,000		
(4) Alumina	240,000	170,000		
(5) Other grades	25,000	27,000		
Rice	220,500 (217,000)*	165,600 (163,000)*	128.0	110.0

*Long tons

Other merchandise exports earned \$125Mn or 20% below the estimated receipts.

(b) The Bauxite Industry: Special Problems
Given the present structure of our economy, the Bauxite Industry is, and will continue to be for many years to come, the most crucial sector of our economy. A sustained high level of production, efficiency and export earnings in the industry is vital to our economic well-being and survival. In the present circumstances, the country cannot maintain viability if the industry's performance is indifferent - and the stark fact is that performance has been indifferent for the past three or four years.

There are, admittedly, managerial and technical problems afflicting the industry. The management has been addressing these with the energy and urgency that they deserve. But there are other severe problems confronting the industry of which we must all be aware, particularly those workers employed in the industry and those citizens whose livelihood depends indirectly upon the existence of the industry. It is important, therefore, that some time be devoted to an explanation and analysis of these matters.

Because of the recession in the world, the demand for aluminium has contracted sharply. The automobile industry, one of the largest users of the metal, is in a state of depression. Producer inventories are high (up 47% since 1980) and there is a marked increase on the recycling of aluminium scrap which, for example, now contributes about 20% of aluminium metallics supply in the U.S.A. as against 16% a few years ago. All of these factors have affected the demand for primary ingot and have depressed its price. The aluminium industry is said to be now experiencing the worse recession in its history. As a direct result, the demand for alumina has

shrunk severely. Several aluminium smelters have been shut down in many parts of the world, some of them permanently, and the bauxite majors have cut back production in the mining operations which they control in several parts of the world. In the process, thousands of workers have been re-trenched and their jobs made redundant.

Even when the other problems of the Guymine operations are solved and production levels are restored, the marketing of the product stream will not be as easy as it used to be. World demand is weak. As the recession deepens in the industrialised world, the forecasts are that the demand for bauxite products will decline further. This is inevitable. In fact, during last year and already in the course of this year, some of Guymine's customers have preferred to cancel their orders for product and pay a monetary penalty.

But the most serious problem facing the industry is the fact that it has lost its near monopoly of the supply of calcined bauxite to the world market. In large measure, is attributable to our own default. During the years 1977 to 1979, in particular, primarily because of low production, the Industry was unable to satisfy the market demand for calcined bauxite, and this circumstance

presented an opportunity for the entry of competitors into the refractory markets. First, China (whose refractory grade bauxite has some less desirable chemical and physical properties than ours) gained a foothold as users adjusted their technology to handle that material; and second, research was undertaken to use non-bauxite ores such as South African andalusite as a substitute for calcined bauxite. These materials have proved to be price competitive even though Guyana's calcined bauxite continues to be the technically preferred material, if it can be provided at a competitive price. Thus the challenge to the industry is to improve reliability of supply and cost efficiency.

In these circumstances, China has intervened actively in this market over the past two years and has become a fiercely competitive rival. Last year, for example, Chinese product was sold at a price of almost US\$50 per ton below Guymine's in a tender to supply calcined ore for the United States strategic stockpile. Guyana's share of the world market for calcined bauxite has now slipped from some 85% to about 57%. We need to ponder this fact soberly.

With a knowledge of these facts, we cannot therefore, in the circumstances, tolerate any complacency in the operations of the industry. Its very existence is at stake. It should now be clear to all that strikes, irregularities and all such negative activities which can impair the efficiency of Guymine's operations are luxuries that we just cannot afford. The industry needs to implement bold innovative strategies, even if they are painful, to ensure its viability and survival. These strategies could include more effective collaboration with agencies whose technological and management expertise could reinforce our own efforts to resuscitate the industry.

All workers involved in the industry must understand that their job security and their general self-interest demand of them an inflexible commitment to a high quality of performance. Low production, lack of cost-consciousness, casualness and general inefficiency are the surest ways to destroy the capacity of the industry to maintain its work force at present levels or, indeed, to sustain its operations at all. Both management and non-management workers must collaborate to create the work environment and conditions necessary to restore the production and efficiency standards we have achieved in former years.

(c) Industrial Relations Climate

The industrial relations climate during the past year deteriorated. The number of work-stoppages recorded increased from 333 in 1980 to 621 in 1981 - an increase of 288 or 86.5%. The number of man-days lost increased by 47,962 from 67,620 in 1980 and to 125,582 in 1981 - an increase of 70.4%. Wages lost as a result of these stoppages amounted to G\$2.55 Mn. - an increase of G\$1.3 Mn. or 108%. It is apposite to remark that 585 or 90% of the strikes in 1980 occurred in the sugar industry. These stoppages accounted for 1130 or 90% of the man-days lost and 89% of wages lost.

I wish to say that Sugar is an ailing industry. It lost G\$81Mn. last year. In a situation of low world prices, protected markets and strong competition from high fructose syrups, the position of the industry is precarious. Management and non-management workers must appreciate the importance of eschewing all behaviour patterns which will have an adverse effect on production and productivity of the industry. If the industry's viability is impaired, it will not be able to guarantee job security of its employees or to maintain existing levels of services and benefits to them and to the commun-

ities in which it carries on its operations. Government cannot carry deficit corporations indefinitely as a matter of course - and Guysuco is a deficit corporation. All workers in the industry need to reflect very carefully on its problems and prospects.

The right to strike is a basic right of all workers and is enshrined in and guaranteed by the Constitution. The Government is committed, as a matter of settled policy, to defending and upholding this inalienable right. However, we cannot at any time - and much less in these critical times - afford the luxury of wild-cat work stoppages, unnecessary strikes and other avoidable actions which can prevent the achievement of our production targets. Trade Unions and individual workers must understand that any action that retards production not merely prevents the creation of new jobs but destroys existing jobs. Strikes should be a weapon of last resort and its efficacy ought to be demonstrated by the rarity of its use. The times demand responsible and mature trade union leadership and highly disciplined work performance. So-called trade union militancy must transform itself into action designed to enhance job security, expand employment opportunities and ensure increasing material and social benefits to workers through steadily in-

creasing volumes of production and standards of efficiency. We are already tasting the bitter fruits of low production.

(d) Growth, Exports, Imports and Balance of Payments

In 1980, we managed to achieve a real growth of 2%. We then expected that the period of stagnation we had passed through had ended and that our country was once again on a growth path. However, our performance in 1981 did not justify that expectation. We did not improve on our 1980 achievements and, in fact, the economy declined marginally by about one half of one percent. It is paradoxical that while the economy failed to grow, real consumption increased by 5%. This growth in consumption was achieved by a significant increase in our imports. This was an act of improvidence which, as a nation, we could neither justify nor afford.

Merchandise exports earned G\$962 Mn., representing a shortfall of G\$354 Mn., or some 26% from the estimates. Merchandise imports amounted in value to G\$1,237 Mn., that is G\$178 Mn. or 10% below the targeted ceiling. In view of the large shortfall in export earnings, this value of imports was much too high. It is interesting to note that the value of our imports of goods and services

amounted to some 109% of our GNP in 1981 as against 90% in 1980. This illustrates the excessive openness of our economy and indicates an insufficient growth in investment calculated to achieve a greater internalising of our economy. Net payments for services amounted to G\$288 Mn.

The deficit on the current account of our balance of payments was not kept to the planned level of G\$314Mn. or 18.5% of GNP. It reached the alarming amount of G\$558Mn., or 39% of GNP. I had said last year that the 1980 deficit of 21.4% of GNP was unsustainable, and that we had to work strenuously to reduce it. The intention was to reduce it progressively. The deficit in 1981, representing 39% of GNP, is the largest balance of payments deficit we have ever experienced. With a deficit of such magnitude we are clearly not running a viable system. Last year, we shied away from the draconian measures that were necessary to restrain the deficit within manageable proportions and ensure its progressive reduction. We cannot avoid the issue any longer since the present situation permits us no free will at all. The economic system cannot remain viable if we do not contain and drastically reduce this deficit.

The 1981 deficit was financed by a net capital inflow of G\$346 Mn. and an increase in commercial arrears of G\$62 Mn. The capital inflows were unexpectedly large and reflected mainly the drawings from the Trinidad and Tobago Oil Facility which amounted to G\$187 Mn. The increase in commercial arrears can be described as forced loans from our suppliers; it represents the value of goods which we have imported into this country but for which we have not paid.

(e) Public Sector Financial Performance

The 1981 programme required a total outlay of G\$1361 Mn. Current Expenditures of the Central Government were projected at G\$763Mn., and the total Public Sector capital programme at G\$598 Mn. Of this amount, G\$429 Mn. was earmarked to be spent by the Central Government, and the capital programme of the Corporations was fixed at G\$195 Mn. Of this latter amount, G\$26 Mn. was to be financed by transfers from the Central Government to the Corporations.

The major sources of finance for these expenditures were as follows:

Taxes and dividends from Government corporations of G\$128 Mn.

Other Current Revenue of G\$382 Mn.

Public Sector surpluses of G\$135 Mn.

Net Capital inflows of G\$312 Mn.

Routine capital borrowing of G\$41 Mn.

Residual financing from the banking system of G\$138 Mn.

In the result, the borrowing from the banking system increased from the projected G\$130Mn. This deterioration derived primarily from reduced non-bank resources which fell from a projected level of G\$1223 Mn. to G\$1101 Mn. Current Revenue receipts (other than dividends and taxes from public sector corporations) increased from the budgeted G\$382 Mn. to G\$491 Mn. Gross external inflows to the Central Government rose from G\$382 Mn. to G\$422 Mn. On the other hand, the resources available from the Government corporations fell from G\$263 Mn. to minus G\$54 Mn. - a deterioration of G\$317 Mn.

These weak performances require some elaboration. The projected surplus of Guymine of G\$70 Mn. turned into a loss of G\$96 Mn. and that of Guysuco from a surplus of G\$18 Mn. to a deficit of G\$81 Mn. A listing of the most significant corporation losses is as follows:-

Corporations	Losses in G\$ Million
Guymine	96
Guysuco	81
Guyana Electricity Corporation	21
Guyconstruct	19
Guyana Fisheries Limited	6
Guyana Timbers Limited	3
Guyana Rice Corporation	2

The down trend in the financial performances of the Government corporations more than outweighed a strong collection effort by both the Inland Revenue *Department* and the ~~Customs~~ and the Customs and Excise Department. Total revenue collections by the Inland Revenue Department rose from the projected G\$196 Mn. to G\$245 Mn., while those by the Customs and Excise Department increased from the budgeted G\$181 Mn. to G\$229 Mn. About G\$15 Mn. of these increases derived from the effects of the additional fiscal measures introduced on 1st June 1981, but a substantial portion of the remainder resulted from improvements in the administration of tax and revenue collection.

The most outstanding increases over budgeted projections were in collections of import duties and excise taxes. Import duties rose by G\$9.5 Mn. over 1980 and by G\$8.9 Mn. over the budgeted target. Because of foreign exchange difficulties, excise taxes on beer rose by a mere G\$0.9 million over the collections in 1980 and fell by G\$0.7 Mn. below the original forecast. Consumption taxes increased by G\$54.5 million over 1981 collections and were G\$45.2 million higher than budgeted.

There were also improvements in tax collections by the Inland Revenue Department. Company tax

receipts increased by G\$12 million over the 1980 levels and by G\$20.5 million over the Budget forecasts.

Despite these performances and a tightening of the expenditure control arrangements, the Current Budget deficit of the Central Government widened considerably. Total Current Revenues amounted to G\$558 million, G\$48 million more than was projected in the Budget. However, the excess in the Current Expenditure level over the budgeted amount was even greater. Total Current Expenditures are estimated to have enlarged from the Budget level of G\$750 million to an estimated G\$832 million. Accordingly, the Current Deficit widened from G\$257 Mn. in 1980 and from G\$250 as projected in the Budget to G\$274 Mn.

It needs to be placed on record that the Budget received G\$187 million in external receipts from the Trinidad and Tobago Oil Facility which cushioned the impact of the escalations in expenditures arising from the higher oil prices.

(f) Some Consequences of our Poor Performance
The paucity of our production has had some serious repercussions on the country's creditworthiness. Low exports exacerbated the already critical foreign exchange problem. We were unable to pay overseas suppliers for some of the goods we had imported, and we were unable to meet some debt instalments to commercial banks and to bilateral and other creditors when these fell due. In consequence, many suppliers have stopped exporting goods to us other than on a cash basis; and in some countries their export insurance agencies have withdrawn cover from us. We are not deemed to be credit-worthy at this time.

(g) Relations with the International
Monetary Fund

Last year Guyana entered into an extended Fund Facility with the International Monetary Fund. Under its terms, the country would have qualified to obtain resources amounting to about G\$500 million over a three-year period. Within a fairly short time after the arrangement had been agreed, it became clear that the assumptions which formed the basis of the programme were being invalidated. For one thing, the prices of sugar fell and remained at levels far below those which had been

projected. The upturn in the bauxite industry proved to be a slower process than we had hoped; and the heavy, unseasonal rainfall during what should have been the short dry season hampered land preparation for the second rice crop. As a result, the second crop was smaller than planned.

Thus, while we were able to manage the internal system adequately and restrain public sector bank borrowing within the appropriate ceilings, our foreign exchange receipts were insufficient to enable us to observe the external ceilings. Although the arrangement is technically still in force, we are ineligible to draw upon the resources which were made available under it.

(h) Financial Discipline

During the year there was a great improvement in financial discipline throughout the public service. A system was instituted requiring all accounting officers to certify on a monthly basis to the Comrade Minister of Finance that they have complied with the provisions of the Financial Administration and Audit Act, have applied all allocations strictly to the purpose for which

they were released and have paid over to the appropriate agencies all PAYE, national insurance and all other deductions made from employees' salaries and wages in respect of the previous month.

The Accountant General's department resumed its inspection functions which had been neglected for some years. During 1981, there were 21 inspections of the accounting systems of Ministries as against no inspection in 1980.

Substantial progress was made in the updating of annual reports and accounts of those departments and Ministries that had fallen into arrears; for example, the Commissioner of Insurance completed the backlog of reports for his department for the years 1971 to 1980 and the Accountant General compiled and submitted to the Auditor General the reports on the Central Government financial accounts for the years 1975 to 1980. The Auditor General has completed the audit of the national accounts for the years 1972 to 1974 and these have already been laid in the National Assembly. In accordance with his work

programme, he will complete the audit of the accounts for the years 1975 to 1980 in the course of this year.

In general, there has been a more timely payment of revenues and submission of reports and other information to the Accountant General and other officials and agencies responsible for administering and enforcing our financial procedures.

Arrangements to ensure strong financial control in the regions have been put in place. All Regional Executive Officers of Regional Democratic Councils have been made Accounting Officers and will be accountable for Central Government funds transferred to the regions for the management and development of those regions. The process of decentralisation was advanced by the establishment of sub-Treasuries in eight of the ten regions. Sub-Treasuries will be established in regions 8 and 10 this year to complete the exercise. In the course of this year the Auditor General will continue the process of decentralising his department and activities.

Financial discipline must pervade the entire Government system and be the foundation of our arrangements to ensure efficiency.

(i) Physical Achievements in 1981

The achievements of the 1981 Capital Programme were substantial notwithstanding the financial exigencies. Much progress was made in rehabilitating or constructing physical assets and infrastructure in the manufacturing, social and agricultural (including fishery) sectors. The programme was designed to continue work on those projects identified in the 1978-83 Investment Programme and also to give emphasis to community projects which, although small in many cases, have an immediate and beneficial impact on the quality of life and standard of living of our citizens who live and work in rural areas.

In the agricultural sector, the Onverwagt Irrigation Project was completed in co-operation with the Government of the DPRK. The Contract I Phase of the Tapakuma Project was completed and work substantially advanced on Contract II. In addition, the work on the MMA Project proceeded ahead of schedule, while the survey and design work for the Black Bush Polder Project

was completed. Work began on seven (7) marketing and extension centres under the Food Crop Production Marketing Project. These were some of the major developmental works, but they were complemented by work on numerous smaller projects such as improvement to farm-to-market roads, drainage and irrigation systems and other infrastructure vitally necessary for farming activities.

The Upper Demerara Forestry Road was completed and significant progress was made on the East Bank Berbice Road.

The Tannery and the Bicycle Factories were completed and went into production, and work continued on Phase II of the Solvent Extraction Plant. The saw-mill site of the Upper Demerara Forestry Project was completed and 30 new houses were built and an additional 20 started in the Township area of the project. The current phase of the Demerara Fish Port Complex was virtually completed.

In the social sectors, the hospital at Aishalton was completed in addition to 13 other health facilities in different parts of the country under the new Health referral system. 8 new schools were built and extensive rehabilitation and extension

work was completed on several others. The Pure Water Supply Projects at Linden and Bartica were well advanced towards the stage of completion and the target of 36 new wells in Regions 8 and 9 under the Netherlands Programme was virtually achieved. Guyana continued its programme countrywide to carry potable water to many new communities.

In the meantime the Central Housing and Planning Authority continued to be active in housing development. 24 apartments were completed in Ruimveldt and work continued on schemes in no less than 13 locations in different parts of the country.

D. FACING 1982: WORLD REALITIES, PROSPECTS AND IMPLICATIONS FOR GUYANA

We cannot plan to stabilise our economy and promote its expansion without taking into account the actual and probable developments in the world economy. It is unlikely that the recession in the developed world will come to an end this year. The industrialised countries will undoubtedly, therefore, continue their policy of protectionism and strengthen their tariff and non-tariff barriers against the entry of the manufactures of developing countries. Demand for bauxite products will remain slack; and with recent forecasts that world sugar production this year will reach a record of nearly 97 million tonnes, 5 million tonnes higher than the record production of the 1977-78 season, any expectation of high world sugar prices would be unrealistic. In the meantime the cost of our imports will continue to rise.

In particular, the price of oil to the non-oil developing countries will continue to be the single most important factor retarding their growth and development. It is true that at the moment there is an oil glut and a reduction in the prices of crude, but past experience has not shown that such price reductions have benefited those countries which have to import the refined product.

In these circumstances, we have to adopt bold policy measures and innovative programmes and implement them with vigour and firmness.

With their huge balance of payments deficits and low foreign exchange reserves, non-oil developing countries will continue to be classified as high credit risks and will be unable to have easy access to the financial resources of commercial banks. Moreover, the resources of the multilateral financial agencies have been reduced, the cost of borrowing from them has been increased and the conditions for lending have been tightened. The scope for non-oil developing countries like Guyana to raise external financing will be greatly diminished in the course of this year.

In the light of the continued recession in the industrialised countries and the consequential contraction of demand and stagnation of world trade, the developing countries will find it difficult to restore and stabilise their economies by an export-oriented strategy that relies merely on traditional exports or customary markets.

E. THE 1982 PROGRAMME

(1) GENERAL CONSIDERATIONS

The programme for 1982 has been constructed against the background of the objective realities and will have to be implemented with them clearly in mind. It takes into account the improbability of the large external inflows we had in 1981; our massive oil bill; our limited foreign exchange which must inevitably constrain our ability to import; the necessity to increase our foreign exchange receipts; the importance of stimulating manufacturing activities, promoting exports, and ensuring our food security.

But overshadowing all these issues is the question of the security and defence of our country.

The Venezuelan Government has not only intensified its economic pressures against us in pursuit of its spurious claim to our land, but it has also been indulging in dangerous adventurism in violating our air space and our territorial integrity. During the past year, there were over 80 violations of our air space by Venezuelan aircraft. Their aircraft have penetrated as far as

Timehri as they try desperately to gather intelligence about our preparedness and our capability to defend our country. Their military personnel have from time to time violated our borders and actually entered upon our soil. They have been engaging in a flurry of military manoeuvres and activities in areas contiguous with our borders. The squandering of oil money on such activities cannot convert a baseless and immoral claim into a legitimate and just one, but it puts a heavy burden upon our resources and diverts us from our developmental purposes. Countering the Venezuelan threat has an absolute priority claim to our time, our energies and our resources. The 1982 programme, therefore, takes into account the imperatives of our territorial security.

(2) SOME POLICY GUIDELINES

The success of the programme will depend on how faithfully it is implemented within the framework of vital policy considerations. These relate to our ideology, the welfare of our working people, the principle of self-reliance, co-operativism, regional democracy and performance criteria.

Our Constitution prescribes the social objectives of our people. These derive from our historical experience, our cultural heritage and the objective realities in our country. The constitutional provisions are merely formal expressions of the national ethos and the overwhelming consensus which has evolved over time about the nature, quality and direction of our society. The development of our country cannot therefore take place outside of the framework of the national objectives. The objective of building a socialist society remains an absolute national priority; and, of necessity, this consideration must influence our policies and guide our actions as we carry out our various assignments and duties in the implementation of the programme.

We must ensure that we establish or strengthen those institutions and mechanisms and interrelationships that will enable us continually to demonstrate to our citizens that the well-being of the people is, ultimately, the paramount objective. The socialist ethic must be proved to be not an abstraction but a practical working tool for promoting better human interrelationships and for generating increased wealth and better social conditions through enhanced production and productivity.

In furtherance of our programme, we have to ensure that we create, maintain and continually improve the environment in which our workers have to produce. There tends to be a direct relationship between the workers' productivity and the quality of the environment in which they work. Managers, supervisors and those in functional authority are very often insensitive to this very important matter affecting the workers' welfare. Workers become irritated and resentful and their productivity falls, if for any reason the work environment is unacceptable and not conducive to production. We need to be always aware of the importance of this subject and, in consultation with the workers and their representatives, ensure that we maintain reasonable and acceptable conditions. We should also bear in mind that the work environment is very often wider than the work place and may include the community in which the workers live. We have to pay strict attention to ensuring that the necessary facilities, such as transportation, distribution outlets, community facilities, are not only provided but maintained at proper standards.

The principle of self-reliance has been a dominant theme in our history. It sustained our our forefathers in the harsh and hostile periods of slavery, indentureship and colonialism. We have accepted it as a national policy; we have enshrined it in our Constitution; we have practised it as a way of life. We have to intensify and extend our practice of self-reliance and ensure that it permeates all segments of national life. Nobody will help us unless we first of all demonstrate a willingness and a capacity to help ourselves and rely on our own resources. Self-reliance will involve the maximum mobilisation of internal financial resources and a commitment to the use of local foods, raw materials and other resources generally instead of imported ones. It will also include a policy of regional self-sufficiency in which each region will organise its people and resources to satisfy their basic needs. Our programme rests crucially on the application of the self-reliance principle at the national, regional and individual level.

Inextricably bound up with self-reliant activities is the concept of co-operativism. Co-operative endeavour is an ingrained habit with us, a vital aspect of our culture. Its capacity to liberate the productive energies of the people and to promote unity has been one of the best and most enduring lessons of our history. We must therefore plan, organise and manage our programmes and projects on the principles of co-operativism, to harness more effectively for productive effort the special expertise, the enthusiasm, the energies and the collective wisdom of the people. It is important to encourage and strengthen formal co-operative societies to increase dramatically the number of people who are involved in productive activities in the triple capacity of producers, managers and owners. Co-operativism remains for us the dynamic principle of socialist transformation.

We have also to plan and organise our activities on regional principles. The Regional Democratic Councils have a constitutional responsibility to manage and develop their regions and for this purpose to mobilise the people and co-operate with their social

organisations. They have been assigned the necessary material and human resources to discharge their responsibilities. They have to operate on the basis of the principles of efficiency and accountability. The mandate to the Regions, therefore, is to organise themselves to achieve self-sufficiency, which is the very essence of regionalism.

Permanent Secretaries and other officials in Ministries and other agencies based in Georgetown must acknowledge and recognise the fundamental change in the political organisation of the State and co-operate with the Regional Democratic Councils. It would be disruptive and contrary to the letter and spirit of the Constitution if such officials were to attempt to interfere unduly or fail to co-operate with the regional administrations in matters which fall within the latter's jurisdiction and competence.

Finally, we will achieve nothing unless we set performance norms and enforce them. The only acceptable standard must be that of excellence.

We have to keep insisting on the norm of excellence until it becomes a part of our culture. The criterion for continued tenure and promotion in the public sector must be a prompt, courteous, meticulous and disciplined approach to the execution of assignments. Unkempt personal appearance, rudeness, unpunctuality, absenteeism, carelessness, dishonesty, cannot be tolerated in the public sector. There can be no compromise now on the question, if we are to succeed. We have to start to acknowledge the prescript of the Constitution which requires us to ensure that the substantive economic rights enshrined in it are realised "through sustained and disciplined endeavours to achieve the highest possible levels of production and productivity to develop the economy".

F. THE 1982 BUDGET:

(1) BASIC ASSUMPTIONS AND TARGETS

Last year I indicated that the targets set in the Budget represented the minimum volume of production which was necessary to ensure the foreign exchange and other financial receipts to implement the programme outlined for the year. I also explained that if these targets were not met, then the financial projections which were dependent upon them would not be attained and workers would not be able to obtain improvements in their wages, salaries and conditions of employment. I repeat this point. I reiterate also that the targets set in the Budget are based upon a careful assessment of existing plant capacity and infrastructure, available skills and the production levels we have attained in the past.

When consideration and due weight have been given to actual and probable constraining factors, it will be noted that production targets upon which the Budget has been based, and which I will now indicate, are extremely modest in the light of the historical performance of sugar, bauxite and rice. The projected production levels are as follows:

		<u>Tonnes</u>
Sugar	-	340,000 (335,000)*
Bauxite -		
Calcined	-	619,000
Metal Grade	-	600,000
Chemical Grade	-	400,000
Alumina	-	165,000
Rice	-	213,000 (210,000)*

*Long Tons

These three sectors, as I have already remarked, are still the main pillars of our economy. For the time being, the country's economic well-being and, consequently, the welfare of all our workers and other citizens depend critically upon the performance of these three industries. A comparison with the production series over the past 10 years will show how very restrained have been these projections. Given the will on the part of workers in these industries and competent management, there is no reason why these targets should not be met. The industries will all undertake energetic and methodical measures to ensure the achievement of these targets.

The programmes and policies pursued by the Sugar Industry in 1981 achieved reasonable production notwithstanding the excessive number of work stoppages. Its programme for 1982 includes a continuation of the measures to improve husbandry practices, quality control, supervision in field and factory and maintenance programmes in factories. In addition, it will spend G\$17 mn. in refurbishing factories, replacing obsolete equipment and upgrading and rehabilitating its field assets. It will reinforce its policy of promoting good industrial relations and will continue the scheme of monthly incentive awards. The industry is, of course, particularly vulnerable to weather conditions; but, given reasonable weather conditions and satisfactory industrial relations, it should be able to achieve its targets.

The Bauxite Industry in a spirit of self-criticism and objectivity has been addressing the internal managerial and technical problems which have been affecting its operations. It retained the services of various consultant groups to deal with these problems and, on the basis of recommendations received, it has mounted a comprehensive programme of corrective action. The programme which affects every facet of the company's operations is focusing on measures and mechanisms to overcome problems

relating to recruitment and remuneration policies, mine planning and ore extraction and the transportation systems for delivering ore from mining locations to the Processing Plants. It will include work to refurbish and rehabilitate both the Bauxite and Alumina Plants, to reorganise and improve the cost monitoring systems, to devise new inventory and spare parts acquisition arrangements, to review the organisational structure and to implement new marketing strategies designed to regain, particularly for calcined bauxite, the market share which has been lost within recent years.

Much of this work started during 1981, and the industry spent \$27 mn. under the programme to refurbish the crushing and washing and concentrate and calcining sections of the Bauxite Plant at Linden, to rehabilitate locomotives and ore cars and the Heavy Earth Moving Equipment Department, and to acquire buses to transport workers to and from the mines.

During this year the industry will spend over G\$60 mn. to continue the implementation of the programme. Some of this expenditure will go towards the improvement of the mines, the Heavy Earth-Moving Equipment Department, the Alumina

Plant and the Services area. Expenditure on the overall rehabilitation programme will continue into 1983 and beyond.

The objective of this extensive and costly programme is to restore the reliability and cost-efficiency of the industry and put it in a position to regain the confidence of the former customers, to compete effectively with those suppliers who are now underselling it and to recapture the market share that it has lost.

Action begun last year to improve efficiency in the Rice Industry will continue. The management of the Guyana Rice Board will be reorganised and the management system strengthened and improved. In particular, there will be regional decentralisation of management functions and direct responsibility of Regional Managers to the regional administration. In the meantime, through the Brazilian Line of Credit and the Tractor Assembly Plant in Georgetown, the Government will ensure the availability of the tractors and other machinery and equipment necessary for land preparation and for harvesting.

In its drive to improve its efficiency the Board, after an appraisal of its work force, trimmed its

staff by some 600 employees who were in excess of its needs.

Government will continue to give every encouragement and support to the activities of manufacturers in the non-traditional sectors. These manufacturers make an important contribution to the economy and to our foreign exchange earnings. On present estimates, the production of rum in 1982 will be 4.1 million proof gallons or 0.2 million gallons higher than last year's production. Production of neutral alcohol will be 1.5 million proof gallons. Textile production will be maintained at 1.8 million metres. Production of refrigerators will rise from 15,850 units to 30,300 units; gas stoves from 11,810 units to 32,500 units; garments from 266,610 dozen to 297,700 dozen; timber from 4.9 mn. cu.ft. to 5.3 mn. cu.ft. The production of shrimp (5.9 mn. lb. in 1981) is estimated at 7.5 mn. lb.; fish (42 mn. lb. in 1981) to 48 mn. lb. Poultry and eggs will maintain their 1981 level at 23 mn. lb. and 48 mn. units respectively. Pork will increase from 2.9 mn. lb. in 1981 to 3.5 mn. lb.; beef, from 4.6 mn. lb. to 5.5 mn. lb. Beer and Stout production will increase from 2.4 mn. cases to 3 mn.; cigarettes from 602 mn. units to 662 mn. units; matches from 177,000 gross cartons to

185,000; stockfeeds from 116 mn. lbs. to 120 mn. lbs. The production of plantains, ground provisions, green vegetables and fruits continue to increase and production should reach very high levels this year.

Given the attainment of the production volumes, the economy would achieve a real growth of 3%, with G.D.P. rising from G\$1.350 billion at factor cost to G\$1.520 billion. When we consider the low level of our production in 1981, the projected increase in growth is unpretentious. We have done so much better in the past that there is no valid reason why we cannot surpass the targets set.

(2) EXPORTS AND IMPORTS

When all factors are taken into account, including measures being taken to improve the efficiency in the overall system and stimulate productivity, it is projected that merchandise export earnings should reach G\$1.1 billion, being an increase of 19% over the low 1981 earnings.

Sugar prices continue to give cause for concern. During the year the E.E.C. agreed to increase the price for quotas from A.C.P. countries under the Lome' Convention by $8\frac{1}{2}\%$. However, with world sugar

price being now in the vicinity of £150 sterling per ton or over £50 sterling per ton below our cost of production, the prospects for high sugar receipts are not promising. Moreover, the United States authorities have just announced an increase in the import fee on sugar entering the U.S.A. with effect from 1st April, 1982. This will further reduce our earnings from sugar. The industry, if it is to aim at merely breaking even this year, would have to enjoy the combination of good weather and high productivity. Given this combination, sugar exports should yield G\$315 mn.

The assumption of good weather has also been made for rice. Improved efficiency of Guyana Rice Board's operations, the recent increase in the price to the farmer of about 20% and the increased yields per acre in those areas where water control has been established, should enable the rice industry to be on target. When the increased export prices are taken into account, the rice industry is expected to earn G\$161 mn.

The Bauxite industry has shown a strong commitment to improving its efficiency and has been investing very large sums in a programme to do this. The production trends to date raise hopes that the industry will be able to reach its targets this

year. However, careful management and a sensitivity of all workers in the industry to the absolute necessity for a sustained high-level performance are vitally necessary. Exports are estimated to earn G\$517 mn.

It is projected that other exports will earn \$133 mn. or an increase of G\$8 mn. or 6% over 1981.

On the assumptions mentioned above, merchandise imports will be budgeted at a value of G\$1.2 billion.

(3) THE 1982 CAPITAL PROGRAMME

(a) Central Government

Notwithstanding the grave financial stringency, the Government has made strenuous efforts to maintain a high investment in the capital programme to ensure the continuation of the development process. The programme will absorb G\$382 mn. Basically, the projects to be financed are those identified and included in the 1978-1983 investment programme. Obviously, in the present situation, priorities have had to be reordered and restraint put on some expenditure; but the programme follows

essentially the outline of that for 1981. Consequently, the allocations reflect the continued heavy emphasis on expanding and diversifying our agricultural base, on rehabilitating our fixed assets, upgrading of land, air and water transportation services and on improving social facilities particularly in the areas of housing, education and health care. The energy, forestry and fisheries sectors will also attract substantial outlays. A breakdown of the investment allocations will show that nearly 30% is being deployed into the agricultural sector and 20% into the social sector.

In the Agricultural Sector, Contract II of the Tapakuma Irrigation Scheme will be completed and work will proceed on the M.M.A. and the seven marketing and extension centres in the Food Crop Production/Marketing project.

In the Manufacturing Sector, phase two of the Solvent Extraction Plant will be completed. In addition, the Rebuild Workshop at MARDS, the East Bank Berbice Road, the Anna Regina tourist facility will all be

completed and a new phase of the Demerara Fish Port Complex will begin.

Government will continue to strengthen both the Health and Education Delivery systems throughout the country. Three district hospitals in Regions 1, 3 and 6 will be completed and work will continue on the district hospital in Region 2. In addition, 5 hospitals and 7 health centres throughout the country will be extended and rehabilitated. There will be 20 houses constructed in the various regions to accommodate Medex personnel. In the Educational field, 10 new primary schools, extensions to 5 secondary schools, 3 new Community High Schools and the new Secondary Teachers Training College at Turkeyen will be completed. 8 new teachers' houses will also be built.

The Central Government would continue to be active in housing development.

(b) Public Corporations

The Public Corporations will invest G\$160.0 mn. on their capital programme during the

year. Guysuco will spend \$17 mn. in rehabilitating factories and replacing equipment and upgrading its field assets. Guymine will spend over \$60 mn. on an extensive programme to rehabilitate plant and machinery and to improve its management systems. The Guyana Rice Board will expend G\$17.0 mn. mainly on the construction of rice storage and export facilities under the Rice Modernisation II programme. Guyana Electricity Corporation's programme will call for an investment of G\$20 mn. to finance its expansion and rehabilitation programme; and Guyana Pharmaceutical Corporation will spend G\$2.5 mn. to complete Phase II of the Edible Oil Plant at Farm. The Seals and Packaging Plant project being undertaken by Guyana Liquors Corporation will require G\$2.6 mn. to enable it to be completed by the middle of this year. Guyana Transport Services Limited will spend G\$1.3 mn. on the completion of a workshop and depot for buses and on the acquisition of buses; while Guyana National Engineering Corporation's programme calls for an expenditure of G\$8 mn. for the expansion of foundry capacity.

(c) The Housing Programme

On the Government's agenda for development, housing has always been a priority. Even in difficult times, it continues to be. In the course of this year, housing development will proceed on thirteen (13) schemes across the country and will include three hundred and twelve (312) aided self-help units. Additionally, construction will begin on sixty-one (61) rental apartments in Georgetown and twenty-five (25) hire purchase houses will be completed. A Sites and Services Project for the development of two hundred (200) houses in the Ruimveldt area will be completed. In addition, the Housing projects jointly financed by the Central Government and Guyana in the Mining Communities of Linden, Ituni and Kwakawani will continue.

It is expected that the private insurance companies, pension funds and credit unions will intervene more actively this year in the housing sector and that their investments will supplement the outlays provided by the Central Government.

In order to facilitate persons of moderate income and financial resources, the Guyana Co-operative Mortgage Finance Bank and the Dependants' Pension Fund will assume a special role as lenders to such persons. Government will, in the first instance, transfer \$4 mn. to the Bank to enable it to intervene more actively in the area of housing development. In the first place, its lending ceiling will be increased to G\$50,000; and it will be permitted to lend not only for new construction but also for the purchase of existing buildings to be used as residences. It will also be allowed to lend up to G\$25,000 for repairs or extensions to houses. If the initial transfer to the Bank is fully utilised, the Government will make additional resources available.

Similarly, the Cabinet has authorised the Dependants' Pension Fund to increase the amount of its funds which it could invest in mortgages from G\$7.5 mn. to G\$13 mn. The D.P.F's lending ceiling has also been increased to \$50,000. Both institutions will keep their interest rates on mortgages at a maximum of 8%. The Bank will continue

to grant lower rates to co-operative and self-help housing schemes.

Last year I gave an undertaking that Government would study the question of making tax deductible the interest payments on loans obtained by private citizens to repair, extend or otherwise improve their residences. I wish to announce that the Government has agreed to make such interest payments tax deductible. In addition, interest paid on loans obtained for the purchase of buildings which were occupied previously by another person, for a period not exceeding 5 years, will be tax deductible, provided the claimant has acquired the building for his private residence. The Government hopes that these concessions will help in encouraging citizens to repair or improve their residences or to acquire their own homes.

(4) THE 1982 FINANCIAL PROGRAMME *

The 1982 Budget envisages a total public expenditure of G\$1,396 mn. This represents an increase of G\$27 mn. over the 1981 level of G\$1,369 mn.

*See Appendix "A"

Some G\$891 mn. of the total is earmarked for the finance of the Current Expenditure of the Central Government and G\$505 mn. will be applied to financing the capital expenditure programme of the overall public sector. The Central Government capital expenditure is fixed at G\$382 mn., which amount includes transfers totalling G\$37 mn. to corporations for the execution of their capital projects. The capital budgets of the corporations total G\$160 mn.

When these Central Government transfers are netted out from the total budgets of corporations, the net capital expenditure of both Central Government and Corporations is expected to amount to G\$505 mn.

The ability to finance these expenditures rests very heavily on the collection of current revenues of the Central Government. Taxes from Government Corporations are expected to decline marginally from their 1981 level to G\$52 mn. These agencies are required to increase their dividend payments to the Central Government by G\$8 mn. to G\$20 mn. By far the more substantial portion of Current Revenue will derive from

direct tax payments of other business and from indirect tax payments of Government and private businesses. These latter payments are projected to increase by G\$51 mn. to G\$542 mn.

The Public Sector will be financed in an amount of G\$12 mn. from grants and other capital revenues. Funds generated in respect of depreciation provision are estimated at G\$96 mn. Much more significant, however, is the expected surplus of G\$88 mn. of corporations after meeting charges for taxes, dividends and depreciation funds. This projected improvement in the corporations' position will add G\$210 mn. to the weak 1981 performance.

External receipts for project financing and for balance of payments support are not expected to match the 1981 inflows. At present it is estimated that these will fall by some G\$85 mn. to G\$336 mn.

The receipts by way of debentures, including defence bonds, are likely to increase to G\$140 mn., but some G\$90 mn. of this amount will originate from investment decisions of

Government corporations. The net capital borrowing of corporations is projected at no more than G\$10 mn. while the miscellany of other public sector financial transactions will result in new increases of short term assets of about G\$24 mn.

These amounts appear, at this stage, to be the maximum financial resources that we can expect realistically to mobilise. They total G\$1,146 mn. and fall short of the expenditure requirements of G\$1,396 mn. by some G\$250 mn. Since the banking system can provide no more than G\$60 mn. of this total, the financial programme requires additional resources in an amount of G\$190 mn. If we are unable to find these additional resources, it will become necessary to reduce still more sharply the current and capital expenditure to achieve the balance dictated by financial prudence.

It is clear that the programme, as conceived, can be financed only if a massive production effort is forthcoming or larger external inflows can be mobilised.

G. THE WORKER, HIS PRODUCTIVITY AND HIS REWARDS
Last year, the Government instituted substantial salary and wage adjustments, accompanied by income tax relief based on the widening of income tax bands. In announcing the improved wage package, I reiterated two basic principles upon which both the Government and the Trade unions were agreed and about which there can be no dispute: first, that increases in workers' real wages can come only from increases in production; and second, that there has to be a linkage between an increase in wages and an increase in productivity.

As I have already indicated, productivity did not improve last year and economic output declined by about a half of one per cent. In these circumstances, there has been no increment to the national product out of which there can be any general increases in the salaries and wages of public sector employees in 1982. The Government would be hypocritical if it were to hold out to workers any hope at all that there can be general salary and wage increases in the absence of an increase in productivity.

In the course of the year, however, the Government proposes to amend the salaries of some employees whose salaries were not properly adjusted last year because of the pressure of work on the officials dealing with this matter. Second, the Government had given an undertaking last year that it would examine the question of teachers' salaries. There have been discussions between the Guyana Teachers Association and the Government and principles have been accepted upon which a revised salary structure for the profession can be constructed. The profession deserves better conditions and the salaries of teachers ought to be revised. The Government concedes this point. However, in the present circumstances, the Government can give no commitment that a revision will necessarily take place this year. If, in the course of the year, it becomes evident that there is an economic upturn which is likely to be sustained, the Government will give consideration to the legitimate claims of the teaching profession.

Although there will be no general salaries revision, the incentive scheme throughout the public sector will be maintained.

All Ministries have submitted work programmes for 1982 and their eligibility for incentive awards will depend strictly upon their achieving the targets in their work programmes. The incentive schemes for public corporations will, of course, follow the normal criteria and awards paid on the established principles.

A PROGRAMME FOR ECONOMIC RECOVERY

(1) IMPROVING OUR OVERALL MANAGEMENT SYSTEMS

Comrade Speaker, the Government does not intend to impose or increase taxation to finance the 1982 programme. We already have an austere regime of taxation. Our problems are not on the demand side: they stem rather from our indifferent production performance. It is on this area therefore that we must focus our attention.

We have in our country ample human and material resources, plant capacity and infrastructure to permit far higher levels of production than we have been attaining within recent years. Our real failure has been in the management of the overall system.

We have perhaps taken too casual an approach to this issue; have not intervened with sufficient decisiveness to prevent the situation from drifting; have not insisted on the introduction of appropriate systems and the strict observance of them; and have not compelled compliance with existing procedures. There is little doubt that throughout the public sector many managers and supervisors have abandoned their functions and abdicated their responsibilities. We need therefore to strengthen our management systems, assign areas of responsibility and authority with precision and establish clear lines of accountability. The system must be reinforced by the principle of recognition and rewards for competence and sanctions for indiscipline and incompetence.

(2) SPECIFIC POLICY MEASURES AND
ACTIVITIES IN SUPPORT OF THE BUDGET

To enable us to cope with our immediate problems, to stabilise the economy and to try to get it once again on an upward economic trend, the Government has devised a set of initiatives as part of the recovery programme. These initiatives are a complex of specific policy measures, programmes and activities and some institutional arrangements.

I. POLICY CONSIDERATIONS

(1) PUBLIC CORPORATIONS: The Government has decided that it would not indefinitely carry deficit public sector corporations which are of a commercial type and therefore expected to make a surplus. These corporations will be given until the end of June to come up with firm and practical proposals to reorganise themselves and be profitable. They will not be allowed to improve their profit and loss account by the simple expedient of increasing charges to the public. They have to begin from the position of internal efficiency, cost-effectiveness and imaginative marketing of their goods or services. Those corporations that require management services or expert assistance will have to go out and get it.

In the special case of GUYMINE, that corporation has already put in train a number of measures to strengthen its operations and restore its profitability.

If necessary, it may have to consider more objective and pragmatic approaches to the problems of its management requirements and marketing strategies.

The Central Government will no longer make any financial transfer to the Transport and Harbours Department to cover its deficits. The scope of operations of this Department has been greatly reduced with the transfer of many of its activities (such as civil engineering) to other agencies. To enable it to eliminate its deficits, the Government will permit the Department to retain the harbour dues which are now paid into the Consolidated Fund; but it is expected also to rationalise its operations and effect internal efficiencies and to break even on its operations

(2) EXPORT POLICY: Given the slack demand in the industrialised countries for our major exports, it is doubtful whether by concentrating on improving our performance in traditional exports alone, we can achieve the external balance that we need to stabilise the economy. Government will therefore formalise an Export Policy

particularly for non-traditional exports and will seek to expand our trade on a multi-lateral basis with our CARICOM sister states, with some of which discussions on this matter have already been started. The private sector will have an important role to play in achieving the objective of expanded trade. Government will activate as soon as possible the Export Development Council in the work of which the private sector will be involved.

(3) IMPORT POLICY: Procurement by public sector agencies of spare parts and intermediate type goods has tended to be inefficient and therefore unduly costly as a result of a lack of co-ordination. Government has decided to reduce the cost of these imports by instituting a more rational procurement system. Discussions have already begun with a prestigious financial institution to set up and finance a central warehousing facility in Guyana under which spare parts and intermediate goods would be financed and held in stock. This arrangement would ease the pressure on our foreign exchange inasmuch as payments will be made only when goods are withdrawn from the warehouse.

(4) LAND TO THE TILLER: Government has accepted the broad recommendations of the Kennard 'Land to the Tiller' Report which was commissioned to give effect to Article 18 of the Constitution. The Government has set up an implementation committee and envisages that the distribution of land to landless farmers and the allocation of larger acreages to those who need it would have a dramatic effect upon the productivity of our farming communities and the financial returns they get from their labour.

(5) INVESTMENT CODE: In 1979, the Government issued an Investment Code setting out its policy on investment in Guyana - public, co-operative and private. Notwithstanding a number of meetings between the representatives of the private sector and Government Ministries, which were held to clarify the document and explain its purpose and intent, private sector businessmen have continued to complain that the document is ambiguous and inadequate. In the circumstances and in deference to the views of our

indigenous entrepreneurs, the Government has sought the assistance of the World Bank which has made the necessary funds available to enable it to retain the services of a consultant whose terms of reference would require him to refine the document.

The Government continues to seek ways and means of giving assurances to and encouraging the local private sector. Government hopes that, once the document has been recast, local businessmen will make use of the enormous opportunities open to them in their native country. The Government through its regime of fiscal and other incentives, and in all other practical ways, will continue to aid the endeavours of all Guyanese businessmen who are loyal to this country and who wish to contribute to its development.

(6) INTEREST RATES: The Government has decided to rationalise the structure of interest rates and to adjust some of these rates in order to remove certain distortions and anomalies which have crept into it over time. The details of this rationalisation and adjustment will be announced shortly.

(7) IMPORT LICENSING SYSTEM: From representations which have been made to the Ministry of Trade and Consumer Protection by manufacturers, it appears that many of them are able to make special arrangements overseas for the supply to them of certain spare parts and machinery that they need for their operations on a "no-foreign exchange requirement" basis. The Government does not pretend that it understands fully the complexities or ramifications of these arrangements. However, it is prepared to be flexible and to authorise an experiment in the relaxation of the licensing system.

As from 1st May, 1982, therefore, a manufacturer will be permitted to import spare parts up to the CIF value of G\$5,000 and any item of equipment or machinery up to the value of G\$10,000 without the need to apply for an Import Licence, where such manufacturer does not require any foreign exchange from Guyana to pay for the imports. This relaxation will be permitted until the 31st December, 1982, during which time the experiment will be reviewed and any necessary decisions about its future operations taken.

(8) RESCHEDULING OF EXTERNAL DEBTS:

The low foreign exchange receipts which we obtained last year together with the projection that receipts this year are unlikely to be buoyant has put the country in a position where it is unable to service the debt instalments to commercial banks and bilateral creditors which have already fallen due or will fall due for payment in the course of this year. In the circumstances, the Government has no alternative but to seek a rescheduling of these debts. Success in rescheduling the debts is vital if we are to sustain the programme envisaged in the Budget.

J. SPECIFIC ACTIONS AND ACTIVITIES

(1) REDUCTION OF CENTRAL GOVERNMENT CURRENT ACCOUNT GAP:

We have to reduce to manageable proportions the huge gap of G\$276 mn. in the Central Government current account which we had in 1981. This reduction cannot be done at one fell swoop; but we have to begin the process of reducing it systematically so that over a period of four years we can eliminate it altogether and, ideally, show a surplus in the current account. We have therefore curtailed Government expenditure and trimmed staff by some 6,000 employees. There are four reasons for this reduction of staff:

- (i) The scope of operations of some Ministries has contracted greatly and, as a result, they have become over-staffed, for example, Ministry of Works and Transport.
- (ii) The establishment of many Ministries became bloated as a consequence of unsystematic recruitment and the absence of managerial assessment of the Ministries' structures in relation to their functions. As I have already remarked, the Public Service Ministry carried out such a survey and their report recommended the reorganisation

of many Ministries and a consequential reduction of staff.

(iii) With the establishment of the Regional System, Governmental activities and personnel in the regions have been integrated. With the resulting elimination of overlapping and duplication of functions and activities, the staffing needs were lessened.

(iv) In the light of the present economic difficulties, the Government just cannot pay for the large number of persons who were formerly on its payroll. The fact of the matter is that we are not producing at a sufficiently high level to sustain the level of employment and services to which we have grown accustomed over the years.

I wish to say that retrenchment in the Public Sector does not necessarily connote massive unemployment. It is paradoxical that while the Public Service is overstaffed, many areas of productive activity are starved for workers. The Government, through the Central Recruitment and Manpower Agency, has mounted a special programme to redirect retrenched workers to other areas of employment, to facilitate

retraining and to assist them to establish themselves in areas of self-employment.

(2) PRACTICE OF SELF-RELIANCE

We will enforce rigidly the practice of national self-reliance. This principle will apply to all sectors and all aspects of national life, but it will apply in full measure to our eating habits . The Government will not allow the absurd situation to continue in which we spend millions of dollars to help our farmers to be productive and then permit people to ignore our farmers and their produce and expend large sums on exotic foods. Unless an import is absolutely necessary it will not qualify for an allocation of foreign exchange. This rule, however, will not necessarily apply rigorously to manufactures from our CARICOM sister states, with which we would like to expand mutual trade.

(3) WAR ON WASTE:

We will mount a vigorous campaign to eliminate waste in all areas of national life. As far as the public sector is concerned, a directive has been given to all agencies to practise the strictest economy

and to wage an all-out war on waste. The Public Service Ministry will be re-issuing the booklet "War on Waste" which details the actions that can be taken to effect savings and avoid waste.

(4) ENERGY CONSERVATION:

The exorbitant cost of oil has been eroding our foreign exchange earnings and undermining our economy. It is the single most important cause of our foreign exchange and economic problems. This year our oil bill will be nearly G\$500 mn. representing nearly 34% of our GDP and 41% of our projected gross foreign exchange earnings. As part of its conservation drive, the Government has decided this year to cut back on the importation of fuel by 10% in volume. This will represent a substantial saving in foreign exchange. This cutback is not intended to reduce manufacturing and industrial activities. We are satisfied that there is enormous wastage of high priced fuel all over the country and that managers are not sufficiently cost-conscious in this particular respect. Every major user of fuel in the public sector has been required to prepare an energy budget, to monitor its use of energy, to establish the relationship between

fuel used and output and to ensure the most efficient use of fuel.

Studies already made have indicated that with careful management we can cut back on fuel use by the proposed 10% without affecting our production activities.

The Energy Unit established within the Ministry of Energy and Mines has been charged with responsibility for overseeing and enforcing the policy.

(5) INCREASED PRODUCTION OF NON-TRADITIONALS:

We estimate that in order to bring our receipts and payments into balance this year, we will have to obtain an additional G\$20 mn. net per month in foreign exchange. I have already expressed my doubt that we could earn this additional amount from our traditional exports. But we can earn it from our non-traditional exports which have enormous market potential and value, but which we have been neglecting both at the production and the marketing end. In order to stimulate production of non-traditionals with a view to increasing our export earnings at least by the required amount, every Ministry having a responsibility for a

productive area has been required to submit a detailed programme, with a regional breakdown, for organising the required increased production in its specific areas of activity. This responsibility is one personal to the Minister. The main Ministries affected are Agriculture, Forestry, Energy and Mines and Manufacturing. In all these areas, there are enormous resources, skills and plant capacity.

INSTITUTIONAL STRENGTHENING

(1) TASK FORCE

There has been established, under the aegis of the Office of the President, a Task Force comprising both public officers and private sector personnel to co-ordinate the several programmes and activities to which I have referred, to break bottlenecks, to expedite procedures and to ensure that the momentum of the recovery programme is maintained and that, the overall objectives are being kept in mind and achieved. I am sure that all persons will understand the importance of co-operating with the Task Force in the discharge of its responsibilities.

(2) OTHER AGENCIES

The policies and programmes outlined above need to be developed and implemented within an appropriate institutional framework. I have already referred to the Export Promotion Council, the Central Recruitment and Manpower Agency and the Energy Unit, all of which will have specific responsibilities with regard to particular aspects of the programme. The Regional Development Councils are crucial to the success of the production effort inasmuch as the regions will be responsible for ensuring that there are the necessary infrastructure and supportive measures and mechanisms to enable their production quota to be met. A Gold Board will be established to purchase all gold produced in the country. The State Planning Secretariat will have the vital function of ensuring that all our efforts are integrated and co-ordinated at a national level and have an internal consistency. Its capability will therefore be strengthened through a programme of collaboration with a Yugoslav firm which will begin next month. The objective of this programme is to sharpen the Secretariat's planning techniques, to establish a project cycle unit and train the necessary staff.

There will also be very shortly a thorough reorganisation of Ministries with a view to reducing costs and increasing efficiency and productive capacity.

It is expected that this combination of policies, programmes and activities will help considerably to arrest the drift in our economy and, by giving direction and purpose to our activities, stimulate production. There is no naive belief that they will work magic and effect a transformation overnight. This however is the beginning of a process. Of necessity, there will be some rough edges and some gray areas, but the broad intention is discernible and the objective is clear.

L. OUR RESOURCES AND OUR PROSPECTS

(1) GENERAL

We are passing through a difficult economic phase, but this not doomsday. Our country is richly endowed. We are not without valuable assets. Our problems do not spring from a lack of resources, but from a lack of liquidity. The investments to generate the required liquidity are proceeding apace everywhere to develop our resources with a view to diversifying and expanding our economic base. Economic activity related to resource development, is dynamic, not stagnant; and our prospects remain bright.

(2) ILLUSTRATIVE CASES FROM TWO SECTORS

I wish to illustrate this point by a reference to ongoing programmes in two sectors, namely, the mining and forestry sectors.

(a) The Mining Sector

In the mining sector, there is much serious and exciting work in progress. The French Government firm, COGEMA, is intensifying its exploration for uranium

in the Mazaruni area in Region 8. In the same region, the United Nations Revolving Fund is engaged in a programme of exploration for gold and base metals and Republic Mines Limited, a Canadian firm, is exploring for gold. A joint venture between the Yugoslav firm, RUDIS Mining Co., and the Geology and Mines Commission has started work to exploit gold in the middle Konawaruk area, and a joint venture between the Romanian firm, GEOMIN, and the Commission, is being negotiated to exploit the gold and molybdenum deposits of Eagle Mountain.

Under a technical and economic co-operation agreement signed between Guyana and France, the French Government agency, Bureau de Recherche Geologiques et Minières (BRGM) will carry out investigations into the gold and other mineral potential in the greenstone area of the lower Barama, preparatory to developing a feasible project. Under an agreement with the American corporation, Harry Winston Inc., which is financing the project, the Commission has undertaken a programme of research in the diamondiferous areas of the country. In the meantime, too, with a grant from the Government of Iraq,

the Commission is carrying out further investigations into the gold and other mineral potential of the Eagle Mountain area.

In order to stimulate our pork-knockers to increase their production, the Commission will be reactivating the Aid to Miners scheme and, at the same time, it has begun to develop the semi-precious stones industry. The Commission has re-established the Lapidary in Ruimveldt, is buying semi-precious stones and is training persons in the identification, cutting, polishing and faceting of these stones. The work of the Commission has already resulted in a sharp increase in the production of gold and other precious and semi-precious minerals.

In the meantime, the Canadian Company, Home Oil, is drilling for oil in Region 9 and the U.S./Canadian Consortium of Dennison Mines/Seagull is expected to commence off-shore drilling later this year.

(b) The Forestry Sector

The vast potential of our forestry sector for generating employment and for contributing to our growth and foreign exchange earnings is well-known.

The Forestry Commission and the private producers have worked out a carefully conceived plan to increase production by some 33% this year as the first phase of a sustained drive to enlarge the importance of the sector in our economy. The increased production will come from new capacity installed by sawmillers and additional machinery and equipment acquired by them. We have firm contracts with Caribbean countries for the supply of wallaba poles and the demand for our woods in the Region has always been strong. The export market is good and sales abroad are expected to increase by at least G\$6 mn. this year. The British Standards Institute has recently approved the quality of our poles and already there has been an inquiry for 3,000 poles from the United Kingdom.

The Sector has also been reactivating the charcoal industry which has great export possibilities. The industry has set itself an export target of 2,000 tons this year. In order to help producers achieve this target and expand operations in the future, the Forestry Commission has ordered 200 Mark V metal kilns. These are now being fabricated and will be used to ensure that charcoal is produced by scientific methods to satisfy the quality and other characteristics stipulated by overseas buyers. GAIBANK is intervening actively in this sector to provide the financial support required by the manufacturers; and the Forestry Commission has established a charcoal production department to give technical support and advice to them.

In order to promote the use of indigenous materials, as an aspect of the principle of self-reliance, the Commission is encouraging manufacturers to expand the production of shingles and is popularising their use.

The intensive work going on in the mining and forestry sectors is being paralleled in all other sectors of our economy. We have every reason to keep our spirits buoyant and

persevere with our productive activities in every field.

M. CONCLUSION: A Budget of Resilience

Comrade Speaker,

Few citizens will fail to understand the gravity of the situation which confronts us or the magnitude of the danger which threatens us. The Government has not attempted to gloss over the problem because, in the final analysis, it is the people who have the answers and who will provide the solutions. But, first of all, they need to understand the nature and the extent of the problem.

At the Party and Government level, therefore, in keeping with our normal policy and practice, we have held meetings with the people in every region and community of the country to explain to them the realities of our situation. What is heartening and impressive is not merely the fact that they have been turning out in large numbers, but that they have offered a diversity of shrewd and constructive proposals for shoring up our economy, for lessening the impact of the difficulties and for safeguarding our vital national interests.

Periods of difficulty test our self-confidence and our character. There is always a temptation to yield to doubts and fears and to compromise principles in the vain hope of finding an easy option. There are no easy

options for us. There is no short-cut, no royal road to development. We know that development is a slow, painful and sometimes dangerous process. Success comes in the end only to those who have patience, fortitude and moral strength.

We have a beautiful, fertile and richly endowed country. Since Independence we have ploughed massive investments of our time and energies, of our financial and material resources, into its development. Let us not make the mistake of forgetting what we, as a people, have done and achieved together. We have only to look around us to see the schools, the health facilities, the housing projects, the roads and the drainage and irrigation systems that we have built. We can all recognise the enhanced quality of life in rural areas brought about by the extension of pure water supply, electricity and social amenities. We are far from perfection, of course, and we are yet to satisfy the legitimate basic needs of all of our people. But those of us who are old enough to compare the present with colonial times know how wonderful have been the changes we Guyanese have wrought in this country of ours. Perhaps the most palpable manifestation of our progress is our children and young people. They have sloughed off the docility and lethargy which were their distinguishing traits in the colonial area. We see them now eager and self-

confident, their heads held high. They know that they possess this land, that the future is theirs and that, together with their comrades, they have the right, the duty and opportunity to shape that future and to mould this country nearer to the heart's desire.

It is the shaping of that future with which we are now concerned. This is no time for weakness and vacillation; this is no place for the fearful and pusillanimous. Clear minds, strong wills, a steady purpose and a common resolve - these are the qualities we need to sustain us at this critical period. And these are the qualities we have always found among the masses of the people. The Party and the Government have always worked with and trusted the people in confronting and overcoming difficulties. In the people, therefore, we place our faith; with them we make our stand.

The combination the Party, the Government and the people has never been beaten. It will prove yet again to be invincible as we close our ranks to defend our economy, to defend our hard-won social gains and to defend our country. But our ambition transcends mere survival. Our inflexible purpose continues to be the development of our country and the creation of a humane society on the foundations of social justice.

And so, Comrade Speaker, I present a Budget of resilience for the proud and resourceful Guyanese people. We are possessed of a tough moral fibre; we have a capacity for achievement. To the task now before us, let us turn with all our strength.

APPENDIX A

TABLE II.1 – TOTAL PUBLIC SECTOR EXPENDITURE AND ITS FINANCING

Item and Number	1979	1980	Budget 1981	Revised 1981	Budget 1982
Financial Requirements					
1. Current Expenditure — Central Government	576	723	763 ⁺	832	891
2. Capital Expenditure — Central Government	210	345	429	422	382
3. Less Capital Transfers to Corporation	- 21	- 53	- 26	- 62	- 37
3. Capital Expenditure — Corporation	112	105	195	133	160
Total Financial Requirements	877	1120	1361	1325	1396
Financing from Non-Bank System					
4. Taxes from Government Corporations	48	58	69	55	52
5. Dividends from Government Corporations	28	15	59	12	20
6. Other Current Revenue of the Government	319	381	382 ⁺	491	542
7. Capital Revenues — Grants, Sales of Assets, etc.	18	16	7	13	12
8. Depreciation Funds	63	75	80	84	96
9. Surpluses of Corporations (after taxes, dividends and depreciation)	91	100	135	121	88
10. Gross External Borrowing — Central Government	130	197*	382	421	336
11. Gross Domestic Non-Bank Borrowing	107	127	145	129	155
12. Changes in Corporations holding of securities	- 69	- 101	- 64	- 33	- 87
13. Net External Borrowing — Corporations	+ 5	+ 6	+ 7	- 17	+ 11
14. Net Domestic Non-Bank Borrowing — Corporations	- 1	+ 10	+ 3	+ 5	- 2
15. Other Miscellaneous Financing	- 44	- 117	+ 18	+ 18	59
Total Financing from Non-Banking System Sources	695	767	1223	1057	1164
Banking System Borrowing					
16. Central Government Banking System Borrowing	+ 136	+ 290	+ 158	+ 134	+ 156
17. Other Public Sector Borrowing from the Banking System	+ 46	+ 63	20	+ 134	+ 76
Total Banking System Borrowing	+ 182	+ 353	+ 138	+ 268	+ 232

Includes G\$57 million which represents a re-financing of portion of external public debt.

+ Adjusted for provision for increases in Current Expenditure, for net changes in taxes resulting from the tax band changes and for additional revenue measures.