Growth, Inequality and Poverty in Selected Caribbean and Latin American Countries, with Emphasis on Guyana*

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Abstract. The statistical evidence surveyed suggests that as an indicator of development the Human Development Index is directly related to the level of per capita income; that inequality is countercyclical; and that economic growth is poverty reducing. In the case of Guyana the data suggest that nearly 43 per cent of the population were below the poverty line (approximately US$1 per day per person); that poverty is predominantly rural; that most of the poor seek employment in agriculture or in the informal (self employed) sector; and that there is a direct relationship between the level of education, health and poverty.

The Latin American and Caribbean (LAC) countries have historically been plagued with an unequal distribution of income. The 1980s have been described as the 'lost decade' for developing countries, and, for the poor, their condition has worsened. This article attempts to pull together some of the available evidence relating to income inequality and poverty for selected Caribbean and Latin American countries, with special reference to the situation in Guyana.[1] It chooses to concentrate on Guyana, as an economy that moved away from a market economy in the 1960s to a state controlled economy in the 1970s and 1980s, but where, since 1988, the pendulum has swung again in favour of economic liberalisation and market reforms. At the outset, it should be pointed out that poverty and inequality are not the same. As *World Development Report 1990* succinctly puts it:

Whereas poverty is concerned with the absolute standard of living of a part of society – the poor – inequality refers to relative living standards across the whole

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[1] It should be stressed that this article relies heavily on (and borrows freely from) World Bank reports and studies conducted under World Bank auspices. I am not in a position to generate my own data, and take no credit for the findings by the World Bank. The aim of this study is to make accessible to students on Latin American and the Caribbean some of the evidence on inequality and poverty in a single source. I apologise for this over reliance on World Bank data, but, sadly, the World Bank data are all that is available.

society…. This Report defines poverty as the inability to attain a minimal standard of living.[2]

Amartya Sen has observed that development economics is preoccupied with such aggregates as real per capita GDP, rather than focusing attention on 'entitlements', and the 'capabilities' that such a bundle of entitlement can provide. Poverty, as Sen argued, is the 'failure to achieve certain minimum capabilities'.[3]

In this article, apart from the usual measures of inequality (i.e. per capita income), broad measures of well being, namely, life expectancy, child mortality and educational attainment will be examined. This article sets out to examine poverty, inequality and growth in Caribbean and some Latin American countries with specific reference to the experience of Guyana. It is organised as follows. Section II provides a brief review of the relationship between growth, inequality, and poverty. Section III provides some information relating to the basic indicators of development. Section IV briefly examines the trends in inequality and poverty for some Caribbean and Latin American countries. Section V is devoted specifically to an examination of poverty in Guyana. Finally, there is a concluding section. One of the conclusions of this paper is that poverty worsens in times of economic recession and economic contraction, and improves with economic growth, provided that growth is broadly based.

Growth, *inequality and poverty relationship*

This section briefly reviews some of the general relationships between economic growth, inequality, and poverty. The discussion is not intended to be an exhaustive treatment of the debate regarding the theoretical and empirical link between growth, inequality, and poverty. In an important and influential publication entitled *Redistribution with Growth*, Chenery and his associates placed heavy emphasis on growth as the appropriate poverty reduction strategy.[4] This emphasis on broad-based growth has remained, and quite correctly, the core of the World Bank's approach in formulating poverty reduction programmes.[5] Unemployment and poverty are directly related. The rationale for emphasising growth is as follows: First, growth is essential to sustain any expansion and improvement in employment

[2] World Bank, *World Development Report 1990* (New York, 1990), p. 26.
[3] Amartya Sen, 'A Sociological Approach to the Measurement of Poverty: A Reply to Professor Peter Townsend', *Oxford Economic Papers*, vol. 37, no. 4 (1985), p. 669.
[4] See Hollis Chenery, Montek Ahluwalia, Clive Bell, John Duloy and Richard Jolly, *Redistribution with Growth* (New York, 1974).
[5] For a discussion of the World Bank's experience with poverty programmes, see World Bank, *Poverty Reduction and the World Bank: Progress and Challenges in the 1990s.* (Washington, D.C., 1996).

opportunities, living standards, and real wages. However, as Bardhan observed, if growth is concentrated in capital-intensive or skill-intensive activities this may well delay the reduction of poverty of the unskilled and assetless.[6] If the pattern of growth is urban-biased, or if it displaces unskilled labour, or if it subsidises scarce inputs (e.g. capital, energy etc.) the incidence of poverty may well increase, even though there is growth. Macro-economic policies that encourage over-valuation of the real exchange rate also affect the poor adversely. This is because over-valuation of the exchange rate represents an increase in the real wage rate (without reference to productivity considerations), thus penalising labour-intensive (agriculture) compared to capital-intensive industries; it subsidises capital; and it hurts rural development and rural employment, thereby hurting the poor. In addition, economic growth provides governments with revenues which they can in principle use to provide basic services (e.g. education, health care, safety nets etc.) that benefit the poor, the disadvantaged, and the vulnerable groups in the society.[7]

Fishlow has shown that in the 1960s, both income inequality and poverty worsened in Brazil despite impressive rates of economic growth.[8] The literature clearly shows that while growth is necessary and essential for poverty reduction, the pattern, character, duration and rate of growth are important for poverty reduction. A review of the literature further reveals that in addition to economic growth, emphasis on human-capital formation (i.e. education, health, etc.), land reform, access to credit etc. are important elements in any strategy designed to reduce inequality and poverty.

The Caribbean economies are dualistic in nature. Fields, utilising the two sector dualistic Lewis type model, has theoretically demonstrated the following propositions:[9]

(i) Traditional sector enrichment growth results in higher income, a more equal relative distribution of income, and less poverty;

(ii) Modern sector enrichment growth results in higher income, a less equal relative distribution of income, and no change in poverty.

In re-visiting the issue of poverty, the World Bank in its authoritative and highly influential policy publication, *World Development Report 1990*

[6] Pranab Bardhan, 'Research on Poverty and Development Twenty Years after *Redistribution with Growth*' in Michael Bruno and Boris Pleskovic (eds.), *Annual World Bank Conference on Development Economics 1995* (World Bank, 1996), pp. 59–72.

[7] Montek Ahluwalia, 'Comment on Inequality, Poverty, and Growth: Where Do We Stand?' by Albert Fishlow, in Michael Bruno and Boris Pleskovic (eds.), *Annual World Bank Conference on Development Economics 1995*, pp. 59–72.

[8] Albert Fishlow, 'Brazilian Size Distribution of Income', *American Economic Association Papers and Proceedings*, vol. 62, no. 2 (1972), pp. 391–402.

[9] See Gary Fields, *Poverty, Inequality and Development*, (Cambridge, 1980), pp. 47–50, for a discussion of this point.

spelt out explicitly its strategy to reduce poverty.[10] This strategy has three elements, namely, broad based economic growth, emphasis on human capital formation, and the creation of social safety nets for the vulnerable groups. The World Bank report also concluded that one of the many policy lessons the bank has learned in devising poverty-reduction programmes is that '[n]o country has achieved sustained reduction in poverty without continuing positive economic growth'.[11] In a careful econometric analysis of the available data for developing countries, Ravallion found a strong negative relationship between consumption per person (used as a measure of welfare) and the headcount index of poverty.[12] Ravallion's regression analysis suggests that there is a tendency for poverty to rise in zero growth economies, but, that growth alone is not sufficient to reduce poverty, and that growth has not adversely affected the relative position of the poor. Birdsall and Londono econometric results confirm that the poor benefits from growth, and that human-capital formation and asset accumulation are important factors in reducing inequality and poverty; and that the 'elasticity of income growth of the poor with respect to overall growth is well above 1'.[13]

Kuznets has suggested that in the early stages of development the distribution of income would worsen, while at later stages it will improve.[14] This relationship, which has been referred to in the literature as the 'inverted U Kuznets hypothesis', has been subjected to several analyses. Ahluwalia found evidence to support the Kuznets proposition.[15] Todaro has pointed out that the statistical evidence does not reveal any strong or obvious relationship between GNP growth and the distribution of income.[16] Fields has noted that the empirical evidence for some countries support the Kuznets hypothesis, while for other countries the Kuznets inverted U hypothesis is invalidated.[17] Anand and Kanbur have

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[10] For a discussion of poverty reducing strategies see World Bank, *World Development Report 1990*.

[11] World Bank, *Poverty Reduction and the World Bank: Progress and Challenges*, p. 18.

[12] Martin Ravallion, 'Growth and Poverty: Evidence for developing countries in 1980s', *Economic Letters*, vol. 48 (1995), pp. 411–417.

[13] Nancy Birdsall and Richard Sabot, 'Asset Inequality: An Assessment of the World Bank's Approach to Poverty Reduction', *American Economic Review*, *Papers and Proceedings*, vol. 87, no. 2 (1997), p. 35.

[14] Simon Kuznets, 'Economic Growth and Income Equality', *American Economic Review*, vol. 65, no. 1 (1955), pp. 1–28.

[15] See Montek Ahluwalia, 'Income Inequality: Some Dimensions of the Problem', in Hollis Chenery et al., *Redistribution with Growth*, pp. 3–37; and Montek Ahluwalia, 'Inequality, Poverty and Development', *Journal of Development Economics*, vol. 6 (1976), pp. 307–342.

[16] Michael Todaro, *Economic Development* 5th ed. (New York, 1994), p. 155.

[17] The reader should refer to the statistical evidence summarised in Gary Fields, *Poverty, Inequality, and Development*.

re-examined the findings of Ahluwalia, and concluded that by making different assumptions one can get the U relationship, the inverted U, or no relationship at all.[18] These authors show that the results supporting Kuznets are very sensitive to the measure of inequality, and the choice of data. Demery *et al.* concluded that recent work has found 'little or no support' for Kuznets hypothesis.[19] In a re-examination of the cross country and time-series data, Bruno *et al.* concluded that based on the data for the last three decades there 'seems' to be 'no credible support' for the Kuznets thesis.[20]

The only available, reliable and consistent evidence of inequality for the English speaking Caribbean countries is that reported by Henry and Watson for Trinidad and Tobago.[21] Watson reported that between 1971–2 and 1975–6 the Gini coefficient for Trinidad and Tobago fell from 0.52 to 0.47. Based on the Household Budgetary Surveys of 1971–2, 1975–6 and 1981–2 for Trinidad and Tobago, Henry estimated that the overall Gini coefficient declined from 0.51 in 1971–2 to 0.46 in 1975–6 and then to 0.45 in 1981–2 as a result of economic growth. For different ethnic groups, Henry found that the trend in inequality for Trinidad and Tobago was mixed. The statistical evidence amassed by Morley for Latin America demonstrates that countries that had declining per capita income generally had worsening inequality.[22]

[18] Sudhir Anand and S. M. Ravi Kanbur, 'The Kuznets Process and the Inequality Development Relationship', *Journal of Development Economics*, vol. 40 (1993), pp. 25–52.

[19] Lionel Demery, Binayak Sen and Tara Vishwanath, 'Poverty, Inequality and Growth', ESP Discussion Paper Series No. 70, The World Bank, June 1995.

[20] The econometric evidence reported by Michael Bruno, Martin Ravallion and Lyn Squire, 'Equity and Growth in Developing Countries: Old and New Perspectives on the Policy Issues', Policy Research Working Paper 1563, The World Bank, January 1996 showed that growth reduces absolute poverty. These authors found no sign in the cross-country data to suggest that growth has any significant or systematic effect on inequality.

[21] Ralph Henry, 'Inequality in Plural Societies: An Exploration', *Social and Economic Studies*, vol. 38, no. 2 (1989), pp. 69–110; and P. K. Watson, 'Income Inequality Comparisons in Trinidad and Tobago: Some Methodological Issues', *Research Papers No. 12*, Central Statistical Office, Trinidad and Tobago (1983), pp. 81–92.

[22] The reader should consult Samuel Morley, *Poverty and Inequality in Latin America: Past Evidence, Future Prospects*, Overseas Development Council Essay No. 13, (Washington, D.C. 1994); Samuel Morley, *Poverty and Inequality in Latin America: The Impact of Adjustment and Recovery in the 1980s* (Baltimore, 1995); and Samuel Morley, 'Structural Adjustment and Determinants of Poverty in Latin America' in Nora Lustig (ed), *Coping with Austerity, Poverty and Inequality in Latin America* (Washington, D.C. 1995), pp. 42–70.

Basic indicators of development

In order to place the socio-economic development of Guyana in its proper perspective, its basic socio-economic indicators should be compared with those for the Caribbean region. Indicators relating to infant mortality, life expectancy and basic literacy have been used, in addition to per capita income, to illustrate the state of Guyana's development. The UNDP *Human Development Report* provide statistics relating to the socio-economic development of countries.[23] Data from various issues of *Human Development Report* reveal the following:

(i) Life expectancy in the Caribbean increased from an average of 57 years in 1960 to 68 years in 1992. Life expectancy in these countries is about 90 per cent of the life expectancy for industrial countries. Life expectancy in Guyana, which is the second lowest in the Caribbean, increased from 56.1 years in 1960 to 65.2 years in 1992. (Haiti has the lowest life expectancy averaging around 56 years in 1992).

(ii) Between 1960 and 1992 infant mortality fell from 100 per thousand (an average of 145 per thousand for all Latin America) to 38 per thousand (an average of 45 for all Latin America). In Guyana, infant mortality rates fell from 100 per 1,000 live births in 1960 to 48 per 1,000 in 1992.

(iii) Total enrollment at all levels (as a percent of age 6–23) increased between 1980 and 1990 for the Caribbean and Latin America countries. In Guyana, the enrollment ratio for all levels increased from 61 per cent in 1980 to 65 per cent in 1990; and in Haiti, the enrollment ratio was 30 per cent in 1990.

(iv) Haiti is the only country with a calorie consumption substantially less than the minimum daily requirements of 2,400 calories.

Per capita GDP varies widely across the Caribbean countries. Table 1 presents the per capita GDP covering the period 1980–94.

There are problems in using per capita income: first, non-traded goods and some wage goods in poor countries sell below the official exchange rate; secondly, in many developing countries the official exchange rate is over-valued, hence, there is the problem of converting national income statistics at the official exchange rate; and, thirdly, there is the valuation of non-market activities, the underground economy and illegal activities. In short, therefore, intercountry comparisons of per capita incomes, using official exchange rates valuations, can be misleading since they do not reflect the purchasing power of individual currencies. While per capita GDP is a good proxy for the level of development, it does not say

[23] United Nations Development Programme (UNDP), *Human Development Report 1995* (New York, 1995) and various issues of this report. Some of the conceptual issues and statistics utilised here rely heavily on the *Human Development Reports* (HDR).

Table 1. *Gross domestic product per capita for selected years (at 1990 US$)*

Country	1980	1985	1988	1990	1992	1994	Average annual per capita growth rate (%)		
							1970 1980	1980 1990	1990 1994
Barbados	6114	5738	6695	6657	6132	6656	1.7	1.2	−0.8
Brazil	2618	2560	2674	2539	2448	2596	6.9	−0.6	0.6
Dominican Republic	908	871	946	896	928	960	6.5	−0.8	1.7
Guyana	738	607	530	471	566	686	0.2	−3.9	9.8
Haiti	516	364	341	314	249	208	3.0	−2.9	−9.8
Jamaica	1499	1365	1476	1633	1637	1640	−2.2	1.0	0.1
Suriname	951	892	782	788	821	703	5.3	−3.2	−2.8
Trinidad and Tobago	6502	5167	4362	4259	4236	4298	4.4	−4.3	−0.2
Latin America	2734	2517	2561	2441	2502	2619	3.4	−1.2	1.8

Sources: Based on data taken from the Inter-American Development Bank's annual report, *Economic and Social Progress in Latin America*. Distributed by the Johns Hopkins University Press for Inter-American Development Bank (Washington, D.C.), various issues.

anything about the way people live, nor does it capture changes in the distribution of income and welfare for the broad mass of the people.

Human development is a process of enlarging people's entitlements, capabilities, opportunities, freedoms, choices and improving the quality of life.[24] This is reflected in the UNDP's Human Development Index (HDI), which combines real GDP (in purchasing power parity dollars), educational attainment and life expectancy is a better indicator development than per-capita GDP. For the larger Caribbean countries the HDI in 1992 was as follows: Barbados, 0.9; Trinidad and Tobago, 0.87; Jamaica, 0.72; Dominican Republic, 0.71; Guyana, 0.62 and Haiti 0.36. The data in Table 1 indicate that there is an association between per capita income and the level of development, as measured by the Human Development Index.

Table 1 indicates that most Caribbean countries experienced negative growth rates during the 1980s. Growth is essential to reduce poverty, but growth should be 'broadly based' and employment generating in order to reduce poverty substantially. One of the findings by the World Bank is that no country has been able to significantly reduce poverty without 'continuing positive economic growth'.[25] The data in Table 1 show that Brazil, Guyana, Haiti, Suriname and Trinidad and Tobago experienced negative annual per capita growth rates during 1980–90, and for the same

[24] See UNDP, *Human Development Report 1995*, pp. 11–12.
[25] World Bank, *Poverty Reduction and the World Bank: Progress and Challenges in the 1990s*, p. 10.

period poverty rates in these countries (see Table 3) increased. Jamaica had a positive growth rate during 1980–90 and experienced a reduction in its poverty rates. The main finding of Morley for Latin America is that falling per capita income is accompanied by increased inequality, which suggests that inequality is countercyclical.[26] Fishlow in a review of the empirical evidence concluded that income inequality is smaller at higher per capita income.[27] Gafar reported that there is a positive correlation between the growth in the real wage rate and growth in per capita income for Latin American and Caribbean countries.[28] This lends support to the view that economic growth is poverty reducing. Morley in an analysis of 58 observations of a recession (a recession is defined as at least two years of falling GDP) in Latin America during the 1980s, noted that in 55 of the 58 cases poverty increased; and that for the Latin American countries poverty is highly sensitive to income changes, and that it has an income elasticity of around minus two.[29] This therefore suggests that economic growth and pro-growth policies are essential to reduce poverty.

Trends in inequality and poverty

Table 2 presents the distribution of incomes by quintiles for some Caribbean and Latin American countries. The data demonstrate in unambiguous language the unequal distribution of income in Latin America and the Caribbean. Income distribution can be viewed in three ways: (1) the share of income going to the 1st and 2nd quintiles of the population; (2) the ratio of the income share going to the top 20 per cent divided by the income share going to the poorest 40 per cent; and (3) the Gini Coefficient.

The distribution of income in Guyana in 1993 is quite similar to that prevailing in the Dominican Republic, Jamaica and Trinidad and Tobago. The data in Table 2 indicate that the ratio of the income share going to the top 20 per cent income earners to the poorest 40 per cent income earners varies from 2.3 to 8.6, indicating the wide disparities in the distribution of income. The estimates of the Gini coefficient also confirm the existence of stark income inequalities in some countries. The main

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[26] Samuel Morley, *Poverty and Inequality in Latin America: The Impact of Adjustment and Recovery in the 1980s*, p. 46.

[27] Albert Fishlow, 'Inequality, Poverty, and Growth: Where Do We Stand?' in Michael Bruno and Boris Pleskovic (eds.), *Annual World Bank Conference on Development Economics 1995*, pp. 25–39.

[28] John Gafar, 'Real Wages and Output: Some Evidence from Latin American and Caribbean Countries', *mimeo* unpubl., 1996.

[29] Samuel Morley, *Poverty and Inequality in Latin America: Past Evidence, Future Prospects*, p. 27.

Table 2. *Distribution of income estimates*

Country	Year	Percentage share of income by quintile					Highest 10 per cent	Gini coefficient	Ratio of top 20 to bottom 40 %
		1st	2nd	3rd	4th	5th			
Brazil[a]	1989	2.6	5.2	8.8	16.3	67.2	51.3	0.63	8.6
Colombia[a]	1989	3.6	8.7	12.0	18.7	57.0	41.6	0.52	4.6
Costa Rica[a]	1989	5.0	11.0	15.4	21.6	47.1	31.3	0.41	2.9
Dominican Republic[b]	1990	4.2	7.9	12.5	19.7	55.6	N.A.	0.49	4.6
Guatemala[a]	1981	5.5	8.6	12.2	18.9	55.2	40.8	N.A.	3.9
Guyana[e]	1988	7.5	11.7	15.7	21.7	43.4	N.A.	N.A.	2.3
Guyana[d]	1993	5.3	7.7	12.7	18.4	56.9	42.4	0.42	4.4
Jamaica[e]	1988	5.4	9.9	14.4	21.2	49.2	33.4	0.66	3.4
Jamaica[b]	1992	6.5	10.8	15.2	22.3	45.2	N.A.	0.43	2.6
Trinidad & Tobago[f]	1975–76	2.7	8.9	15.8	23.2	49.4	31.4	0.45	4.3
Trinidad & Tobago[b]	1992	4.7	8.6	12.8	21.2	52.7	N.A.	0.42	4.0

Notes and sources

(a) Adapted from data in A. Fiszbein and G. Psacharopoulos, 'Inequality Trends in Latin America in the 1980s' in Nora Lustig (ed.), *Coping with Austerity, Poverty and Inequality in Latin America*, pp. 90–91.

(b) World Bank, *Caribbean Countries: Poverty Reduction and Resource Development in the Caribbean. Report No. 15342-LAC* (Washington, D.C. 14 May 1996), p. 165.

(c) Clive Thomas, 'Lessons from Experience: Structural Adjustment and Poverty in Guyana', *Social and Economic Studies*, vol. 42 (1993) pp. 133–84 (see Table 14).

(d) World Bank, *Guyana: Strategies for Reducing Poverty. Report No. 12861-GUA.* (Washington, D.C. 1994) p. 9.

(e) World Bank, *World Development Report 1990*, p. 236.

(f) Winston Dookeran, 'The Distribution of Income in Trinidad and Tobago: 1975–76', *Review of Income and Wealth*, vol. 27, no. 2 (1981), pp. 195–206 (see Table 3).

problem with the Gini coefficient is that two countries can have different distribution of incomes, and yet the Gini coefficient can be identical. Todaro points out that countries with highly unequal distribution of income has a Gini coefficient in the range of 0.5 to 0.7, while for countries with a more equitable distribution of incomes, the Gini coefficient is in the range 0.20 to 0.35.[30] Income inequality is the result of many factors. Without pretending to be comprehensive, we list below some factors that have contributed to income inequality:

(i) unequal distribution of land and access to land. The 1990 *World Development Report* states that '[p]overty is highly correlated with landlessness in South Asia, southern Africa, and much of Latin America'.[31] In Brazil Alan Riding claims that the top two per cent landowners control 60 per cent of arable land while 70 per cent of rural population are landless or near landless. In Colombia the top four per cent of landowners control 68 per cent of arable land, while 66 per cent of the rural population is landless or near landless. And, in Paraguay, the top one per cent of landowners control 80 per cent of land while 42 per cent of rural households are landless or near landless.[32] Fishlow points out that successful land reforms have had a positive effect on income distribution, since land reform tended to increase the productivity of many small rural farmers.[33]

(ii) widespread existence of imperfect factor immobility, and imperfect information.

(iii) government policies, in particular the import substitution strategy, and the use of over-valued exchange rates that favoured capital intensive techniques at the expense of labour intensive methods of production and exports.

By regressing the growth rate of real per capita income of 74 developing countries over the period 1960–85 on the determinants of growth (such as per capita GDP, education enrollments, income equality etc.) Birdsall and Sabot concluded that inequality and growth are inversely related.[34]

The estimates of poverty presented in this paper are based on several World Bank studies. The usual procedure to construct estimates of poverty is to calculate the amount of a typical maximum – calorie basket

[30] Michael Todaro, *Economic Development*, p. 140.
[31] World Bank, *World Development Report 1990*, p. 32.
[32] Alan Riding, 'The Struggle for Land in Latin America', *New York Times*, Sunday edition, March 26, 1989, Section 4, p. E1.
[33] Albert Fishlow, 'Inequality, Poverty and Growth: Where Do We Stand?', p. 29.
[34] Nancy Birdsall and Richard Sabot, 'Inequality As a Constraint in Latin America', *Development Policy*: Newsletter on Policy Research by the Inter-American Development Bank, September 1994, pp. 1–5.

of food and then define poverty as some multiple of that basket. In Latin America the multiple is generally 2 for cities and 1.75 for rural areas, and no adjustment for family composition, whereas for the U.S. the multiple is 3 and the line is adjusted for family composition.[35] In obtaining its estimates of poverty for Latin America, the World Bank took a different approach, it 'arbitrarily' chose a poverty line of US$2 per person per day, and for Europe and Central Asia the poverty line is close to US$4 per person per day.[36] This poverty line was converted into local currency using the Summers–Heston purchasing power parity (PPP) exchange rate to reflect differences in the cost of buying a basic basket. Table 3 presents the estimates of poverty for selected Latin American and Caribbean countries (LAC). What the data in Table 3 indicate is the number of people living below US$2 per day. Poverty is relative, and a poverty line of $US2 per person per day is not the same for someone living in oil rich Trinidad and Tobago as for someone living in Haiti.

Table 3 reveals the following:

(i) Poverty in Latin America increased from 26.5 per cent in 1980 to 31 per cent in 1989 i.e. 131 million people in LAC in 1989 were living on less than US$2 per day. In Guyana, urban and rural poverty rates increased from 51.9 and 70.7 per cent in 1980 to 79.7 and 98.5 per cent in 1989, respectively. The poverty rate in Guyana is one of the highest in the region.

(ii) Poverty rates are higher in the rural areas. Rural life entails the lack (in many cases) of electricity, potable water, proper sanitation, educational and health facilities, and decent housing.

(iii) In absolute numbers, more of the poor in 1989 live in the urban areas. As the World Bank puts it:

Poverty in the region is predominantly urban. The majority of the increase in poverty in the region over the last 10 to 15 years has been in the cities. The urban poor include a disproportionate number of single mothers, parents with little or no education, and young people for whom there are insufficient jobs.[37]

(iv) The poor (landless and unemployed) and the young are fleeing the countryside for the cities. Industrialisation, which is urban-biased, is partly responsible for this phenomenon.

(v) Poverty in LAC is not homogeneous; it differs widely across countries. Poverty rates are higher for countries (e.g. Guyana and Haiti) with low per capita incomes. Increases in per capita incomes; and "broad-based", and labour absorbing, growth are necessary to reduce poverty.

[35] See Samuel Morley, *Poverty and Inequality in Latin America: Past Evidence, Future Prospects*, p. 80, footnote 10.

[36] World Bank, *Poverty Reduction and the World Bank: Progress and Challenges in the 1990s*, p. 5.   [37] *Ibid*, p. 6.

Table 3. *Poverty in some Latin American countries, 1989 and 1980*

Country	Total population in 1989 (millions)		Population in poverty in 1989 (millions)		Poverty incidence (%) in 1989		Poverty incidence (%) in 1980	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
Argentina	27.387	4.496	1.753	1.050	6.4	23.4	3.0	11.5
Barbados	0.113	0.142	0.003	0.030	2.3	21.1	4.9	10.5
Bolivia	3.605	3.505	1.947	2.673	54.0	76.3	34.1	81.3
Brazil	111.867	35.133	37.140	22.169	33.2	63.1	23.9	55.0
Colombia	22.537	9.798	1.803	3.977	8.0	40.6	13.0	58.4
Guatemala	2.925	6.021	1.603	4.780	54.8	79.4	35.7	52.7
Guyana	0.273	0.527	0.204	0.494	78.8	79.6	51.9	70.7
Haiti	1.892	4.477	1.507	4.408	79.7	98.5	72.2	91.0
Jamaica	1.239	1.157	0.055	0.212	4.4	18.3	25.0	53.5
Suriname	0.205	0.231	0.005	0.049	2.3	21.1	3.4	7.4
Trinidad and Tobago	0.859	0.402	0.020	0.085	2.3	21.1	1.6	3.4
Uruguay	2.625	0.452	0.139	0.142	5.3	31.3	6.2	13.5
All Latin America: 1980	227.4	118.1	38.2	53.2	16.8	45.1	(26.5)	
All Latin America: 1989	300.1	121.3	66.0	64.8	22.0	53.4	(31.0)	

Source: Data are taken from Samuel Morley, *Poverty and Inequality in Latin America. The Impact of Adjustment and Recovery in the 1980s*; for 1989 from Table 2–3 and for 1980 from Table 2–4; the all Latin America data are from Table 2–5. The figures in brackets are the combined urban and rural poverty rates.

Using a $US1 per day per person as the poverty line, the World Bank estimated that in 1993, 1.3 billion people in the world were below the poverty line. In the case of LAC, the number of people living below US$1 a day increased from 91.2 million in 1987 to 109.6 million in 1993 i.e. the proportion of the population in LAC living below US$1 a day increased from 22 per cent in 1987 to 23.5 per cent in 1993.[38]

Poverty in Guyana

(i) *The extent of poverty*

The economy of Guyana is mainly concerned with producing bauxite, sugar and rice, with most agricultural production concentrated on the coastal belt where most of the population resides. In 1966 Guyana gained her political independence. There are three phases of economic policy. Prior to 1970 the government favoured a private sector economy with the state intervening in those areas where the market was inadequate to allow for economic efficiency i.e. the adoption of the import substitution model.

Between 1970–88 the government followed a set of policies labelled as 'cooperative socialism', to wit, state control of the economy. Intervention by the state led to the nationalisation of the sugar and bauxite industries, commercial banks, major industrial and service enterprises, and consumer and marketing agencies. Through state ownership, or indirectly through price and exchange rate controls, the government controlled over 80 and 85 per cent of foreign trade and total investment respectively.[39] By 1988, with GDP just 74 per cent of 1976 level and a collapsing economy, the government implemented an Economic Recovery Programme (ERP) under the IMF-World Bank auspices. This programme emphasised economic liberalisation, removal of trade restrictions and exchange and price controls, reductions in fiscal deficits, limits on monetary growth, and privatisation of public sector enterprises.

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[38] *Ibid*, p. 4, Table 1.2.

[39] See World Bank, *Guyana: Strategies for Reducing Poverty Report No. 12861-GUA*, p. I. This section benefited from World Bank, *Guyana: From Economic Recovery to Sustained Growth*, (Washington, D.C., 1993) and World Bank, *Guyana: Public Section Review* (Washington, D.C., 1993) reports; Clive Thomas, 'Lessons from Experience: Structural Adjustment and Poverty in Guyana', and John Gafar, 'Guyana: From Cooperative Socialism to Economic Liberalization and Growth: 1976–1994', *The Journal of Developing Areas*, vol. 31, no. 1 (1996) pp. 41–74. Much of this section of this paper relies on the World Bank, *Guyana: Strategies for Reducing Poverty: Report No. 12861-GUA* (here-in-after referred to as World Bank, Report No. 12861); and we take no credit and lay no claim to the originality regarding the findings of poverty in Guyana. I believe, rightly or wrongly, that rather than letting the World Bank *Report No. 12861-GUA* remain in archives gathering dust, a summary of its findings is appropriate to publish for the benefit of researchers and policy debate.
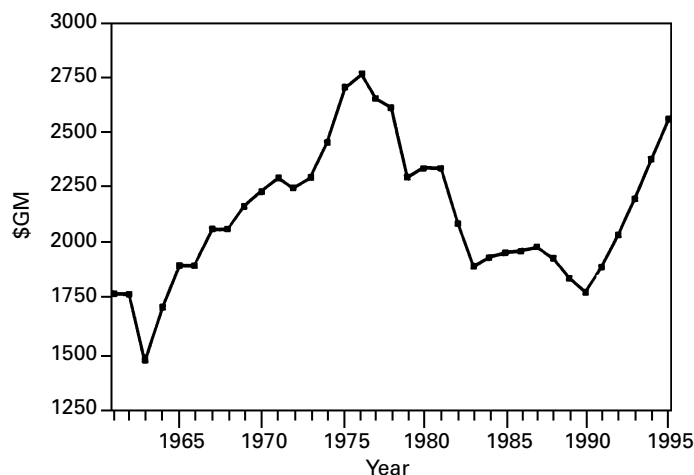
Fig. 1. *Gross Domestic Product (GDP) at 1985 Prices in SGM: 1961–95. Sources*: Author's calculations based on data contained in International Monetary Fund. *International Financial Statistics* (Washington, DC: International Monetary Fund), various issues; and Bank of Guyana. *Annual Report* (Georgetown: Bank of Guyana), various issues.
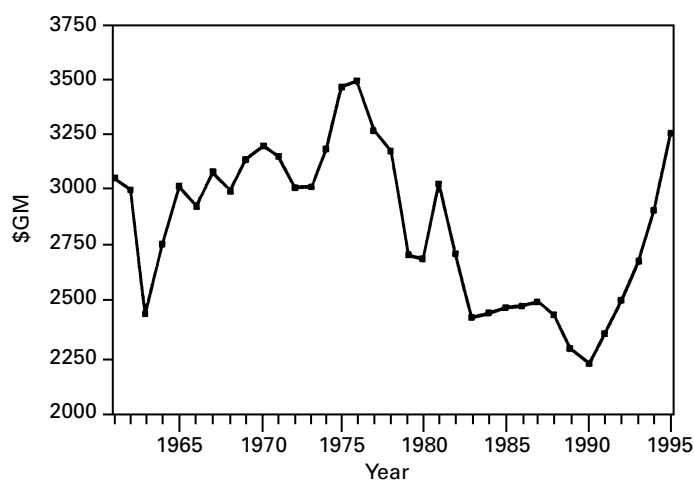

Fig. 2. *Real Per Capita GDP at 1985 Prices in $G: 1961–1995. Sources*: See fig. 1.

Figure 1 illustrates the trend in real GDP during 1961–95; and Figure 2 depicts the trend in real per capita GDP during 1961–65. The trend in real per capita GDP and real GDP tells the evolution and performance of the economy, and what has happened to living standards. Growth in real GDP averaged 2.5 per cent per annum during 1961–9; minus 0.6 per cent during 1970–80, and 3.9 per cent during 1989–95. The sharp decline in GDP in 1963 was the result of political and industrial unrests. Growth in

the mid 1970s was due largely to the boom in sugar, rice, and bauxite prices. The economic decline in the late 1970s and 1980s is due largely to poor domestic policies, and the depressed state of commodity prices in the world market in the 1980s, and a deterioration in the commodity terms of trade. The World Bank estimated that the 29 per cent decline in per capita GDP between 1980–90 resulted in an increase in the rate of poverty from 26 per cent in 1980 to 43 per cent in 1990.[40] In examining the evidence between economic growth and poverty reduction in the Caribbean, the World Bank concluded:

Countries in the Caribbean that have sustained positive growth rates and invested heavily in human development such as Antigua and Barbuda, the Bahamas, Barbados, and St. Kitts and Nevis have relatively low levels of poverty. Poverty has increased in countries that have had low or negative growth rates for protracted periods such as Guyana, Haiti, Jamaica, Suriname and Trinidad and Tobago.[41]

The increased poverty and worsening living standards in Guyana are reflective in other indicators, for example, between 1978 and 1988 infant mortality rose by 17 per cent, and the number of gastroenteritis cases doubled between 1984 and 1989. Most poverty in Guyana can be explained by inadequate access to incomes, job opportunities, education, health care, and to declining real wages. The evidence on wages is, at best, fragmentary. The minimum wage which was US$2.89 in 1980 fell to US$1.00 in 1989, and recent data suggest that it has increased from US$1.15 in 1991 to US$2.28 in 1995 as a result of impressive rates of economic growth.[42] McFeeters noted that in 1990 an estimated 40 per cent

[40] World Bank, *Report No. 12861-GUA*, p. 3.
[41] World Bank, *Caribbean Countries: Poverty Reduction and Human Resource Development in the Caribbean. Report No. 15342-LAC*, p. ix. (This will here-in-after be referred to as World Bank, *Report No. 15342-LAC*).
[42] For a discussion of this, see John Gafar, 'Guyana: From Cooperative Socialism to Economic Liberalization and Growth: 1976–1994', p. 46. Public sector wages have been depressed (in some cases about one-third or one-half of that prevailing in the private sector). Most Afro–Guyanese are employed in the public sector, and depressed public sector wages have placed more Afro–Guyanese in poverty, and led to rent seeking activities by public employees, and the pervasiveness of corruption in the public sector. The worsening of the economic condition of Afro–Guyanese has led to political instability in the country, and this partly explains why the main political opposition party, the Peoples National Congress (PNC), an Afro–Guyanese dominated political party, rejected the results of an apparently free and fair general election on December 15, 1997. The ruling party, the Peoples Progressive Party (PPP) is Indo–Guyanese dominated, and, with racial voting firmly entrenched, the PNC is likely to come second in any election, however free. The security forces, which is more than 70 per cent Afro–Guyanese may well determine the fate of economic reforms and democracy.

of workers earned the equivalent of US$0.50 a day.[43] The World Bank reported that the real public sector wages index for Grade 16 and Grade I in 1992 was 41.4 and 62.3 per cent respectively of the 1987 level.[44]

The basic data used to provide estimates of poverty come from the Living Standard Measurement Study/Household Income and Expenditure Survey conducted under the World Bank auspices during 1992–3. The findings are summarised in a report entitled *Guyana: Strategies for Reducing Poverty*, from which this paper draws freely.[45] The World Bank used consumption, rather than income, as a measure of welfare. There are three reasons for using consumption rather than income: first, there are difficulties involved in estimating the income of the informal sector and the self employed; secondly, estimates of consumption are more robust than that of income; and, finally, consumption is a better measure of long-term welfare because income may fluctuate over short period. Poverty estimates specified in terms of incomes may well understate living standards because of the possibility of dissaving or borrowing which would increase consumption and well being, hence, income is not an effective constraint to living standards. And, from a data collection standpoint, in a small agrarian economy like Guyana dominated by self-employment (i.e. 41.9 per cent of population), information on household expenditures can be collected more accurately than that of income. The World Bank estimated that the mean per capita consumption was G$91,602 (US$733) which is higher than the GNP per capita estimate of US$330 for 1992. The discrepancies between per capita consumption and

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There is some anecdotal evidence to suggest that economic liberalisation has led to increased employment and increased wages in the agricultural (rural) areas. Indo–Guyanese are engaged primarily in agricultural activities. And, the data suggest that the wage rate in the agricultural areas is roughly double that of the minimum wage for public sector employees in 1995; which suggests that Indo–Guyanese are beneficiaries of the recent economic expansion.

[43] See B. McFeeters, 'Guyana: The Economy', in Tim Merrill (ed.), *Guyana and Belize: Country Studies*, 2nd edition (U.S. Federal Research Division, Library of Congress, Washington, D.C., 1993), pp. 65–106.

[44] Reported in World Bank, *Report No. 15342-LAC*, p. 192, Table 40.

[45] Every effort was made to get hold of the actual survey data, but were not successful. The World Bank guards its data base under the rubic of confidentiality. The third world statistical agencies are even more zealous; they stamp anything, and that can be anything, under the rubic of confidentiality. This author is aware of numerous instances where the information is already in the public domain in third world countries, and yet the governments of these countries would officially label the information as 'confidential'. I believe the international organisations stationed in the US (e.g. World Bank, IABD and IMF) should be required to open up their data files to researchers. In these circumstances I am forced to rely on the World Bank, *Report No. 12861-GUA*.

per capita GNP are due to under-reported incomes, in particular, remittances from Guyanese living primarily in the U.S., breakdown in statistical reporting and administrative capacity, illegal activities such as smuggling gold and the sale of illegal drugs, and activities in the informal sector and subsistence farming. The benchmark used by the World Bank to define the absolute poverty line is households with a per capita expenditure of G$47,500 (US$380), which corresponds closely to the US$370 poverty line used in their 1990 *World Development Report*. Households that had a per capita expenditure of G$35,150 (US$281) or below were considered to be in extreme poverty. Three estimates of poverty were obtained, namely, the headcount index, the poverty gap, and the Foster–Greer–Thorbecke P_2(FGTP$_2$). The headcount index is the proportion of people that is living below the poverty line (in this case on US$1 a day per person or below). However, the headcount index does not capture the severity of poverty i.e. it ignores the extent to which the poor falls below the poverty line. In short, the headcount index is insensitive to the magnitude of the deprivation. In discussing the headcount ratio, Dreze and Sen wrote as follows:

It is based on the notion that poverty as insufficient income or expenditure, and this can be quite inadequate since deprivations can take many different forms – various inadequacies of basic capabilities that relate to many different causal factors (such as public health services and social insurance systems) in addition to private incomes.[46]

The poverty gap is a measure of the depth of poverty, it measures the transfer that would bring the income of every person up to the poverty line. Put differently, the poverty gap defines the amount of resources required to bring those below the poverty line to a normative living standard.

The FGTP$_2$ is a measure of the 'severity of poverty in a population by weighing each poor individual according to his degree of deprivation with the highest weight on the poorest of the poor'.[47]

The principal empirical finding by the World Bank is that 43.2 per cent of the population (i.e. 315,600 people) of Guyana were living below the poverty line (of approximately US$1 per day per person) in 1993, and that 27.7 per cent of the population can be classified as extremely poor. The World Bank data indicate that 78.7 and 93.6 per cent of urban and rural

[46]   Jean Dreze and Amartya Sen, *India Economic Development and Social Opportunity* (Delhi, 1995), p. 69.

[47]   See World Bank, *Report No. 12861-GUA*, p. 11 and K. Sundaram and S. D. Tendulkar, 'Poverty in Asia and the Pacific: Conceptual Issues and National Approaches to Measurement', in Economic and Social Commission for Asia and the Pacific, *Economic Bulletin for Asia and the Pacific*, (New York, vol. XLIV, no. 2, December 1993), pp. 42–58.

Table 4. *Estimates of poverty indices by geographic region in Guyana*

Region	Per cent of population	Poverty indices			Mean annual per capita consumption in G$ (US$1 = G$125)
		Head count	Poverty gap	FGTP$_2$	
		Poverty indices based on G$47,500 poverty line[a]			
Urban Georgetown	21.0	28.9	8.7	3.6	136,687
Urban Other	11.2	23.1	6.3	2.5	106,965
Rural Coastal	56.0	45.1	14.7	6.3	75,923
Rural Interior	11.8	78.6	46.1	31.0	39,331
All Guyana	100.0	43.2	16.2	8.2	91,602
		Extreme poverty indices based on G$35,150 poverty line[b]			
Urban Georgetown	21.0	15.7	3.8	1.4	
Other urban	11.2	12.2	2.5	0.9	
Rural coastal	56.0	27.9	6.9	2.5	
Rural interior	11.8	70.8	36.5	22.0	
All Guyana	100.0	27.7	8.9	8.9	

Sources:

(a) Extracted from World Bank, *Guyana: Strategies for Reducing Poverty Report No. 12861-GUA* (cited as World Bank, *Report No. 12861-GUA*), p. 15, Table 1.3.

(b) Extracted from World Bank, *Report No. 12861-GUA*, Statistical Appendix Table 1, p. 112.

populations in Guyana were living on US$2 (or less) per person per day. Table 4 presents the poverty estimates.

The principal conclusion to be drawn from examining Table 4 is that poverty in Guyana is predominantly rural. Over 70 per cent of the population in the rural interior is extremely poor. The geographic distribution of the poor is as follows: – rural coastal 58.5 %; rural interior 21.5 %; Georgetown 14.0 %; and other urban 6.0 %. Most of rural coastal poor are involved in agriculture, in particular rice production working on small plots of land roughly 2.5 acres. According to the World Bank nearly 38 per cent of the total population in the Caribbean (i.e. approximately 7 million) can be classified as poor.[48] If Haiti excluded, then around 25 per cent of the Caribbean population are poor. Leaving Haiti aside, the World Bank statistics indicate that Guyana has the highest incidence of poverty in the Caribbean. The statistics further indicate that most of the poor in the Caribbean live in the rural areas. Most of the rural poor in the

[48] World Bank, *Report No. 15342-LAC*, p. 3.

Table 5. *Characteristics of households by quintiles in Guyana*

Households	All Guyana	I (Poorest)	II	III	IV	V
			Quintiles			
Area:						
Urban						
Georgetown	25.1	11.6	22.2	22.4	23.6	38.3
Other	11.8	4.3	7.2	12.8	15.8	15.2
Rural						
Coastal	54.4	52.4	64.6	59.3	56.7	42.9
Interior	8.8	31.8	6.0	5.5	3.9	3.6
Sex of head of household						
Male	71.8	69.9	71.8	73.4	75.2	68.9
Female	28.2	28.2	26.2	24.8	31.1	28.2
Age of head of household	44.2	45.7	48.3	45.4	44.1	42.8
Household size	4.4	5.6	5.1	4.3	4.1	3.4
Number of children (less than age 17)	1.8	2.6	2.1	1.8	1.7	1.4
Number of earners	1.5	1.9	1.6	1.4	1.4	1.3

Source: Taken from World Bank, *Report No. 12861-GUA*; Table 1.2, p. 12.

Caribbean are engaged in agriculture working as wage labour or self employed.

(ii) *Characteristics of the poor in Guyana*

Table 5 presents the findings on where the poor live, the head of the household, the age of the head of the household, the size of the household and the number of the children. According to the World Bank estimates 23 per cent of population are below 10 years old, 24 per cent between 10–19 years, 33 per cent between 20–39 years, 14 per cent between 40–59 years, and 6 per cent above 60 years. In the poorest quintile, the data reveal 24.3 per cent of the poor are below 10 years, 26.1 per cent of the poor are between 10–19 years i.e. half of the poor are below 20 years. The statistics summarised in Table 5 indicate the following:

(i) Approximately 84 per cent of the poorest live in the rural areas.

(ii) Nearly 72 per cent of all households for all income groups are headed by males. The proportion of households headed by females for the poorest is about the same for the non-poor, suggesting that female-headship (of households) is not a proxy for poverty.

(iii) The household size of the poor is approximately 50 per cent larger than the non-poor; and the number of children in the poorest household is more than 50 per cent larger than that of the non-poor.

Table 6. *Employment by sector and type, whole population age 15 and over in Guyana (Percentage)*

Employment	All Guyana	I (Poorest)	II	III	IV	V
			Quintiles			
(A) By Sector						
Agriculture	33.8	58.6	36.3	31.1	24.2	19.4
Public Service	15.1	9.7	14.9	16.9	15.7	18.4
Commerce	14.7	8.2	12.01	14.8	16.3	21.9
Manufacturing	12.2	7.4	12.2	13.8	15.6	12.1
Services	8.2	7.6	9.2	9.1	7.1	8.0
Transport	5.6	2.4	6.2	5.5	5.9	7.7
Mining	4.9	2.6	3.2	5.3	5.9	7.2
Construction	4.2	3.2	5.6	3.0	7.3	2.4
Finance	1.3	0.4	0.6	0.6	2.0	3.0
(B) By Type						
Self employed	41.9	56.9	33.5	34.7	39.5	41.9
Regular salaried/wage	51.2	32.4	58.4	59.0	54.3	51.2
Casual labour	6.9	10.7	8.0	6.3	6.1	6.9

Source: Taken from World Bank, *Report No. 12861-GUA*, Statistical Appendix Tables 8 and 9, p. 115.

(iv) The number of wage earners in the poorest household is greater than that of the non-poor, but, the poor have a larger family to support.

The decision of the poorest to have, on average, large families may not be that irrational, since there is no comprehensive welfare programme or social insurance to take care of the old, ill, and destitute. For the poorest, surviving children help to support and provide for their parents in their old age, if not sooner.

The labour force participation rate in Guyana is about 20 per cent lower than in Jamaica and Trinidad and Tobago.[49] Some 50.8 per cent of the population age 15 and over are working, 11 per cent are unemployed, and the 38 per cent are engaged in domestic duties, in school or retired. In the case of males and females 72.1 and 30.5 per cent respectively are working; and 8.7 and 13.5 per cent of the males and females are unemployed, respectively. Of the poorest 52.9 per cent are working, 12.7 per cent unemployed, and 34.4 per cent inactive. Table 6 presents the percentage distribution of employment by sector and type for the various quintiles.

The statistics in Table 6 indicate that agriculture accounts for a third of total employment; 58.6 per cent of the poorest are employed in

[49] World Bank, *Report No. 12861-GUA*, p. 19.

agriculture; and most of the poor are self-employed in agriculture. A third of the public (civil) sector employees fall below the poverty line, because of low salaries at the bottom of public service pay scale. In fact, many public sector employees are known to supplement their incomes by engaging in rent seeking activities and petty commodity trades. The statistics in Table 6 show that approximately 42 per cent are employed in the informal (self employed) sector; 51 per cent are employed as regular salaried or wage labour; and 7 per cent are casual workers. Nearly 57 per cent of the poorest are employed in the informal sector; a third work as regular salaried or wage labour; and 11 per cent as casual labour. In the Caribbean, most of the poor in the rural areas are engaged in agricultural activities, while the poor in the urban area seek employment in the informal sector, mainly as casual wage labour. The size of the informal sector in the Caribbean ranges from a low of 8 per cent in Antigua to 36 per cent in Jamaica; and the size of the informal sector in Guyana is around 23 per cent of the labour force.[50]

(iii) *Ethnicity and poverty in Guyana*

Table 7 presents the percentage distribution of the population living in households headed by different ethnic groups, and the poverty estimates by ethnicity.

Among the poor, poverty is the highest among the Amerindians (indigenous peoples) who live primarily in the rural-interior. The Amerindians are not fully integrated in the society. The 1990 *World Development Report* points out that in many countries, poverty is correlated with ethnicity, and the indigenous peoples in Australia (i.e. aborigines), Bolivia, Ecuador, Mexico and Peru are very poor.[51]

The statistics summarised in Table 7 indicate that 87.5 per cent of the Amerindian population are below the poverty line; in the case of the Indo-Guyanese the incidence of poverty is 33.7 per cent; and for the Afro-Guyanese 43 per cent are below the poverty line. The Amerindians live in the rural-interior where the quality of education is extremely poor, and access to basic health facilities and education is very difficult. Malnutrition is prevalent in the interior, and paid employment opportunities for the Amerindians are limited.

For the purposes of comparison with other Caribbean countries, the ethnic composition of Trinidad and Tobago is very similar to that of Guyana. The Afro–Trinidadian and Indo–Trinidadian population each accounts for approximately 40 per cent of the total population, while those of mixed descent account for 18 per cent. The Indo–Trinidadians

[50] See World Bank, *Report No. 15342-LAC*, p. 21 and p. 172.
[51] This is discussed in World Bank, *World Development Report 1990*, p. 37.

Table 7. *Distribution of the Population and Poverty Measures by Ethnic Groups in Guyana (Per cent)*

| | | Quintiles | | | | | Poverty measures | | |
| | | | | | | | Head | Poverty | |
Ethnicity	Total	I	II	III	IV	V	count	gap	FGTP$_2$
Indo-Guyanese	45.9	30.0	45.2	52.7	54.5	47.3	33.7	10.3	4.3
Afro-Guyanese	36.7	28.3	40.2	35.4	35.4	40.3	43.0	13.9	6.0
Amerindian	10.3	37.4	6.6	3.5	2.1	1.9	87.5	53.9	3.6
Mixed	6.2	4.1	7.4	8.0	3.2	8.3	44.7	12.9	5.3
Other	0.9	0.2	0.6	0.9	0.8	2.2	N.A.	N.A.	N.A.

Notes: N.A. = not available.
Source: Extracted from World Bank, *Report No. 12861-GUA*, Table 1.5 p. 18 and Statistical Appendix, Table 5, p. 144.

live mainly in the rural areas and are largely employed in agriculture and business; while the Afro–Trinidadians live mainly in the urban areas and are primarily dependent on public sector employment. This situation is similar to that prevailing in Guyana. The World Bank reported that the headcount index of poverty for Afro–Trinidadian is 24.8 per cent, Indo–Trinidadians 17.3 per cent, and for households headed by persons of mixed race 27.4 per cent. As a share of the total population who are poor, households headed by Afro–Trinidadians account for 46.7 per cent, Indo–Trinidadians 35.7, and mixed race 17.7 per cent.[52] This pattern of ethnic poverty in Trinidad and Tobago is very similar to that prevailing in Guyana, as the data in Table 7 suggest.

(iv) *Education and poverty in Guyana*

Table 8 presents the level of educational attainment by different income groups; and by geographic areas.

The data in Table 8 show that 16.2 per cent of the head of households did not complete a basic primary school education; 58.3 per cent of the households had a primary school education; 22.2 per cent completed secondary school education; and only 3.2 per cent of the households had a post secondary education. The poor (Quintiles I and II) have a lower educational level than the non-poor. The statistics indicate that between 10 to 15 per cent of the poor have completed a secondary education, and less than 1 per cent of the poor have completed a post-secondary education. The policy under cooperative socialism to provide free university education was a subsidy to the non-poor. As an anti-poverty programme, emphasis should be placed on both 'below primary' and

[52] World Bank, *Trinidad and Tobago: Poverty and Unemployment in an Oil Based Economy. Report No. 14382-TR*, (Washington, D.C., October 27, 1995), p. 127.

Table 8. *Education level by head of household and by geographic area in Guyana (Per cent)*

Highest level completed	Total	Male	Female	Quintiles					Geographic areas			
				I	II	III	IV	V	Georgetown	Other urban	Rural coastal	Rural interior
Below primary	16.3*	15.8	14.0	28.0	19.0	18.0	14.0	8.0	3.9	14.8	20.5	27.0
Primary	58.3	60.1	56.1	62.0	64.5	59.6	62.7	47.5	45.6	54.6	64.1	64.1
Secondary	22.2	21.0	26.1	10.0	15.3	20.5	21.5	36.0	45.0	22.7	13.7	8.8
Post secondary	3.2	3.0	3.7	0.0	1.2	1.9	1.8	8.5	5.5	7.9	1.7	0.1

Notes: * Since the total is a weighted average of male and female, this value has to be in the range of 14.0–15.8. The author is not in a position to verify its accuracy.

Source: Taken from World Bank, *Report No. 12861-GUA*, Table 1.6, p. 19 and Statistical Appendix, Table 7, p. 114.

'primary' levels of education. The statistics clearly demonstrate that there is no educational gender gap. In fact, female headed households have a higher educational level than male-headed households.

There is considerable evidence in the literature to indicate that there is a positive correlation between the level of education and life-time earnings. In Guyana, especially in the public sector, the going wage rate and pay scales are linked to the level of education. The diploma becomes the requirement for employment. The quality of primary education is important for economic growth. But while this is so, educational resources are directed toward higher education. In 1993 actual expenditures were only US$2.6 per primary school student, US$54 per secondary student, US$146 for non-university tertiary student, and US$858 per university level student; and allocations to primary school have 'continued to fall' while funds allocated to vocational, technical schools and institutions of higher learning have increased.[53] For instance between 1990–2, the World Bank documented that resources allocated for investment in tertiary education facilities and centres of secondary excellence (e.g. President's College) were approximately four times as much as allocated for primary education.[54] The government allocated G$62.5 million to construct President's College which benefited 300 students, while it allocated G$55.5 million to repair and build nursery, primary and secondary schools that serve more than 175,000 students. International donors (the IADB and the World Bank) tend to fund tertiary and secondary education more generously than primary education. This needs to be changed and emphasis should be on primary education. The data indicate that it is the non-poor who benefit the most from post-secondary education.

The statistics indicate that over 20 per cent of rural households have not completed a primary education, and less than 15 per cent have completed a secondary and post-secondary education. Poverty is pervasive in the rural areas. Most of the secondary, vocational and technical schools are located in Georgetown, the capital, and in other urban areas. It is the lack of opportunities for educational advancement in the rural areas, and lack of formal sector type of employment opportunities in the rural areas, that may partly explain the low educational attainment (and poverty) of households in the rural areas.

[53] Graduates from technical schools and universities (not primary school) are the first to pack their briefcases and migrate. Allocations of resources to higher learning is a subsidy to the brain drain. According to World Bank *Report No. 15342-LAC*, p. 24 most of the people who migrated from the Caribbean were skilled people. The statistics indicate that about half of the skilled people who graduated from the Dominican Republic, Guyana, and Jamaica emigrated between 1980–1986.

[54] World Bank, *Report No. 12861-GUA*, p. 73.

(v) *Health and poverty in Guyana*

The main causes of deaths among infants and young children are nutritional deficiencies and intestinal infections. Intestinal diseases reflect poor water and sanitation conditions. The number of reported typhoid fever cases (due to poor environmental health) increased from 51 in 1983 to 154 in 1988; gastroenteritis cases from 2,142 in 1983 to 4,396; malaria cases exploded from 3,600 in 1984 to 42.204 in 1991.[55] The AIDS situation in Guyana is getting worse as the number of reported AIDS cases increased from 10 in 1987 to 390 in 1992, and 13 per cent of applicants for US visas were tested as HIV positive. Nutritional deficiencies have been responsible for deaths and anemia. In 1990, over 76 per cent of pregnant women attending health clinics (in the rural areas health clinics are scarce) suffered from anemia, and about 61 per cent of all school children in 1986 suffered from anemia. In 1988 over 30 per cent of the children attending clinics suffered from anemia; and the number of malnutrition cases at the Georgetown Hospital pediatric clinic increased from 931 in 1989 to 3,506 in 1990. The Living Standard Measurement Study conducted by the World Bank for 1991 and 1992 found that 3 per cent of children under 5 years were severely malnourished, and 23.6 per cent moderately malnourished. The incidence of low birth weights increased from 17 per cent in 1987 to 18.3 per cent in 1991, and this rate is comparable to that in Haiti and twice the rate found in Jamaica (8 per cent). The World Bank found that 20 per cent of the children under 5 years whose mothers had an educational level 'below primary' school experienced malnutrition, while for mothers with 'post-secondary' education the malnutrition rate for children under 5 years was less than 8 per cent.[56] This clearly suggests the link between education, health and poverty.

Table 9 summarises the information relating to access to some form of health by the different income groups. The data in Table 9 show that the average number of days someone was inactive due to illness was 5.2 days, for the poor it was 6 days (Quintiles I and II) and for the non-poor 4.1 days. Forty-three per cent of the population have some form of preventive care; in the case of the poorest only 34 per cent have access to some form of preventive care. The World Bank data indicate that approximately 40 per cent of the Amerindian births were attended by an unqualified assistant, while in the case of Afro–Guyanese and Indo–Guyanese (the two major ethnic groups with lower poverty rates) less than 5 per cent of the births were supervised by an unqualified assistant. The data also

[55] See World Bank, *Guyana: From Economic Recovery to Sustained Growth*, pp. 76–79 and World Bank, *Report No. 12861-GUA*, pp. 52–64.
[56] World Bank, *Report No. 12861-GUA*, p. 61.

Table 9. *Access to health services by income group in Guyana*

Characteristic	All Guyana	I (Poorest)	II	III	IV	V
		Quintiles				
1. Percent reporting illness or injury	22	19	18	25	25	24
2. Mean number of days inactive due to illness	5.2	6.5	5.5	5.3	4.4	4.1
3. Of those ill, per cent seeking care	55	63	45	58	54	53
4. Per cent of total population seeking prevention care						
Total	43	34	40	48	49	45
(a) Immunisation	10	8	9	8	10	12
(b) Medical check-up	17	17	14	16	18	19
(c) Pre/post natal care	3	3	3	3	3	3
(d) Other	14	7	13	19	17	12
(e) None	57	66	66	52	51	55
5. Per cent not seeking care for illness/injuries due to expense or distance factors	11	24	19	10	7	3
6. Contraceptive use	29	12	27	34	33	34

Source: Taken from World Bank, *Report No. 12861-GUA*, Table 4.2, p. 55.

indicate that 11 per cent of households do not seek care for illness/injuries due to expense or distance factors, in the case of the very poor 24 per cent do not seek care for illness compared to only 3 per cent for the non-poor. Contraceptive use is approximately 29 per cent for the total population, only 12 per cent for the poorest – compared to 34 per cent for the non-poor.

Conclusions

The main conclusions of this paper are as follows. There has been an increase in poverty rates in LAC during the 1980s, however, there has also been an increase in life expectancy and school enrollment, and a reduction in mortality rates. The empirical evidence suggests that economic growth and increases in per capita GDP are necessary to reduce inequality and poverty. But growth *per se* will not do the trick, it is the 'character' of growth i.e. labour intensive growth is what matters.

In the context of Guyana, the evidence is that as per capita GDP declined by 29 per cent during 1980–90, poverty increased from 26 per cent in 1980 to 43 in 1990. Most of the poor in Guyana are concentrated in the rural areas, and they are engaged in agriculture. Reducing poverty

in Guyana requires a macroeconomic framework that emphasises sustainable and broadly based growth; as well as policies to improve the infrastructure, education and health. The promotion of rural and agricultural development has an important role to play. The provision of adequate incentives for farmers (i.e. the liberalisation of agricultural prices), improvements in the drainage and irrigation infrastructure; the rehabilitation of rural roads; the maintenance of a competitive exchange rate (which is an export promoting and labour using policy), and improving farmer's access to credit are some of the policies that can help to promote growth and lead to a reduction in poverty. The poor need more education, training and improvements in health to enhance the value of their labour and increase their opportunities for remunerative employment. Public funds in education should be allocated in favour of promoting quality primary and secondary education in Guyana, as the poor stand from benefiting more from primary and secondary education, since the social returns of education from primary and secondary levels are higher than that of university and tertiary levels. Growth and poverty reduction will have to come from accelerated growth and employment in the private sector. But to achieve this, the Government of Guyana will have to encourage private, domestic and foreign investments; keep budget deficits manageable; streamline the bureaucracy, eliminate corruption and continue the privatisation programme; keep inflation low and the real exchange rate competitive; improving the infrastructure; rely on market 'friendly' policies (i.e. 'getting prices right') and an outward looking strategy; and make a commitment to improving the quality of education and the provision of health services for the poor.

Finally, while emphasis should be on promoting economic growth and economic efficiency, and on providing quality education and maintenance of good health, it is imperative for the Government of Guyana to design and provide safety nets for the sick, the old, the unfortunate, the disabled, and the poorest regions, and involving the poor (through employment) in the process of economic development.