



# Institute of Social Studies

**Graduate School of Development Studies**

## **STRUCTURAL ADJUSTMENT IN JAMAICA 1977-1994: IMPACT ON LABOUR**

A Research Paper presented by

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## **List of Acronyms and Abbreviations**

<b>AFL/CIO</b>	-	<b>American Federation of Labour and Congress of Industrial Organisations</b>
<b>BITU</b>	-	<b>Bustamante Industrial Trade Union</b>
<b>BOJ</b>	-	<b>Bank of Jamaica</b>
<b>BOP</b>	-	<b>Balance of Payments</b>
<b>CBI</b>	-	<b>Caribbean Basin Initiative</b>
<b>CIDA</b>	-	<b>Canadian International Development Agency</b>
<b>COL</b>	-	<b>Cost of Living</b>
<b>EPZ</b>	-	<b>Export Free Zone</b>
<b>ETRA</b>	-	<b>Employment (Termination and Redundancy Payments) Act</b>
<b>FDI</b>	-	<b>Foreign Direct Investment</b>
<b>GDP</b>	-	<b>Gross Domestic Product</b>
<b>HRM</b>	-	<b>Human Resource Management</b>
<b>ICFTU</b>	-	<b>International Confederation of Free Trade Unions</b>
<b>ICI</b>	-	<b>Informal Commercial Importer</b>
<b>IDT</b>	-	<b>Industrial Disputes Tribunal</b>
<b>ILO</b>	-	<b>International labour Organisation</b>
<b>IMF</b>	-	<b>International Monetary Fund</b>
<b>JALGO</b>	-	<b>Jamaica Union of Local Government Officers</b>
<b>JAMAL</b>	-	<b>Jamaica Movement for the Advancement of Literacy</b>
<b>JCSA</b>	-	<b>Jamaica Civil Service Association</b>
<b>JCTU</b>	-	<b>Jamaica Confederation of Trade Unions</b>
<b>JLP</b>	-	<b>Jamaica Labour Party</b>
<b>JTA</b>	-	<b>Jamaica Teachers' Association</b>
<b>JTURDC</b>	-	<b>Joint Trade Union Research and Development Centre</b>
<b>JUPOPE</b>	-	<b>Jamaica Union of Public Officers and Public Employees</b>
<b>JWU</b>	-	<b>Jamaica Workers' Union</b>
<b>LDC</b>	-	<b>Lesser Developed Country</b>
<b>LM</b>	-	<b>Labour Market</b>
<b>LRIDA</b>	-	<b>Labour Relations and Industrial Disputes Act</b>
<b>MOL</b>	-	<b>Ministry of Labour</b>

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## **List of Acronyms and Abbreviations (cont'd)**

NAJ	-	Nurses Association of Jamaica
NIC	-	Newly Industrialised Country
NWU	-	National Workers' Union
PAHO	-	Pan American Health Organisation
PIOJ	-	Planning Institute of Jamaica
PNP	-	Peoples' National Party
SAP	-	Structural Adjustment Policy
SBA	-	Small Business Association
SEP	-	Special Employment Programme
SEPROD	-	Soap and Edible Products
STATIN	-	Statistical Institute of Jamaica
TUCP	-	Trade Union Congress of the Phillipines
UAWU	-	University and Allied Workers' Union
UN	-	United Nations
USAAW	-	Union of Shipping and Allied Workers
UTASP	-	Union of Technical and Supervisory Personnel
UWI	-	University of the West Indies
WB	-	World Bank
WFTU	-	World Federation of Trade Unions



## CHAPTER ONE

### INTRODUCTION

#### 1.1 Preamble

There is understandable unanimity among many commentators today regarding the calamitous effects that Structural Adjustment Policies (SAPs) have had on the populations of most developing countries. Yet there are some who would argue that SAPs are not intrinsically bad, and could bear fruit if implemented and followed courageously. The World Bank (WB) has taken the position that the effects are dual, i.e., opportunities are created for some, while the effects are wrenching for others [WB:1995:108]. Such bipolarity in assessing the impact and appropriateness of SAPs is widely reflected in an ongoing debate among Caribbean academics, the findings and prognoses of whom may be as diverse as the many perspectives that are brought to the discussion [Theodore:1992:1-4].

The general consensus is that the burden of SAPs has been borne disproportionately by workers and their families. The effects from country to country have been well documented, and not surprisingly, SAPs have been subsequently demonised in the literature. Given the protracted socio-economic woes that have followed the implementation of these policies, many have been led to question their appropriateness.

Jamaica embarked upon a series of agreements with the International Monetary Fund (IMF) in the 1970's, and subsequently a number of agreements were entered into with the WB. The conditionalities and policies prescribed by these lending institutions, as well as those from other cross-conditionalising multilateral and bilateral institutions were to be termed Structural Adjustment Policies. SAPs were to have a significant influence on domestic economic policy.

Like many other countries, Jamaica has its tale of woe to tell. Falling standards of living, diminishing social amenities and public services, high taxes, increasing utility rates etc. are some of the oft repeated ills that have been attributed to SAPs. The question is: What has been the experience of Jamaican workers with the onset of these Washington influenced programmes?



## **1.2 Purpose of Paper**

This paper seeks first of all to examine selectively the plight of the Jamaican worker and organised labour in Jamaica subsequent to the implementation of SAPs in 1977 and the two decades that followed. The examination is necessarily selective given the multiplicity of issues to be considered when discussing such a comprehensive phenomena. In this regard, eclectic emphasis will be placed on certain labour market variables, employment; real wages; and the changing composition and nature of the market.

A look will be taken at unionisation trends, and the force and effectiveness of Jamaican unionism over the period. Accordingly, issues such as union membership trends; incidence of industrial action; major labour legislation over the period etc. will be discussed and/or analysed.

Having presented the SAP era picture, a pre-SAP analysis will seek to identify and discuss trends that will either refute or support a working hypothesis that SAPs did singularly contribute to the woes of Jamaican workers and their unions.

Already, there have been announcements in which the government has declared its intention to discontinue its relationship with the IMF. Yet, the government has hinted at continuing in the same policy framework. As to whether or not this is a wise course to pursue only time will tell. This paper seeks to demystify the SAP-labour relationship and put the so-called impacts on labour in perspective. It is hoped that in this time of policy revision the findings of this paper would contribute meaningfully to the debate.

## **1.3 Scope and Limitations of Paper**

This paper focuses specifically on the Jamaican society. The research, although examining the consequences of SAPs over the period 1977-1994, will go back to the preceding decade, as the pre-SAP picture is also important to the analysis. In most cases a macro approach will be adopted examining national aggregated data over a long period of time, although micro or meso cases at the firm or industry level may be cited for illustrative purposes. Due to the constraints of paper length

and time, the paper will not be able to elaborate the full picture or all dimensions on labour or the labour market. However, the dimensions selected for focus should provide a sufficiently comprehensive basis for an informed analysis.

It is recognised that correlation does not necessarily imply causality, and that very long temporal trajectories are sometimes required for trend detection. The limitations of this ambitious study in that regard is acknowledged.

This paper admits technical limitations, since much of the substantive matter related to SAPs is strongly economic. While the very technical economic aspects of SAPs may not be covered, the "layman's" analysis should be of sufficient quality to strongly argue the paper's main points. The paper is also constrained by limited data and literature that would assist with a more profound analysis, especially as it relates to the changing composition of the labour market. These limitations notwithstanding, the paper proceeds apace

#### **1.4 Research Questions**

The principal questions posed by this paper are as follows:

- (1) What has been the experience of Jamaican Workers over this protracted period of structural adjustment?
- (2) Specifically, what has been the picture in the areas of employment/unemployment; the composition of the labour market; union membership and activism; political and legislative responses by the state; real wages and welfare?
- (3) Having analysed the situation, to what extent are the problems confronted by labour directly attributable to SAPs, and did pre-SAP trends suggest inevitability?

#### **1.5 Methodology and Sources of Data**

Use will be made of secondary data and literature extracted from government sources, Jamaica's Joint Trade Union Centre, Libraries in Jamaica and the Netherlands, as well as my own

observations and experience as an Human Resource Management (HRM) practitioner in Manufacturing/Parastatal organisations since 1982. The paper draws heavily on the inductive methodology that essentially seeks to draw conclusions and inferences from time series empirical data and quantitative analysis.

Graphs, tables and diagrams will be developed for effect and illustrative purposes where necessary, and the works of experts on SAPs will be harnessed to strengthen the paper's arguments and analysis in an attempt at critical engagement.

## **1.6 Organisation of Paper**

Chapter one introduces the nature of the paper and its design. Chapter two provides a theoretical and conceptual framework on which the rest of the paper builds. The third chapter takes a close look at the origins and characteristics of Structural Adjustment in Jamaica, painting the backdrop to the crisis leading to SAPs, looking at the subsequent agreements, and the shape that SAPs have taken in the Jamaican context. In chapter four selected labour market effects are discussed, touching on unemployment, real wages, the emergence and nature of the informal sector, contract employment and Export Free Zones (EPZs). In this chapter, the experience of the unions and labour legislation during SAPs is also covered. A pre-SAP and SAP era comparison follows in chapter five, to examine the extent to which SAPs have made a significant difference to what had obtained prior to their implementation, as well as to argue whether or not the so-called SAP effects would have occurred without SAPs. Chapter six raises some issues surrounding what Labour should/could have done over the period, while the thesis concludes in chapter seven, a chapter which also presents some policy advice.

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## CHAPTER TWO

### THEORETICAL AND CONCEPTUAL FRAMEWORK

To fully appreciate what SAPs are all about it is useful to understand the thinking of the IMF and the WB, to whom are attributed the formulation and promulgation of stabilisation and adjustment policies respectively. It will be shown that the two sets of policies are not totally mutually exclusive, and that some similarities and convergence is evident as both are studied. SAPs can be regarded as a synthesis of the two. This chapter also seeks to uncover the ideological/theoretical underpinnings of SAPs, as well as to proffer a working definition for Labour. A critique of the labour market clearing hypothesis and its companion requirement of labour market flexibility, both central tenets of SAPs, is done towards the end of the chapter.

#### 2.1 IMF Stabilisation Policies

IMF stabilisation policies are formulated principally to restore and/or enhance economic balance within an economy. Many LDCs had run into problems of external and domestic balance, and these were largely attributable to certain unfavourable global trends, most notably; a persistent decline in commodity prices; the oil shocks of the 1970's; and an abrupt and large drop in capital flows [UN:1992:1]. These trends conspired to generate a deterioration in terms of trade in many countries, and this was reflected in chronic and unceasing BOP deficits. Other exogenous factors also contributed to the problems of external balance. The economic recession of the 1980's in industrialised countries and the excessive protectionism by these countries tended to destabilise the economies of many LDCs [Singer & Sharma:1989:261]. Added to these are the contractionary policies of the 'monetarist' industrialised countries which saw real interest rates increasing, and with them the burden of foreign indebtedness [Prendergast&Stewart:1994:19]

The problems of internal balance were largely perpetrated by the accelerated expansion of money supply and domestic credit induced by huge fiscal gaps. In this connection the continued printing of unbacked money to finance fiscal deficits without a corresponding increase in output resulted in very high inflation levels. The practice had virtually become untenable and unsustainable [ibid]. In many LDCs the huge fiscal gap arose from high levels of public expenditure - chiefly on the public

sector and the social services. Taxation revenue invariably fell short of expenditure levels, and an endless series of fiscal deficits was perpetrated.

Stabilisation measures sought to restore internal and external equilibria to the economies afflicted with the aforementioned problems. The IMF programmes were essentially demand management programmes designed to reduce domestic absorption (aggregate demand), with special emphasis on the reduction in the public sector deficit. In the view of the IMF, macroeconomic balance was to be achieved through fiscal prudence and discipline, and countries should not be allowed to continue spending what they had not earned. So constraints were to be imposed on public sector borrowing and spending, which would often call for layoffs in the public sector and/or the privatisation of state enterprises, as well as a reduction in social services [Levitt:1991].

The IMF position is summed up by an IMF Research Paper which states, *inter alia*, that "...it is generally easier to reduce absorption than to increase production...policies affecting absorption are often first put in place when a rapid decline in a current account deficit is mandatory..." [Balassa:1993:72]. Fundamentally, IMF policies are implemented in pursuit of a BOP target, and monetary and fiscal instruments are used to this end. The IMF financial programming framework is extended to include reducing domestic inflation, so the exchange rate and wage guidelines are added as policy instruments [ibid].

The IMF purports to be concerned with promoting sustained growth also, and claims this as one of its chief objectives [Balassa:1993:71-73]. The WB however is regarded as the institutional architect and promoter of growth oriented adjustment, and the bank is principally concerned with increasing the rate of economic growth [ibid].

## 2.2 Adjustment Policies

Adjustment policies arguably fall within the realm of the WB whose principal objective is to increase the rate of growth in the economy. The programmes of the WB address economic efficiency at the microeconomic level, unlike IMF policies which govern macroeconomic variables. The Bank therefore advocates the restructuring of public enterprises to conventional profitability

criteria. If a public enterprise could not be so converted, the bank took the position that it should be privatised.

The goal of microeconomic efficiency would be realised if the economy succeeded in 'getting prices right' by the removal of subsidies, price and exchange rate controls. The liberalisation of trade - the removal of import quotas and the reduction of tariffs - was essential to the process of right-pricing [King:1993:10]. Some commentators argue that restriction in trade union activity was a key element in the mix [Nurse:1992:3, LaGuerre:1994:137, Weekes:1991]. The WB argued that the removal of artificial prices would enable the efficient functioning of the market, a supposedly superior allocator of economic resources than the state. The private sector was the preferred engine of growth in this favoured regime of the WB.

### **2.3 Structural Adjustment - Synthesis of Stabilisation and Adjustment**

A clear distinction between stabilisation and adjustment has been described as being difficult to establish. This is so because certain instruments used for adjustment, have also been used for stabilisation, e.g., exchange rate, monetary and fiscal policy [Balassa:1993:71]. It is not difficult to opine that the IMF and WB work in tandem with each other, and one can make the case that there is a significant degree of convergence and overlap between the policies of these two cross-conditioning institutions.

#### **2.3.1 Structural Adjustment Defined**

The emergence of the economic crises of the 1970's and 1980's provided the justification for the adoption of SAPs. It was argued that some major weaknesses in development policies constituted structural barriers to efficiency and economic growth. These included overvalued exchange rates; extensive state intervention in resource allocation; inefficiency in state enterprises, widespread corruption and mismanagement, distorted domestic prices etc. [Prendergast & Stewart:1994:19,20]. The SAP package therefore sought to structurally adjust or realign these economies to a position of international competitiveness and economic integration, internal efficiency and stability, and economic growth.

By definition, and in economic terms, adjustment is the process of responding to imbalances in the economy, particularly BOP deficits, by adopting measures which expand exports, reduce imports and attract foreign exchange to a country [Cornia:1987]. Structural adjustment is used in this paper to refer to the package of policies that accompanied loan programmes from multilateral and bilateral lending agencies. It includes, but is not limited to, the IMF and the WB, the goals of which, generally speaking, is the creation of an outward-oriented economy with macroeconomic balance and microeconomic efficiency [King:1993:10, LeFranc:1994:11]. SAPs are likely to include all or varying combinations of the following:

1. Trade liberalisation - Removal of import quotas and tariffs;
2. Exchange rate liberalisation - Currency devaluation and removal of exchange controls;
3. Price Liberalisation - Removal of price controls and subsidies;
4. Fiscal Compression - Public sector cutbacks, cost recovery, privatisation, rationalisation, cost containment;
5. Demand Compression - Public sector cutbacks, social service reform, wage guidelines; and
6. Deregulation.

## **2.4 The Concept of Labour**

Labour is used to mean the working class (admittedly a term lacking in definitional precision [LeFranc:1994:59]) and their families. It captures all those who are employed by an employer, unionised or otherwise, whether in the public or private sector, and who are salary or wage earners. The term also includes that group of persons who at some point in time were employed by an employer, but have subsequently changed their status - whether by becoming unemployed or engaged in the growing informal sector in Jamaica.

## **2.5 The Theoretical and Ideological Underpinnings of SAPs**

As with every other economic development paradigm, SAPs are reflective of a particular theoretical and ideological orientation. Based on the principles of economic liberalism, SAPs are so firmly entrenched nowadays, as evidenced by the ubiquity with which SAP strictures have been

accepted, by almost every LDC, and increasingly, the countries of the north (USA, Western Europe etc.). At the heart of the debate is the primacy of the market and the supposed ineptitude of the state.

### 2.5.1 Statism vs Market Capitalism

Basically, it is presumed that the state is an inefficient allocator of economic resources, and that it is inevitably and hopelessly wasteful, corrupt and incompetent in economic affairs. The much parodied evidence of state failure has provided fodder for the proponents of economic liberalisation, who advocate, *inter alia*, the withdrawal of the state from the workings of the economy, so that the market can be allowed to allocate resources efficiently through an unfettered private sector [Janicke:1990:31]. The essence of this market liberalism is the proposition that the bulk of economic activity is best conducted within institutions of market capitalism, in a regime of private property and contractual liberty [Gray:1994:43-45].

In this model, the private sector is to be the engine of growth, and the crowding out of this sector by the state is anathema. The state is viewed as distortive, and the traditional use of subsidies and price controls have supposedly produced unreal and artificial economies. In such a scenario, the benefits to be gained from market signals which guide economic efficiency are lost. The theory treats with undue levity and suspicious silence, the many instances of market failure. Essentially, the withdrawal of the state from the economic scene of action to a bare facilitative minimum to allow the 'invisible hand of the market' to guide the economy, with the private sector at the helm, is at the heart of the espoused neo-liberal ethos. At best, government should be limited, with the state restricting itself to setting the framework of market capitalism [ibid]. This would have been compatible with the thinking of Adam Smith, to whom the 'invisible hand' thesis has been attributed [Meier:1994]. SAPs today are the antithesis of statism and the embodiment of neo-liberal principles.



### **2.5.2 Politico-Ideological Mission of WB and IMF?**

Both the IMF and the WB were seen by some to be at the forefront of a crusade to transform government controlled economies in the developing world to market oriented producing units. They are regarded as watchdogs for international finance and economic stability. Some put their role simply down to "making production, consumption, social and political structures more efficient in paying debt [Maharaj:1991:62, LaGuerre:1994:5,19]. In this regard one could assert that these institutions have positioned themselves, *inter alia*, as *de facto* international bailiffs, as agents of debt collection.

The IMF and WB project themselves as disinterested and dispassionate experts whose primary function is to marshal and interpret financial data in light of a consistent and preferred theoretical orientation. Critics however, more cynically view these institutions as being heavily politicised, reflecting the philosophy and ideology of capitalist nations. So they have come to be seen as agents of the cold war who operate with the blessings of Washington. Economic theories of a discernibly neoliberal/neo-classical bent have been proffered by these organisations to legitimise political decision making, and in spite of utterances to the contrary, they appear to be tainted by ideology [Maharaj:1991:58-60].

### **2.5.3 Labour Market Clearing - Myth or Reality?**

Of central interest to the theme of this paper is the effect of SAPs on the labour market. The neo-classical theoretical position asserts that unregulated markets clear efficiently, and this is also true of the labour market. The labour market exists with workers vending their labour services to a buyer termed the employer. The exchange is economic in nature, the relationship impersonal, and the tie between the employed and the employer is limited to the payment of a wage and the productive services rendered. And so the theory proceeds having desocialised and depersonalised the so called labour market.

As each market is governed by the interplay of the impersonal forces of supply and demand, so too the labour market. There is a supposed market clearing equilibrium wage which naturally emerges

when the supply of labour meets labour demand in a perfectly competitive market. For the neo-classical, supply creates its own demand, and if demand should fall, a fall in real wages would trigger responses that would clear the market of excess supply. Thus the non-clearing of the market (unemployment) is due to forces that prevent real wages from falling, like strident unionism, and government legislated minimum wages or other 'price distorting' mechanisms.

What the theory advocates for is labour market flexibility i.e., the mobility of labour between sectors, regions, jobs, etc.; numerical flexibility - the ability of producers to reduce or increase employment to match market changes; structural flexibility - ability to alter production configurations (flexible work time, technology, layout, work methods etc.) without hindrance, and; financial flexibility - the freedom to alter costs for competitiveness (varying wage costs according to market conditions). All this is achievable if the major impediment to flexibility - trade unions - is removed or controlled. In this scenario, one would expect to see an increase in contract work, casualisation of the work force and export free zones - all of which are ingenious ways to circumvent and frustrate efforts at trade union representation.

Unemployment, the theory continues, would be banished if real wages were allowed to roam to correct labour imbalances [Hudson:1988, Weekes:1991]. The converse, the proponents say, holds true, and labour scarcity can similarly be rectified by an upward adjustment in the real wage.

It is thus that the labour market is cleared - when real wages have the freedom to respond to fluctuations in labour supply and demand. It is presumed therefore that there is no involuntary unemployment, and that unemployment is always a relative price phenomenon [Standing & Tokman:1991: 53-63]. In a diabolical sense, the logic of this hypothesis leads to the conclusion that unemployment is the result of high wages, trade union activity and state intervention in the labour market. And this assertion influences some harmful elements within the SAP package - the need for wage freezes and guidelines, removal of minimum wages, as well as laws/policies aimed at the political debilitation of trade unions.

But this also must present a theoretical dilemma. In one vein the virtues of the deregulation of all markets is championed, and at the same time SAPs calls for indirect regulation of the labour market



through wage guidelines and freezes. The market clearing hypothesis appears to be rather simplistic, and its lack of realism renders it unscientific [ibid]. Further, perfect competition is a mere abstract, and structural unemployment<sup>1</sup> cannot be rectified by adjustments in real wages, certainly not in the short run. The theory wrongly assumes the homogeneity of the labour market, and therefore appears ill-equipped to treat with labour market dualism reflected in the formal vs informal sector dichotomy so evident in many countries.

It is also simplistic and misleading to assert that supply creates its own demand, as labour demand is not necessarily elastic, since the demand for labour is more determined by the demand for product(s) manufactured than adjustment in wages. It is true to say that the price of labour can influence the price of the final product, and therefore the demand for the product. There is evidence to suggest however, that labour costs as a percentage of total costs have been falling considerably [Stone, CLJ, 1993]. This leads one to conclude that product demand is being increasingly determined by non-wage factors. Demand-sided initiatives such as concessionary credit and rebates have often been implemented by states to provide the incentive for producers to hire more workers, attesting to the fact that labour demand sometimes needs to be propped up. The theory has the fiendish reputation of dehumanising labour as 'disposable', owing their good fortune or hopes to the vagaries of an impersonal price system.

The neo-classicals have built a case against trade unions. Unions, it is asserted, raise costs, impose rigidities, are a threat to management, and deter foreign investment. This is all a part of a 'supply side' perspective that has shaped orthodox structural adjustment strategy; a perspective which sees all institutional mechanisms as rigidities and market distortions. This line of argument is used to justify anti-union legislation, as well as sometimes blatant suppression or denial of union recognition [Standing: 1992].

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<sup>1</sup> Unemployment that arises when the skills of the unemployed are not compatible with the skill needs of existing jobs. This could be influenced by ones inability to relocate to jobs requiring his/her skill. Persons possessing skills that are used only by one or a few firms are similarly affected whenever laid off or made redundant.

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## **CHAPTER THREE**

### **ORIGINS AND CHARACTERISTICS OF STRUCTURAL ADJUSTMENT IN JAMAICA**

#### **3.1 The Jamaican Society and Economy in Brief**

Jamaica is an English-speaking Caribbean island with a population of approximately 2.5 million people. Its geographical area is 10992 square kilometres. First colonised by the Spanish in 1492, the island was taken by the English in 1655, and remained under British colonial rule until independence was gained in 1962. The original peoples of this tropical isle, the Arawaks were subsequently decimated by the Spaniards whose primary objective was plunder and trade at all costs. The advent of the British to this island coincided with the establishment of slavery and the slave trade, a sad legacy from which it has not fully recovered. Jamaica literally means the land of wood and water, attesting to its vast but diminishing forest reserves.

Jamaica's economy emerged from the second world war very much the same as the decades that preceded it - an agricultural monoculture oriented around the export of plantation produced sugar for the European market (a carry over of centuries of slavery). Fairly widespread sugar production existed alongside small scale and peasant farming for subsistence and for domestic consumption. The 1950s saw the introduction of bauxite mining to the economy, and the country began to benefit, albeit on a limited scale, from the increase in construction activity, the jobs created, and the associated capital inflows necessary for construction and other initial costs.

The establishment and expansion of another industry, the tourist industry, provided another economic stimulus. Again, jobs were created, and a welcomed new source of foreign exchange was born. Tourism, is more labour intensive, and as the number of hotels grew, so too did the number of jobs for Jamaican workers. Tourism also required local inputs, and industries like food, beverages and furniture received a boost. The distribution sectors of the economy were similarly boosted. It was during this period that Gross Domestic Product (GDP) posted impressive growth, and grew at an annual average of 5.2 percent between 1962 and 1972 [King:1993:2], [Robinson, SES, 1994].

The official government policy during this early period identified development with industrialisation, and programmes to encourage foreign investment (incentives and protection) were put in place. The government also encouraged the establishment of small-scale, protected manufacturing in labour intensive industries for the local market. As it turned out, the rate of population growth outstripped the creation of new jobs, and neither the introduction of bauxite, tourism and the fledgling industrial sector could offset the secular decline in the agricultural sector which had become evident by then. Unemployment is said to have risen from 12 percent in 1962 to 23 percent by 1972.

Witter and Anderson point out that the social structure became increasingly differentiated into social classes, and a middle class of managers, administrators, professionals and small property owners emerged. The lifestyle and tastes of this group were heavily influenced by the consumerism associated with the proximate North American society. This influence was to spread to the masses of Jamaicans from all classes [Witter & Anderson:1991:4]. It is not surprising that the import bill began to rise phenomenally, especially since the tourism industry had a high import content (as high as 40%).

As production and consumption became more dependent on imports, Jamaica's external accounts became increasingly precarious. The initial inflows of capital that attended the establishment of the tourism and bauxite industries did provide a kick for the economy, but once their investment thrust came to an end, the capacity to sustain the increasing demands on the production system, and to finance the growing import bill was seriously called into question. Trouble was on the horizon.

### **3.2 Economic Crisis in Jamaica**

In the 1970's Jamaica's exports and imports began to rise sharply. The Socialist Michael Manley led People's National Party (PNP) government imposed a levy on the earnings of the foreign owned bauxite companies. This helped in part to finance it's growing import bill. But on the payments side, the oil shocks were have a harmful effect on this oil dependent economy. A secular decline in the nation's output meant that foreign exchange earnings from exports fell also. Food prices had also risen sharply in the early 1970's. With reduced earnings from exports, there was an attempt to

sustain import levels by borrowing. This was made possible by the availability of excess petrodollars, which ultimately found their way into the coffers of many LDCs in the form of cheap loans at the time.

The coming to political office of the PNP saw an expanded role being assumed by the state in the economy. Being committed as it was to the redistribution of income in favour of the poor, the government increased public expenditure, which in turn fed the demand for imports. The public sector grew and the bauxite levy imposed in 1974 triggered a process of disinvestment and capital flight. It is not surprising that the current accounts deficit climbed to US \$303 million in 1976, just about twice the deficit of 1970 [King:1993:4]. By 1975, foreign investment had collapsed and remained negative for the rest of that decade as international capital recoiled at the now strident socialist rhetoric [ibid]. BOP got worse, balance of trade deteriorated, the budget deficit mounted, foreign debt grew considerably, international reserves shrank and the country's capacity to finance its import needs virtually died.

With the Mexican crisis having created panic in the international creditor community, there was a tightening of the system and access to international credit became increasingly difficult. The government resorted to the printing of money and this had a severe inflationary effect. With the continued high level of public spending on social programmes, and official sanctions on large wage increases, the situation worsened considerably [Witter and Anderson:1991:21]. In the last five years of the Manley regime (1975-1980) Jamaica's long and medium term external debt had increased to US \$1.9 billion [Levitt:1991:15]. Of this amount US \$1.2 billion had been contracted over these five years. The fiscal deficit was a whopping 15% of GDP, growth was negative at 6.5%, and foreign exchange reserves were depleted. Credit was unobtainable without an IMF agreement [ibid]. The foregoing factors led to the inevitable - The entering into of agreements with the IMF in 1977 and subsequent agreements with the WB.

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### 3.3 Subsequent Multilateral Agreements

#### 3.3.1 Agreements with the IMF

Jamaica's economic policy has been formulated in the context of the IMF's BOP adjustment programmes since 1977. The country has entered into agreements with the IMF every two years on average, but none have been completed without waivers or renegotiations. The programmes are cross-conditionalized with respect to BOP support provided by the WB and other multilateral and bilateral agencies. This effectively deprives any borrowing country from any other source of borrowing unless they abide by WB and IMF strictures. These strictures include deregulation, privatisation and economic liberalisation, some of which are highly controversial measures and politically distasteful, and have only been accepted by the Jamaican government as a last resort, and under ostensible duress [Levitt:1991:21], [Robinson,SES,1994]. The table below shows some major IMF agreements since 1977.

**TABLE 3.1: Major IMF Agreements with Jamaica 1977-1988**

DATE APPROVED	AGREEMENT
April 1977	Extended Fund Facility (2)
May 1978	Extended Fund Facility (3)
April 1981	Extended Fund Facility (3)
April 1981	Comp. Fin. Facility *
August 1982	Comp. Fin. Facility *
June 1984	Standby Agreement (1)
July 1985	Standby Agreement (1.75)
March 1987	Standby Agreement (1.25)
March 1987	Comp. Fin. Facility *
September 1988	Standby Agreement (1.66)

Source: JTURDC, 1993, Pg.1 () denotes years;

\* denotes Compensatory Financial Facility.

The difference between an extended fund facility and a stand-by agreement has to do with the life span of each programme, but both bear the similarity of being linked to the correction of macroeconomic problems. The latter is aimed at overcoming BOP difficulties stemming from macroeconomic and structural problems, and programs for subsequent years are spelt out in program reviews. The stand-by arrangements focus on macroeconomic policies such as fiscal, monetary and exchange rate policies - also aimed at overcoming BOP problems. Budgetary, credit ceiling, reserve and extended debt targets are also used for performance criteria (See Appendix 1 for further details) on IMF arrangements.

All of the first seven agreements with the IMF were discontinued because of Jamaica's failure of performance tests. One in 1991 fell into problems with the gulf war oil price inflation and a corresponding recession in Jamaica's tourism [Witter & Anderson:1991:29]. This attests to the difficulties LDCs face in meeting the conditions of the international creditors. What is also clear is the fact that exogenous shocks can easily derail the economic train. Below is a table of the IMF objectives and tools used to achieve them:

**TABLE 3.2: Basic IMF Objectives and Policy Tools used to achieve them.**

Objective	Policy Tool
A. Stimulate aggregate supply while suppressing aggregate demand	1. Wage Guidelines
	2. Exchange Rate Adjustment
B. Reduce Fiscal Deficit	1. Cut back in Public Sector employment creation
	2. Cut back and cost containment
	3. Cost recovery
	4. Social Service Administrative Reform
C. Encouraging market led economic growth	1. Trade liberalisation
	2. Price Liberalisation and removal of subsidies



**TABLE 3.2 (cont'd): Basic IMF Objectives and Policy Tools used to achieve them.**

	3. Deregulation
	4. Privatisation
	5. Interest rate control
D. Target social assistance	1. Identification of poor
	2. Cost recovery
	3. Privatisation
	4. Rationalisation of social services

Source: JTURDC, 1993, Pg.4

The foregoing table captures the major emphases of the IMF agreements, and they should help the discussion about the definition and characteristics of Jamaican Structural Adjustment that follows later in the paper.

### 3.3.2 The World Bank and Jamaica

The WB also played a key role in shaping Jamaica's domestic policies. IMF and WB measures are viewed as similar insofar as they both hinge around the establishment of the primacy of the market place, and the opening of the 'adjusting' economy to international trade. It has been asserted that the main difference between the measures of these two institutions has to do with the speed with which adjustment measures are expected to be implemented, and the leeway given to governments to negotiate social acceptance among their populations [LeFranc:1994:12].

Jamaica began negotiations with the WB in 1980, just three years after the first IMF agreement was signed. The following table shows the major policy measures that characterised WB loans up until 1986, and while not detailing the amounts of the loans, the table shows the percentage of the loans that hinged on the satisfactory execution of these policies. From the table it is clear which areas were of greater priority and importance; improving export incentives and institutional support; budget and/or tax reform; improvement in the financial performance of public enterprises; revision

of agricultural prices; revision of industry incentive system; and strengthening the capacity to formulate and implement public investment programme.

**TABLE 3.3: Types of Policy Measures adopted in WB Structural Adjustment Loans, 1980-October 1986**

Measure	% of loan subject to conditions
<b>Trade Policy:</b>	
Remove Import Quotas	57%
Cut Tariffs	24%
Improve export incentive and institutional support	76%
<b>Resource Mobilisation:</b>	
Reform budget or taxes	70%
Reform interest rate policy	49%
Strengthen management of external borrowing	49%
Improve Financial performance by public enterprise	73%
<b>Efficient use of resources:</b>	
Revise priorities of public investment programme	59%
Revise agricultural prices	73%
Dissolve or reduce powers of state marketing boards	14%
Reduce or eliminate some agricultural input subsidies	27%
Revise energy prices	49%
Introduce energy conservation measures	35%
Develop indigenous energy sources	24%
Revise industry incentive system	68%
<b>Institutional reforms:</b>	
Strengthen capacity to formulate and implement public investment prog.	86%
Increase efficiency of public enterprises	57%
Improve support for agriculture	57%
Improve support for industry and subsectors	49%

Source: LeFranc, 1994, pg. 13

Since 1987 the WB has played an increasing role in Jamaica's economic management. With the IMF setting the macroeconomic limits to government through fiscal, credit and exchange rate policy, and wage guidelines, the WB assumed the role to dismantle so-called price distortions. The thrust to economic liberalisation was to be achieved by removing subsidies; the full cost pricing of utilities; divestment of state enterprises; the removal of non-tariff protection for domestic agriculture and industry; dismantling of state enterprises, etc. Jamaica appeared at this time to receive favoured treatment from Washington, largely due to the image and repute of Prime Minister Edward Seaga, then a strategically of the Ronald Reagan administration [Levitt:1991:27].

### **3.4 Jamaica's Structural Adjustment - Some Economic Aspects**

A review of the socio-economic consequences of Jamaica's Structural Adjustment would show a picture of serious dislocations, upheaval and devastation. Economic adjustments of a harsh nature have generated severe social repercussions, some of which will be discussed in chapter four. Generally, there has been unfavourable trends in economic growth; the balance of trade; balance of payments; capital flight; inflation; the exchange rate; external debt; and debt servicing. These and others are now looked at in more detail.

#### **3.4.1 Economic Growth**

The period of the early 1970s witnessed a falling off in real economic growth. All of Jamaica's major economic sectors, particularly construction and mining, had phenomenal negative growth rates in this period. Since 1980 there has been some improvement, as the period 1981 to 1983 registered positive growth [Kirton:1992:23]. Measured in 1974 dollars, the real value of Jamaica's output of goods and services has declined from J\$2013 million in 1976 to just under J\$1900 million in 1990. The period 1990 to 1993 has been a period of GDP growth however, a trend that really became noticeable in 1987, albeit at different rates of growth (see figure 2 attached as appendix 6). In fact, Jamaica recorded 1972 GDP levels in 1992, and grew even further the following year.

Prior to 1987, when GDP did grow between 1981 to 1983, it did so at an annual average of 2.03%. This was strongly influenced by massive injections of funds from bilateral and multilateral sources (US\$2324 million between 1980 and 1983), as the Seaga government seemed to be more

favoured by the IMF and WB. This puts a question mark therefore on the quality of the much publicised growth claims attributed to the early years of the Seaga regime. The period 1986 to 1988 saw further growth, albeit incrementally at an annual average of 1.4% and GDP growth has continued since, even surpassing the high recorded in 1972 [JTRUDC:1993:6,9],[Figure 3].

It must be said therefore that in terms of material production over the protracted period of structural adjustment, Jamaica has achieved some growth in the latter years since 1987.

### 3.4.2 Balance of Trade

A principal objective of SAPs is to reorient the economy towards exports and to improve on the nation's capacity to import [LeFranc:1994:18]. This should be reflected in an improving balance of trade over time. Jamaica's trade balance has been negative every year since 1979. The first two years of SAPs (1977 and 1978) saw a marginally positive trade balance, but for every subsequent year, imports payments have exceeded exports earnings [Kirton:1992:20]. In 1981 the trade deficit stood at US \$213 million, and increased to US \$600 million by 1983. Exports either fell or stagnated over this period [Vickers:1994:99,100]. This is partly explained by the poor fortunes of the bauxite industry during the recession of the 1980's. Before 1980 bauxite earnings had accounted for 50% of all foreign exchange receipts, representing at the same time 78% of merchandise exports. The market contractionary effects of the recession had compressed this contribution to a mere 20% of foreign exchange receipts in the years that followed [1bid].

But the explanation of the decline in the balance of trade is also to be found in the fact that export performance has been dismal relative to imports. Jamaican exports were almost US\$ 1 billion in 1980 before falling dramatically to US\$ 660 million in 1988. After a rebound, total exports had stabilised around the US\$ 1 billion mark in 1993 and 1994. Imports on the other hand had reached US\$ 1.8 billion and US\$ 2.2 billion for 1993 and 1994 respectively [Pantin:1989:37, Statin:1994]. The most up-to-date information available has estimated imports for the seven month period January-July 1996 at US\$ 1.6 billion, with exports for the same period trailing at US\$ 837 million. In this scenario the consumption of imported goods has outstripped import levels for raw materials and capital goods [CVM Television News, Oct.4, 1996].

### 3.4.3 Successive Devaluations and BOP

As a critical element of the trade liberalisation regime, the government embarked upon a series of devaluations of the official currency. The IMF and the WB had ruled that the Jamaican Dollar was overvalued and therefore uncompetitive. Devaluations were prescribed to enhance the country's export competitiveness position, and subsequently to improve its BOP. What appears to have been overlooked is the fact that Jamaica's import dependency was particularly high. Interestingly, Jamaica's propensity to import has been quoted at 60 - 70 % . The Bank of Jamaica (BOJ) estimates that out of every J\$1.00 of credit expansion, 70 cents of additional import demand is generated [Ramsaran:1993:20]. To a great extent, devaluations have only served to exacerbate the country's woeful balance of trade position.

The following table shows the extent of currency devaluation over selected years.

**TABLE 3.4: Devlauations of Jamaican currency over selected years**

Year	Jamaican Equivalent to US\$1
1975	0.91
1982	1.78
1983	3.15
1985	6.40
1990	8.00
1992	22.7
1996	35.00

Sources: Kirton, 1992, pg.20, Levitt, 1991

The period 1990-1996 demonstrates the harsh reality of devaluations in the Jamaican context. In fact, the rate of J\$35 to US\$1.00 now prevails after a series of questionable revaluations over the

last three months that have taken the Jamaican currency from an all-time low of J\$42 to US\$1.00. In the six years that followed 1990 the exchange rate has fallen from J\$8.00 to J\$42, representing a dramatic decline of more than 400%. A litany of woes has ensued on the inflation front, and the Jamaican consumer has been buffeted on every hand.

In addition to the crippling devaluations, the shortage of much needed foreign exchange fuelled a damaging black market (parallel market), the exchange rate of which was always substantially higher than the official rate. The differential between the official and the black market rate was as high as 120% in 1977. However, the differential had tapered off to an annual average of 46% between 1977 and 1980, and for the period 1981 to 1985, it had reduced further to 32% [Kirtan:1992:22]. With such a huge appetite for imports, and a limited supply of US dollars, the inflationary effects were substantial and multiplicative.

But generally, devaluations have not improved the nation's BOP as the heavy dependence on imports of oil, basic foodstuff, essential productive inputs for critical sectors - agriculture and manufacturing - had increasingly inflated the import bill. There was a multiplier effect of price increases throughout the economy whenever the currency lost value.

#### **3.4.4 Monetary and Fiscal Policies**

It should be noted that in keeping with the demand compression objectives proposed by the IMF, the government proceeded to employ supporting monetary and fiscal policies. Interest rates were pushed up by 60-70 % on certificates of deposit issued by the government. Strategically, this was to have an upward pulling effect on commercial interest rates. Liquidity ratios for commercial banks were increased to 50%. All this was designed to limit the amount of money in circulation, and the reduction of demand for commercial loans would similarly mop up excess liquidity in the economy, curtail effective demand, and eventually help to contain runaway inflation.

### 3.4.5 Foreign Debt

As recent as in 1992, after much publicised debt forgiveness and rescheduling, Jamaica's external debt remained at more than US\$ 4000 million, tapering off a little after a high of US\$4032 million in 1989. But from a relatively modest debt of US\$688 million in 1975, the nation's indebtedness to external creditors had skyrocketed to the US\$4 billion mark in the 1990's [Kirton:21].

The magnitude of Jamaica's debt servicing obligations undoubtedly impacted severely on its development capacity. In this regard, it has been asserted that the burden of external debt has pre-empted 30 - 50% of foreign exchange inflows into the BOJ [Ramsaran:1993:20]. This view is supported by Michael Manley, former Prime Minister, who states that over 40% of export earnings is being used to service external debt [Manley:1991]. Figure 4, attached as an appendix, looks at debt repayment as a percentage of GDP. A peak of 22% was recorded in 1979, and this was brought down to single digits for the next 7 years. This single digit trend continued beyond 1987, and climbed to 10.5% and 13% for 1992 and 1993 respectively. Whether single digit or not, these levels of repayment were to affect the quality of life of most Jamaicans, and the IMF and WB, through their policies have faithfully fulfilled its debt collection role, particularly in the case of Jamaica.

Expressed as a percentage of total expenditure, Jamaica's debt servicing stood at 26% in 1982/83 and climbed steadily to a staggering 42% by 1985/86 [Vickers:1994:100]. There appears to have been a mild reduction in subsequent years, as in 1988/89 debt servicing was just about 40% [Levitt:1991:30]. Another way of looking at the significance of the foreign debt to the Jamaican economy is by looking at the percentage of the nation's exports are required to pay interest on these debts. In 1975 only 4% of exports were required, but this figure climbed to 11% by 1980. In 1987 the percentage of exports required was 18.4% [JTURDC:1993:16].

While the size of the debt is cause for alarm, the spectacular rate of growth of the debt is similarly shocking. Between 1972 and 1990 the average annual growth rate was 25%. Within these eighteen years, the period 1981 to 1984 saw an acceleration of the rate to 52% before settling

down to a more sober 7% for the period 1985 to 1990 [JTURDC:1993:13]. It has been cited elsewhere that the nation's debt almost doubled over the period 1981 to 1989 [LeFranc:1994:14].

### **3.4.6 Capital Flight and Negative Foreign Direct Investment**

Arguably precipitated by the increasingly strident socialist rhetoric of the government of the day, Jamaica experienced dramatic capital flight, estimated at US\$500 million between 1976 and 1980. The coming to power in 1980 of the conservative capital friendly Edward Seaga led Jamaica Labour Party (JLP), did not however, stem the outflow of foreign exchange. It is estimated that between 1981 and 1984 US\$241 million left the island through official channels. This is to say nothing of the unrecorded millions that ingeniously left Jamaica's shores without official sanction [Kirton:1991:21].

Looking at this phenomenon even from a net foreign direct investment (FDI) perspective, the trends suggest a series of annual extractions, with more capital transferred abroad than coming in. This puts paid to the declared stance of the IMF and WB that the opening up of the economy, and the provision of incentives and attractive conditions, would generate positive investments in Jamaica. Table 3.4 tells the story.



**TABLE 3.4: Foreign Direct Investment Trend - Jamaica (1977-1988) US\$ Millions**

Year	Inflow	Outflow	Net
1977	7.7	14.7	-7.0
1978	9.8	38.6	-28.8
1979	12.3	38.7	-26.4
1980	64.9	37.3	27.6
1981	26.8	38.3	-11.5
1982	24.0	39.8	-15.8
1983	17.0	35.7	-18.7
1984	42.8	30.6	12.2
1985	5.8	14.8	-9.0
1986	10.4	15.0	-4.6
1987	3.3	11.1	-7.8

Source: BOJ, BOP Reports, cited by Pantin, 1989

From the foregoing it is clear that the net annual foreign investment flow was negative. Between 1981 and 1987, in spite of the fact that Jamaica's capital friendly Prime Minister Edward Seaga was at the economic helm, the promise of positive investment did not materialise. During this period direct investment inflows totalled US\$ 130 million, averaging US\$ 19 million annually. Outflows of profit remittances over the same period came up to US\$ 185 million, at an annual average of US\$ 26 million. On average, the net annual foreign investment flow to Jamaica was **minus** US\$ 7 million. This pattern, however, as commentators point out, was consistent with global trends at the time [Pantin:1989:79]. Just one more example of the debilitating and continuing transfer of resources from the periphery to the core.



### **3.4.7 Growing and Fragile Dependence on Tourism**

With the demise of the bauxite sector, which continued to struggle against international pressures related to falling demand and world prices, Jamaica's foreign exchange situation was becoming increasingly precarious. The decline of agriculture and the stagnating fortunes of manufacturing further compounded the matter.

Tourism, a high import dependent industry, began to assume a more prominent and strategic role in the economy, and became critical to the nation's financial health. In 1982, the net tourism earnings of US\$336.2 million represented roughly 44% of export receipts. By 1987 the ratio had grown to 63% (US\$527.1 million), and had reached as high as 69% in 1986. The expected 1996 earnings of US\$1 billion could even represent a higher ratio.

This development has tended to make Jamaica's economy fragile and vulnerable. At times US government travel advisories would place Jamaica in a negative light in terms of its safety as a tourist destination for Americans. A significant amount of all tourists to Jamaica come from the US. Earnings from tourism tended to fall off whenever economic recessions affected the economies of the US and Western Europe. So while the growth in foreign exchange earnings from this sector has been appreciably substantial, its vulnerability to economic and political shocks is a source of genuine concern. The government has therefore always been kept on its toes, to control damage resulting from growing local crime and negative publicity abroad. The Jamaica Tourist Board works tirelessly in its quest for new markets, as repeat visitors are low compared to the Bahamas where wealthier tourists go. Recent news coming out of the Caribbean region suggests that Jamaica and other prime destinations are likely to experience a drop in earnings in 1996 [CVM Television News, Oct. 1996].

### **3.4.8 Conclusion**

The economic repercussions of SAPs have been severe. Inflation has spiralled uncontrollably upwards over the years, debt servicing obligations have handicapped the nation's capacity to fulfil certain basic social and development obligations. Perhaps, one of the better results have been

steady growth in GDP since 1987, after fluctuating fortunes over the preceding ten-year period. The prognosis is not good since the chronic indebtedness and BOP problems that SAPs were supposed to rectify, have only worsened. Yet, there have been problems on the social side, and the discussion regarding the effects on workers and their unions will be the focus of the ensuing chapter.

## **CHAPTER FOUR**

### **STRUCTURAL ADJUSTMENT AND LABOUR**

#### **4.1 Some Adverse Social Consequences**

Prior and subsequent to the advent of SAPs, the Jamaican society has been highly class structured, with a severely inequitable distribution of income. SAPs have represented, in just about every country where they have been implemented, the redistribution of income away from the large majority of wage/salary earners to the upper class. In fact, income disparities in Jamaica have widened considerably since the 1980's. The social distance between the top 10% and the rest of the population is greater now more than it has ever been in Jamaica's modern history. A recent survey of living conditions found that the average consumption of the top 10% was 17 times greater than that of the bottom 10% (J\$17892 compared with J\$1056). Government ministers are said to earn 85 times more than the minimum wage, and the ratio multiplies phenomenally to about 255 times when the reported salaries of company executives are compared [Levitt:1991].

##### **4.1.1 Poverty and Malnutrition**

Based on the cost for a basic Jamaican menu of nutritionally adequate caloric content, some 33% of Jamaicans are living below the poverty line. In order to cushion the effects of the "shock treatment" of the 1983-1985 adjustment measures, the Seaga administration introduced food stamps to be used by the most vulnerable in the society. One can appreciate the ineffectiveness of the program, when it is considered that the government only spent J\$45 million on a food stamp program that needed J\$425 million to really make a difference [Levitt:1991:45, Witter & Anderson:1991]. The reality is that there was rampant corruption through which many undeserving individuals gained access to these inadequate and poorly administered benefits. [ibid & Cornia:1987:115]

A school feeding programme was introduced, as there was evidence that malnutrition was beginning to affect the attendance and performance levels of school children, particularly those from the rural areas.

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#### **4.1.2 Jamaican Women under SAPs**

Women in general, and poor women in particular are said to have suffered disproportionately more than men under structural adjustment. Given their multiple roles as producers, reproducers, income earners, sole parents in many instances, caring for the sick and elderly etc., women bore the brunt of SAP's dislocations. In Jamaica, 35%-37% of households are female headed [Statin, 1994]. It has been asserted that a double edged impact has resulted when one considers that SAPs have shifted more work to the household front; and women receive no pay or recognition for this additional work [Andaiye, 1995].

Women occupy an unfavourable position in the labour market, many of them holding jobs in the insecure and financially unrewarding segment of the informal sector. Women were heavily represented in the subsequently downsized public sector, and normally find themselves positioned in traditional low paying jobs. In times of recession with its attendant layoffs and redundancies, women are the normally the first to go. Often, these members of the fairer sex are forced circumstantially into low paying jobs, in poor conditions, and of little security.

##### **4.1.2.1 Under-representation by Trade Unions?**

It has often been asserted that trade unions do not reach out to represent women workers with the same intensity and scope as they do for men. Accordingly, unions membership and leadership is predominantly male. The empirical evidence suggests that the ratio of women in total membership has been increasing of late, at least in one of the major unions. In the case of the NWU the average percentage of women among total members was 20% over the period 1977-1982. This average increased to 24.5% for 1983-1988. The period 1989-1994 has seen the average increasing further to 37%, with 1993 and 1994 hovering around the 45% mark [JCTU, 1996]. Although the ratio has improved, women have largely been under-represented, when one considers that the female participation rate in the labour market has been 40% for a long time [Statin, 1994].

Females in the BITU membership have averaged 32% of the total membership over the period 1977-1987. This has slipped further to 30% over the next five years, with the SAP period low of

28% recorded in 1993 [JCTU, 1996]. With a female labour market participation rate of 40%, the degree of under-representation of females is sharper in the BITU in the decade of the 1990s.

#### **4.1.2.2 Added Strain and Stress**

The removal of subsidies in food and basic goods and cuts in the public health and educational services have placed further stress on women who cannot 'opt out' as some men are apt to do. The added tensions on the home front have to be handled, almost exclusively, by women [Wedderburn, 1995], [Girvan and Beckford, 1989]. The psychological impact on women, of having to deal with the stress and trauma of witnessing the effect of inadequate services on children and the elderly, is another factor largely overlooked by male policymakers and planners [ibid].

It has been asserted that this becomes particularly shameful and iniquitous when it is considered that women neither sought nor benefited from these debts. Demonstrating remarkable resilience, some women, instead of just lamenting their demise, have used domestic networks for reciprocal exchanges of good and services. These strategies have enabled low income working women to stretch their meagre incomes [ibid]. There is evidence also that some women who are active in the informal sector have been doing very well for themselves as Informal Commercial Importers (ICIs).

#### **4.1.3 Health and Education**

The evidence points to a gradual reduction in the access and quality of educational and health services over the period of adjustment. Jamaica once ranked very highly in the area of health and education on the human development index, and has seen its favourable position slip over time. A direct relationship is likely to exist between expenditure outlay and effective delivery of these critical services. The following table depicts the diminishing resource outlay made by the government over selected years.



**TABLE 4.1: Percentage of Public Expenditure on Health and Education**

Year	% on Health	% on Educat.	Total
1969/70	10	16	26
1972/73	10	17	27
1976/77	7	14	21
1979/80	6	13	19
1983/84	6	13	19
1985/86	6	11	17
1987/88	6	11	17
1988/89	6	11	17
1989/90	5	11.5	16.5
1990/91	7	10	17
1991/92	6	15.9	21.9
1992/93	6.7	16.2	22.9
1993/94	6.7	12.9	19.6

Source: Statistical Abstract (various issues), JTURDC, 1993, Statistical Yearbook of Jamaica, 1994.

The foregoing picture of diminishing government commitment to health and education is consistent with the IMF/WB insistence that government should reduce its expenditure levels. From a high of 27% of total expenditure in 1973, government allocations had declined to 17% by 1988. A slight recovery took place in subsequent years, but the levels which obtained in the early 1970s were never to be attained in the adjustment years. The decline in government expenditure on health and education is unfortunate, as the nation's development capacity is severely impaired when its people are less healthy and less skilled. These are two areas where the momentum gained over the years should have been maintained to enhance the nation's chances of sustainable economic growth.



#### 4.1.3.1 Decline in Health Delivery and Facilities

Capital expenditure on health in particular plummeted from 10.4% of total health expenditure in 1981/82 to an all time low of 3.7% in 1985/86. This trend, which has continued since, resulted in the lack of maintenance and rehabilitation to the nation's hospitals and clinics.

Falls in current expenditure also negatively impacted on the quality and quantity of stock, and the availability of equipment and supplies. Devaluations compounded the problem further, as the resulting cost for drugs and other supplies moved further and further away from the reach of the majority of Jamaicans.

Migrations of qualified health personnel abroad was particularly acute, and diminishing access to health care has become a real problem. In 1980 there was one doctor to 3035 Jamaicans. By 1988, this had grown to 5240 persons to one doctor. There was one nurse for every 570 persons in 1975, and by 1985 this had doubled to 1172 persons per nurse. Over the nine year period spanning 1980 to 1989, the ratio of dentists to the population had plummeted from 39685 persons per dentist in 1980 to 46901 in 1989 [Levitt:1991, JTRUDC:1993]. The ratios recommended by the Pan American Health Organisation (PAHO) are 1:910, 1:2857, and 1:769 for doctors, dentists and registered nurses respectively. Jamaica has slipped precipitously further away from acceptable health care standards under SAPs.

Hospital beds in the public sector (the only affordable option for Jamaica's growing poor) have gradually disappeared. In 1979 there were 6350 public hospital beds for the entire island. This was reduced to 5463 eight years later, as government rationalised public health facilities in the 1980's. The general downscaling of health delivery systems was not without its consequences, and began to take effect in the form of increased infant mortality and the outbreak of usually containable sanitation related diseases such as Leptospirosis, German measles and Typhoid [JTURDC:1993:30]. Also, almost 50% of maternal deaths are thought to be preventable, but for the chronic lack of resources, facilities and personnel [Vickers:1994:101].

To add to a growing list of health sector failures, one could consider that the proportion of children showing signs of malnutrition rose from 38% in 1978 to 41% in 1985. The trend is confirmed by the pattern of admission to the Bustamante Children's Hospital, the leading children's hospital, of children with malnutrition and gastro-enteritis. Admissions for malnutrition more than doubled between 1978 and 1985, and the cases of gastro-enteritis virtually tripled over the same period [Cornia:1987:115]. It must be said that the problems in this beleaguered sector have become particularly acute with the onset of SAPs.

#### **4.1.3.2 Decline in Education**

The two decades which followed 1955 have been termed the golden era for Jamaica's education. From 1955 to 1975 there was significant progress with increases in enrolment at the primary level, and an islandwide campaign to stamp out illiteracy. By 1973 free education was available to all Jamaicans all the way up to the tertiary level. From a pupil to teacher ratio of 1:45 in 1972, there were improvements until the ratio reached a little over 1:39 in 1984.

With diminishing commitments to the education system taking root in the early 1980's, some ugly signs began to emerge. Funds to build the targeted 50 primary and 50 secondary schools to meet the requirements of the population which had grown by 30% between 1975 and 1985, were simply not available. Since 1980, 50% of students finishing grade 6 are functionally illiterate, and so too are 50% of adult Jamaicans today. School dropouts have increased with up to 10% of boys and girls dropping out of school before they reached 19 years of age. In 1985 an estimated 33% of all children, the majority at secondary school age, were not enrolled in any school at all [Vickers:102].

Of sociological significance is the fact that 2/3rds of all dropouts are boys. It is not surprising that this age group accounts for a large portion of the nation's crime. Also, the added tensions on the homefront when miscreant male cohorts have to stay at home, have to be dealt with by female mothers, a high percentage of which head households. The sociologist will ask: what is going to happen ten years later when educated females are looking for partners from a pitiable mass of uneducated males?

To cope with the failure of the formal system, the government implemented a remedial literacy programme. The Jamaica Adult Literacy (JAMAL) programme, which had an enrolment of 15464 in 1985, had a sudden drop in enrolment the following year, by some 22% to 12002 [ibid]. Lack of resources have seen enrolment declining ever since.

The major problems afflicting the formal education system revolve around the following:

- Inadequate physical facilities
- Generalised overcrowding
- Irregular provision of utility services (water, electricity.) - Shortages/lack of equipment
- Shortage and lack of quality of teachers
- Absenteeism and low morale among teachers
- Low salaries

A CIDA report once revealed that expenditure per student in Jamaica declined from US\$119.3 in 1980 to US\$97 in 1987. This is compared to the sister Caribbean islands of Barbados and Trinidad/Tobago, which spent US\$603 and US\$579 respectively. It is hardly surprising since these islands have not yet embarked on SAPs in the way Jamaica has over the last two decades.

**TABLE 4.2: Ordinary Level Pass Rates Among Jamaican Students (1975 and 1988)**

Subject	1975	1988
Mathematics	36.7%	13.0%
English Language	58.8%	34.8%
Chemistry	46.7%	43.3%
Physics	47.8%	33.3%
Biology	40.7%	31.4%

Source: Levitt, 1991

Table 4.2 shows the drop in performance levels when the years 1975 and 1988 are compared. The subjects selected are those regarded as critical to furthering the nation's development capacity. To the extent that there have been such dramatic drops in performance in Mathematics and English language (exceeding 20%), this generation of young Jamaicans can be described as analytically, rationally and scientifically incapacitated. Overall, and not surprisingly, it is a picture of declining performance levels in every subject area.

## 4.2 Values and Social Norms

It could be said that SAPs are the embodiment of a rampant market philosophy that has swept the development terrain. To a great extent this wave of neoliberalism, with all its individualistic trappings, is alien to Jamaican values. The market philosophy actually legitimises self-interested individualism; it lacks a sense of social justice; it denigrates the role of government; and accords very little merit to such notions as national pride and dignity [Levitt:1991]. All of these things have been held dear by the majority of Jamaicans for many generations, and the swiftness with which they have been undermined by SAPs, has not been without protest and sociological consequences.

In this period of adjustment crime levels have increased considerably. Every year there are reports of an upsurge in white collar crimes, theft and pilfering. Crimes have also become more savage and heinous, and though not to be justified, the helplessness that has overtaken thousands of disenfranchised and dislocated Jamaicans, partly explains this intensifying social malaise. It is not by accident therefore that security guard companies have mushroomed phenomenally throughout the length and breadth of this once peaceful isle. Houses are grilled as never before, and security installation and alarm systems have now become lucrative business. The real sad thing about all of this is that people have become distrustful of each other, and the delight with which Jamaicans used to offer a helping hand to strangers has sadly been lost, as it has become increasingly risky to do so.

It is also clear that the need to hustle for that extra buck has resulted in the breakdown of family cohesiveness, an element so crucial to the society's stability. The resulting lack of quality parenting has also yielded problematic and difficult cohorts, and the effects are normally felt by the society in the form of juvenile delinquency, drug abuse, prostitution, poor academic performance etc.

What is also observable is the growing lack of respect for human lives. A Senior Medical Officer of the leading Psychiatric Hospital once insightfully asserted that "everytime we devalue the Jamaican dollar, we devalue human lives" [Levitt:1991]. The fact is that SAPs have created serious social tensions within the society, and the state is at the same time stripped of its capacity to handle these new and growing forms of social distress. The social cost has been very high, but this does not seem to be a major concern of the IMF and WB, who at best reluctantly give the green light to the use of safety nets when things get unbearably bad.

### **4.3 Composition of Jamaican Labour Market**

#### **4.3.1 Globalisation and the Labour Market**

It is pointed out repeatedly in the literature that globalisation has severely debilitated the union movement to the extent that traditional trade union constituencies have been emaciated. Globalisation, is used by this paper in a general sense to mean the spread of economic liberalisation on an international scale. SAPs and globalisation are therefore inextricably intertwined. Globalisation and SAPs are therefore to be seen as having an interdependent and mutually reinforcing relationship [Prendergast & Stewart:1994:15]. The forces of globalisation are evident in every country, and union membership has suffered even in countries like Italy, Germany and France where strong traditions of militant and politically active unionism have existed for a long time. These forces have resulted in labour market changes, and there is evidence that the informalisation of market, an increase in contract work, subcontractors and casualisation of the work force, and a proliferation of EPZs have become ubiquitous [Lecher:1994]. This trend was to filter into the Jamaican market.

#### **4.3.2 Jamaica's Changing Labour Market Structure**

The structure of the Jamaican labour market has changed since 1977, and in such a way that has threatened trade union strongholds. The downscaling of the public sector, the emergence and dominance of the informal sector, and the spread of Export Processing Zones (EPZs), have cumulatively eroded trade union numerical strength and potential in the labour market. There has

been a gradual decline in the ratio of blue and white collar jobs in the market. Table 4.3 shows the changing structure of the employed labour force by occupation.

#### 4.3.2.1 Declining Blue and White Collar Ratios

**TABLE 4.3: Structure of Employed Labour Force by Occupation (selected years)**

	1976	1980	1987	1988
White Collar	21%	21%	19%	19%
Blue Collar	32%	28%	27%	26%
Service	15%	15%	13%	14%
Self Employed	32%	36%	41%	41%
	100%	100%	100%	100%

Sources: Economic and Social Surveys (various years) cited by Levitt, 1991

It is shown that blue collar jobs have shrunk from 32% of all occupations in 1976 to 26% in 1988. It is here that unions in Jamaica have developed the bulk of their membership base, and the 9% increase in the informal own account self-employed group represents many who were once blue collar workers. Jamaican unions do not organise or represent self-employed workers, who have to fend for themselves by joining organisations like the Small Business Association (SBA), the Informal Commercial Importers (ICI) Association etc..

The tables also show that white collar ratios have fallen, and in 1988 this category of workers accounted for 19% of the employed labour force, falling by 2% from 1976 levels. This group of workers (clerical, supervisory, middle management, administrative, etc.) also constitute a membership base for Jamaican unions, and any fall here would similarly cause concern in union circles.



The contraction of the traditionally unionisable workforce is further demonstrated when one compares the diminishing share that craft production and unskilled manual labour have had of the employed work force. In 1968 the combined percentage of the two groups was roughly 35% of the employed work force. By 1990, the combined percentage had declined to 26.4% [King:7].

#### **4.3.2.2 Decline in the Public Sector**

Another traditional enclave of Jamaica's active trade unions was the public sector. In 1943 the government only 4500 persons, and 17 years later, just two years before independence was secured in 1962, the number of persons on the government payroll had climbed phenomenally to 47500 [Panton,1993]. In keeping with various post-independent governments' notions of development, the state sector was further developed to provide support to the citizens of Jamaica. In fact, the public sector workforce grew from 10.8% of total employed in 1972 to 15.9% by 1977. It cannot be gainsaid that the burden of the state apparatus on the national budget was enormous. An unending series of massive fiscal deficits, along with the IMF/WB position that the state was inevitably inefficient, wasteful and corrupt, made the Jamaican public sector the target of mass downscaling. Just after three years of WB programmes, the number of public sector workers fell by 21% to 80000, after the government payroll had peaked at 109000 in 1977.

From a longer term trajectory the fuller extent of public sector retrenchment is better seen, with a contraction of over 34000 (31%) from 1977 to 1990 (see table 4.5). Yet the pain of retrenchment must have been more severe during certain years when the rate of retrenchment accelerated. During the period 1983-1987 more than 30% of the state's employees lost their jobs. It was the shock treatment phase ushered in by the WB.

In 1977, public administration accounted for 16% of total employment by industry. A downward trend had set in since that year, and an all time low of 7.8% was recorded in 1989 [King:9]. Table 4.4 looks at the decline in employment in the public sector and the experience of other industries over a period of time. From a percentage of 14% in 1981, the share of government workers among the total employed work force fell dramatically to 8.7% in 1988.



**TABLE 4.4: Structure of Employed Labour Force by Industry (selected years)**

	1981	1987	1988
Manufacturing	11.1%	15.0%	15.5%
Agriculture	35.3%	32.9%	29.2%
Construction	4.2%	4.8%	5.3%
Transport/Public Utilities	4.5%	4.8%	5.1%
Commerce	13.6%	14.2%	15.9%
Public Administration	14%	9.0%	8.7%
Other Services	15.5%	18.5%	19.2%

Source: Levitt, 1991

Of interest to the discussion on the demise of the Jamaican public sector is a US\$28.4 million loan made to the island in September 1996 by the WB to "address the proliferation of weaknesses in Jamaica's public sector by helping to create a smaller, results-oriented and accountable public sector" [CVM Television news: Sept.6, 1996]. It appears that the emaciation of this beleaguered sector to its present size has still not satisfied the WB, and there are more cuts to come. So far the statistical evidence regarding public sector retrenchments has been ratio based. The following table looks at some actual numbers.

1. During installation, you should go to what would be the typical location for the printer?

1. The printer should be installed in the location where the printer is typically used. This is usually the location where the printer is connected to the network or the location where the printer is connected to the computer. The printer should be installed in the location where the printer is typically used.

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5. The printer should be installed in the location where the printer is typically used. This is usually the location where the printer is connected to the network or the location where the printer is connected to the computer. The printer should be installed in the location where the printer is typically used.

**TABLE 4.5: Public Sector Retrenchments - 1977-1994**

Year	Total Employed	% in Public Administr.	Workforce	Annual Change
1977	685100	15.9	108931	
1978	698100	14.4	99230	- 9701
1979	661500	16.3%	107824	+ 8594
1980	716800	14.7	105370	- 2454
1981	739000	13.7	101243	- 4127
1982	730400	13.8	100795	- 448
1983	750400	13.6	102054	+ 1259
1984	779500	12.9	100555	- 1499
1985	781000	10.4	81224	- 19331
1986	820600	9.7	79598	- 1626
1987	855000	8.5	72675	- 6923
1988	871800	8.5	74103	+ 1428
1989	881100	7.8	68726	- 5377
1990	893500	8.3	74160	+ 5434
1991	n.a.	n.a.	n.a.	
1992	907400	9.0	78500	+ 4340
1993	909700	11.0	96600	+ 18100
1994	924200	9.0	87300	- 9300

Source: Labour Force (various years), PIOJ 1993,1994

The retrenchments have averaged 1860 persons a year since 1977, but there was acceleration during the period 1983-1987 when 29375 persons lost their job in the public sector at a rate of 5875 per annum. This accelerated period coincided with the signing of the fourth agreement with

the IMF which contained provisions including the layoff of some 20000 government employees. This phase of Jamaica's SAPs has often been termed the period of shock treatment [Levitt:1991:25-26].

#### 4.4 Unemployment

One of the enigmatic features of Jamaica's SAP experience is what appears to have been a gradual reduction in unemployment. The appreciable drop in the rate of joblessness is now close to the unemployment rates of the 1960's, a period of growth for Jamaica when unemployment rates hovered between 12% and 13% [Panton,1993]. In 1994, Jamaica's unemployment plummeted to a SAP period low of 15.3%. With the onset of SAPs in 1977, the rate grew steadily, peaking at 31% in 1979, and stabilising at an average rate of 27% for the next six years. Since 1985 there has been a steady drop in the unemployment rate, and the period 1986-1990 saw an average of 19% per annum. The period 1991 to 1994 has witnessed a further drop in the average to 15.7% (see Table 4.6).

**TABLE 4.6: Jamaica's Unemployment Rate (selected years)**

Year	Total Employed	Labour Force	Unemployment Rate
1976	659700	870700	24%
1977	685100	898800	24%
1979	661500	956500	31%
1980	716800	977100	27%
1983	750400	1026300	27%
1985	781000	1049800	26%
1987	855000	1079200	21%
1989	881100	1058500	17%
1992	n.a.	n.a.	15.9%
1994	n.a.	n.a.	15.3%

Source: King,1991 & Miller,1995

The reduction in unemployment masks the major cutbacks in the public sector, and the absorption of retrenched workers into precarious forms of employment in the informal sector. The growth of the informal sector in Jamaica has accounted for what appears to be a comparatively modest rate of unemployment in the Jamaican context. This begs the question as to the quality of employment of the Jamaican worker who appears to have taken refuge in the informal sector.

A deeper analysis of Jamaica's unemployment offers new insights. The period 1972-1980, the Democratic Socialist phase of the country's political history, saw intense ideological conflict between local capital and the government, and international capital recoiled at the socialist rhetoric propagated by the Manley government. This precipitated low levels of private capital investment, net private job creation was negative, and unemployment averaged 24.5% per annum.

The government initiated Special Employment Programmes (SEPs) to compensate for the reduction in low skilled jobs, which involved mostly street cleaning and sanitation type jobs. These did not significantly ease the overall problem of joblessness, and only 10000 jobs were provided during the period at a cost of J\$53 Million [Panton, 1993].

Panton reasons that the lowering of unemployment that occurred in the 1980s was triggered off by the drop in world oil prices and the worldwide economic boom of the late 1980s. During this period there was increased investment, including but not limited to EPZs, a phenomenon taken up later in the paper. Also, the WB instigated privatisation programmes did not create too much unemployment, as mostly hotels were privatised in this period, and most employees retained their jobs when the owners changed [ibid].

A comment should be made about possible underemployment in the labour market, a phenomenon which masks the severity of the unemployment problem. Underemployment has been defined by the government as referring to all persons willing and able to work longer hours, and who presently work 33 hours or less per week [PIOJ, 1993]. There is a paucity of empirical data gauging the extent of underemployment in Jamaica, but the seasonal aspects of employment in tourism and crop

cultivation suggest that it could be significant. Tourism employs 1.7% of the workforce, while 23.5% of the labour force are engaged in informal rural farm work [Panton, 1993]. One could hazard an estimate of above 25% underemployment when the two seasons overlap, to say nothing of underemployment in other areas which could take the figure substantially higher. Using figures from official government sources, the Table 4.7 gives some indication of underemployment among the total labour force.

**TABLE 4.7: Employed Labour Force Working Under 33 Hours, 1990-1994**

	Employed Labour Force	No. Working 32 hrs. or less	% of Labour Force
1990	896300	88400	9.86%
1991	907700	89500	9.86%
1992	905700	81500	8.99%
1993	909700	90300	9.92%
1994	924200	71900	7.78%

Source: Calculated from The Labour Force, 1991, 1992, 1993, 1994

It is clear that the problem of unemployment is put in better perspective when the companion evil of underemployment is factored in. Although the annual average over the short period 1990-1994 is a little over 9% of the employed labour force, the seasonal variations within specific years takes the figure substantially higher, as discussed above.

A final comment on employment in the formal market. Questions arise regarding the preponderance of low paid jobs; of single earners in families; or the possibility of two lowly paid earners in a single family. These are issues which cannot be safely overlooked, and for which there is little empirical evidence as yet. To say that employment levels are high is not enough. One has to consider the quality of employment also. The next segment takes the discussion to employment in the informal sector.



#### 4.5 The Rise and Characteristics of the Informal Sector

A relatively unexplained phenomenon, the rise and growth of the informal sector worldwide has elicited diverse comments. On one hand, the provision of employment and income to millions the world over is particularly welcomed. Alternatively, and less generously, this sector is viewed by others as the segment of the society that escapes protection and regulation. It is of interest to note that the concept of the informal sector also lacks definitional precision, as it is possible that different commentators may have entirely different ideas about its composition. The informal sector manifests itself in different ways in different countries, and in different regions within the same country, and is anything but homogenous [ILO:1990, ICFTU:1990].

An International Labour Organisation (ILO) definition is proffered:

*The informal sector refers to very small scale units producing and distributing goods and services, and consisting largely of independent, self-employed producers, some of whom also employ family labour and/or a few hired workers or apprentices; which operate with very little capital, or none at all; which utilise a low level of technology and skills; which therefore operate at a very low level of productivity; and which generally provide very low and irregular incomes and highly unstable employment to those who work in it [ILO:1990].*

For the purposes of this paper, and to describe the Jamaican informal sector, the above would be expanded to include persons involved in domestic and small-scale personal services.

Normally, the trade union movement does not romanticise about the spread of the informal sector, but rather views the trend towards the 'informalisation of the formal sector' with great concern. There is evidence however, as an ensuing section of this paper will show, that unions in some territories are turning their attention to this ignored segment of the labour force. As for now, the prevailing general attitude seems to be that the precarious forms of employment epitomised by the informal sector are difficult to organise, and its growth represents incursions into a pool of otherwise unionisable labour.

The view of sociologist Jan Breman regarding the composition and nature of the informal sector is quite interesting. Breman takes the view that there are not two distinct formal and informal sectors

but rather a heterogeneous interdependent continuum from one to the other. He further points out that the so-called informal sector is characterised by increasingly stiff competition and difficulty of entry. This sector, he continues, cuts across all sectors of the economy and includes stable wage labour [Linda Anderson:1994:5]. This new dimension would seem to provide the basis for a more favourable assessment of unionisation prospects.

#### 4.5.1 Jamaica's Informal Sector

The informal sector in Jamaica though including a significant number of persons described by the ILO definition, has a high percentage of domestic servants, petty vendors and other self employed individuals. Many persons in this sector are engaged in the trading of foodstuffs and manufactured goods. The female participation rate is quite high, and the sector has no labour protection, minimum wage, social security and other benefits [Beneria & Feldman:1992:64,65]. Appendix 4 highlights some of the more frequent activities that workers in this sector engage in.

Table 4.3 shows the high percentage of self-employed in the employed labour force, reaching as high as 41% in 1988. The evidence suggests that the number of self-employed persons has been increasing over the period of adjustment. In fact, in 1976 the percentage was 32%. For the years 1989 and 1990, the rate was approximately 38% [King:1993:6]. In Jamaica, the informal sector is more than just persons engaged in self-employment. So when domestic servants and other wage earners are added the figure gets higher. Though estimates of its size vary, all accounts are consistent in suggesting that the informal sector is the largest employment sector in the country. Leading political analyst, the late Professor Carl Stone of the University of the West Indies (UWI), has suggested that the sector accounts for 40% of the workforce. Another academic from the same institution, Patricia Anderson is not far off in suggesting that nearly half the labour force are located within this sector [Panton, 1993].

The sector remains concentrated in two areas; one, small-scale agriculture (58%) and; secondly, petty trading (higglering) accounting for 32%. Panton (1993) estimates that the informal sector engages 46.6% of the labour force, distributed as follows; 8.5% in urban informal employment; 23.5% in rural farm work, and; 14.6% in the rural non-farm informal sector. With most persons

engaged in agriculture, unionisation prospects are not too bright, as many till the soil on a self-employed basis on their own small land holdings.

Only 10% of the nation's goods and services (GDP) are provided by the sector, although it employs over 40% of the workforce. This speaks volumes about the low productivity of workers engaged therein. There are approximately 300000 small enterprises operating in this sector [Panton,1993].

Although the sector has been stereotyped as having relatively uniform low wages, Panton argues that there is empirical data that has proven numerous incidences of high wages and profits. In fact, many young females from disadvantaged backgrounds have been engaged as Informal Commercial Importers (ICIs) - a category of higglers - who earn substantial profits as they sell scarce consumer imports on the local market which they purchase in the US, Panama, Haiti, etc.

Naturally, these developments would become a source of genuine concern for Jamaica's unions whose shrinking constituencies threaten to get smaller if this trend towards further informalisation of the labour market is not arrested. Munroe (1992) reasons that the growth of the sector is going to render an increasing proportion of the labour force non-unionisable in the foreseeable future. By its very composition, the informal sector in Jamaica does not appear to hold out much appeal for unions operating in the traditional mould. Non-traditional union strategies and widened agendas are imperative if any inroads are to be made in this largely forgotten labour domain. The growth of this sector has coincided with the massive retrenchments in the public sector, and would therefore not furnish pleasant memories for a union movement which stood powerlessly, as the retrenchment demands of the IMF and World Bank were followed with almost childish obedience by the Jamaican government [Wint:CLJ:1993:15].

#### **4.6 Real Wages During SAPs**

A central tenet to market liberalisation, an ethos embodied by SAPs, is that real wages must be allowed to fall whenever it is necessary to clear the labour market of excess supply. It is argued that unemployment is correctable provided that real wages are allowed to fall to sufficiently attractive levels to elicit a knee-jerk reaction of increased labour demand by producers. In this

Real wages refer to the purchasing power of adjusted wages/salaries relative to the original purchasing position, after having adjusted for inflation. Accordingly, sometimes what might have appeared to be a hefty wage increase or otherwise, was in fact a salary decrease when inflation was factored in. In this section, it will be shown that the decline in real wages that has characterised the labour market has been significant. It should be interesting to note that Jamaica has never abolished the minimum wage, but even when it has existed the ravages of inflation have rendered it increasingly inadequate over the adjustment period. The focus of this section is therefore on average wage rates, the minimum wage and inflation.

#### 4.6.1 Inflation in Jamaica - An Overview

The evidence suggests that in spite of their good intentions, successive Jamaican governments have failed to control inflation to single digit levels in a sustained way. Consequently, price levels have been generally high and increasing, except for the period 1982-1986 when a mild deceleration of the inflation rate was evident (see Table 4.8). Yet, inflation for this period was still high by conventional standards. Another source has quoted the cost of living (COL) as increasing by 99.5% over the period 1982-1985 [Beneria & Feldman:1992:55].

**TABLE 4.8: Jamaica's Annual Average Inflation Rates over selected periods**

	1977-1981	1982-1986	1987-1991	1992-1994
Average Annual Inflation	23.01%	17.01%	23.5%	44.8%

Source: Calculated from International Financial Statistics, IMF, (various years).

The increases shown in the average inflation rates over the adjustment period actually mask certain turbulent years when the inflation spiral hit new highs. For example, in 1991 and 1992, the inflation rates were 51.1% and 77.23% respectively. The effect that these inflationary pressures was to have on the purchasing power of all Jamaicans has not been without bewilderment and protest.

#### 4.6.2 Declining Real Wages?

The effect on real wages is seen when the connection is made between inflation rate increases and salary increases. If inflation rates outstrip wage rate increases, then real income is said to be in decline. The converse also holds true, so whenever wage increases are greater than the inflation rate, then real wages have increased. A fall in real wages can only mean that the households' capacity to meet basic (education, nutrition, transportation, etc.) needs is seriously undermined. Table 4.9 takes a selective look at the fall in real wages during the earlier years of Jamaica's adjustment.

**TABLE 4.9: Average Weekly Real Wage (AWRW) in large establishments<sup>2</sup>**

	1976	1977	1978	1979	1980
AWRW(\$J)	420	432.1	362.1	313.4	300.9

Source: King, 1993

The table actually shows the value of wages during these early years after inflation has taken its toll. The picture shown is one of decline, to the extent that after a period of five years real wages had declined by 28%. It is likely that the decline was considerably sharper in smaller establishments throughout the economy which normally receive smaller increases, and yet have to contend with the same harsh inflation realities.

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<sup>2</sup>Refers to enterprises that employ 10 or more workers.



### 4.6.3 Declining Real Wages - A longer Trajectory

Table 4.10 suggests that average wages in Jamaica, particularly during the period 1975-1985, have not matched pace with inflation, signifying a reduction in the purchasing power of the wages of Jamaican workers over time.

**TABLE 4.10: Percentage Increases in Average Wages per Worker, Gross Profits and Inflation over Five Year Periods**

	1970-1975	1975-1980	1980-1985
Average Wage	135%	55%	83%
Gross Profits	86%	120%	160%
Inflation	100%	185%	110%

Source: Stone, Caribbean Labour Journal, 1993

One can coin an expression, 'the real wage gap' to mean the difference between average wage and inflation increases over the periods cited. The real wage gap for the quintennia 1970-1975, 1975-1980 and 1980-1985 was +35%, -130% and -27% respectively. It is not surprising that the gap was positive between 1970-1975, because the greater part of that quintennium saw the adoption of socialist policies which were to have the direct effect of redistributing income in favour of the poor. The unions also pressed their claims with relative success, as the Manley government was discernibly more labour friendly. It is interesting to note that during this period wage increases exceeded that for gross profits.

The ensuing periods however, witnessed the onset of declining real wages, and since 1975, profit increases have outstripped wage increases. This is consistent with the prevailing neoliberal wisdom that advocates, *inter alia*, that income be distributed in favour of the productive class, who would then save, reinvest their capital and fuel economic growth. The propensity of the poor to save, the theory continues, is very low, and therefore this group could not be relied upon to provide the capital accumulation stimulus to economic growth. Implicitly, and to an extent ironically, 'the

burden of desired growth' is shifted to the poor, whose average wages during 1980-1985 was still below inflation, unlike profits which by then were still considerably above. But in spite of the increase in profits, signifying gains to capital, there was no significant surge in investment/reinvestment, particularly from local entrepreneurs. This to some extent invalidates the neo-classical assertion that automatic capital accumulation and reinvestment would follow when the environment is made more capital friendly. Beyond 1985, the inflation rate subsided appreciably to an average of 10% per annum between 1986 and 1988, while average wage rates ran slightly ahead at 15% per annum. So for a brief three year period during the conservative Edward Seaga regime, wages increased by roughly 45%, while for the same period inflation had only moved by 30%. Jamaican workers received some respite as real wages rose, albeit marginally and short-lived.

The favourable picture was reversed in 1989 with a return to hyper-inflation. By 1991 inflation had reached 100% with wage increases floundering between 30-40%. At the same time gross profits increased by a mere 65%, supporting a controversial view held by some that both labour and capital have been victims of the failure of economic management to control inflation [Stone:CLJ:1993:35].

A more recent picture is depicted in table 4.11 which looks as far forward as 1994. It would appear that wage increases caught up with and even surpassed inflation in 1993 and 1994.

**TABLE 4.11: Estimates of Weekly Average Earnings for all Employees, and inflation figures 1988-1993**

Year	A	Inc	W.E.	Inc1	H.W.E.	Inc2	Inf.
1988	422.42		292.47		253.71		
1989	422.42	0%	292.47	0%	253.71	0%	14.4%
1990	474.71	11%	336.56	14%	300.45	18%	22.0%
1991	748.52	58%	509.09	53%	456.37	52%	51.1%
1992	1128.12	51%	749.35	47%	648.12	42%	77.2%
1993	1797.00	59%	1189.94	59%	1068.73	65%	22.1%
1994	2419.35	35%	1743.01	46%	1470.52	38%	35.0%

Source: Calculated from Statistical Abstract 1994, International Financial Statistics (various years), and Employment, Earnings and hours Worked in Large Est. 1993-1994.

A \* All employees, W.E. \* Wage earners, H.W.E. \* Hourly Rated Wage Earners, Inf \* Inflation



Generally, it has been a picture of the steady decline in real wages, and the unions have not been able to combat this reduction in the purchasing power and welfare of their members, although it must be said that the wages of all categories depicted in the table did experience positive real growth in 1993 and 1994. Figure 1, attached as an appendix, gives a graphical rendition of the decline in Jamaican real wages over the two decades since 1970, and it supports the trend articulated by this paper. It should be noted however that unions have been at the forefront seeking to preserve and improve the social welfare function of the enterprise; a strategy to partially cushion the effects of the decline in real wages. Subsidised company canteens, transportation, health insurance, training and development, etc. have become permanent fixtures within the benefit structure in most companies.

Real wages have certainly fallen dramatically from a long term perspective, but there has not been a corresponding economic growth, although it must be said that an upward trend in GDP growth has been spotted since 1987. Furthermore, the decrease in unemployment has not occurred in the way predicted by the labour market clearing hypothesis, as the many persons who have lost jobs in the formal sector have found employment in the burgeoning informal sector with its precarious forms of employment. The fall in real wages has therefore failed to generate commensurate growth and provide more employment in the formal labour market.

#### **4.6.4 The Minimum Wage Earner**

Jamaica's minimum wage was instituted by the government to provide a basic level of earnings for all workers and in the process secure a modicum of dignity to the existence of the disenfranchised masses of Jamaicans. This statutory minimum payment could once cover the cost for the basic nutritional needs for a family of five. A series of minimum wage increases proved to be inadequate in the face of rampant inflation during the adjustment years, and increasingly many Jamaicans are crossing over the poverty line. In 1979, the minimum wage of \$26 could more than cover the \$24.27 needed to properly feed a family of five. By 1990 however, the minimum wage of \$120 could only supply 47.5% of the \$252.30 needed to meet the families' food needs (see table 4.12). This is against the background of an average family size in Jamaica of five persons, a figure that has

remained unchanged for decades. It has been asserted elsewhere that in 1990, 760000 or roughly one third of Jamaica's population were at the minimum wage level [JTURDC:1993:27].

**TABLE 4.12: The Minimum Wage as a Percentage of the minimum cost of feeding a Family of five**

Period	Cost	Minimum Wage	% of Cost
June 1979	24.27	26.00	107%
Sept. 1983	65.31	30.00	45.9%
Dec. 1983	77.00	30.00	38%
Aug. 1984	110.46	40.00	36.2%
July 1985	128.43	52.00	40.5%
Sept. 1986	148.72	52.00	35%
June 1987	160.49	52.00	32.4%
Dec. 1987	165.60	52.00	31.4%
March 1988	141.73	52.00	36.7%
June 1988	142.98	72.00	50.4%
Sept. 1988	146.98	72.00	49%
Dec. 1988	160.03	72.00	45%
March 1989	151.87	84.00	55.3%
June 1989	165.88	84.00	50.6%
Sept. 1989	173.30	84.00	48.5%
Dec. 1989	207.04	84.00	40.6%
Dec. 1990	252.30	120.00	47.5%

Source: JTURDC, 1993 & Levitt, 1991

It is interesting to note that the minimum wage remained the same for the period July 1985 to March 1988, while the cost of feeding the five member family increased from \$128.43 to \$141.73, an upward movement of 10.36%. Strangely, the cost had moved up to \$165.60 in December 1987, an increase of 29%, and then fell to \$141.73 three months later.

It is clear that the overall trend of declining real income has also been reflected in the demise of the Jamaican minimum wage, which over the period 1979-1990 has consistently failed to match strides with runaway inflation.

#### 4.6.5 The Emergence of Export Processing Zones (EPZs)

Munroe (1992) has suggested that the growth of EPZs is a concomitant of the export oriented thrust ushered in by SAPs. As is also the case with the growth of the informal sector, he posits that the proliferation of EPZ companies in Jamaica in the 1980s has rendered an increasing proportion of the labour force non-unionisable in the foreseeable future.

These zones began to emerge in the early 1980s with the coming to power of the JLP whose leader, Edward Seaga, was part architect in the creation of the Caribbean Basin Initiative (CBI)<sup>3</sup>. The government designed policies that encouraged private foreign investment, and the establishment and growth of EPZs followed. Foreign-owned companies, mostly American, were wooed to Jamaica's shore with the following incentives and guarantees:

- \* 100% Tax Holidays      \* No Import Licences
- \* Duty Free Raw Material Imports
- \* Easy Repatriation of Profits   \* Cheap Labour Supply
- \* Union Free Environment [Panton, 1993].

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<sup>3</sup>A trading arrangement worked out with the US administration and other Caribbean countries which guaranteed North American markets for cigar, garment, and food processing companies investing in Jamaica and its regional neighbours.

By 1988 there were three (3) EPZs in Jamaica employing over 7500 persons, most of whom were females [ibid]. There have been protests over working conditions, arbitrary management and unfair labour practices in these companies, but the government has been content to go along with the alleged abuses fearing that any restrictions to their freedoms would drive these employment creating investors away. Surely, labour flexibility has been achieved in these zones, particularly numerical and functional flexibility. Unions have been barred from entering these companies, and are caught in the horns of a dilemma. On one hand they watch helplessly (though not without protest) as unionisation prospects tumble even further, and at the same time they are morally constrained to welcome this new employment for otherwise unemployed Jamaicans.

#### **4.6.6 Contract Employment in Jamaica**

Another cause for concern for unions during the SAP years has been the perceived growth of contract employment. In this scenario, prospective employees at all levels of the organisational hierarchy are offered fixed term employment, usually for one year or less. This enhances the flexibility of labour on a number of fronts; firstly, numerical flexibility (the ability to hire and fire as the market requires); secondly, structural flexibility (incorporating flexibility of time and space); and thirdly, financial flexibility (ability to vary wages according to market conditions). Such flexibility is compatible with the neoliberal spirit, which dehumanises labour to merely being a factor of production, as dispensable as the wind. This form of employment also reduces the power of the union, and effects greater disciplinary and cost control.

Many casual production workers are engaged on contract, laid off and rehired as the enterprise deems necessary. Under such conditions it is virtually impossible for unions to represent these workers, and there are some who cynically take the view that employers strategically use this arrangement with the intention of eventually decertifying incumbent unions.

Contract employment began in Jamaica in the 1980s; firstly in rather peripheral non-unionised industries like private security; and later in companies in the tourism and banking sectors. Temporary employment agencies have been growing in number. Interestingly, the BITU has

succeeded in representing some workers supplied to a major hospital by a temporary agency, and unions may soon discover that a lot more can be achieved through strategic ingenuity.

#### **4.7 Impact on Unions' Membership: Decline or Growth?**

As shown earlier, a number of factors have conspired to erode union constituencies in Jamaica. This phenomenon, not unique to Jamaica, has been largely catalysed by the mass retrenchments in the heavily unionised public sector, the coinciding growth of the non-unionisable informal sector, EPZs and contract employment. Added to this, many Jamaican manufacturing companies have either closed down or rationalised/downsized as a survival reaction to the flood of cheap imports that SAP-induced trade liberalisation has facilitated. This is further compounded by the fact that there is a high import dependency among the major manufacturers, who have found that with continuing devaluations, their input costs have mounted and therefore both domestic and export competitiveness have been undermined. Also, there are many small non-unionised plants in Jamaica, as well as large companies in the tourist and manufacturing industries where, for one reason or the other, there is no union presence [Stone/Gleaner:1987]. All of these have contributed somehow to the whittling down of the unionisable workforce, this time the private sector included. It is estimated that approximately 20% of the workforce is unionised. This could be somewhat less when the fact that some workers are members of more than one union is taken into account [Stewart:ILO:1988].

Jamaica's two largest trade unions, the BITU and the NWU, together account for roughly 70% of all unionised workers in the island. The SAP years have seen a dramatic decline in membership for both workers' organisations, with the sharpest decline experienced by the NWU. Table 4.13 details membership for both unions over the adjustment period where data is available.



**TABLE 4.13: Trade Union Membership, Selected Unions, 1975-1996**

	BITU	NWU	USAAW	JWU
1975	n.a.	174000	n.a.	n.a.
1976	n.a.	180000	n.a.	n.a.
1977	146216	160000	n.a.	n.a.
1978	149569	154000	n.a.	n.a.
1979	n.a.	152000	852	n.a.
1980	n.a.	152000	943	550
1981	n.a.	154000	1352	550
1982	n.a.	150000	1782	800
1983	167044	145000	1382	1002
1984	167727	130000	1244	907
1985	165143	120000	1221	1036
1986	160828	100000	782	1070
1987	158542	90000	n.a.	1150
1988	151122	60000	782	900
1989	142716	80000	2352	900
1990	139475	n.a.	2352	1233
1991	134293	50000	2556	1484
1992	116341	45000	2556	1600
1993	102141	40000	2556	1500
1994	n.a.	36000	n.a.	n.a.
1995	n.a.	n.a.	n.a.	n.a.
1996	102000	45000	5-10,000	2000

Source: Figures supplied by Lilieth Harris, Executive Director, Jamaica Confederation of Trade Unions (JCTU), 1996.

In 1996, the membership of other notable unions were quoted by the JCTU as follows; JCSA-9000; JUPOPE-5000; JTA-18000; NAJ-1000; and UTASP-2000. Figures are unavailable for the UAWU, which is not a member of the confederation, and appears to be the fastest growing of all unions in recent times.

Table 4.10 shows a clear trend of membership decline during the adjustment years, most markedly so among the big unions. The BITU membership peaked in 1984 at 167727. A trend of precipitous decline followed, and membership fell at an average of 6560 persons per annum for the ten year period 1984-1993. In 1996, the lowest SAP era membership of 102000 has been recorded. It was in 1992 that the sharpest membership drop occurred (roughly 13%). Since 1977 when SAPs began, membership has fallen by a relatively modest 44%

The NWU has fared worse than the BITU as far as the crude membership figures go. After peaking at 180000 in 1976, membership has fallen at an average of 7295 persons per annum since 1997 to a nadir of 36000 in 1994. Today, membership stands at 45000. This is a mere 25% of the peak figure, and suggests that membership has waned by some 75% over the adjustment period. The sharpest drop was recorded in 1988, when 30% of members were lost, coinciding with an era when Seaga threw down the gauntlet, and handed the unions an embarrassing political defeat. It is interesting to note that the BITU did not participate in the general strike called by the NWU et al, to which Seaga responded in kind. During this time disempowering legislation was passed, a point better argued elsewhere in the paper. These were, and continue to be difficult days for the unions.

#### **4.7.1 Membership Decline - Financial Implications**

The decline in membership naturally has dire financial implications. A deeper analysis suggests however, that the problem is larger than what appears at the surface. When the NWU membership peaked at 180000 in 1976, there were 138000 non paying members, suggesting that only 23% or 42000 of its members paid union dues. By the time that the SAP era nadir of 36000 was recorded 18 years later, although the proportion of paying members improved to 46%, there were only 16500 paying members recorded [JCTU,1996]. By any stretch of the imagination, the financial base of this union has been severely eroded over the SAP years.



The BITU has not suffered as much on the financial front as the NWU insofar as the percentage of paying members go. In 1984 when the peak of 167727 was recorded, there were 120000 or 71% paying members. By the time that membership dropped to the SAP era low of 102000 however, the percentage of paying members fell to 54%, or 55442 members [ibid]. So the NWU has shown the sharpest membership drop but has seen its paying members ratio improving at the same time. The BITU, on the other hand, did not experience the sharp fall as experienced by the NWU, but saw its paying membership ratio slip.

#### **4.7.2 Jamaica's Trade Union Heritage**

This section of the paper takes a look, as best as data allows, at the impact that SAPs have had primarily legislation-wise on the unions. But first, a brief history of unionism in Jamaica. The modern trade union movement in Jamaica had its genesis in the widespread uprisings of 1938, a time of dire social and economic conditions in the island. Prior to this period there was high unemployment and depressing living conditions, and it was not surprising that attempts were made to form workers groups or unions to speak for the thousands of people who then faced increasing hardship. A landmark legislation was passed in 1919 through the instrumentality of A. Bain Alves and J.A.G. Smith, both founding members of the Jamaica Federation of Labour, founded in 1918. The Trade Union Act was passed that year, giving legal status to trade unions in Jamaica.

In December 1938, a new law was passed reaffirming the right of workers to form and join the union of their choice. In that same year, Alexander Bustamante, in piecing together five other unions, formed the Bustamante Industrial Trade Union (BITU). This union was soon to become affiliated to one of Jamaica's leading political parties, the Jamaica Labour Party (JLP). In this year the frustration of the working class, which had accumulated over the years, exploded in anger. A wave of industrial unrest swept the country, with workers on the waterfront, in the sugar industry, government sector and transportation taking the lead [JTURDC:1986, Gager:1991].

A new type of trade union emerged out of the social upheaval of those years. Moving from merely being industrial type unions, a number of general or 'blanket' unions were formed. The founding of the BITU, was followed thirteen years later by the registering of the National Workers Union

(NWU) in 1952. The NWU was to become affiliated to the People's National Party (PNP), the only other major political party in Jamaica up to that time. Thus the seeds were planted for the growth of political<sup>4</sup> and business unionism.

In 1940, the Jamaica Association of Local Government Officers (JALGO) was registered, to join with the BITU, NWU and the TUC as the four major unions in Jamaica up until the early 1980's. The University and Allied Workers Union (UAWU) has asserted itself in recent years as a real threat to the traditional unions, and has been the fastest growing workers' organisation over the past 10 years, arguably at the expense of other unions. It is interesting to note that the UAWU is not a member of the Joint Trade Union Development Centre (JTURDC), nor the Jamaica Confederation of Trade Unions (JCTU) which was launched in January 29, 1994. The creation of these institutions is viewed by the government as a sign of the development and sophistication of the Jamaican trade union movement, which has crystallised co-operation between unions, in spite of the growing propensity to compete. The chairpersonship of the JTURDC is rotated annually among its members [Stewart:ILO:1988].

By 1985, the Ministry of Labour (MOL) records showed as many as 80 trade unions on the government registry. This number includes staff associations, and interestingly six (6) employers' organisations, which according to Jamaican law, qualify as unions on the basis that they perform bargaining functions etc. on behalf of their members.

Scholars would support this paper's view that the 1970's was a watershed period for Jamaica's trade unions. Some fundamental labour friendly legislation was enacted by the socialist PNP government, namely the Labour Relations and Industrial Disputes Act (LRIDA); The National Minimum Wage; and the Maternity Leave Act, all passed in 1975. The Holiday with Pay Law was passed two years earlier, just one year before the Employment, Termination and Redundancy Act of 1973. An ensuing section of this paper will elaborate on these and other labour laws passed during the SAP years.

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<sup>4</sup>Both unions have fed leadership talent into the two major political parties, and subsequently two Prime Ministers have emerged, having once been highly connected in both unions. Michael Manley (PNP) was president of the NWU. Hugh Lawson Shearer is now president of the BITU.

Jamaican trade unions have developed a reputation for stridency and militancy, and have succeeded somewhat in forcing many reluctant employers to offer more than they had initially bargained for. Wage and salary increases were ahead of the cost of living in the early 1970's, and union power is said to have been established in this period [Stone:Gleaner:1987]. They were not a force to be disregarded. In spite of all this, there have been however, a few large corporate entities into which unions have tried to enter over the past decades, but ostensibly without success.

In commenting on the situation in the 1990s, leading union leader and academic, Professor Trevor Munroe of the UWI and UAWU, argues that industrial relations in Jamaica is now at a crossroads. Industrial relations, he says, " is in a state of transition; transition from an old colonial plantation mould; to a more enlightened, humanist and productive culture ". Munroe is careful to point out that this transition is by no means smooth or certain in the short and medium terms as elements of the old and the new coexist. The professor cautions that real dangers of relapse exist, as well as the potential for positive transformation [Munroe,1992]. This paper agrees with the foregoing assessment, as there appears to be a widespread consciousness among practitioners on the industrial relations front that the humanising of the work environment is critical to corporate success. Human Resource Management (HRM) principles are being incorporated in a number of companies, but not yet to the scale and intensity as to warrant attribution for these positive changes.

The IMF and WB policies of recent years have to some extent forced the backs of Jamaican workers and their unions against the wall. Devaluations, layoffs in the public sector and elsewhere, exclusion from policy-making, wage guidelines, etc. have conspired to create a problematic new context within which unions have had to operate over the past few years. It is a bit of tempting conjecture to suggest that if the present trends continue, and traditional unions don't implement new and effective combating strategies, then the movement is going to suffer an untimely death.

#### **4.8 Major Labour Legislation under SAPs: Hostile or Friendly?**

As mentioned earlier in this paper, a series of supposedly labour friendly legislative enactments were passed in the early 1970s. These laws were compatible with the democratic socialist platform of the PNP government, and sought to achieve the embraced ideals of social and economic justice.

Prior to these legislative landmarks, the industrial relations system could have been described as chaotic, and the political balance swung heavily in favour of the owners of capital. The most important of these laws, which are regarded as pre-SAP legislation, will be briefly discussed in painting the background to SAP period enactments and amendments which will be the subject of further analysis.

#### **4.8.1 Labour Legislation in the 1970s**

##### Labour Relations and Industrial Disputes Act (LRIDA) 1975.

The LRIDA, a piece of legislation which was harshly criticised prior and subsequent to its passing, was passed out of the need for some order on the industrial front. Prior to this the scales of justice were unevenly tipped in favour of employers, workers then being the target of many unjust laws and actions.

The LRIDA provided for compulsory arbitration of disputes in the essential services. It provided a framework wherein virtually any matter conforming to the Act's definition of a dispute would be referred to an industrial quasi-court: The Industrial Disputes Tribunal (IDT). Any ruling by the IDT was binding on both parties, and could only be challenged on a 'point of law'. The tribunal was constrained however, in that it could not make an award/ruling which is inimical to the national interest. The LRIDA placed the IDT under the supervision of the Supreme Court, and subsequent sessions and findings of the tribunal have been strongly influenced by legal processes and arguments.

The Act also provided an implied grievance procedure, and once followed, a dispute would go the familiar route of local level-Ministry of Labour-IDT. The LRIDA also provides for a Labour Relations Code and for the establishment of boards of enquiry. Included among its provisions was the embodiment and reinforcement of the right of workers to joining the union of his/her choice [Cowell:1992, Gayle:1986].

In all, the act introduces legal principles into a hitherto arbitrary industrial relations arena, and had the effect of exacting standards of probity, accuracy and solid preparation from those who appeared

before the tribunal. It is not by accident that legal practitioners have featured prominently on the industrial relations scene, representing both unions and employers at the level of the IDT and beyond.

#### National Minimum Wage Act (1975)

This act replaced a minimum wage act enacted in 1938, but which merely provided the Minister of Labour to set a minimum wage for workers in trades where he/she was of the view that the rates were unreasonably low. The superseding act of 1975 widened the minimum wage net to include all workers engaged by an employer. The act also created the requirement of equal pay for women engaged in equal work as men [Ratray:1985].

#### The Employment (Termination and Redundancy Payments) Act (ETRA) 1974

This act, for the first time in the nation's history, stipulated minimum periods of notice for dismissal or the unavoidable termination of the services of the employee(s). The notice was to be given in writing, or alternatively, in the presence of a credible witness, and would vary according to the length of the employee(s)' continuous service.

Perhaps the most important provision of the ETRA was that there is a right to redundancy payment once the employee(s) worked continuously for a minimum of 104 weeks or more before the termination of his/her services, and if the termination is by virtue of redundancy and without cause. The act states minimum periods of notice for dismissal or termination of services on the following basis:

- A. Not less than two weeks notice if period of continuous employment is less than five years.
- B. Not less than four weeks notice if period of continuous employment is five years or more but less than ten years.
- C. Not less than six weeks notice if period of continuous employment is ten years or more but less than 15 years.

#### Holiday With Pay Act (1973)

This act guarantees workers 2 weeks vacation leave and two weeks sick leave after a year of service. This law merely states a minimum period for which employees must be allowed to be

away from work with pay for rest and illness. In practice many collective labour agreements have surpassed this legislated minimum by far. Prior to its passing, workers in a number of instances, had their wages reduced by the number of days absent, regardless of frequency or infrequency.

#### Equal Pay Act (1976)

This act was passed to make it an offence to pay different wages for work of equal value on the basis of sex. Inequalities had existed in practice for decades, with mostly women on the receiving end.

#### Maternity Leave Law (1975)

The law allows for female workers to receive a minimum of two months leave with pay to have a child(ren). Each female employee is allowed by law to receive maternity leave with pay for a maximum of three pregnancies in any one organisation. The practice of granting maternity leave once existed in unlegislated form, but was limited to sundry Collective Labour Agreements (CLA) in the private sector, and certain government sectors. There were cases elsewhere where many female workers lost their jobs whenever they had to go off to have a child. Many of those whose jobs were kept open for them, returned to their jobs after a period of no-pay. The act of 1975 made it applicable to all women, including those in the police force, army and household helps.

It is reasonable to take the position that the legislative enactments of the 1970s that preceded SAPs were friendly to Jamaican workers. They were consistent with the spirit of social justice that was espoused by the PNP then, and sought to empower, albeit in limited fashion, the Jamaican worker. Arguably, significant legislative amendments since SAPs have had a disempowering effect on organised labour. The following section examines and analyses these developments more closely.

### **4.8.2 Legislation and Amendments during SAPs**

There has not been any new major labour legislation since the passing of the aforementioned laws in the 1970's [Finegan:1987:45]. There have been a few amendments however, which, as will be shown, have either tightened the state's grip on labour and/or industrial relations, or brought token concessions to workers. The former is compatible with the liberalisation of the labour market spirit

which advocates, inter alia, the curtailment of the activities of trade unions. Even as this paper is written, there is much debate in legal, industrial and union circles regarding the present government's intention of passing a 'right to strike' law. As one would expect, this intended legislation has elicited the harshest criticism from the private sector and other groups in the society. The following captures the past and contemplated amendments that have taken place during the adjustment years.

#### **4.8.3 Amendments to the LRIDA**

There have been two significant amendments to this landmark legislation, one in 1978, and the other in 1986. The amendments of 1978, described as controversial, were two-pronged and as follows:

- A. The Minister of Labour was given discretionary powers to unilaterally and independently refer a matter to the IDT, without the parties' consent or prior to the referring of a grievance to the ministry. All that was required was the Minister's conviction that the matter brought to his/her attention needed to be dealt with expeditiously.
- B. The IDT in respect to matters involving wages, hours of work, and terms and conditions of employment, could not make an award which was deemed inconsistent with the national interest.

Thus the grip of the state was tightened, and the government was explicitly empowered to overturn salary increases and agreements that would jeopardise the country's performance in IMF tests and WB conditionalities. In 1981, one of Jamaica's leading manufacturing companies, Seprod Limited, challenged an award made by the IDT through the Supreme Court<sup>5</sup>, arguing that the inevitable price increases to basic food items that would follow was not in the national interest. The Supreme

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<sup>5</sup> After a breakdown of negotiations at the local and ministry levels, the IDT awarded a salary increase of 10% to workers employed by the company. This was overturned by the Supreme Court, invoking the national interest clause as the basis for judgement

Court upheld the company's position, and a moratorium on wage increases for that particular year was enforced.

It is clear that the new powers secured by the state through the Minister of Labour, and the arbitrary and convenient interpretation of the national interest, opened the way for disguised and de facto wage guidelines. Although the government has declared the period of wage guidelines to be over, the 1978 amendment of the LRIDA does empower the government to impose them under any other pretext.

In 1986, further incursions were made by the state, and inevitably the owners of capital. After the Seaga government had ridden rough shod over the unions by the widespread firing of some public sector workers who went on a general strike, it proceeded to make further amendments to the LRIDA. What was billed to be a serious challenge by the unions, ended up in an embarrassing political defeat for the unions [Stone/Gleaner:1987]. The amendments sought to achieve the following:

1. To increase fines for failure to comply with an order by the IDT.
2. To give the IDT discretionary powers to hear a dispute notwithstanding that one of the parties fails to appear before it.
3. To increase the fines for unlawful industrial action.
4. To extend the Minister's power to refer a dispute to the IDT.
5. To extend his/her power to issue an order when industrial action is threatened.
6. To bring overseas telecommunication services and telephone services under the restrictive umbrella of essential services.
7. To prohibit industrial action, on pain of contempt proceedings while a dispute was being handled by a civil court.
8. To empower the Minister to apply for a restraining order to be imposed on any party deemed as acting against the national interest.
9. That the IDT not be required to proffer reasons for their decisions.



The amendments to this important controlling legislation, effectively empowered the state at the expense of a disempowered labour movement. Implicitly, a potent weapon in labour's armoury - the freedom to strike - was legislated away. Though the government may not have followed through with the execution of its powers every time there was a strike violation, it still could do so whenever politically feasible. Using the instruments of the Ministry of Labour, the IDT and the Supreme Court, the state had a controlling weapon to be used against labour whenever pushed to do so by excessive union militancy. It must be said that labour has lost out politically in this period. To add insult to injury, it has been asserted that employers have generally become more confident subsequent to these amendments, and have increasingly challenged IDT rulings that have not been to their liking, taking refuge in the Supreme Court, which is largely reflective of ruling class interests [Thompson:1989, Finegan:1987, Gayle].

Another consequence arising from the amendments was the loss of the right to reinstatement for non-unionised workers who may have won an unjustifiable dismissal case against his/her employer in court. At most, the aggrieved ex-employee could only hope to gain the maximum compensation of the amount required to cover the required period of notice. Previously a dismissed worker could go to the Ministry and the employer may be called to a meeting towards an amicable settlement, including but not limited to the reinstatement of the ex-employee. Now the dismissed employee has to approach the courts for recourse, as the ministry only deals with workers represented by a union [Cowell:1992]. Given the relatively low percentage of unionised/unionisable labour in Jamaica, one does not have to stretch the imagination to appreciate the extent to which the great majority of Jamaican workers have been disenfranchised and undone by these hastily passed amendments.

Taking this development one step further, it can be argued that a company can easily frustrate the efforts of its workers at unionisation by providing a lawful basis for the termination of their services [Cowell:1992]. While such termination may be unjustifiable, the company may proceed nonetheless, as it only would be required to pay maximum compensation of the notice pay stipulated by labour law if the dismissal is contested in court. The Ministry of labour or the IDT does not hear or intervene in such cases, and according to the 1986 amendments, they have to be brought before a court which is not authorised to adjudicate in favour of reinstatement. That being

the case however, not all employers have gone this ignoble route, and from time to time one hears of bargaining rights being secured in hitherto non-unionised companies.

The foregoing negative assessment ought to be balanced against what could be deemed as positive spinoffs as far as these amendments are concerned. Internal democracy within unions might be promoted, as ballot and deregistration procedures will certainly reduce the influence of 'groups within groups', or coercive mobilisation by militant subgroups. This suggests that the iron 'law of oligarchy' that has characterised operations by some unions, may be tempered somewhat. There is a notion that overprotected unions tend to take their members for granted, and the legislative amendments may have a 'democratising' effect.

Unions may argue that the amendments signify the entrenchment of the role of the union, with all its merits or demerits. Further elaboration on this matter is clearly beyond the scope of this paper. But in light of the fact that there has been a serious reduction in the rights of non-unionised workers, particularly at the level of the MOL, there may be a groundswell of support and overtures from workers hitherto apathetic to union representation.

#### **4.8.4 The ETRA Amended**

The above act was amended in 1984 to provide:

1. To permit workers who were laid off for a period longer than 120 days to opt to be treated as redundant, and therefore have the right to severance pay.
2. To require an employer to give minimum notice of eight weeks if the employee(s)' continuous service is fifteen years or more, but is less than twenty years.
3. To require an employer to give minimum notice of ten weeks notice when terminating the services of a worker who has been continuously employed for twenty years or more.

One concession enshrined in this law is that workers cannot be laid off indefinitely at the whim and fancy of an employer. It also protects workers' job security in the event that there is a change of company ownership [Cowell:1992].

This amendment, at best, can be regarded as labour friendly in that it is an improvement on a pre-existing provision. Fundamentally, a question emerges regarding the principle of redundancy. While appreciating that workers, unlike prior to 1974, do not leave the employ of an organisation without a 'golden handshake'<sup>6</sup>, one can't help but conceptualise that redundancies in a sense legitimises the numerical flexibility of the workforce. Employers have been noted for the skill with which 'grounds' for redundancy have been conjured up, and unions have often fought what has appeared to be attempts at arbitrary, irrational and unscientific, and therefore unjustifiable workforce reduction. Labour market flexibility, as advocated by the spirit of liberalisation, is to a certain extent achieved by the ETRA. The dour analysis notwithstanding, this paper still holds up the amendment as evidence of a labour friendly enactment during the SAP period.

#### 4.8.5 Will the 'Right to Strike' Law be passed?

As hinted earlier in this paper, there is raging debate in Jamaica over the proposed 'Right to Strike' Law, which seeks to give unions and their workers constitutional legitimisation to strike action. Opponents assert that unions enjoy a freedom to strike, and to legalise the use of the strike weapon would be disastrous for business, and could unduly foment excessive industrial confrontation. But this legal right would not come without a price. The proposed law provides for the conduct of a strike ballot; the giving of strike notice; and the following of the LRIDA stipulated grievance procedure (Local level to Ministry to IDT). This paper takes the view that the passing of the proposed law in its present form would give unions a carrot on the one hand, but effectively tie their hands with impeding bureaucratic hurdles. Very likely, the reinforcement of the LRIDA amendments, which some aspects of this intended law represents, would take the sting from unionism's most potent weapon - the strike. The unions will be controlled and more tightly regulated, while at the same time harbouring the illusion that they have a legal right to strike. It appears to be a very clever piece of legislation, and at least one union (NWU) has intimated that it has some reservations.

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<sup>6</sup> A term referring to the receipt of a payment from the company in recognition of the services rendered over the period of employment.

#### 4.8.6 Conclusion

Consistent with the trend in which labour has been conceding to capital under SAPs, the amendments (and contemplated) to labour law have swung the political pendulum away from the unions, in particular, and workers in general. The Minister of Labour has emerged with greater powers, and the state has tightened its grip on the industrial relations process, and indirect wage guidelines have been cleverly imposed through the national interest clause. While this provision has not been used extensively, it exists on the books, and can be enforced by a hostile future government. The IDT has emerged with greater power. Unions have been increasingly stifled legislatively, and more and more it is becoming difficult to strike without dire consequences. The proposed law, for reasons enunciated earlier, will not change this predicament. Therefore, legislative amendments under SAP have predictably led to the political weakening of the Jamaican labour movement, and a corresponding decline in industrial has been observed, as the ensuing chapter will show.

## CHAPTER FIVE

### PRE-SAP AND SAP ERA COMPARISONS

This paper's hypothesis asserts that SAPs are directly responsible for the socio-economic woes that have afflicted the Jamaican worker. With such a strong, and perhaps, largely untested assertion, it begs the question: how would a country subject to structural adjustment have done without the programme? Hans Singer suggests that this is a question of counterfactual evidence, not subject to rigorous proof or disproof. He says that the preferred WB and IMF response is to compare countries with a programme with those without a programme, or by comparing 'strong adjusters' - those following the programme courageously - with 'weak adjusters' - those who abandoned or failed to implement the programmes. But the establishment of causation presents a well known difficulty [Singer:1995:1].

In the Caribbean context, Jamaica and Guyana are seen as "strong adjusters," in terms of the "long haul" and intensity of SAPs. Guyana began SAPs in 1981, and proceeded along a downhill course until 1991. There was massive social dislocation and misery for this former Socialist country. In the case of Jamaica, even if GDP grows at around 5% p.a., it would be at least another decade before the social impact of the adjustment period shows any reversal. Trinidad and Tobago generally as a "weak adjuster" embarked upon self-imposed adjustment in 1983, and has entered into international financial institution-financed adjustment since 1989. After eight years of negative growth, the twin-island Republic recorded positive GDP growth of 0.5% in 1990 and 2.7% in 1991. Trade surplus reached its highest in 1991, a year in which the fiscal deficit was less than 2% of GDP. It is regarded as a success case [Theodore, 1992). It would seem that the wisest course to take is to limit comments to what performance has been like under SAP-regimes without committing to definitive statements about causality. This paper ventures into this sometimes stormy debate by adopting a simple approach, i.e., to make comparisons between periods.

Accordingly, this chapter, in seeking to make a contribution to the discussion surrounding the culpability of SAPs, or the inevitability of the hardships with or without SAPs, will make some pre-SAP and SAP-era comparisons. In so doing, the paper seeks to unearth some trends, the analysis of which should add some insights to the discussion.

## 5.1 Labour Market: Pre-SAP and since

The labour market (LM) variables selected for discussion in this paper have to do with employment/unemployment; real wages; LM dualism -informal sector vs formal sector; and the changing composition of the employed work force. It is clear so far that real wages have fallen over the greater portion of the adjustment period, but the latter years have shown some recovery reflected in positive real wage growth in 1993 and 1994. Unemployment has fallen gradually, but the sharpening of the labour market dualism that has seen the growth of the informal sector, accounts for the absorption of retrenched workers and others into precarious forms of employment. While the informal sector has demonstrated remarkable absorptive capacity, one is tempted to believe that such capacity is not infinitely elastic, and a saturation point may soon be reached.

In qualitative terms, the case can be made that the desperate and forced entry into this unprotected and unregulated sector by thousands of displaced Jamaican workers has left them in a more pitiable and vulnerable position than before. Also, there is a noticeable decline in the proportion of persons engaged in manufacturing; in blue collar employment; and unskilled manual labour. These are traditional core membership bases for Jamaican unions. It would be instructive at this juncture to examine some trends in the labour market prior to 1977.

### 5.1.1 Pre-SAP Unemployment

The evidence suggests that a trend of increasing unemployment had begun taking root during the decade preceding the 1970s. Unemployment was as low as 12% in 1962, and increased steadily to 19% in 1968, before plummeting to 24% in 1976. Table 5.1 presents the pre-SAP unemployment picture.

**TABLE 5.1: Jamaica's Pre-SAP Unemployment Rate (UR), (selected years)**

Year	Tot. Employment	Labour Force	UR
1962	n.a.	n.a.	12%
1968	592500	727000	19%
1969	624400	753900	17%
1972	624400	808900	23%
1973	621600	801200	22%
1974	648000	814500	20%
1975	671900	847400	21%
1976	659700	870700	24%

Source: King, 1993. NOTE: No surveys were carried out in 1971 and 1972, and no data is available for 1963-1967.

Subsequent to the implementation of SAPs, the rate of joblessness continued to increase until it peaked at 31% in 1979. Since then it has continued its annual fall to the 1994 figure of 15.3% (See table 4.6). Looking at the crude data one would be tempted to opine that SAPs have had a generally positive employment effect. But other developments in the labour market add further insights to the analysis.

### 5.1.2 Self Employed and Unskilled before SAPs

Based on the available evidence it is clear that a trend towards increasing self employment and declining unskilled workers could be detected from the 1960s. Although incremental fluctuations could be observed for the period, the years 1968 to 1976 did see the self employed labour force increasing. Starting at 221200 in 1968, the number of self employed grew to 260600 by 1974, before tapering off at 246300 in 1976 [King:1993]. The subsequent period saw these numbers growing steadily year after year until the 300000 barrier was broken in 1981. By 1990, self employed persons in Jamaica numbered 339200 [King:1993:6]. It is reasonable to assert that a growth trend had started prior to 1977, which gathered momentum in subsequent years.

Unskilled manual workers on the other hand saw a reversal of the trend that has been detected for the self employed, and it can be speculated that many persons who changed their status from being unskilled may have joined ranks with the growing self employed army. The highest figure for unskilled manual workers that this paper could uncover was recorded in 1968 when official records showed 118600 persons. The picture since then has been one of precipitous decline, and by 1974 the number had dropped to 83500. A short-lived rallying of this force took place from 1975 to 1980, coinciding with the PNP regime's job creation schemes, during which the number grew and stabilised around the 100000 mark. Since 1981 the numbers have continued to fall, and in 1990, this group of workers numbered a mere 83200 [ibid]. These two trends have conspired to create a problematic context for unionisation growth potential in the long run if unions do not change, and this development, based on crude data, could be seen coming prior to the advent of SAPs.

### **5.1.3 Real Wages leading up to SAPs and Onwards**

Table 4.9 shows that for the years 1970-1975, average wages had climbed by 135% compared to an inflation increase of 100 over the same period. This paper describes this as a +35% real wage gap. Table 4.8 reveals that the years 1976 and 1977 were also positive as far as real wage adjustments for those years were concerned. Subsequent years during the SAP era have seen real wages tumble, but a recovery has been cited for 1993 and 1994. As the government's efforts to contain inflation appear to bearing fruit, this recovery may yet project into the future. In purely statistical terms, this two year recovery is insignificant, and one would be advised to avoid hasty conclusions or prognoses on this matter.

Inflation figures for 1970, 1971 and 1972 were single digit at 7.4%, 5.8% and 5.0% respectively [IMF & WB : Various years]. Low inflation is more likely to translate itself into positive real wage growth, and once the price levels began increasing subsequent to the oil shocks of the 1970s, then the decline in real wages was triggered off. The resulting remedial credit and money supply expansion measures employed by the government also contributed to an inflation cycle that was to grip the economy for some time. This paper adopts the view that the exogenous oil shocks of the 1970s; the demise of the bauxite sector; and the fall in world commodity prices, all pushed the economy into an inflation path, as the limited options available to the government then were



inflation-inducing. It is reasonable to assert that the assault on workers' real wages could be seen coming.

#### **5.1.4 Incidence of Industrial Disputes and Action Compared**

The level of industrial disputes and actions is arguably one of the better yardsticks for measuring union potency. To the extent that unions can be seen at the forefront fighting on behalf of their constituents, they could be viewed as active and not passive. This section examines the extent to which union militancy might have surged or waned prior and subsequent to the adjustment period. Whichever direction the fluctuation goes, it raises speculation of the declining or tightening grip that unions hold over their members. Have workers refused to follow through on the directions of their union? Has the environment become more economically or politically repressive, such as to discourage action and conflict? Or, have the new and emerging forms of management succeeded in minimising conflict? Again, the elaboration that these issues warrant is beyond the scope of this paper.

Appendix 2 shows that the number of industrial disputes and that have been reported to the Ministry of Labour had been fluctuating for a season but has decreased sharply in the 1990s. This is not surprising, as the real decline began shortly after the 1986 amendments to the LRIDA, which, this paper has argued, have effectively stifled union militancy, while at the same time increasing the powers of the Minister, and by extension the state and class interests represented thereby. The pre-SAP comparisons/analysis follows forthwith.

##### **5.1.4.1 Wages and Conditions of Employment**

The disputes reported over wages and conditions of employment peaked at 238 in 1978, not surprisingly, as the IMF austerity measures were implemented the year before, and must have touched a raw nerve for labour. Prior to this year, the number of disputes was increasing steadily, from 156 in 1972 to 217 in 1977. This was a period of strident unionism and militancy; the decade of the 1970s. If the potency of unions is to be judged by the number of such disputes, then the period that followed, 1979 to 1994, was a nightmare. The official statistics show a dramatic slump

to an all time low of 51 in 1988, with a marginal rally up to 85 in 1994. This cannot be a mere coincidence. Again, based on the crude figures, the LRIDA amendments may have provided a genuine disincentive for unions to approach the IDT and Supreme Court in pursuance of a high salary/wage increase, as the national interest clause could be conveniently harnessed and thrown at them.

#### **5.1.4.2 Disputes over Dismissals and Suspensions**

It is interesting that the reported industrial disputes surrounding dismissals and suspensions had peaked in 1985, reaching as high as 264. This coincided with the rough treatment handed out by a labour hostile Edward Seaga to the unions. He broke historic ground by firing many public sector workers who dared to defy his threats and proceeded to participate in a general strike. Having rode rough shod over the unions that year, his government mustered the courage to propose and pass the amendments to the LRIDA, which in my view, have effectively taken the wind out of labour's political sails. One is not surprised therefore that the number of such disputes fell dramatically by 53% to 125. The decline has continued to record an all time low of 41 in 1994.

#### **5.1.4.3 Reported Bargaining Rights Disputes**

The picture is similar for disputes reported to the Ministry regarding bargaining rights for unions. From a high of 245 in 1977, the number of such disputes had plunged to 60 in 1994, just one above the all time low of 59 reported in 1986. It would perhaps be a bit of risky conjecture to suggest that the decline in this area is reflective of less competition among unions, who appear to have cartelized with the formation the JTRUDC in the 1980s. The UAWU has other ideas however, and have laboured tirelessly (and with envied success) to make incursions into the growing pool of disillusioned workers; unionised and otherwise. Even as this paper is being written, the UAWU is not a member of the Jamaica Confederation of Trade Unions (JCTU), formed in January, 1994, and for which former Employment and Labour Studies (ELS) participant, Lilieth Harris is Executive Director [JCTU:1996:3].

#### 5.1.4.4 Actual Work Stoppages

The Pre-SAP period is judged as a militant phase of Jamaica's modern trade union history, and the actual number of work stoppages, as distinct from disputes reported, reached its zenith of 215 in 1978, after a steady climb from 55 in 1972. There has been a irreversible decline of total work stoppages since 1978, and not surprisingly, the sharpest drop (52%) was recorded in 1986, the year of the LRIDA amendments, when work stoppages dropped to 40 from 83 in 1985. The lowest number of stoppages occurred in 1987, when only 30 stoppages took place. In 1994, the number of stoppages was a mere 95, representing a slight recovery sustained through the 1990s, and coinciding with the return to power of the reformed but yet relatively labour friendly PNP government. Appendix 3 provides the raw data for the foregoing analysis on actual work stoppages.

## 5.2 Conclusions

From the analysis and arguments presented in this chapter, one could say that certain trends had begun manifesting themselves prior to the implementation of SAPs. Unemployment was beginning to rise; and real wages were just beginning to fall. With the implementation of SAPs, these trends continued unabated for some time. It was only after 1992 that real wages for any particular year began to exceed inflation. Unemployment, on the other hand, began to decline by 1980, after peaking the year before. One could argue therefore that SAPs have begun to bear fruit as far as these selected labour market variables are concerned, albeit belatedly after protracted austerity. A note of caution should be struck concerning the decline in unemployment, and hasty judgement on this matter is to be avoided. The growth of the informal sector, which to a large extent accounts for the lowering of the joblessness rate, has not been without its problems. These have been cited as low salaries; low security; poor conditions; low productivity; no protection; technological backwardness; increased market vulnerability, etc. This raises questions regarding the quality of the much publicised new employment, and the resulting beggarly demise of the working class.

Prior to SAPs, there was evidence of the strengthening of labour's political clout vis-à-vis the state and capital, as real wages were going up, labour legislation was more friendly and empowering, and

the number of effective industrial disputes and actions too. The subsequent historic amendments to the LRIDA, *inter alia*, have effectively reversed all that. One commentator has sided with many others in declaring that the Jamaica labour movement has been the subject of continuous attacks by the private sector and media in the late 1980s, to the extent that the unions have been blamed for Jamaica's economic stagnation. It is asserted further that for the economy to recover, the trade union movement should be crushed and controlled [Gayle:57]. This, to a large extent was achieved through legislation, and the subsequent downward incidence of action and disputes to some extent supports this assertion. An even stronger note of caution should be struck regarding any judgement on the fall in incidence of disputes and work stoppages. This may well have resulted from more effectiveness on the part of unions at securing gains at the local level, although there is little evidence suggesting any greater degree of success in this area. Also, current models of personnel management seem to favour the path of minimum conflict or least resistance. The prevalence of middle class ideology could be tossed up as a contributing factor, but it is difficult to measure its existence and/or impact.

It is interesting to note that after 1979, disputes relating to dismissal and suspensions began to exceed those for wages and conditions of employment, representing a shift in preoccupation to worker abuse issues, even at a time when there was real pressure on the real income of workers. Munroe (1992) makes the same observation. To say that there has been a conscious shift in preoccupation might not accurately capture the reality of the situation, but the apparent detour from the traditionally more frequent wage and benefits issues leaves some room for debate.

## CHAPTER SIX

### WHAT LABOUR COULD HAVE DONE - SOME ARGUMENTS

So far, Jamaica's beleaguered trade union movement has been reacting to hostile forces or impetus. Legislation and economic adjustment have combined to reshape the political terrain, and labour has suddenly realised that the rules of the game of survival have changed. Shrinking union density; globalisation pressures; waning militancy; political strengthening of the state on the labour front; and a more favourable environment for capital, have left labour with its back against the proverbial wall. Union rivalry, and subsequent cartelization, have become evident, and one cannot be sure as to whether labour is stronger or weaker. The following is a few suggestions as to what labour could have done, and what it can do.

#### 6.1 Social Contract

There have been attempts by the government over the past few years to bring labour unions and the private sector together to formulate a tripartite social partnership or contract. This partnership seeks, *inter alia*, to facilitate economic stability and ultimately economic growth through a judicious blend of wage level restraint; profit containment; and the government input of controlling inflation through prudent economic management. The rationale behind this scheme was that if inflation was controlled and stability achieved then wage demands could be tempered to reasonable levels, and that profit levels could be more socially palatable [PIOJ:1996]. This implicitly begged the question as to what was to come first, wage containment prior to inflation control or vice versa? Or, should the private sector wait until inflation is controlled before relaxing profit level targets? Or, should this sector take the lead expecting the government (which has a poor record in this regard) to fulfil its end of the bargain afterwards? Surely for either labour or capitalists to take the lead would involve considerable risk. So far, the failure to formulate this contract is to be explained by the ceaseless haggling over these precise issues.

### 6.1.1 Social Contract and Productivity Bargaining

A social contract is conceptually sound, and labour could exploit the potential for improvement of the lot of the workers on a number of fronts. If wage increases could be somehow linked to productivity increases, then the argument that high wage increases is inflationary would no longer hold, since the corresponding and cumulative increase in material output would negate the 'too much money chasing too few goods' thesis.

If unions can give a commitment to supporting a much needed drive towards improving productivity, the onus would shift squarely on the shoulders of management to make this a reality through training; retooling; technological advancements etc. But a real opportunity for union proactivism exists here. Being linked as they mostly are to the ICFTU, Jamaican unions could tap the resources of their colleagues from the industrialised countries and implement a union instigated training and skill upgrading programme to this end. This would facilitate technological and skills transfer, and if possible, it is likely that serious Jamaican companies would collaborate and share resources to make such a promising undertaking a reality. Clearly, a number of hurdles surrounding patent rights and the compatibility of skills/technology to be transferred has to be cleared, but this productivity-improving route remains largely unexplored and unexploited.

The scope for improving productivity in Jamaica is phenomenal. It has been suggested that Jamaican workers' productivity has only been a fractional one/fifth of their counterparts among the Newly Industrialised Countries (NICs). In 1972, the output per employed worker was estimated at J\$3700. By 1990, and after using 1972 as base year, Jamaica's national labour productivity had slumped to J\$2450 per worker [Ashwell Thomas:CLJ:1991:13]. The author goes on to stress that Jamaican companies need an efficient workplace, effective management, productive workers and progressive unions. Further conclusions can be drawn from Table 6.1 which shows the distance between Jamaican workers and counterparts in industrialised countries in terms of compensation per hour. This distance is partly explained by the productivity/technology gap.

**TABLE 6.1: Hourly Compensation Costs for Semi-skilled Production Workers in Export Manufacturing (1987) US\$ per hour**

United Kingdom	\$8.67
Canada	\$11.94
United States	\$13.66
Germany	\$15.93
Jamaica	\$0.63

Source: Stone, CLJ, 1993

It is being proffered here that the wages of Jamaica's workers can be significantly increased if the country succeeds in improving productivity to levels approaching, but not necessarily equal, to the countries tabulated above. If measures to effect such improvements are adopted, whether they be union or company instigated, the scope for substantial non-inflationary salary increases could be greatly enhanced, and labour would continue to make up for decades of real wage losses.

The writer of this paper, an Industrial Relations practitioner for many years, has often confronted certain union delegate attitudes of wanting to extract from management as much as possible, for little or nothing in return. Similarly, there have been far too many members of management who are only concerned with extracting every ounce of sweat from workers for as little as possible. It is time that these attitudes be consigned to the scrap heap of an unfortunate and forgotten past, and a drive to improve profits and real wages through productivity be pursued. The social contract could be a means to this end.

## **6.2 Informal Sector Outreach**

An example of how the informal sector can be integrated into labour's strategies and agenda of concerns comes from the Philippines. The Trade Union Congress of the Philippines (TUCP) is reported to have strongly supported the ambulant and itinerant vendors and hawkers in the port area of Cebu City. The TUCP helped to organise these vendors and gave them institutional support through training and project financing. In 1994, the Port Vendors Association of Cebu had

a membership constituted of 90% of the total number of vendors. In 1990, the Association was able to persuade the government to retract from its insistence that they withdraw from the port area. Also, they have been successful in securing medical and health benefits for association members and their families. Other cases are citable in the Philippines; the United Vendors Association; the organisation of service workers; the Jeepney Drivers, *et al.*, all of which were organised by an affiliate union [Villagonzalo-Diaz:1993:55-56].

The ICFTU and ILO have been seeking to understand the informal sector with a view to uplifting its participants, as evidenced by the two 1990 works cited in this paper. Britain's TUC has encouraged unions to review their policies and admit informal workers in their unions. The American Federation of Labour and Congress of Industrial Organisation (AFL/CIO) and unions in Canada have likewise turned their attention to this vulnerable segment of the working class [ibid].

Naturally, with such success stories to recount, the massive group of informal sector workers in Jamaica, who can be a strong political force, can be induced to forge a working and affiliate relationship with Jamaica's established unions or with the JCTU. As it stands now, this sector is defenceless and vulnerable to the impositions and prohibitions of the government, and a gaping representational and political vacuum exists. Jamaican unions should not wait to be approached, but demonstrate a commitment to workers generally, by reaching out to these groups. A critical point of departure would be for unions in Jamaica to make contacts with those in the Philippines and elsewhere to gather insights as to how best to proceed in this matter.

But first of all, unions may have to abandon the exotic mentality so profusely propagated by such institutions as the ILO and ICFTU. The sector is to be destigmatised and seen for what it really is; a pool of authentic, though unorganised workers.

### **6.3 Principled Co-operation vs Adversarial Posturing**

The challenges of globalisation with its attendant fierce and unrelenting international competition has forced companies and their workers into a corner of common survival interests. This commonality of interests has demanded that a spirit of co-operation in securing the future of



companies be fostered. Traditional hard lines on both sides need to be softened to facilitate a consensus on the changes necessary for survival. It is no longer 'them and us', but in a real sense 'we are in this thing together'. It simply comes down to attitudes; many of which are of no strategic value in this increasingly complicated business environment, and need to be dispensed with forthwith. Unions therefore are challenged to forsake adversarialism for its own sake, and to concentrate on principled opposition, which will go a far way in erasing the poor credibility and powerlessness image that has dogged the Jamaican and other labour movements. But with union rivalry intensifying, this may not be as easy as it appears, as any perceived softening by a union may lead its members to seek more militant options elsewhere. It is a vicious circle. This underscores the need for a more unified (not necessarily uniform) union movement.

#### **6.4 Union Movement: Unified and United**

There are some attributes and strengths that this paper regards as indispensable to the effectiveness of trade unions. These are political clout; analytical sophistication; and the strength of organisation. These are useful assets for effectiveness at the macro level, and can be greatly facilitated through a unified and united labour movement that does not work at cross purposes with each other. In such a scenario, one would not hear one segment of the union movement clamouring for the passing of the 'right to strike' law, and others urging caution.

The formation of the JTURDC and JCTU are steps in this direction, but one cannot really say at this time that labour is truly united. It seems that the owners of capital can exploit the present unfortunate divisions in the union movement. A lot of diatribe between the UAWU and the NWU has emanated back and forth, and while labour's weapons and energies should be targeted at the common enemy, they are sometimes regrettably turned on each other. This no doubt has left labour weaker at the macro level, and this inevitably translates to the micro level, and undermines working class consciousness and solidarity.

The failure to unite, is to some degree, a manifestation of the WFTU vs ICFTU dichotomy which has divided labour internationally. The UWAU is WFTU affiliated and the NWU et al are ICFTU members. The time has come for organised labour to look beyond these externally imposed

demarcations and work in principled and uncompromising tandem for the best interests of Jamaican workers. A common front and solidarity at the national level is crucial to achieving real political clout and solid organisational strength. Analytical sophistication will be enhanced when resources are pooled to enable an understanding and sound analysis of the economic, political and legal environments, so that appropriate and effective countervailing strategies can be used to protect the position of workers in this increasingly dynamic environment.

## 6.5 Conclusion

These suggestions are by no means exhaustive, and may have been made in the past in one form or another, at different fora, and at different times. If considered however, and adopted, they could begin to make a difference in halting the growing powerlessness and erosion of union constituencies that have overtaken the union movement in Jamaica and elsewhere. It calls for a change in orientation, and a widening of the agenda to incorporate hitherto unrepresented groups, most notably those within the informal sector. Peter Waterman proposes a social movement unionism, which, for what it's worth, would ally the movement with other credible social forces and strengthen its appeal to the broader society [Waterman:1991]. In the face of diminishing constituencies, and a sagging image of powerlessness against the assault of globalisation, this is a path that the union movement may ignore at its own peril.

The social contract, properly conceived and implemented, can redound to the benefit of workers, provided that inflation is held in check. Workers would regain lost ground by increasing earnings, and subsequently real wages, through productivity improvement. There is so much room for productivity improvement, and unions would be well advised to be seen as supporting initiatives designed to lift performance levels beyond the present. The fear that work intensity would become unbearable is utterly baseless, as in most cases low productivity is the result of antiquated techniques, lack of skill training, inappropriate technology, and poor management. Some workers are to be blamed also, but any serious productivity improvement scheme should not stretch workers too much if these deficiencies are addressed.

A final word on unity. Not to be confused with uniformity, a union movement that has basic shared principles, and is prepared to work together as a force to pursue its convictions, is a united one. Healthy competition should not be feared, but rather should be encouraged within limits of probity and collective responsibility. As individual units engrossed in a sea of capitalism, individual unions by themselves cannot hope to represent workers successfully. A body politic of committed unions, which speak with the same voice, must be taken seriously by national policy makers. The political clout of a rejuvenated and outreaching labour movement cannot be taken lightly.



## **CHAPTER SEVEN**

### **Summary, Conclusion and Policy Recommendations**

#### **7.1 Summary**

The long haul between the initial implementation of SAPs to the island in 1977 and the mid 1990s has been littered with endless accounts of deepening poverty on a number of fronts. The labour market effects have been severe, and it has been a long winter of discontent and disempowerment for the unions, who for the most part have had to sit back and watch powerlessly as the living standards of its constituents fell precipitously. Membership over the years has declined dramatically, and with it the sort of financial base needed for effective organisation and mobilisation. SAPs have wrought dire consequences for public sector employment, with mass retrenchments, and the subsequent absorption of thousands of retrenched and others into the growing informal sector. This along with the changing structure of the labour market; the growth of EPZs in Jamaica; and increasing contract employment, have rendered unionisation prospects dismal.

At the same time that less persons are unionised, those persons who had jobs saw their real incomes fall phenomenally over the two decades of adjustment, and their standard of living with it. Those for whom the minimum wage had offered some protection in the earlier years of adjustment soon discovered that it became increasingly inadequate against the ravages of rampant and persistent inflation. The decline in real income undoubtedly impacted negatively on the capacity of workers and their families to meet basic nutritional, educational, health and transportation needs. This was further compounded by a decline in the delivery and cost increases of educational, health and other social services normally provided by the state. The removal of subsidies and price controls, and reduced resource endowments by the state all conspired to catapult basic needs access out of the reach of many Jamaicans who were unprepared for the deluge.

Unemployment spiralled to an all time high during the earlier adjustment years, but a steady reversal of this trend has seen officially reported unemployment gradually falling to a SAP era low of 15.3% by 1994. By all yardsticks, this must be seen in a positive light, but there is reason to believe that

underemployment has to some extent masked the severity of the unemployment problem. Further, the absorption of workers into the expanding informal sector accounts for this reversal, and the precarious forms of employment offered to its entrants provided insecurity and low pay to most, but also good fortune to others.

Predictably, legislative amendments have aided the construction of a regulatory and legal framework that favours capital and controls labour. Disputes and actions by unionised workers have declined. In fact, the research shows that the incidence of disputes and actions over wages and conditions of employment have given way to disputes over disputes/actions over worker right abuses. This shift occurred even as real wages tumbled over the years.

The general societal effects have been significant, and also affects the workers. Perhaps even moreso, as they are most likely to carry the heavier burdens of responsibility. Values and norms have digressed to a new level of crudity and selfishness that is generally alien to the Jamaican way of life. Increasingly, the market philosophy is desocialising the island's culture. Psychological pressures are mounting up, as crime and despair escalates.

## **7.2 Conclusion: Triumph of Neo-Liberal Wisdom?**

This paper takes the view that SAPs are predicated upon neoliberal principles. The IMF and WB, the chief architects of SAPs, have been consistent in insisting that borrowing LDCs open up, liberalise and integrate their economies with the rest of the world, and along clearly articulated market capitalist lines. SAPs represents the enthronement of the market; a regime in which the state is accorded a minimalist role; that of being a facilitator of private sector led development; limiting its involvement to the provision of the required regulatory and institutional framework.

The labour market clearing hypothesis, with its attendant labour market flexibility requirement, asserts that forces that prevent real wages from falling should be removed. Unemployment, the proponents say, would be banished if only real wages were flexible downwards in such a way that the resulting increased demand would trigger the clearing of excess labour supply (unemployment). Jamaica's real wage tumbled steadily over the adjustment period, and unemployment did fall

eventually, but not in the way envisaged by the hypothesis - i.e., in the formal market. But the growth of the informal sector in Jamaica is compatible with one element of the flexibility thesis, i.e., labour mobility between sectors, regions, jobs, etc. This is only possible if rigidities are removed [Weekes:1991].

Legislative amendments over the SAP period, though not explicitly or overtly anti-union, have at least theoretically tied the hands of unions, as the industrial relations process has been further bureaucratised by law, and the national interest clause still stands as a weapon in the state's armoury, with which it can crush wage and salary increases which it deems harmful to the economy. The law has facilitated another aspect of labour market flexibility, particularly numerical flexibility, in two ways. One, the redundancy provisions in the amended ETRA, though offering more to the dismissed worker, to a considerable extent legitimises workforce reduction. Redundancies are now to be regarded as a *fait accompli* once the company presents a strong enough case. Secondly, an employer wishing to dismiss non-unionised workers for making overtures to unions, may do so knowing that it only can be sued for notice pay compensation, and cannot be legally compelled to reinstate the aggrieved former employees. The point is, the MOL will no longer adjudicate on such matters, as it only recognises the union, and the aggrieved individual no longer has a recourse at this level. Dismissal has become easier. The legal and regulatory framework has been constructed and harnessed in favour of capital.

It is yet too early to interpret the recovery in real wage growth from negative to positive in 1993 and 1994 as representing a decline trend reversal. In pure statistical terms, these two years are insignificant, and for those who would be quick to claim victory for SAPs in this regard, conventional wisdom suggests that a longer term assessment for the next five years or more be done. A lot will depend on inflation control, a record for which the government has had fluctuating fortunes.

No doubt, looking at the relative macroeconomic stability achieved in the economy over the recent past; growing GDP, positive growth in real wages; and falling unemployment, the IMF and WB would be inclined to hail Jamaica as a success story, albeit after protracted austerity. The attendant social costs over the extended period of adjustment have been quite bitter, with a deepening of

poverty and depravity in the country. Some may argue therefore that the Jamaican SAP experience is a victory for neoliberalism, but a nightmare for the people. Short term pain for long term gain, others might postulate. Some Caribbean intellectuals have reached some consensus that, in spite of their unpleasant consequences, SAPs were absolutely necessary to restart the development process in many countries. The social implications run counter to traditional notions of development, but turned out to be the inescapable price to be paid for economic turnaround [Theodore:1992]. It was as if SAPs were contrived to pull down the perceived 'too high' standard of living in Jamaica. It has often been claimed that the country used to live above its means.

### **7.3 Policy Recommendations**

As Jamaica contemplates its way forward, this paper offers some policy advice. The recommendations are pitched at three levels; the socio-economic policy level; the trade union level; and at the level of the Ministry of Labour.

#### **7.3.1 Socio-economic Policy Recommendations**

As the economy is achieving some semblance of stability, that is in relative terms, the government may be well advised to 'stay the course'. Monetary and fiscal discipline must be maintained, so that the long fought for benefits of internal and external balance are not lost. Positioned as it is in this global economy, Jamaica must seek to capitalise on the opportunities presented in the new international economic order. As ideologically distasteful as the neoliberal prescriptions might appear, the nation has to pragmatically find its footing in a fiercely competitive and capitalistic global environment. Accordingly, a comprehensive and integrative industrial policy must be formulated and implemented.

#### **Industrial Policy**

The challenge is for Jamaica to become competitive, so that foreign outlets for its products and services may provide the growth stimulus that the limited domestic market cannot. A well conceived Quality-Productivity-Technology nexus has to be forged, with human resource



development at all levels reinforcing the chosen strategies. Industrial policy must be intertwined with educational policy in the intermediate and long term, and with upgraded and newly focused training institutes, colleges and polytechnics in the short run. A clearly stated science and technology policy must be reflected in the educational policy, a lesson well learnt by the NICs.

The state will have to be insightful and aggressive in providing the necessary institutional, infrastructural, technical and financial support to make the industrial policy meaningful and workable. It is clear that foreign expertise, working in tandem with local talent, will have to feature prominently in this drive. Care should be taken to safeguard the sovereign and best interests of the nation in this undertaking.

As development is about people, all projections, targets and strategies must be directed toward a social end - the development of the people. If people are to make sacrifices, which they have under SAPs, there must be some ultimate and sustainable benefit to be derived. It is people who make economies work. The most vulnerable in the society are to be identified and targeted for special relief so that no group becomes a casualty on the way to nation building. Nation building is for everyone. An environment in which people are offered real chances for upward social mobility is important to people's notion of social justice. Health policies must not only be curative, but promote health education, beginning at the school level, and reinforced at every stage onwards.

### **7.3.2 Trade Union Policies**

Sustainable labour market responses by trade unions is an imperative as the future is confronted. Downes (1992) suggests that unions should be preoccupied with concession bargaining in the short and medium term. This paper has argued in chapter six that the social contract can be used positively by labour increase real earnings by going the productivity route. Productivity bargaining is suggested as one union-instigated strategy to this end. Clearly, a lot lies on the shoulders of management, and perhaps the state in this regard, but an opportunity for proactivism exists here. Concession bargaining cannot be limited to the social contract. At the very micro levels, the adoption of a "tit-for-tat" approach suggests a willingness to work together for solutions, embracing a "win-win" strategy instead of the vestigial "zero-sum" games of the past.

In the long term, Downes suggests that unions should develop labour market responses to SAPs that have to do with greater worker participation, evaluation and formulation of new labour legislation, improving productivity at the workplace, and training and education (multi-skilling of labour and retraining programmes). Unions need also to look at alternative forms of compensation, particularly those that are results driven. This would be a profound contribution to the drive towards internationally competitive excellence. The formulation of national economy recovery programmes would be a sophisticated means by which unions could begin to make a serious input to solving broader societal issues, and thereby broaden their appeal to the population. The JTURDC is well positioned to take on these monumental tasks.

The role and positive engagement of women at all levels of the unions' organisational structures is a matter of policy priority. Women have been alienated from the inner sanctum of power in these organisations, and to broaden its appeal and credibility, the movement has to address this grave social imbalance.

Outreach to the informal sector is a policy area that is receiving increasing attention. Jamaican unions would commit suicide if this growing sector is overlooked. Affiliate relationships should be established to ensure that an organised lobbying and representational force which can effectively articulate the interests of this forgotten sector, exists. Safety and health issues are to be addressed as a matter of priority.

### **7.3.3 Ministry of Labour**

The Ministry of Labour should take the lead in ensuring that the informal sector is accorded official recognition by the state. Registration procedures should be put in place as a means to this end. The Ministry should formulate and implement productivity and training programmes to raise the standards of workers in this sector. It should also set health and safety standards for the sector, as well as set up an inspectorate to police compliance. Finally, the social contract mentioned earlier, if implemented should be supervised by this Ministry.

## Appendix 1

### IMF Arrangements in Brief

#### IMF Financing

The types of credit arrangements ("facilities") the IMF extends to its member countries include regular facilities (stand-by and extended arrangements), concessional facilities for low-income countries (SAF and ESAF), and various special facilities.

#### Regular Facilities

The two types of regular IMF arrangements have different terms and conditions, but both provide credit at market-related terms.

.Stand-by arrangements typically cover periods of one to two years and focus on macroeconomic policies - such as fiscal, monetary, and exchange rate policies - aimed at overcoming balance of payments difficulties. Most performance criteria to assess policy implementation - such as budgetary and credit ceilings, reserve and extended debt targets, and avoidance of restrictions on current payments and transfers - are applied during the period of the arrangement, and purchases are made in installments.\* Repurchases are made 3¼ to 5 years. Most programs supported by stand-by arrangements also include some policies to address structural or supply-side weakness, although because of the short duration of these arrangements, this focus is not as strong as in extended arrangements.

.Under the extended Fund facility (EFF), the IMF supports medium-term programs through extended arrangements that generally run for three years (sometimes for years), and are aimed at overcoming balance of payments difficulties stemming from macroeconomic and structural problems. Typically, a program states the general objectives for the first year; policies for subsequent years are spelled out in program reviews. Performance criteria are applied, similar to those in stand-by arrangements, and repurchases are made in 4½ to 10 years.

#### Concessional Facilities for Low-Income Countries

The structural adjustment facility (SAF) and enhanced structural adjustment facility (ESAF) - set up in March 1986 and December 1987, respectively - offer

## Appendix 1 cont'd

highly concessional loans to support macroeconomic adjustment and structural reform in low-income countries. Under both facilities, the member, with the help of the IMF and the World Bank, sets out structural and financial policies for a three-year period in a policy framework paper (PFP). Within this framework, detailed yearly policy programs are formulated and are supported by SAF/ESAF arrangements, under which annual loan disbursements are made. The interest rate on loans is 0.5 percent and repayments are made in 5½ to 10 years.

### Special Facilities

A number of facilities have been created throughout the IMF's history in response to members' special needs. Such assistance is additional to that available under other IMF facilities, but members cannot finance the same balance of payments needs under both regular and special facilities.

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\*Under regular IMF facilities, a member does not "borrow" from the organization; it purchases usable (hard) currencies with its own domestic currency. A member country repays the IMF by repurchasing its own currency with currencies acceptable to the IMF.

## Appendix 11

### Industrial Disputes Reported by Cause (1972-1994)

Year	W. & C.E.	D & S	B.R.
1972	156	58	157
1973	159	47	145
1974	185	81	135
1975	215	73	211
1976	198	83	178
1977	217	148	245
1978	238	142	181
1979	128	187	152
1980	160	156	109
1981	172	204	165
1982	173	195	189
1983	148	248	124
1984	166	235	89
1985	117	264	78
1986	86	125	59
1987	65	138	66
1988	51	155	82
1989	74	112	81
1990	71	81	66
1991	54	79	68
1992	89	71	57
1993	75	66	66
1994	85	41	60

Source: Statistical Abstract, Statistical Yearbook, 1994, Thompson, 1989

1. W. & C.E denotes Wages and Conditions of Employment
2. D & S denotes Dismissal and Suspension
3. B.R. denotes Bargaining Rights

1. The first part of the paper is devoted to the study of the properties of the function  $f(x)$  defined by the equation  $f(x) = \int_0^x f(t) dt$ . It is shown that  $f(x)$  is a constant function, i.e.  $f(x) = C$  for all  $x$ . This is done by differentiating both sides of the equation with respect to  $x$  and using the fact that  $f(0) = 0$ .

2. The second part of the paper is devoted to the study of the properties of the function  $f(x)$  defined by the equation  $f(x) = \int_0^x f(t) dt$ . It is shown that  $f(x)$  is a constant function, i.e.  $f(x) = C$  for all  $x$ . This is done by differentiating both sides of the equation with respect to  $x$  and using the fact that  $f(0) = 0$ .

3. The third part of the paper is devoted to the study of the properties of the function  $f(x)$  defined by the equation  $f(x) = \int_0^x f(t) dt$ . It is shown that  $f(x)$  is a constant function, i.e.  $f(x) = C$  for all  $x$ . This is done by differentiating both sides of the equation with respect to  $x$  and using the fact that  $f(0) = 0$ .

4. The fourth part of the paper is devoted to the study of the properties of the function  $f(x)$  defined by the equation  $f(x) = \int_0^x f(t) dt$ . It is shown that  $f(x)$  is a constant function, i.e.  $f(x) = C$  for all  $x$ . This is done by differentiating both sides of the equation with respect to  $x$  and using the fact that  $f(0) = 0$ .

5. The fifth part of the paper is devoted to the study of the properties of the function  $f(x)$  defined by the equation  $f(x) = \int_0^x f(t) dt$ . It is shown that  $f(x)$  is a constant function, i.e.  $f(x) = C$  for all  $x$ . This is done by differentiating both sides of the equation with respect to  $x$  and using the fact that  $f(0) = 0$ .

6. The sixth part of the paper is devoted to the study of the properties of the function  $f(x)$  defined by the equation  $f(x) = \int_0^x f(t) dt$ . It is shown that  $f(x)$  is a constant function, i.e.  $f(x) = C$  for all  $x$ . This is done by differentiating both sides of the equation with respect to  $x$  and using the fact that  $f(0) = 0$ .

7. The seventh part of the paper is devoted to the study of the properties of the function  $f(x)$  defined by the equation  $f(x) = \int_0^x f(t) dt$ . It is shown that  $f(x)$  is a constant function, i.e.  $f(x) = C$  for all  $x$ . This is done by differentiating both sides of the equation with respect to  $x$  and using the fact that  $f(0) = 0$ .

8. The eighth part of the paper is devoted to the study of the properties of the function  $f(x)$  defined by the equation  $f(x) = \int_0^x f(t) dt$ . It is shown that  $f(x)$  is a constant function, i.e.  $f(x) = C$  for all  $x$ . This is done by differentiating both sides of the equation with respect to  $x$  and using the fact that  $f(0) = 0$ .

## Appendix 111

### Total Work Stoppages (1972-1994)

Year	Number of Stoppages
1972	55
1973	109
1974	137
1975	205
1976	142
1977	163
1978	215
1979	182
1980	144
1981	145
1982	142
1983	91
1984	63
1985	83
1986	40
1987	30
1988	66
1989	n.a.
1990	65
1991	57
1992	68
1993	69
1994	95

Source: Statistical Abstract, 1994, Thompson, 1989

# 1. Introduction

## 2. Problem Statement

The problem is to find the minimum value of the function  $f(x, y, z)$  subject to the constraints  $g_1(x, y, z) = 0$  and  $g_2(x, y, z) = 0$ . The function  $f(x, y, z)$  is defined as  $f(x, y, z) = x^2 + y^2 + z^2$ . The constraints are  $g_1(x, y, z) = x + y + z - 1 = 0$  and  $g_2(x, y, z) = x^2 + y^2 - z = 0$ . The domain of the variables is  $x, y, z \in \mathbb{R}$ .

The Lagrangian function is defined as  $L(x, y, z, \lambda_1, \lambda_2) = f(x, y, z) + \lambda_1 g_1(x, y, z) + \lambda_2 g_2(x, y, z)$ . The necessary conditions for optimality are  $\nabla L = 0$ ,  $g_1 = 0$ , and  $g_2 = 0$ .

The necessary conditions for optimality are  $\nabla L = 0$ ,  $g_1 = 0$ , and  $g_2 = 0$ . The Lagrangian function is  $L(x, y, z, \lambda_1, \lambda_2) = x^2 + y^2 + z^2 + \lambda_1(x + y + z - 1) + \lambda_2(x^2 + y^2 - z)$ . The necessary conditions are  $\nabla L = 0$ ,  $g_1 = 0$ , and  $g_2 = 0$ .

The necessary conditions for optimality are  $\nabla L = 0$ ,  $g_1 = 0$ , and  $g_2 = 0$ . The Lagrangian function is  $L(x, y, z, \lambda_1, \lambda_2) = x^2 + y^2 + z^2 + \lambda_1(x + y + z - 1) + \lambda_2(x^2 + y^2 - z)$ .



## Appendix 4

### Examples of Activities in the Informal Economy

#### GOODS

1. Food:  
Fresh Produce: Vegetables and Fruits  
cooked: e.g., jerked chicken and pork, roasted fish,  
soup etc.  
refreshments: e.g., drinks, fudge/icicles, etc.  
confectionery: e.g., sweets, nuts, biscuits, etc.
2. Clothing:  
  
Materials and fabrics  
ready-made  
footwear  
jewellery and cosmetics
3. Ganja (marijuana): local and export
4. Manufactures:  
Figurines and artifacts for the household  
books and cards, pots and pans
5. Foreign currency
6. Stolen goods: e.g., appliances, jewellery, etc.
7. Flowers
8. Chamois
9. Newspaper
10. Toys and holiday treats
11. Christmas trees
12. Gas ballons
13. Craft: e.g., wicker, straw, needlework, etc.
14. Art work: e.g., paintings, sculptures, etc.
15. Religious articles
16. Cocaine and other hard drugs
17. Electronic equipment, watches
18. Bottle collection and resale

#### Appendix 4 cont'd

19. Household items, e.g., candles
20. Brooms
21. Coal
22. Small stock rearing and backyard gardening
23. Cattle rearing

#### **SERVICES**

1. Prostitution
2. Window cleaning at traffic lights
3. Car washing
4. Car "watching" at public parking lots and events
5. Messenger
6. Photography
7. Teaching
8. Preaching
9. Medical and quasi-medical services
10. Vehicle repair
11. Sale of services outside of formal conditions, e.g., use of employer's vehicles, gas sales outside of regulation hours
12. Scalping tickets at public functions
13. Lifting bags, packages
14. Transportation, e.g., handcarts
15. Re-conditioning of tyres
16. Building
17. Security
18. Appliance repair
19. Care of children, senior citizens, other dependent persons

Appendix 4 cont'd

20. Domestic services

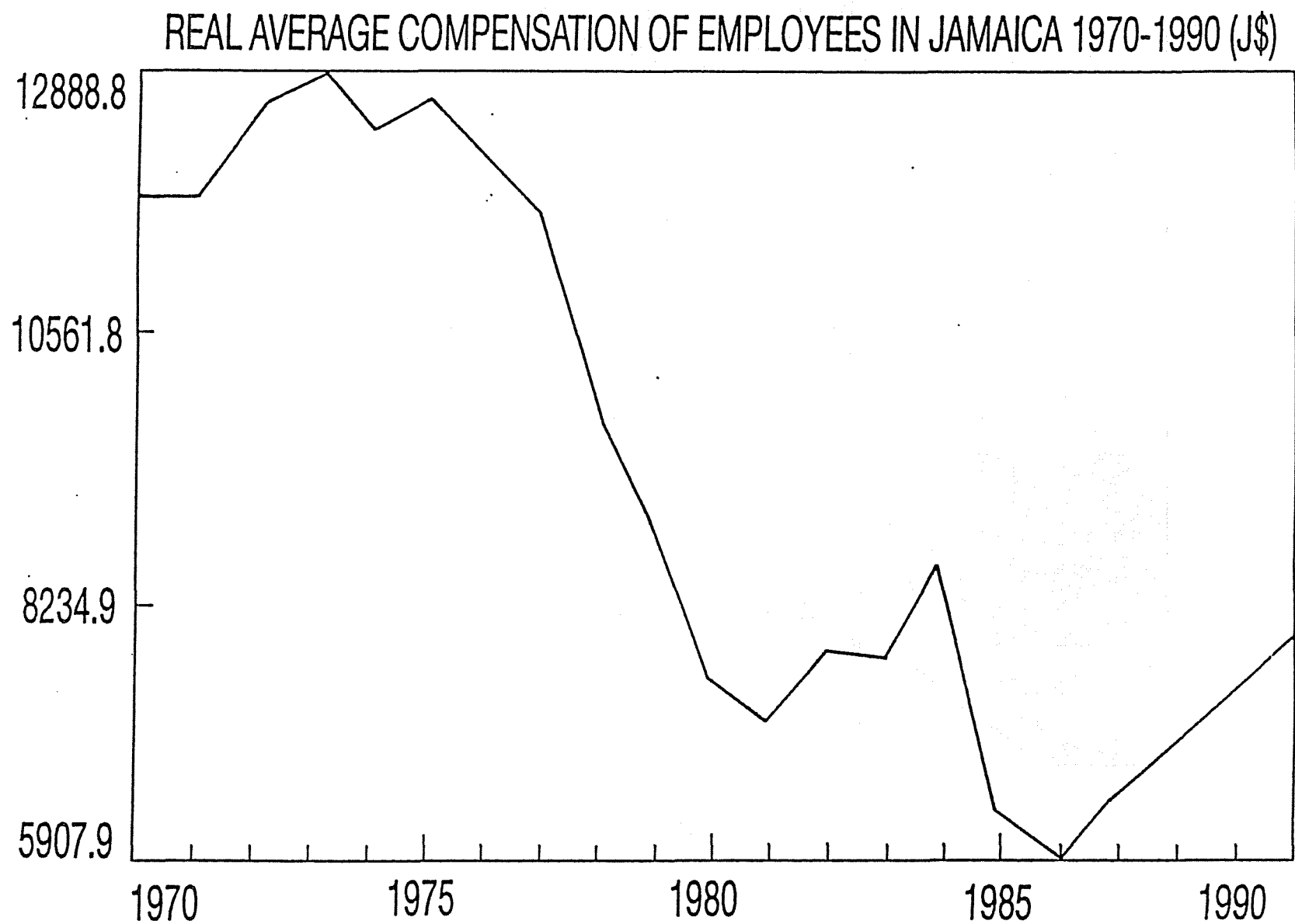
Source: Witter and Kirton, 1990

1. Introduction

The first part of the paper discusses the importance of the research.

The second part of the paper discusses the methodology used in the study.

3



SOURCE: ROLE OF TRADE UNIONS UNDER SAPS

# APPENDIX 6

## GROWTH OF REAL GDP IN JAMAICA

FIGURE 2

### REAL GDP INDEX FOR JAMAICA

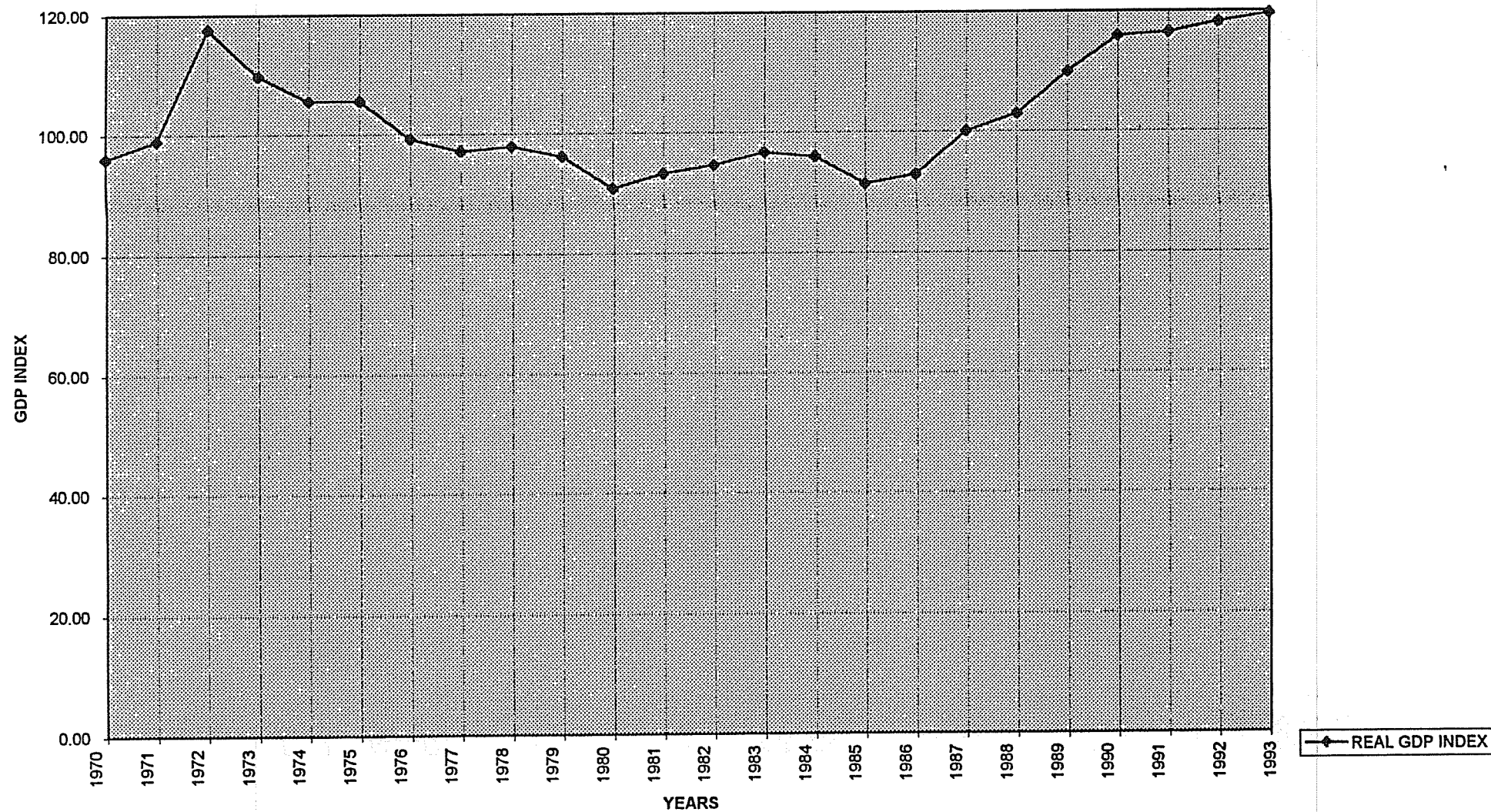
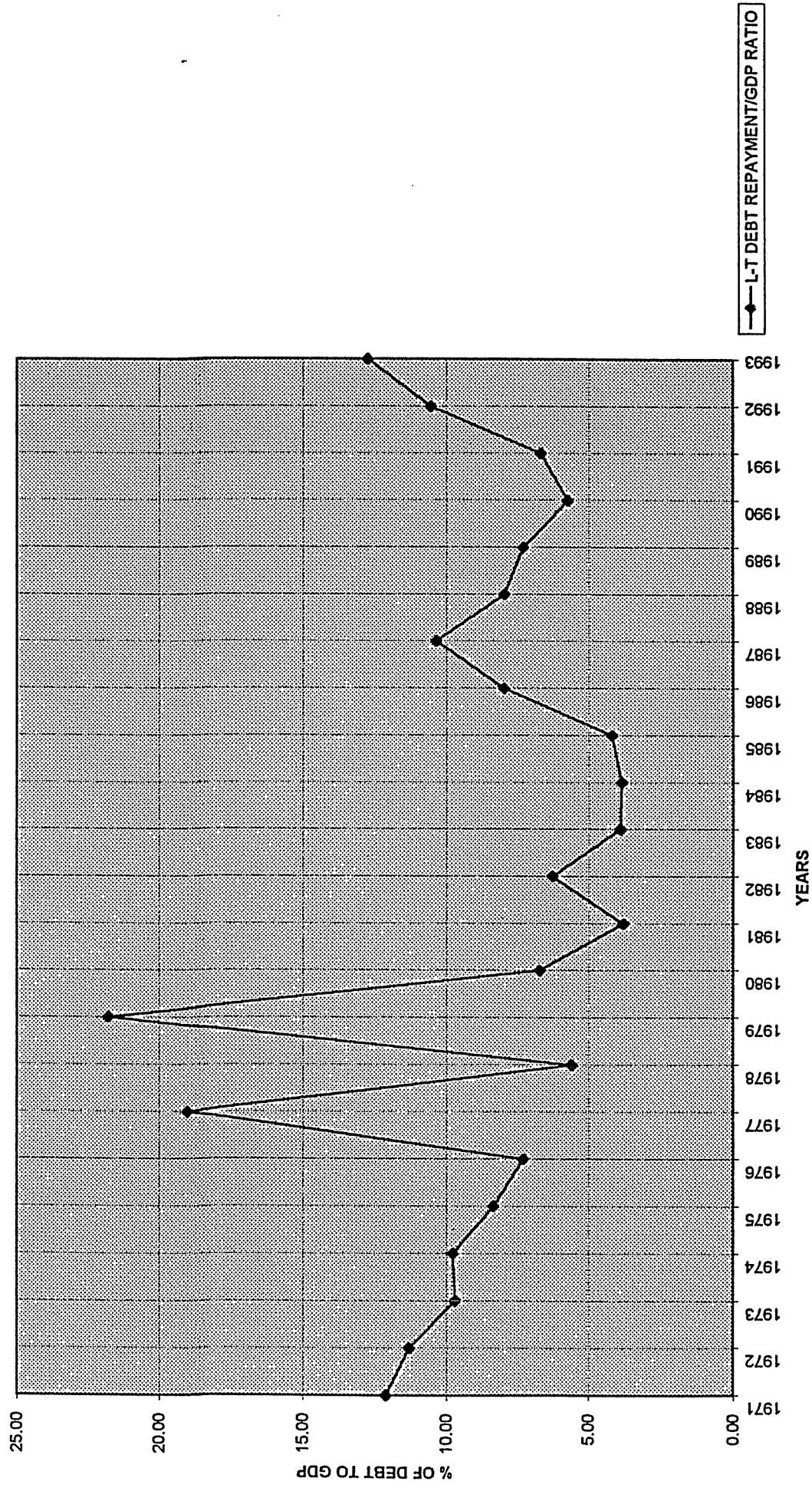


FIGURE 3

DEBT PAYMENT AS A PERCENTAGE OF GDP



SOURCE: WORLD BANK TABLES





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