


TRANSFORMATION

Journal



Issue 45, 2018
ISSN 1012-8268

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**SCHOLARLY JOURNAL OF THE UNIVERSITY OF GUYANA
PRESS
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Journal

Issue 45 2018

**SCHOLARLY JOURNAL OF
THE UNIVERSITY OF GUYANA PRESS
UNIVERSITY OF GUYANA
TURKEYEN, GREATER GEORGETOWN
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Issue 45, 2018

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ISSN 1013-8268

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THE CONSCIOUS USE OF SELF IN SOCIAL WORK INTERVENTION: A PRACTICE PARADOX

Audrey Enid Benn

ABSTRACT

The term “conscious use of self” is sometimes confusing and ambiguous for social work students and professional practice at large. This is especially so, based on the fact that professional ethics cannot be compromised while professional boundaries remain intact. However, the combining of the practitioner’s knowledge, skills and ethics gained in social work education along with aspects of one’s self, including; personality traits, belief systems, life experiences and cultural heritage; together with what clients bring to the counselling session (client’s self), can contribute immensely to unravelling the intricate issues to resolving human problems.

Key Words: conscious use of self, self-awareness, instrument, practitioners, social work, students

INTRODUCTION

The ‘conscious use of self’ refers to the act of skilfully using all of the positive attributes together with professional training which the practitioner has acquired over time, to facilitate the change process. The ‘conscious use of self’ as an instrument to the outsider conjures

up many things. One of the images or profiles which are attached to such a concept is that of a person who is always willing to give everything for the good of humanity. Perhaps this approach is what has been doggedly followed by the student of social work to the extent of losing him/herself. There are many myths, as well as misunderstandings regarding the 'conscious use of self.' This concept incidentally is not synonymous with self-awareness although related. However, the 'conscious use of self' as an instrument calls for learning how to function as a professional while being aware and in charge of one's own thoughts, emotions, and behaviour; to the extent that only what is necessary will be brought to bear when facilitating the counselling process.

Acquiring mastery of the process of using self as an instrument involves the integration of knowledge and the value base of the profession and core interviewing skills along with the 'personal self' of the social worker (Bogo 2006). The conduct of the social worker during the interview represents a combination of the aforementioned factors uniquely modelled. It is difficult to imagine a social worker interviewing by using the skills learnt during training coupled with the core values of the profession, minus the self.

On the one hand, one might have the most noble and idealistic motive during the counselling process, with the only intent of serving others nevertheless; if he/she is not skilful in the 'conscious use of self' as an instrument, then that individual can unwittingly enact emotional pain or behavioural patterns that can harm the very client he/she tries to facilitate. On the other hand, as the professional moves toward mastery in the 'conscious use of self,' he/she will be better able to manage the change systems effectively and achieve success in the change process.

In view of the fact that social work is often referred to as the 'noble' and 'do-gooder' profession, the *conscious use of self* is not a new concept to practitioners and students, since it is used extensively in social work education. Hence, it is highly unlikely that a graduate of social work would not be familiar with it. However, the 'conscious

use of self' also carries with it quite a lot of ambiguity and causes many misconceptions. The concept is usually, though erroneously, interpreted to mean that the practitioner should be willing to give his/her all for the good of humanity. And perhaps this approach is what has been carefully followed by the student of social work, even to the extent of losing him/herself through 'burn-out'. This conclusion was drawn from a discussion with graduate social workers who were practising for under one year.

The 'conscious use of self' requires extensive professional training; contrariwise a relationship that was initially intended to bring about changes might eventually end up harming the parties involved. In a real sense, the 'conscious use of self' as an instrument is likely to result in clashes with the standards of social work professional practice. This observation is reasonable since no one, in any profession can consciously use self with the exception of all his/her experiences that served to make up that 'self'. This scenario indeed presents a practice paradox because if the conscious use of self is important to social work practice, why then is there not more emphasis, training or even research on such an important concept in the said profession?

This paper proposes to answer this question while illustrating how social workers can learn to use themselves as instruments in a professional way at an early stage of their training. While using the self as an instrument is not synonymous with self-talk or being self-aware, some measure of knowing oneself is key in this process. The paper also addresses how the 'conscious use of self' can be paradoxical and can hinder the development of an effective client-practitioner relationship; which is the very medium through which change occurs. The author provides definitions and proposes teaching strategies regarding a new understanding that will inform communication in relation to the 'conscious use of the self' as a practice instrument.

SELF-AWARENESS VERSUS THE CONSCIOUS USE OF SELF

Self-awareness according to van Warmerdam (n.d.), is having a clear perception of one's personality, including; strengths, weaknesses, thoughts, beliefs, motivations and emotions. It also allows an individual to understand other people, that is, how they perceive you as a person as well as your attitude and responses to them in the moment. Developing a heightened awareness of self creates the opportunities for the individual to make changes in his/her behaviour and systems of belief. Self-awareness is also one of the attributes of emotional intelligence. Hence, self-awareness or emotional intelligence is a step in the right direction towards the 'conscious use of self' as an instrument. According to Jamieson, Auron and Shechtman (2013) 'self as instrument' has always been talked about or taught as important for the role of the change agent. Emphases ranged from self-awareness and personal growth to developing better skills in aspects of consulting.

The 'conscious use of self' as an instrument during the change process on the other hand, involves being aware of all the information known about self as the therapist, and carefully and responsibly using such information in order to effect changes in the counselling relationship. Green and Lum (1999) acknowledge that social workers bring their own biases, values and beliefs to their working relationships with clients. While the same is noteworthy, being aware of the biases, values and beliefs alone can either enhance or marginalise the professional relationship since self-awareness exerts pressure on the therapist to confirm.

Besides the openness required in self-awareness of learning about new dimensions of oneself, there are also additional skills that therapists need to possess in order to further refine the 'conscious use of self' as an instrument. Wright (2000) argues that the therapist can use 'self' more fluidly when he/she is willing to consider the unconscious meanings which are involved for both the client and

therapist. This is important because *unconscious* meanings can impact negatively on the change process.

Consciously using self as an instrument enables the practitioner to utilise those innate qualities which are necessary to facilitate the change relationship. It should be reiterated though that if one is not trained in the 'conscious use of self', it can result in the practitioner unwittingly inflicting emotional pain or using behavioural patterns that can harm the very client he/she hopes to assist in bringing about change.

METHODOLOGY AND PROCEDURE

A mixed-method design was used for this study. The study employed both qualitative and quantitative techniques for obtaining data. In the case of the former, the study employed secondary data through the use of journal articles, professional magazines and focus group discussions with social workers in order to provide a contextual frame for evaluating the 'conscious use of self' in social work practice.

In the case of the latter, the study employed non-probability purposive sampling to select social workers who might participate in the study. To determine eligibility, social workers had to be in possession of a degree, as well as be employed as a social worker in a social work agency in Guyana for one year and over.

One hundred and twenty-five questionnaires were printed and distributed to social work practitioners. Out of that number only seventy-three were returned which is a response rate of fifty-eight percent, which is considered relatively good.

In responding to the objectives of the research, two main research questions were posed. Firstly, what were the factors contributing to the reluctance regarding the 'conscious use self' in social work

practice? And secondly what has been the experience of social workers who practice consciously using the self in social work practice?

From the time the questionnaires were distributed to the time of receipt of the first set, took just over a month.

Also, during the week of the Social Work Conference in 2015 focus group discussions were informally conducted with social workers present, in order to augment data collection. The questions were clustered around the major obstacles regarding the ‘conscious use of self’ in social work practice (see appendix).

FINDINGS

Generally, the responses illustrated that the social workers sampled were not keen on articulating whether they consciously use self or not in practice. Although one hundred percent of the sample (N=73) reported excellence in practice, a mere ten percent (N=7) were confident with the ‘conscious use of self’ in practice.

Furthermore, it was revealed that ninety percent (N=66) of the social workers sampled, reported that the use of self in social work provides some sort of confusion in practicality. A significant number of participants, seventy percent (N=51) indicated that talking about religion or faith creates an uncomfortable position in the ‘conscious use of self’ since they do not want to be labelled as imposing their beliefs on clients.

The results suggested that less than two percent (N=1) actually knew and practiced the ‘conscious use of self’ for fear of crossing boundary lines.

CONCEPTUAL AND THEORETICAL FRAMEWORK

This study is conceptualised in relation to theoretical formulations in both the constructionist relational theories and sociological literature. Nevertheless, it is important to note that the ‘conscious use of self’ has to be understood in the context of how well the practitioner understands the emerging self as well as professional boundaries. Hence, along with the techniques used from theoretical constructs, the practitioner must adopt to his/her own centre of self and not an imitation of another’s style (Good 2013).

Social work practitioners are required to consider phenomena outside of the schema of their theoretical perspective or understanding. This is because many of them operate in public or voluntary service organisations where the social work relationship is defined within the parameters of organisational objectives.

The study is therefore based on the following assumptions:

- ✓ Trained social workers possess the skill sets necessary to counsel individuals effectively;
- ✓ Trained social workers are competent in drawing from ‘self’ to make the professional relationship successful;
- ✓ Trained social workers know when to draw on the ‘self’;
- ✓ Beliefs serve as a constraint to the professional relationship;
- ✓ The counsellor can suffer mental illness if there is incongruence between theory and practice.

SELF AS THE INSTRUMENT OR TOOL OF TRADE

In every profession known to man, the self is usually used as an instrument of trade. However, in social work it is a bit different in that the self is used as the instrument of change and this can be challenging if there is no training in this regard.

The noble principles at the heart of social work include the fundamental belief in human rights, citizenship and social justice (Fook 2002). However, those principles are next to impossible without the practitioner's effective and conscious use of the self in the practice environment. It is very difficult for a practitioner to adhere to the fundamental beliefs without giving up or compromising some aspects of his/her self. This becomes a practice dilemma since at times social work practitioners face significant challenges, such as identifying what they should contribute to the professional relationship and what they should not. The major confusion is separating self from professional training while simultaneously using self to bring about changes in the client system. Such a situation becomes daunting once professional training has not been received in order to help with making such important decisions during the counselling practice. This presents a paradox for the professionally trained social worker to make such decisions without either compromising self or the professional relationship.

As a matter of fact, social workers are the instruments of their profession the same way carpenters use hammers; artists use paint; writers use computers; chemists use beakers; fire fighters use hoses and ladders; dentists use drills; doctors use stethoscopes; and nurses use syringes to give injections (Heydt and Sherman 2005). In the same manner the various professionals have to be trained to effectively use their specific tools of trade, the social worker must be trained to use self in order to facilitate change. Hence, professional academic training in social work should deliberately build courses which will offer sufficient skills to the learner to effectively use self as an instrument of trade.

It is imperative therefore that the 'conscious use of self' be effectively taught in social work training at both the graduate and undergraduate levels.

THE SENSE OF SELF

According to Deleuze (1990) and McLaren (1997), the self is not based on the notion of one's personal identity and is not exclusive to the individual but rather is constituted through social relations. Therefore, because society is perceived as being responsible for influencing who one should be, then society can also influence who we should not be. The notion of self through identity introduces concepts of subjectivity and inter-subjectivity, which is a discussion that does not form part of this paper. However, I wish to reinforce that anxiety and social tensions are not reduced or eliminated with social interactions but are rather integral to interaction. Concerns about objectivity and neutrality become less relevant within this process of identity formation. In fact, neutrality and objectivity serve as veils that obscure one's relations with students, educators, other social workers or even service users (Radford 1997).

Questions that are asked during identity formation are:

- a. Who am I? While it is important for the student of social work to know that there are multiple identities that can so often be overlooked when exploring the topic of self it is also important to note that often times the topic is dealt with peripherally, and does not explore one's cultural, national, professional, gender, religious, ethnic and racial self. All the stated categories make up who the individual is, and also forms that sense of self that will eventually be used as an instrument to bring changes in the client system. Psychologists actually believe that there may be an inverse correlation between the question of 'self' being asked and the ease with which one experiences his/her life (Psychology Today 2017).
- b. Where am I? Who am I with reference to where I am located. One's point of view has a lot to do with personal location. With mental effort the social worker if trained, is able to shift his/her point of view back and

forth based on the current location. Hence a therapist, who had experienced something similar to that of the client, can mentally draw from that self in order to bring the necessary changes to the client system.

Parekh (2004) argues that a pluralistic human rights culture should be developed where there is the development of mutual respect in everyday life and interactions between individuals from different communities generally. Parekh's analysis, which is not directly related to social work, spoke to the very nature of what is expected in a setting where human rights are upheld. Hence, in the profession of social work, success in the life of the social worker is dependent on respecting human rights, which hinges on having a healthy sense of self generally.

Having therefore, a healthy sense of self, is likened to a level of self-awareness. With strong self-awareness the therapist becomes comfortable with his/her purpose and is able to reach his/her full potential or self-actualisation. At this level of self-awareness, the therapist achieves a sense of self-connectivity to the extent that no life experience, whether good or bad impacts his/her life negatively when he/she tries to connect with those experiences to draw strength from them.

THE PARADOX

While the social worker's 'conscious use of self' has been conceptualised in many different ways throughout the literature, there exists a missing link that will move the graduate student of social work to the professional social worker who is an excellent counsellor and therapist. With the missing link still missing confusion will abound.

Herein lays the paradox. Unlike any other profession, the self is the

instrument or the tool of trade for the social worker. How then can a trained social work therapist skilfully use him/herself in the intervention/counselling process without crossing human rights, race, religious and gender boundaries?

Social work practitioners are faced with the dilemma of how this 'self' can be consciously used in social work practice without crossing boundaries where social work values, principles and standards are concerned. The use of self can also impact on the practitioner's confidence and the client comfort during the intervention. However, the use of the self cannot just evolve during training as is currently expected. Many mistakes may be avoided if social workers were trained in the technicalities of using self as an instrument for the purpose of counselling. The process of consciously using self does not terminate with professional training, but continuous training together with a lifetime experiential journey as the counsellor continues to practice.

What constitutes the use of self?

At this point it becomes necessary to indicate what the Use of Self is not: It is not manipulation, nor reversible, non-communicative, self-confidence, material loss, nor self-talk.

The 'conscious use of self' constitutes a combination of the practitioner's knowledge, skills and ethics. These are gained from social work education where skills and values are merged with aspects of one's self, including personality traits, belief systems, life experiences and cultural heritage. A combination of all the above with what clients bring to the table (clients' self) can go a far way in unravelling intricate issues towards the resolution of problems.

SUMMARY OF FINDINGS

1. In order to use self the personality needs to be enhanced;
2. To be successful at the use of self the counsellor's belief system has to be adjusted;
3. There is also the relational dynamics;
4. Therapists need to recognise and deal with anxiety whenever it presents itself; and
5. Lack of self-disclosure may contribute to mental fatigue.

CONCLUSION & RECOMMENDATIONS

This study concludes by arguing that in order for the practitioner to consciously use self as the instrument of professional practice, there needs to be extensive and continuous training to sharpen skills and enhance practice performance.

- The starting point is exploring oneself as often as possible, and being comfortable with the self that keeps evolving.

Exploring the self can never be exhaustive. This is because different aspects of the self are consistently evolving. Every course offered in the social work programme should include a built-in self-exploration component.

- Effective conscious use of self requires highly skilled training.

A skilled counsellor/therapist can be employed to review the curriculum on self.

- Social workers who are serious about their practice would realise by now that consciously using the self in practice is a lifetime learning process.

Throughout the social work training programme, social workers would be directed towards self-awareness and adjusting processes.

- Consciously using the self in therapy does not guarantee success every time

At the end of the social work training the professional social worker would understand that professional training to use self does not end with the conferral of a degree but begins a process of lifelong learning.

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APPENDIX

2015 Interview Schedule

1. How would you describe your therapeutic practice?
2. Do you use your life experiences to assist you in your practice?
3. What, in your estimation is your ideal self?
4. Is there anything about you which makes you uncomfortable in the practitioner/client relationship?
5. Is there anything about you which makes you uncomfortable in the practitioner/client relationship?
6. How would you rate your performance with clients?
7. What, if any do you consider your biggest obstacles in using your 'self' in practice?
8. How do you use your 'self' to facilitate the change process?
9. Can you identify one aspect of your life that makes you uncomfortable during the counselling process?
10. What do you do for self-care?

RECKLESS HIV TRANSMISSION: VICTIMS' RIGHTS AND CRIMINALIZATION

Evelina Singh

ABSTRACT

Guyana has one of the highest prevalence of Human Immunodeficiency Virus (HIV) in Latin America and the Caribbean. While public health initiatives have been successful in reducing this prevalence in the past, the epidemic is once again on the rise. Thus, a re-evaluation of the national HIV/AIDS policies in Guyana is imperative. It is hoped that this re-evaluation will examine the use of the criminal law to achieve justice for victims of reckless HIV transmission since victims' rights must be balanced with public health arguments against criminalization. The aim of this article is to illuminate the side of the debate that seemingly receives the lesser coverage, that is, the victim's right to justice for reckless HIV transmission through criminalization. The article seeks to achieve this aim firstly, by providing a rationale for the criminalization of reckless HIV transmission through the analysis of the aims of punishment of deterrence, retribution, incarceration and rehabilitation. Secondly, by using empirical studies to critically analyse the public health arguments against criminalization that using the criminal law increases HIV incidence and prevalence, deters testing and increases stigma. The article culminates with recommendations for the way forward via the reformation of criminal justice and public health thinking and practice.

Key Words: HIV, criminal law, deterrence, retribution, incarceration, rehabilitation

INTRODUCTION

The issue of whether reckless HIV transmissionⁱ should be criminalized has invoked much debate. Proponents of criminalization posit that reckless HIV transmission amounts to morally reprehensible behaviour which causes harm to another and it is the function of the criminal law to punish morally reprehensible behaviour and protect the public from harm (Matthiesson 2010; Mawhinney 2013). Thus, punishment should be meted out to a person who recklessly transmits HIV to another (Matthiesson 2010). On the other hand, public health opponents to criminalization argue that HIV criminalization increases HIV prevalenceⁱⁱ and incidenceⁱⁱⁱ, deters testing and increases stigma (Jürgens *et al.* 2009; Kaplan 2012; Lazzarini *et al.* 2013, 2014 and Musepa *et al.* 2014). The literature on the HIV criminalization debate evidences a skewing in the favour of public health arguments against HIV criminalization (Mawhinney 2013). This skewing occurs because of the extensive amount of sympathy bestowed on the accused that is infected with HIV as opposed to the victim to whom HIV was recklessly transmitted (Mawhinney 2013). It is the aim of this article to illuminate the side of the debate that seemingly receives the lesser emphasis, that is, the right of victims of reckless HIV transmission to justice via criminalization.

In order to achieve this aim, the article will provide a rationale for the criminalization of reckless HIV transmission by analyzing the aims of punishment of deterrence, retribution, incarceration and rehabilitation. Further, the article seeks to critically analyze the public health arguments against HIV criminalization of increasing HIV prevalence and incidence, deterring testing and increasing stigma through the use of empirical studies. The critical analysis of the public health arguments against criminalization is imperative because these arguments may be hindrances to the right of a victim of reckless HIV transmission to justice via criminalization. Finally, recommendations for the reformation of criminal justice and public health thinking and practice are made since a person who recklessly transmits HIV to another person causes the engagement of both criminal justice and public health.

BACKGROUND

This article comes at an imperative juncture in Guyana given the recent increase in HIV prevalence and incidence rates. Guyana already has one of the highest prevalence of HIV in Latin America and the Caribbean (UNAIDS 2015). By 2016, it was estimated that there were 8,500 persons living with HIV (UNAIDS 2018a). Public health initiatives have been successful in reducing HIV prevalence and incidence in the past; however, the epidemic is once again on the rise. In 2005, the adult prevalence rate^{iv} was 1.2%, while in 2016 the adult prevalence rate was 1.6% (UNAIDS 2018a). The adult women prevalence rate was 1.7% while the adult men prevalence rate was 1.5% (UNAIDS 2018a). As regards incidence, in 2016 there were under 1,000 new HIV infections; less than 500 new infections for adult women, less than 500 new infections for adult men and less than 100 new infections for children (UNAIDS 2018a). In 2010, the HIV incidence rate per 1,000 population for all ages was 0.60 which increased to 0.77 in 2016 (UNAIDS 2017). In 2016, the incidence rate per 1,000 population for adults was 1.38 (UNAIDS 2018a).

The rise in HIV incidence in Guyana has caused concerns and led Chief Medical Officer, Dr. Shamdeo Persaud, to concede that given the growing trend of new HIV cases it is imperative that there be a re-evaluation of the National HIV/AIDS campaign in Guyana since the old HIV/AIDS campaign has become obsolete (Pearson 2016). Dr. Persaud opined that this trend is as a result of persons no longer being afraid of contracting the disease due to their awareness of the availability of treatment to combat the infection; consequently, they have become complacent in their sexual activities (Pearson 2016). Notwithstanding, there has been no empirical study to give validity to Dr. Persaud's opinion. There needs to be empirical validation to guide policy formulation to address the renewed rise in HIV prevalence and incidence.

The rise in HIV incidence is not unique to Guyana, other Caribbean countries and Latin American countries are having the same experience (UNAIDS 2016). With reference to the Latin America and

Caribbean region, between 2010 and 2015 there was a 3% increase in new HIV infections among adults which significantly contrasts with the 20% decline in the previous decade and in 2015 there were approximately 100,000 new infections (UNAIDS 2016). Relative to the Caribbean, the new infections among adults rose by 9% between 2010 and 2015 which reversed the gains made in the previous decade, with the new infections estimated at approximately 9,000 (UNAIDS 2016). The rise in HIV incidence lead Executive Director of UNAIDS, Michel Sidibé, to contend that the power of prevention is not being achieved, it will be impossible to control the HIV epidemic if there is a resurgence in HIV incidence and immediate action is needed to close the prevention gap (UNAIDS 2018b).

Outside of Bermuda, which has HIV-specific criminal legislation, HIV prosecutions are rare in the Caribbean (National AIDS Map 2017). In fact, to date, Guyana has had no criminal prosecutions for HIV transmission. Given that the past success of public health initiatives are dissipating and criminalization cannot be blamed for the increase in prevalence and incidence, it becomes imperative to re-examine national HIV/AIDS policies. It is hoped that this re-evaluation will emphasize the use of the criminal law to achieve justice for the victims of reckless HIV transmission.

DETERRENCE

A person who knows that he/she is HIV positive and has sex with another person without his/her consent, to the risk of HIV transmission, engages in behaviour that is morally reprehensible; for that reason the criminal law should be applicable to such conduct via deterrence, incapacitation and rehabilitation (Matthiesson 2010). However, deterrence, incapacitation and rehabilitation are not the only aims of punishment and as such retribution is discussed later on in the article as providing a rationale for the criminalization of reckless HIV

transmission.

It is argued that the criminalization of HIV transmission would not deter HIV transmission (Jürgens *et al.* 2009; Kaplan 2012). Notwithstanding, the argument that deterrence is ineffective is not unique to the reckless transmission of HIV and yet many crimes have not been decriminalized because morally blameworthy behaviour should be punished (Matthiesson 2010). Matthiesson (2010) meritoriously submitted that decriminalization is not the best approach to deal with HIV transmission; the criminal law should be formulated in a way to effectively target conduct that is blameworthy while simultaneously being sensitive to those persons living with HIV.

Modern theories of deterrence are rooted in classical criminological theory and originate predominantly from the works of Cesare Beccaria and Jeremy Bentham (Tomlinson 2016). According to classical criminological theory, punishment should be swift, certain and proportionate to the crime committed in order to deter the violation of laws by individuals (Tomlinson 2016). Nevertheless, empirical support for severity, certainty and celerity of punishment has yielded inconclusive results (Tomlinson 2016). It was once postulated that increases in actual punishment correlated positively with increases in perceptions of punishment which resulted in reduced crime rates (Paternoster 1987). However, this postulation has not been empirically supported.

Kleck *et al.* (2005) investigated whether higher actual punishment levels increase the perceived certainty, severity and celerity of punishment. To measure perceptions of punishment, they conducted 1,500 telephone interviews with residents from 54 large urban counties in the US. The data gathered was then linked to actual punishment levels measured in official statistics and analysed by the use of hierarchical linear model estimates of multivariate models. The analysis showed no detectable impact of actual punishment levels on perceptions of punishment. The researchers explicated that although in some instances more severe punishment may correlate positively

with crime reduction, there is not necessarily a causation relationship since crime reduction may be caused by increased incarceration and not general deterrence. They concluded that increased punishment levels were not likely to increase deterrent effects.^v Therefore, it is not being advocated that perpetrators of reckless HIV transmission be severely punished, they should be punished in accordance with harm caused.

Some states in the US have instituted 'three-strikes' laws which are premised on the assumption that more severe punishment deters criminal behaviour. However, empirical evidence has revealed that such laws had no significant deterrent effect and as regards homicide, they have had the inverse effect (Males and Macallair, 1999; Marvell and Moody, 2001; Kovandzic, 2001; Kovandzic, Sloan and Vieraitis, 2002; Kovandzic, Sloan and Vieraitis, 2004; Parker, 2012; DeVault, Miller and Griffin, 2016). Males and Macallair (1999) tested the hypothesis that the more frequent enforcement of the three-strikes laws in California counties the greater the crime reduction would be. They found that there was no declination in crime rate in counties which frequently applied the three strikes laws when compared with counties that applied the laws less frequently. Further, in Santa Clara they found a positive correlation between the frequent implementation of the law and increased violent crime. More recently, as regards California and violent crimes, Parker (2012) who utilized a multivariate time series model for data analyses contended that the three strikes laws have had no impact on violent crimes and it was other variables, such as, alcohol consumption and employment that have impacted violent crimes.

The studies executed by Marvell and Moody (2001) and Kovandzic, Sloan and Vieraitis (2002) on the impact of the three strikes laws on homicide rates supported the inverse effect of those laws on crime reduction. Marvell and Moody (2001) employed the use of state panel data for states with the three strikes laws and those without for the period of 1970- 1998 and found that in the short term there was a 10%-12% increase in homicide rates while in the long term there was a 23%-29% increase. It was suggested by the researchers that this

inverse effect may have resulted from the offenders opting to kill victims than to be incarcerated for life for a third strike. The findings by Marvell and Moody (2001) on homicide rates were similar to those by Kovandzic, Sloan and Vieraitis (2002) who used panel data for cities from 1980-1999 and found that cities with the three strikes laws experienced in the short term 13%- 14% increase in homicide rates and in the long term 16%-24%. Based on the foregoing, severe punishment is not being advocated to deal with reckless HIV transmission.

There are studies that suggest that there may be a positive correlation between criminalization and increased spread of HIV due to deterred testing (Jürgens *et al.* 2009, Musepa *et al.* 2014). However, these studies failed to consider whether the ineffectiveness of the penal philosophy of deterrence was due to a positive correlation between the certainty of punishment and reduced reckless HIV transmission. Cases of reckless HIV transmission albeit not as challenging as intentional transmission to the criminal justice system are difficult to investigate and prove and most of the allegations do not reach the courts (Phillips and Poulton 2014). Thus, since studies show that there is evidence of a link between certainty of punishment and crime rates (von Hirsch *et al.* 1999; Doob and Webster 2003; Bottoms and von Hirsch 2011), the perceived ineffectiveness of general deterrence could be attributed to the fact that most allegations do not reach the court. Nevertheless, there are scholars who argue that to a great extent criminal behaviour is a function of informal social control and other variables; therefore, state sanctions are immaterial (Paternoster 1987) and; while punishment deters some people, there are some people for whom certainty of punishment would be ineffective.

Opponents to the criminalization of reckless HIV transmission argue that criminalization causes deterred HIV testing to facilitate the defense of having no actual knowledge of HIV status (Jürgens *et al.* 2009), which renders general deterrence ineffective in preventing reckless HIV transmission. The law pertaining to whether there should be actual knowledge of the accused of his/her HIV positive status is unclear as gleaned from the cases *R v Dica* [2004] EWCA Crim 1103,

R v Konzani [2005] EWCA Crim 493 and *R v Adaye* [2004] 2 Cr App R 28.^{vi}

In *R v Dica*, where Dica who was fully aware that he was HIV positive had unprotected sexual intercourse with two women without disclosing his HIV positive status and was convicted of two counts of inflicting grievous bodily harm under s20 OAPA (1861), it was elucidated that the accused must have actual knowledge of his/her HIV positive status. This elucidation was also acquiesced in *R v Konzani* where Konzani who was sentenced to ten years of incarceration for recklessly transmitting HIV to three women unsuccessfully appealed his conviction on the ground that the victims' agreement to unprotected sexual intercourse constituted consent to the risk of HIV transmission. However, the requirement for actual knowledge has been meritoriously criticized as being unduly restrictive from a recklessness perspective since an accused may not have actually been tested and told that he/she was HIV positive but would have engaged in unsafe sexual practices which exposed him/her to the risk of HIV transmission and/or comes from a HIV high risk geographical area as explicated in *R v Adaye* (Mawhinney 2013).

In 2004, Adaye, a South African citizen in the UK on asylum, pleaded guilty to inflicting grievous bodily harm for infecting a woman with the HIV virus and another non related offence and was sentenced to six years imprisonment. Adaye had also infected other women with the virus. Although Adaye never tested for HIV and had declined to take a HIV test, he had been diagnosed with other STIs, was from a HIV high risk geographical area, and was also cautioned that his sexual behaviour made it highly probable that he was HIV positive. The court found his behaviour to be criminally reckless to the highest possible degree and Lynch J recommended that he be deported after serving his sentence.

It is submitted that the approach of the court in dealing with knowledge in Adaye's case is the preferable approach since not having the requirement of actual knowledge would mitigate the claim of public health opponents to the criminalization that such a course of

action deters testing. However, when requiring something less than actual knowledge, caution must be taken that an extremist interpretation of knowledge of the accused is not applied. For instance, everyone that has unprotected sexual intercourse has knowledge that he/she may be HIV positive.

Whether the criminalization of reckless HIV transmission has a deterrent effect is inconclusive mainly due to the fact that reckless HIV prosecutions are rare and the crime has a low detection rate. However, the crime should not be decriminalized on the ground of inconclusiveness of deterrence since it is an act that results in harm and the victim has a right to justice.

RETRIBUTION

As previously stated, deterrence, incapacitation and rehabilitation are not the only aims of punishment; retribution has to be considered because although modern democratic societies tend to view retribution with profound ambivalence, it still appears that justice requires that crime is punished and that the punishment is proportional to the criminal act (Darley, Carlsmith and Robinson 2000; Carlsmith, Darley and Robinson 2002; Smith Pangle 2009 and Woody *et al.* 2015). This contention alluded to the modern manifestation of retribution, the just deserts theory, which states that punishment is the appropriate moral response to criminal behaviour and that the punishment should be proportional to the degree of wrongdoing (von Hirsch and Ashworth 2005; Ashworth and Roberts 2012). Further, being cognizant that crime detection and prevention rates are generally low in Guyana, the practicability of deterrence is challenged and as a result the article sought to justify the criminalization of reckless HIV transmission on the ground of retribution in addition to the other aims of punishment.

Retributive theories of punishment have existed for a long time dating

back to the works of Kant and Hegel (Ashworth and Roberts 2012). Gerber and Jackson (2013) explicated that retribution may be dichotomized as; retribution as revenge, where the aim is to punish the offender in retaliation to a past wrong by causing him/her to suffer and retribution as just deserts which is aimed at justice restoration via proportional compensation from the offender. Kant argued for retribution as just deserts and posited that punishment should be “*pronounced over all criminals proportionate to their internal wickedness*” (Kant 1952, 397). Thus, in the just deserts model it is assumed that the motive to punish the offender is affected by the severity of the harm caused by the criminal act (Woody *et al.* 2015). Further, the absence of a mitigating factor should correlate positively with high moral outrage associated with the crime which influences the motivation to punish the offender (Woody *et al.* 2015).

Gerber and Jackson (2013) found that the endorsement of retribution as revenge correlated positively with the support of harsh punishment and the inclination to reject procedural justice while the endorsement of retribution as just deserts correlated positively with support for procedural justice (Gerber and Jackson 2013). They concluded that retribution as just deserts served as a buffer against the negative effects of revenge (*ibid* 2013). The article focuses on retribution as just deserts.

The issue is whether a person who has recklessly transmitted HIV to another without his/her consent should be punished in proportion to his/ her wrongdoing. The literature on the issue is devoid of focus on retribution because it is believed that when dealing with reckless HIV transmission the focus of criminal law should be the prevention of HIV transmission (Musepa *et al.* 2014) as opposed to punishment of the offender and the right of the victim to justice. Consequently, the convictions and punishment for persons who recklessly transmit HIV have been widely criticized because opponents to HIV criminalization are sympathetic to the accused who is infected with a fatal disease, rather than to the victim to whom HIV was recklessly transmitted (Mawhinney 2013). Mawhinney (2013) posited that such sympathy fortified the postulation that both the accused and the victim are at

fault since the victim should enquire into the sexual health of the accused. He found such a postulation to be analogous to the contention that a victim of rape was partially responsible since she did not inhibit the crime. Thus, the burden of stopping the commission of the crime is placed on the victim instead of being placed on the accused not to commit the crime in the first place (*ibid* 2013).

Further, there is not much literature on retribution because perhaps the studies mainly focus on deterrence due to the link between retribution and deterrence and also because modern democracies are ambivalent to retribution as contended by Smith Pangle (2009). Notwithstanding, retribution is part of the criminal justice system as exemplified by the studies by Darley, Carlsmith and Robinson (2000); Carlsmith, Darley and Robinson (2002) and Woody *et al.* (2015) and therefore should be considered when dealing with criminal liability for reckless HIV transmission. Thus, empirical studies need to be executed in Guyana to investigate whether reckless HIV transmission should invoke criminal liability and motivations for punishment to be meted out to perpetrators in order to formulate policies to deal with reckless HIV transmission.

Darley, Carlsmith and Robinson (2000) investigated the motives behind the desire of a person to punish offenders by asking research participants to assign punishments to offenders whose intentional harm varied in the moral seriousness of the crime and the likelihood of the offender committing similar offences in the future. They found that as the seriousness of the crime increased, participants increased the punishment to be meted out; however, variations in the likelihood of committing future crimes did not affect recommended sentences. Hence, the primary motive for sentencing was just deserts.^{vii} Similarly, Carlsmith, Darley and Robinson (2002) found that while participants in their study had fervently stated their preferences for the deterrence theory, their responses on sentencing appeared to be solely influenced by just deserts considerations.^{viii} Thus, these studies reveal that retribution in its manifestation as the just deserts theory is a critical part of criminal justice and as such should be examined when dealing with criminal liability for reckless HIV transmission.

More recently, Woody *et al.* (2015) employed vignettes to determine motivations for punishment of persons who violate HIV disclosure laws. They found that retribution and not general deterrence was the motivation behind recommending punishment. They further found that particularly in cases of considerable harm, specific deterrence was a motivation behind recommending punishment (Woody *et al.* 2015).^{vix} Their findings illuminated the difficulties in persuading the general public and legislators to decriminalize HIV nondisclosure in the United States (US). Notwithstanding, Guyana does not have this issue of decriminalizing nondisclosure because Guyana has not created HIV-specific legislation. Consequently, the absence of HIV-specific legislation on HIV nondisclosure of seropositive status means that there is no criminal liability for HIV nondisclosure to sex partner/s in Guyana. This is another aspect that needs to be critically examined when revamping Guyana's HIV/AIDS policies. There needs to be empirical work on HIV disclosure since in any democratic society such as Guyana, laws should be formulated based on what the population desires. Thus, the population needs to be surveyed to determine whether it believes that disclosure of HIV positive status should be legally compulsory to sex partner/s and whether breach of disclosure laws should incur criminal liability.

While there was no empirical work executed on disclosure laws in Guyana, Galletly and Dickson-Gomez (2009) conducted a focus group discussion with 31 HIV positive persons living in Michigan on Michigan's disclosure laws in order to better comprehend the law from the perspective of those whose behaviour the laws regulated. They found that the participants unanimously supported the purpose of disclosure laws to prevent uninformed sex partners from becoming infected with HIV and most believed that they had a moral obligation to disclose their HIV positive status. One participant meritoriously conceded: "*You have a moral responsibility to let somebody know your situation so it won't happen to them*" (Galletly and Dickson-Gomez 2009, 614).

Although persons may support the purpose of disclosure laws, there are hindrances to disclosure, such as, fear of rejection, angered or

violent reactions by partners and secondary disclosure of potentially damaging information (Stein *et al.* 1998, Kiltzman 1999; Klitzman and Bayer 2005; Siegel, Lekas and Schrimshaw 2005; Serovich McDowell and Grafsky 2008). The participants in the focus discussion executed by Galletly and Dickson-Gomez (2009) were concerned about the possibility of undesired secondary disclosure which could be catastrophic and being falsely accused of breaching the disclosure laws. These are legitimate concerns and disclosure laws have to be drafted in a way to mitigate these possible negative effects. Those who breach the confidentiality of the HIV positive partners and those who make false accusations about them breaching disclosure laws should be subjected to criminal sanctions. However, imprisonment is not being advocated^x, it is recommended that the person that breaches the confidentiality or makes false accusations be made to pay a sizeable fine, required to take mandatory counselling and also be given community service.

Another reason why the literature evidences a deficiency on retribution when dealing with criminal liability for reckless HIV transmission is because of the connection between retribution and deterrence. Thus, it is assumed in the retributive model of justice that in most cases a certain level of punishment will be meted to those that commit crimes resulting in the offender being deterred from committing future crimes (specific deterrence) and others in society being deterred from committing crimes (general deterrence) (Ellis and Savage 2012). However, there is little modern literature on specific deterrence (Ashworth and Roberts 2012). Despite the connection between retribution and deterrence, there are philosophical differences. The objective of retribution is to seek proportional compensation for the harm done by the offender while the objective of deterrence is to discourage future wrongdoing (Bentham 1962). A person to whom HIV was recklessly transmitted has a right to seek proportional compensation for the harm done. The crime of reckless HIV transmission carries the penalty of incarceration.

INCARCERATION

Incarceration seeks to protect the public by detaining the offender to prevent the committal of more crimes (Hopkins Burke 2012). Incarceration of the accused has some limitations. For instance, while the general public may be protected from the crime of reckless HIV transmission, the fellow inmates of the convicted are left susceptible to HIV transmission, save and except, if such criminals are quarantined, which will invoke human rights opposition. Further, incarceration without rehabilitative programmes hardly results in behavioural modification. Also, it is argued that incarceration may have a criminogenic effect and may have a negative effect on recidivism; these arguments will be critiqued shortly. Empirical evidence to support these arguments is inconclusive. The decriminalization of reckless HIV transmission on the basis of the effects of incarceration being inconclusive is not being advocated because acts that result in harm whether intentional or reckless to others should invoke criminal liability and incarceration amounts to just deserts for such acts. However, longer prison sentences to reduce recidivism are not being advocated.

a. Criminogenic effect of prisons

It is argued that incarceration may inadvertently result in the increase of criminal exposure and the decrease of pro-social exposure because prisons are a criminal learning environment, prisons have a labelling effect and imprisonment is an unsuitable treatment (Nagin, Cullen, and Jonson 2009). The classic studies on the prison community, such as those executed by Clemmer (1940) and Sykes (1958) discovered that prisons could facilitate an op-positional inmate subculture into which offenders would be socialized (*ibid* 2009). Irrespective of the different theories used to account for this subculture (deprivation theory and importation theory) what is pervasive is the values of this subculture can be transferred through daily contact (*ibid* 2009).

Emerging during the 1970s as the foremost theory of crime and

deviance was the labelling theory which established two instances in which labeling was criminogenic. In the first instance, labelling was criminogenic because public stigmatization and treatment of the offender as a criminal results in the offender internalizing that tainted identity and then acting in a manner consistent with that self-perception. In the second instance, labelling theorists postulated that criminal behaviour was fostered by socially induced strain, differential association and frail social bonds (Petersilia 2003). In addition, it is argued by some scholars that incarceration is an unsuitable way of reducing recidivism and that interventions are needed to alter high risk factors that result in recidivism (Andrews and Bonta 2006; Gendreau, Smith, and French 2006). According to those scholars, sanctions such as imprisonment have an insignificant impact on recidivism or are criminogenic.^{xi}

Despite the above arguments on the criminogenic effects of imprisonment, the empirical evidence, albeit limited, suggests that incarceration may have a null or insignificant criminogenic effect as exemplified by the studies executed by Bhati and Piquero (2007) and Nagin, Cullen, and Jonson (2009). Bhati and Piquero (2007) investigated the impact of incarceration on subsequent offending trajectories using the arrest history for a sample of prisoners released from state prisons in 1994 in the US who were followed for three years after release. They found that incarceration had a weak criminogenic effect of only about 4%.^{xii} Further, Nagin, Cullen, and Jonson (2009) reviewed empirical evidence on former US prisoners^{xiii} in order to assess what was known about the dose response relationship between incarceration and reoffending. They compared incarceration with non-custodial sanctions and found that incarceration seemingly had a null or mildly criminogenic effect on future criminal behaviour.^{xiv} However, these studies should be treated with caution as acknowledged by the researchers due to their limitations and should not be used to guide policy decisions.

b. Recidivism

Policy makers often argue for longer prison sentences because of the belief that spending more time in prison correlates positively with reduced recidivism. However, this belief is based on limited empirical support. In fact, empirical studies have revealed that longer imprisonment may have a negligible effect on recidivism as elucidated in the recent study executed by Mears *et al.* (2016). Thus, longer prison sentences for HIV offenders present the possibility of increasing the HIV rate in prisons given homosexual activities and physical violence which may result in transmission of HIV through semen and blood, respectively. For this reason among others, it is not being advocated that offenders get longer prison sentences than that which is already prescribed by statute, that is, five years in Guyana.^{xv}

Mears *et al.* (2016) examined data on 90,423 inmates released from Florida prisons and employing the use of generalized propensity score they found three patterns: 1) there was an initial increase in recidivism for those inmates that served a greater time but after about one year there was a decrease in recidivism of those inmates; 2) after two years greater time served in prison had no effect on recidivism; and 3) there was uncertainty about the effect on recidivism for sentences lasting more than five years. They concluded that at least for offenders serving up to five or six years, there was an inverted U-shaped association between time served and recidivism. However, this study should be treated with caution as acknowledged by the researchers due to its limitations.^{xvi}

Since reckless HIV transmission is behaviour that results in harm to another, non-custodial sanctions are not being advocated. However, they are recommended for reckless HIV exposure that does not result in transmission. Nevertheless, whether there is a positive correlation between non-custodial sentencing and reduced recidivism seems to be inconclusive. Killias and Villetaz (2008) reviewed a sample of 23 studies out of 300 studies located on non-custodial sentences compared to custodial sentences and found that there was a positive correlation between non-custodial sentencing and reduced recidivism when employing the method of vote counting.^{xvii} On the other hand,

the utilization of the method of meta-analysis yielded different results. Using meta-analysis the researchers observed that there was no significant mean standardized effect but the trend favoured alternative sanctions marginally.^{xviii}

Consequently, while non-custodial sentencing may not reduce recidivism, the possible ill effects of incarcerating someone with HIV has to be considered^{xix} and as it pertains to reckless HIV exposure and nondisclosure of seropositive status where there is no transmission, it is perhaps not judicious to risk these ill effects occurring. Nevertheless, with reference to Guyana, the use of non-custodial sanctions for reckless HIV exposure and breach of nondisclosure is moot since there is no criminal liability for reckless HIV exposure and nondisclosure of seropositive status under existing criminal laws. It is hoped that the re-evaluation of the national HIV/AIDS campaign will examine the issue of criminal liability for reckless HIV exposure and nondisclosure of seropositive status and consider having mandatory HIV counselling as a part of the non-custodial sanctions, providing there was no HIV transmission.

REHABILITATION

Rehabilitation seeks to reform the offender's character with the aim of preventing recidivism (Hopkins Burke 2012). Rehabilitation theorists perceive criminal behaviour as emanating from external factors which are beyond the offender's control and hope that rehabilitation will remedy criminal tendencies (Hopkins Burke 2012). While the previous aims of punishment of deterrence, retribution and incarceration may appear to be at variance with rehabilitation, in reality the revised version of rehabilitation does not envisage rehabilitation as the only purpose of the penal system; rehabilitation should be integrated with other penal philosophies (Hopkins Burke 2012). Although rehabilitation is not envisaged as the only purpose of

the penal system, it should be the primary purpose. In fact, countries that have given rehabilitation primacy have experienced reduced incarceration rates as exemplified in the experience of the Netherlands and Germany (Tak 2008a; Subramanian and Shames 2014).

In the Netherlands, incarceration rates are declining to the extent that prisons are closing and they have even imported prisoners from Norway. The primacies of rehabilitation and re-socialization have contributed significantly to this declination but there were other factors responsible for this declination. These factors included relaxed drug laws, the use of non-custodial measures (the electronic monitoring system, fines and non-custodial sentences^{xx}) which facilitate re-entry into the workforce, and also the improved drug screening at Schiphol airport (Allen 2012; Ash 2016; Weller 2016). Further, as part of the rehabilitation and re-socialization efforts in Germany and the Netherlands, inmates are equipped with skills necessary for re-integration into society. For instance, inmates are taught to cook, have a lot of space for social activities, are required to study and work^{xxi} for which they are remunerated and their privacy is respected (Ash 2016; Du'nkel; 2013).

The literature on rehabilitative programmes in prisons for those who have recklessly transmitted HIV is lacking. This deficiency of literature emanates from the fact that to date there exists no rehabilitative programmes in prisons for those who have recklessly transmitted HIV (Phillips and Sukthankar 2013). Therefore, as it concerns reckless HIV transmission the effectiveness of such programmes in preventing reoffending cannot be evaluated. Consequently, the effectiveness of rehabilitation programmes for other crimes, for instance, those that are racially motivated and those committed by juveniles are examined to gain insights into the efficacy of such programmes on recidivism.

Prison sentences alone hardly result in rehabilitation of an offender as elucidated in the study executed by Gadd (2009) on aggravated racism and elusive motivation in England and Wales. According to Gadd (2009), the complications that fueled racially motivated crimes are

rarely resolved by the time the offender is released. This is due to the fact that in prisons there are few, if any at all, programmes that specifically target offenders who have committed racially motivated crimes (Gadd 2009). On the other hand, the probation services which had offered some specialist accredited racially motivated offender programmes, commenced executing one-to-one work with offenders, which was proven to be more beneficial (Smith 2006; McGhee 2007). The needs of offenders of racially motivated crimes cannot be reduced to the enhancement of cognitive, social and/ or employability skills (Lemos 2005), individual triggers need to be identified and addressed (McGhee 2007).

Pertaining to serious juvenile offenders, Lipsey (1999) who utilized meta-analysis techniques for synthesizing empirical research executed on the effectiveness of rehabilitative programmes found that recidivism was reduced by properly designed rehabilitative programmes. Lipsey analyzed 200 studies^{xxii} involving serious juvenile offenses and found the overall mean recidivism value for treated juveniles was 0.12 standard deviation units less than the control groups compared with. This was a statistically significant difference which meant that the treated group had a 44% recidivism rate while that of the control group was 50% (Lipsey 1999). According to Lipsey (1999), the 6% difference amounts to a 12% decrease which while not trivial is relatively modest.

Cognizance must be given to the fact that completion of rehabilitative programmes may be problematic. For instance, in the UK no more than 10,000 in a prison population of over 84,000 will finish a rehabilitative programme (Ellis and Lewis 2012). One of the factors that affect completion of rehabilitative programmes in prisons is the readiness of the offender to participate in such programmes. Readiness of the offender to participate in the rehabilitative programme may correlate positively with completion of the programme. Bosma *et al.* (2016) who explored the extent to which risk factors and treatment were related to participation and completion of rehabilitative programmes in prisons by the use of logistic regression models found that programme completion was partially

explained by treatment readiness. They found that offenders who were ready for treatment programmes were more than two times likely to complete such programmes in comparison to offenders who were not ready.^{xxiii}

In order to reduce recidivism it is material to note that differential treatment response is to be preferred to one size fits all rehabilitative programmes (Polaschek 2010)^{xxiv}. Thus, if there are no programmes that specifically target reckless HIV transmission behaviour, the chances of repeat behaviour increases. The public health sector has made significant strides in HIV counselling and appears to be equipped to facilitate such counselling in prisons. The provision of this service by the public health sector which is usually supported by many international donor organizations would mitigate such cost deriving from already strained prison budgets since rehabilitation is very costly. However, this might result in frictions with donor organizations since many do not support HIV criminalization.

PUBLIC HEALTH ARGUMENTS

In the quest to illuminate victims' rights as regards reckless HIV criminalization, a critical analysis of the public health arguments against criminalization is imperative since these arguments may be stumbling blocks to justice for victims of reckless HIV transmission. The main public health arguments against the criminalization of reckless HIV transmission, as stated previously, are that HIV criminalization increases HIV prevalence and incidence, deters HIV testing and increases stigmatization (Jürgens *et al.* 2009; Kaplan 2012; Lazzarini *et al.* 2002; 2014 and Musepa *et al.* 2014). These arguments are critically analysed together because they are interrelated due to the belief that deterred testing and increased stigmatization result in increased prevalence and incidence.

It is argued that HIV exposure or transmission should not be

criminalized since it is unlikely that criminalization would prevent new infections and that such a course of action has the possibility of being more harmful and negatively impacting public health and human rights (Jürgens *et al.* 2009; Kaplan 2012; Lazzarini *et al.* 2013; Galletly *et al.* 2014 and Musepa *et al.* 2014). According to public health opponents to HIV criminalization, there is no proof that criminalization reduces the spread of HIV unlike public health initiatives which have done so by encouraging testing, promoting safe sexual behaviours and reducing stigma (Buchanan 2015). It must be reiterated that it is not the aim of criminal law to reduce the spread of HIV and as such it is not being advocated that criminal law be used to reduce the spread of HIV. It is being advocated that criminal law be used to punish the offender to obtain justice for victims of reckless HIV transmission and that the law be developed in a way that would not adversely affect public health initiatives.

As it relates to the claim of public health opponents to HIV criminalization that criminalization has the potential to deter testing and increase stigma, the empirical evidence to support such a claim is deficient. In fact, the study executed by Burris *et al.* (2007) found that it is unlikely that such laws would undermine public health initiatives since such laws do not impact sexual risky behaviour. Further, Guyana has no HIV-specific criminal laws and has never had a prosecution for intentional or reckless HIV transmission and yet the HIV prevalence and incidence rates have increased in recent times. Hence, HIV-specific criminal laws cannot be blamed for this increase in prevalence since they are non-existent.

Burris *et al.* (2007) tested the null hypothesis that variances in law (general criminal laws and HIV-specific criminal laws for HIV exposure) and variances in beliefs about the law do not influence the use of condom during sexual intercourse. They found that there was little variation between the self-reported sexual behaviour of those that lived in a state with HIV-specific criminal laws and those that lived in a state without such laws. They also found that persons who believed that the law required persons living with HIV to practice safe sex or disclose HIV status were just as risky in their sexual behaviour

as those who did not hold that belief. Most persons in the study held the belief that persons living with HIV were wrong to expose their partners to HIV and that disclosure was the right thing to do; however, these beliefs were not influenced by beliefs about the law or whether the respondent resided in a state with HIV- specific criminal laws.^{xxv}

Similarly, the studies executed by Galletly *et al.* (2012) and Galletly, Pinkerton and DiFranceisco (2012) showed that HIV-specific exposure criminal laws did not appear to increase stigma. In the study executed by Galletly *et al.* (2012), it was found that even though 51% of participants (population was New Jersey) in their survey were aware of HIV-specific exposure criminal laws, that knowledge did not correlate positively with increased abstinence from sexual behaviours, condom use or disclosure of seropositive status. Further, those that were unaware of such laws experienced greater stigma and were less comfortable with disclosure of seropositive status. They concluded that even though the HIV-specific exposure criminal laws in New Jersey did not appear to increase stigma, they were unlikely to reduce HIV transmission.^{xxvi} The finding on stigma was in keeping with the study executed by Galletly, Pinkerton and DiFranceisco (2012) in Michigan which showed that heightened HIV related stigma, perceived hostility by society towards people living with HIV or decreased comfort with disclosing seropositive status were not associated with awareness of the law.

The first comprehensive survey and empirical investigation of the impact of HIV criminalization on public health as a structural intervention aimed at HIV prevention in the US was executed by Lazzarini, Bray and Burris (2002). In order to determine whether criminal law was an effective tool for HIV prevention they reviewed the impact of deterrence and incapacitation and did not find much evidence to support that HIV criminal laws achieved either deterrence or incapacitation. The same can be said for many crimes that criminal law has achieved neither deterrence nor incapacitation but yet those acts are not decriminalized because they are morally reprehensible behaviours that result in harm to others.

According to Lazzarini, Bray and Burriss (2002), the only way criminal law could be an effective tool to prevent HIV is if it deters or incapacitates the behaviour of those responsible for a great amount of the new transmission cases. However, the problem with this is that the deliberate use of HIV to harm or terrorize others which is the most extensively accepted morally reprehensible behaviour rarely occurs to have significant impact on the epidemic (Lazzarini, Bray and Burriss 2002). On the other hand, behaviours such as, voluntary sexual intercourse and needle-sharing which are significantly responsible for the spreading of HIV are tough and contentious to proscribe (*ibid* 2002).

Further, Lazzarini, Bray and Burriss (2002) explicated that prosecutions for HIV transmission are rare but when they occur the sentences are significant and have the risk of selective prosecution, biasness or endangerment to privacy. It is submitted that prosecutions being rare could have possibly contributed to the ineffectiveness of deterrence since there would be no certainty of punishment. They concluded that HIV-specific exposure criminal laws were to a great extent symbolic and rooted in deep social divergences on the acceptability of homosexuality and drug use. By their own admission their study raised as many questions as it answered; thus, illuminating the complexity of HIV criminalization. Nevertheless, it must be reiterated that the purpose of criminal law is not HIV prevention; yet, criminal law should be developed in a way that is sensitive to the epidemic.

The US is often cited as a jurisdiction where criminal laws are ineffective in dealing with the HIV epidemic and may impact public health initiatives negatively by deterring testing and promoting stigma and discrimination (Kaplan 2012; Lazzarini *et al.* 2013; Galletly *et al.* 2014). However, it must be noted that the US has among some of the most draconian laws for the criminalization of HIV which are nebulous, incompatible with science and too general (UNAIDS 2012). Thus, instead of criminalizing the actual transmission of HIV most legislation criminalizes behaviour with little or no significant risk of transmission; for instance, sharing sex toys, oral sex, biting and

spiting while other legislation criminalize nondisclosure irrespective of condom use or other risk reduction methods (UNAIDS 2012). It must be noted that no risk reduction method (condom use and antiretroviral treatment) is 100% effective; therefore, it must be questioned whether nondisclosure of HIV seropositive status should be decriminalized on the ground of the use of protective measures, which while generally effective are not infallible.

With reference to Guyana, as previously stated, the issue of nondisclosure is moot since there are no disclosure laws. It is hoped that a re-evaluation of the national HIV/AIDS campaign would consider advocating for disclosure laws since there is a moral obligation to disclose HIV status regardless of the use of protective measures. In addition, disclosure should be mandatory since no protective measure is 100% effective. Condoms are touted as the most effective measure to prevent HIV transmission via sexual intercourse but what is imperative to note is that to be effective condoms must be used correctly which may be a challenge according to the study executed by Sanders *et al.* (2012). Sanders *et al.* (2012) executed a study to investigate condom use errors and problems by reviewing the findings of studies found in peer-reviewed articles between 1995 and 2011. Failure to use condoms throughout sexual intercourse, failure to leave space at the tip of the condom, failure to squeeze the air from the tip of the condom, putting the condom on upside down, failure to use lubricants that were water based and incorrect withdrawal were among the common errors associated with condom use. Breakage, slippage, leakage, erection problems associated with condom use and impediments with how condoms felt and fitted were among the frequent problems.

As regards errors in condom use, the literature reviewed by Sanders *et al.* (2012) showed that between 17% and 51.1% reported late application of the condom while between 13.6% and 44.7% had removed the condom before the conclusion of sexual intercourse. Further, between 2.1% and 25.3% of respondents completely unrolled the condom before putting it on while between 24.3% and 45% failed to leave space at the tip of the condom for semen and 48.1% of women

and 41.6% of men reported having sexual relations where air was not squeezed out from the tip of the condom. It was reported that between 4% and 30.4% of respondents had put on the condom inside out and then flipping it the other way; an act which has the potential to expose the partner to body fluids while 11.2% of women and 8.8% of men commenced sexual intercourse before the condom was rolled all the way.

The study by Sanders *et al.* (2012) further indicated related to errors in condom use, between 2.1% and 11.2% had used sharp objects to open the condom packets or done some other act to expose the latex to tearing while 82.7% of women and 74.5% of men failed to check for damage in condoms before use. In addition, between 16% and 25.8% of respondents used condoms without lubrication which increases the susceptibility of the condom to breakage and in approximately 4.1% of sexual relations oil based lubrications were used with latex which may degrade the condom. Further, between 1.4% and 3.3% reused condoms at least twice during a sexual encounter; between 3.3% and 19.1% reported incorrect storage of condoms; and one study has even indicated that up to 57% of sexual encounters had incorrect withdrawals.

Sanders *et al.* (2012) also reviewed literature pertaining to problems with condom use and found as regards breakage, between 0.8% and 40.7% of respondents experienced breakage. Pertaining to slippage, between 13.1% and 19.3% of respondents reported that the condom slipped. Further, between 0.4% and 6.5% of the respondents indicated leakage of the condom during their sexual encounters.^{xxvii} Thus, the above statistics on condom use clearly support the conclusion by Saunders *et al.* (2012) that errors and problems of condom use are common. Given this conclusion, the contention by UNAIDS (2012) which alluded to the fact that disclosure of HIV positive status is not necessary once protective measures are taken cannot be supported as it pertains to condom use. Thus, if there is a risk of HIV transmission even if it is insignificant because the condom was correctly used, it is submitted that disclosure should be made to the partner and that person should have the option to choose whether he/she wants to take

the risk.

With reference to antiretroviral treatment and undetectable viral load, there is no conclusive empirical evidence to support the contention that people with undetectable viral loads never transmit HIV (Cairns 2015). Thus, there is a low statistical probability of transmitting HIV while on antiretroviral. However, cognizance must be given to the fact that low statistical probability is not the same as impossibility. Further, it is still unknown whether there is a viral load threshold below which transmission is impossible (National AIDS Map 2015). Although, the recent PARTNER Study (Rodger *et al.* 2016) suggested that this threshold might be at 50copies/mL or at 200copies/mL or possibly higher. In that study it was found that where the infected party had an undetectable viral load of less than 200copies/mL there was zero risk of transmission. However, the researchers acknowledged that in order to meticulously estimate risk it is necessary to execute an additional longer term follow up.

It is not being disputed that public health initiatives have been useful in reducing the spread of HIV in the past in Guyana but statistics show that there has been an increase in new infections in recent years (UNAIDS 2018). The primary aim of public health is to reduce the spread of HIV and as indicated earlier recent statistics point to the fact that public health has not been able to accomplish this. HIV-specific criminal laws cannot be blamed for the increase in HIV cases in Guyana since they are non-existent. Further, criminalization generally cannot be blamed for the increase in HIV cases in Guyana because even though prosecutions are possible by invoking existing criminal laws, to date there have been no such prosecutions.

THE WAY FORWARD REFORMING CRIMINAL JUSTICE AND PUBLIC HEALTH THINKING AND PRACTICE

Criminal justice and public health policies cannot be dichotomized because a person who recklessly exposes and/ or transmits HIV to

another causes the engagement of both of these areas. Consequently, it becomes imperative to mitigate the frictions between the two areas through the reformation of criminal justice and public health thinking and practice. This reformation can be achieved by the criminal justice system and the public health sector working together in the fight against reckless HIV transmission. It is not unusual for health issues, such as, unprotected sexual intercourse that result in disease transmission to propel the reformation of criminal justice policy and practice (DiClemente 1992; Braithwaite, Hammett and Mayberry 1996; Tewksbury and West 2000; Zaitzow 2001; Lanier 2006; Lanier Pack and Akers 2010).

Epidemiological^{xxviii} Criminology (EpiCrim) offers a framework for the integration of the fields of criminal justice and public health (Akers and Lanier 2009). According to Lanier (2010, 72) EpiCrim is: *“the explicit merging of epidemiological and criminal justice theory, methods and practice”*. EpiCrim is being developed by scholars from both fields to deal with health and crime problems that are increasingly transcending jurisdictions and academic disciplines, for instance, HIV transmission (Akers and Lanier 2009; Luty and Lanier 2009; Lanier, Pack and Akers 2010; Lanier, Lucken and Akers 2010; Lanier and Henry 2010). Interdisciplinary interaction through the merging of an increased comprehension of the other field into their own will yield tremendous benefits to criminal justice practitioners and public health workers (Akers and Lanier 2010). Consequently, public health workers will gain a greater comprehension of the victims’ right to justice for the reckless transmission of HIV. Criminal justice practitioners will gain a greater comprehension of HIV and behaviours that do not result in HIV transmission and behaviours with a low risk of transmission, such insight will mitigate the formulation of HIV criminal laws that are based on unscientific findings and draconian.

There is a gap in literature on how the criminal justice system and public health sector can work together to prevent the reckless transmission of HIV. This gap emanates from the friction between the different objectives of public health and criminal justice policies when

dealing with the reckless transmission of HIV. Thus, the primary objective of public health policies is the prevention of HIV transmission while the primary objective of criminal justice policies is punishment of the offender, which achieves justice for the victim. As previously suggested, the public health sector can assist the criminal justice system in dealing with the crime of reckless HIV transmission by providing HIV/AIDS counselling which the criminal justice system should mandate as a part of sentencing. Reduced recidivism of reckless HIV transmission has the potential to decrease the spread of HIV and since incarceration alone seldom results in behavioural modifications, rehabilitative programmes are imperative.

Further, if Guyana was to criminalize HIV exposure and nondisclosure, the criminal justice system should mandate that HIV/AIDS counselling be a part of the sentencing, a service which the public health sector can provide. In jurisdictions where HIV exposure is a criminal act, the sentence imposed on those found guilty of such an act is incarceration. It is hoped that as a result of incarceration the offender and others would be deterred from committing similar criminal acts. Given that the empirical studies on the effects of incarceration on criminal behaviour and recidivism are inconclusive, custodial sentences are not being advocated for HIV exposure and nondisclosure where there was no transmission. The use of custodial sentencing where there was no HIV transmission is certainly an issue that needs reformation in the criminal justice system for jurisdictions with such criminal laws.

CONCLUSION

Criminal liability for reckless HIV transmission is a contentious issue between the fields of criminal justice and public health. Public health arguments against criminalization appear to be preeminent to the right of victims of reckless HIV transmission to justice which is achieved

through punishment of the offender. Public health opponents to HIV criminalization claim that criminalization does not prevent the spread of HIV. It is not the goal of the criminal law to prevent the spread of HIV; the criminal seeks to punish morally reprehensible behaviour. Further, public health opponents to criminalization claim that punishment is an ineffective way to deal with reckless HIV transmission since it has no deterrent effect. By that logic, many crimes should be decriminalized because as the empirical evidence has shown for many reasons, including, certainty of punishment, punishment has failed to have a deterrent effect. Nevertheless, many crimes have not been decriminalized because morally reprehensible behaviours that cause harm to others deserve to be punished. One must not only be sensitive to persons living with HIV, one must also be sensitive to justice for the victims of reckless HIV transmission.

While deterrence may not provide a robust rationale for the criminalization of reckless HIV transmission, retribution does. The literature evidenced a de-emphasis on the victim's right to retribution when dealing with the reckless HIV transmission because of the sympathy bestowed on the accused that has HIV and the ambivalence of modern democratic societies to retribution. The empirical evidence has shown retribution is part of the criminal justice system and to eradicate this aim of punishment would be a monumental task. Hence, the perpetrator of the crime of reckless HIV transmission should receive his/her just deserts which in Guyana is incarceration for five years. A longer prison sentence is not recommended because it has not been empirically proven that longer prison sentences positively correlate with reduced recidivism.

Given that incarceration without rehabilitation hardly results in behavioural modifications, criminalization was further rationalized on the ground of rehabilitation. Rehabilitation should be given priority in the criminal justice system because as exemplified by the experiences of the Netherlands and Germany, a primary focus on rehabilitation has the potential to reduce incarceration rates. If rehabilitation is able to achieve its objective of reformation of the offender to prevent recidivism, the HIV prevalence and incidence rates could be reduced.

Unfortunately, to date rehabilitative programmes specifically tailored for perpetrators of reckless HIV are nonexistent, this needs to be addressed. The public health sector can assist with these rehabilitative programmes by providing HIV/AIDS counselling.

Guyana and many other Caribbean countries do not have HIV-specific criminal legislation and yet the region has experienced a significant increase in HIV prevalence and incidence in recent time. This phenomenon weakens the postulation that HIV-specific laws cause an increase in HIV prevalence and incidence. The time has come for Guyana to re-examine its national HIV/AIDS policies and it is hoped that during this re-examination sensitivity to persons living with HIV would be balanced with the rights of victims of reckless HIV transmission.

Further, it is hoped that the issue of whether Guyana should have HIV-specific laws to address HIV exposure and nondisclosure of seropositive status to sexual partner/s will be examined. Relative to HIV-specific criminal laws, it is imperative to note that the public health arguments that such laws increase stigma and deter testing were found to have no empirical validation. In jurisdictions with HIV-specific criminal laws, it appears that the issue was not with having the laws but the content of laws. These laws were harsh and based on unscientific findings; this does not have to be Guyana's experience if it chooses to create HIV-specific criminal laws.

The fields of criminal justice and public health cannot be dichotomized because a person who recklessly transmits HIV to another causes the engagement of both fields and as such; criminal justice and public health thinking and practice have to be reformed as we move forward. Epidemiological criminology can be very instrumental in this reformation since it provides the framework for merging the two fields. Criminal justice practitioners and public health workers will gain deeper insights into each other's field and will be able to integrate these insights into their own field contributing to the balancing of sensitivity to the HIV epidemic with victims' rights.

END NOTES

ⁱReckless HIV transmission means that as the accused knows that there is an unjustifiable risk of spreading HIV through sexual intercourse and still takes that risk which results in HIV being transmitted to the victim.

ⁱⁱPrevalence refers to the percentage of the population that is infected with HIV.

ⁱⁱⁱIncidence refers to new HIV infections.

^{iv}Refers to the percentage of the population aged 15-49 infected with HIV.

^vAlthough they obtained as much data as were available on actual punishment for the period of 1988-1998, pre- 1994 county Uniform Crime Reports data were unusable because they were not adjusted for non-reporting agencies. They were able to study all serious crimes with the exception of rape and motor vehicle theft due to the the variation of sexual assault legislation across states and the lack of a separate statutory category for the crime of motor vehicle theft.

^{vi}“Criminal Liability and Reckless Transmission of HIV in Guyana” (Singh, 2013) explicates the law relative to reckless HIV transmission in Guyana.

^{vii}The generalization of this study to the general public is limited because the sample population was college students.

^{viii}The generalization of this study to the general public is limited because the sample population was students from Princeton University.

^{ix}The study is subjected to some limitations, for instance, the possibility exists that the participants’ reactions to the vignettes may have been influenced by their instructions to behave as a juror as opposed to members of the general public. Further, the homogeneousness of the sample population of college students limits the generalization of the study. Thus, the researchers recommended that the study be replicated with a more representative sample population.

^xSome scholars argue that incarceration is not an appropriate way of reducing recidivism and that interventions are needed to alter high risk factors that result in recidivism (Andrews and Bonta 2006; Gendreau, Smith, and French 2006). According to those scholars, sanctions such as imprisonment have an insignificant impact on recidivism or are criminogenic (Andrews et al 1990; Gendreau, Goggin, and Cullen 1999; Andrews and Bonta 2006; Gendreau, Smith and French 2006; MacKenzie 2006; Lipsey and Cullen 2007).

^{xi}This is indicated in the studies by Andrews et al 1990; Gendreau, Goggin, and Cullen 1999; Andrews and Bonta 2006; Gendreau, Smith, and French 2006; Smith 2006; Smith, MacKenzie 2006; Lipsey and Cullen 2007.

^{xii}The study was subjected to limitations which cause its generalizability to be questionable, for instance, the sample comprised reoffenders from only fifteen states and the researchers employed very broad categorizations of offenses.

^{xiii}The US has a high recidivism rate, Lagan and Levin (2002) found that within three years 68% of former prisoners were arrested, 46.9% convicted and 25.4% re-incarcerated.

^{xiv}The research is limited in size and quality as regards comprehensions as to why a prison sentence may be criminogenic.

^{xv}Guyana has no HIV-specific criminal legislation so existing criminal laws will have to be invoked for criminal liability for reckless HIV transmission, that is, s50 Cap.8:01 Criminal Law (Offences) Act Guyana which states:

“Everyone who unlawfully and maliciously wounds or inflicts any grievous bodily harm upon any person, whether with or without any weapon or instrument, shall

be guilty of a misdemeanour and liable to imprisonment for five years.” This section is similar to s20 of the 1861 Offences Against the Person Act (OAPA) UK which has been successfully used to convict persons of reckless HIV transmission as elucidated in *R v Dica*, *R v Konzani* and *R v Adaye*. According to s20 OAPA: ***“Whosoever shall unlawfully [without lawful excuse] and maliciously [intentionally or recklessly] wound or inflict any grievous bodily harm upon any other person, either with or without any weapon or instrument, shall be guilty of a misdemeanour, and being convicted thereof shall be liable to imprisonment for not more than five years.”***

^{xvi}Although the study comprised a large sample of adult male prisoners, only a few prisoners serve sentences for more than six years. Consequently, the researchers experienced instability in estimating the effects of serving lengthy prison sentences. Further, because the sample population comprised adult male prisoners, the results may not be generalized to juveniles. Also, the estimation of the functional form of the relationship between time served and recidivism may have been biased by unobserved confounding variables.

^{xvii}However, this finding may be biased because offenders with the worst rehabilitative projections are incarcerated.

^{xviii}Further, the study by Killias and Villetaz (2008) did not affirm the claims that short custodial sentences have a negative impact on the integration into work or family for ex-offenders. The researchers concluded that there is not much variation in the effects of custodial and non-custodial sentencing on recidivism and that the claims about short term sentencing were exaggerated. They recommended that policy makers should not formulate criminal justice policies on the premise that short-term incarcerating is detrimental.

^{xix}Incarceration is an economic burden to the state and may have unfortunate psychological, social and economic consequences on offenders, their families and other offenders. Further, there is the potential to spread HIV to other inmates.

^{xx}The Financial Penalties Act (1981) in the Netherlands stipulates that a fine should be preferred over a custodial sentence and all offences may be sentenced with a fine, even those subjected to life imprisonment and when a custodial sentence is ordered instead of a fine, the courts are obligated to justify the sentence (Tak, 2008b).

^{xxi}Work and educational programmes are imperative to reducing recidivism. According to Sedgley *et al.* (2010), two possible causes of incarceration, lack of skill and lack of education, are addressed by work and educational programmes in prisons. Sedgley *et al.* (2010) executed a study to analyse the impact that education and two types of prison employment programmes had on recidivism for 4515 prisoners released from Ohio prisons over a ten year period. The analysis was done by using a hazard model and they found that prisoners who participated in work and education programmes were less likely to recede than those who did not participate in such programmes. Although the researchers employed a propensity score analysis and a survival model that permitted unobserved heterogeneity, the complete elimination of self-selection bias was not possible.

^{xxii}The studies depended on in the meta-analysis did have some challenges in that there were gaps and omissions.

^{xxiii}The study was limited to male inmates born in the Netherlands and as such cannot be generalized to female inmates and inmates from different jurisdictions. Also the study relied on the clinical judgement of a trained probation officer to measure treatment readiness as opposed to a validated instrument.

^{xxiv}In addition, the study by Harding (2014) suggested that a positive prison social climate appears to improve the outcomes of rehabilitation.

^{xxv}Nevertheless, the researchers contended that caution should be applied to the use of the criminal law as a behaviour modification intervention for persons living with HIV due to the concerns about the possible negative effects from the use of the criminal law.

^{xxvi}The study had several limitations, for instance, the method of obtaining data was via self-report and the data were not and for the most part could not be externally verified. Further, the generalizability of the findings is reduced because of the use of convenience as opposed to random sampling and also because criminal HIV exposure laws vary from state to state. They recommended additional research on the impact that HIV exposure criminal laws have.

^{xxvii}Most of the data relied on for this study pertained to developed countries because most of the studies executed were in developed countries and for the most part in North America, this served as a limitation to the study. The researchers recommended that more research is done as regards condom use errors and problems in a broader range of countries and among differing populations.

^{xxviii}Epidemiology is one of the branches of public health. It involves the study of factors which affect health and illness of populations.

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UPGRADING IN THE GLOBAL FURNITURE VALUE CHAIN- WHAT POSSIBILITIES FOR GUYANA?¹

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ABSTRACT

This study seeks to understand the global forestry-based furniture market in order to provide direction on upgrading opportunities for Guyana. The study follows the global value chains framework approach where emphasis is placed on the structure and governance in the global market compared with the local market. The study finds a low degree of value creation locally and a fragmented structure with a great deal of informality. To take advantage of opportunities, Guyana will need to pursue design-intensive and quality-driven upgrading on the basis of an industrial cluster and foreign investment strategy. However, this would require building productive capacity.

Key Words: Furniture, Upgrading, Forestry, Opportunities, Guyana

INTRODUCTION

In spite of its large natural resource base, Guyana faces a persistent manufacturing deficit. The country is also characterized by a narrow production and export structure that sees dependence on a few

primary products. Diversification has been the call of a number of strategy documents (National Competitiveness Strategy, Low Carbon Development Strategy and the National Development Strategy) aimed at increasing opportunities for economic growth. These are also supportive of value creation, recognizing the substantial increase in economic returns that could be derived forthwith. National strategies however, do not emphasize the mechanisms through which value creation can be attained.

In the forestry sector, the need for increased value creation is also imperative as reflected by the low level of output of value-added activities, in particular, wooden furniture products (FPDMC 2014). This study therefore sought to understand how increased value creation could take place within the industry. The study works within the context of global value chains and industry clusters, which are focused on developing local and global linkages, respectively, as a means of creating competitiveness.

From the perspective of global value chains, the study examines how the global market is structured and governed and how lead firms influence the ability of exporting firms from developing countries to be able to upgrade into high-value activities that will yield greater economic returns. Upgrading, according to Kaplinsky, Readman and Memedovic (2009, 25) invariably means “moving out of materials-transforming links in the chain into, or to complement these operations with, more knowledge-intensive activities in design, branding and marketing and the control of logistics”.

The cluster-based approach to industry organization, which is premised on building external economies of scale, is also examined as a mechanism to support value-creation through increased furniture production.

The study uses a combination of primary and secondary data to inform the analysis. Secondary data was obtained mainly through annual reports of leading furniture companies globally, and compilation and analysis of relevant published statistics, along with

other industry and policy documents. Secondary data was used mainly for the global market analysis. Primary data was collected through interviews with relevant public and private stakeholders in the forestry and furniture manufacturing sectors.

The key findings of the study is that there is scope for Guyana to increase its participation in global markets by focusing on design-intensive products. This is to be supported on a cluster-based strategy for manufacturing and contract manufacturing strategy for exporting.

The rest of the paper is structured as follows; the next section briefly explains global value chains (GVCs) and upgrading; the section that follows gives an overview of the methodology used for the paper; this is followed by a brief discussion of the structure of the forestry-based GVC; and then a highlight of key trends in the global market. Thereafter, the paper examines the structure of the local industry, examines Guyana's current participation in the global market and makes recommendations for upgrading followed by a discussion of strategies to achieve same. The paper closes with conclusion and policy recommendations.

UNDERSTANDING GVCs AND UPGRADING

“The value chain describes the full range of activities that firms and workers perform to bring a product from its conception to end use and beyond. This includes activities such as; design, production, marketing, distribution and support to the final consumer. The activities that comprise a value chain can be contained within a single firm or divided among different firms (globalvaluechains.org, 2011) (in Gereffi and Fernandez-Stark 2011, 4).

Gereffi and Fernandez-Stark (2011) point to the fact that the global economy *vis-à-vis* production and trade, is increasingly being structured around Global Value Chains (GVC). GVCs according to

UNCTAD (2013) refers to the “international production networks of firms investing in productive assets worldwide and trading inputs and outputs in cross-border value chains of various degrees of complexity. Such value chains (intra-firm or inter-firm, regional or global in nature) are shaped by multinational firms and account for some 80% of global trade” (UNCTAD 2013). Dollar (2017) indicates simply that GVCs “break up the production process so different steps can be carried out in different countries.” This has become a common phenomenon for many products according to Johnson (2017). Dollar (2017) posits that GVCs “provide new opportunities for developing countries to increase their participation in global trade and to diversify their exports. Without GVCs, a developing country would have to be able to produce a complete product in order to expand into a new line of business.” In fact, Inomata (2017) notes that Porter (1985) tailored the concept of value chains as a corporate strategy to support competitiveness at the firm level.

Gereffi (1999) and Humphrey and Schmitz (2002) pioneered the concept of upgrading to describe how countries can move from one stage to another in a GVC and therefore change their capacity for income and employment through trade.

Two schools of thought describe how upgrading takes place; the analysis of core competences; and the analysis of dynamic capabilities (Kaplinsky, Readman and Memedovic 2009). The literature on core competences emphasizes that firms innovate on the basis of concentrating on those attributes that allow them to distinguish themselves from other firms because they are rare and are difficult to imitate, while at the same time providing value to customers. The literature on dynamic capabilities argues that firms should have the capacity to learn and reconfigure their capacity to access competences (*ibid* 2009).

These schools of thought emphasize firm-level innovation. The innovation of the concept of value chain is that it shows how upgrading can be achieved on a systemic basis or where large groups of firms are linked together (*Ibid* 2009). Value chains show how

competitiveness is affected not only by the firm but also by the actions of its suppliers and buyers (*Ibid* 2009). It also looks at the role that lead firms play in enhancing systemic chain competitiveness (*Ibid* 2009). According to Humphrey and Schmitz (2002), GVCs emphasize cross-border linkages between firms in global production and distribution systems rather than local linkages.

Upgrading essentially means to “make better products, make them more efficiently, or move into more skilled activities” (Humphrey and Schmitz 2002, 1017). Bernhardt and Pollak (2015) argue that upgrading is evidenced by increased export market share and increased export unit values relative to the average at the industry level.

Humphrey and Schmitz (2002) in (Bernhardt and Pollak 2015, 4) identified four forms of economic upgrading:

- i) “process upgrading (increasing efficiency through the reorganization of production or introduction of new technologies),
- ii) product upgrading (the move towards more sophisticated or higher-quality product lines)
- iii) functional upgrading (increasing the range of functions performed or changing the mix of activities towards higher value tasks),
- iv) inter-chain upgrading (capitalizing on capabilities acquired in one chain to enter another, technologically more advanced chain).”

There is a nexus between the GVC and the industrial policy literature based on clusters; both emphasize systemic competitiveness. “[T]he building blocks of the global economy” is how they are described by Harvard researcher Valeria Giacomini (2017), essentially viewing

them as platforms for development. While GVCs emphasize global linkages between suppliers and buyers, clusters emphasize local linkages among producers. Clusters help to improve the individual and collective efficiency of firms in an industry (Bernhardt and Pollak 2015). It is a particularly useful strategy to help small firms to be able to access global markets and is common in several industries in various countries. Noteworthy, are the automotive industry in the Detroit area, ecotourism in Costa Rica, the high tech industry in Silicon Valley and digital media in Seoul (Hanna 2017). Clustering similar industries can help to develop complementary resources (*ibid* 2017).

In examining how local clusters can support increased access to foreign markets, Giacomini (2017) says, “many clusters are also driven by external forces, such as foreign direct investment and multinational corporations, which results in a connection that occurs through knowledge exchange on the local level or across wider cluster networks.”

METHODOLOGY AND DATA

The study follows the global value chains framework approach to understanding the global market and identifying how Guyana can upgrade its exports of forestry-based furniture. It follows a step-by-step analytic framework developed by the Duke University Centre for Globalization and Global Governanceⁱⁱ which requires:

- Outlining the input-output structure for the industry at the global and local levels,
- Conducting a geographic scope for the main segments along the chain,
- Assessing how the global industry is organized and governed,

- Outlining the policy and institutional framework for management of the local industry
- Understanding where the industry currently operates in the global market and outlining upgrading trajectories.

The study uses a combination of primary and secondary data. Secondary data was obtained through annual reports of leading furniture companies globally, and compilation and analysis of relevant published statistics, along with other industry and policy documents. Other sources consulted include; economic magazines, newspapers and websites of firms and institutions. Secondary data was used mainly for the global market analysis. Primary data was collected through interviews using a structured questionnaire with 17 public and private stakeholders in the forestry and furniture manufacturing sectors in Guyana.

Secondary and primary data were combined to conduct a SWOT analysis of the furniture manufacturing industry in Guyana.

INPUT-OUTPUT STRUCTURE OF THE FURNITURE GLOBAL VALUE CHAIN

Figure 1 shows the input-output structure for the global value chain for forestry-based furniture. It maps the various stages involved in the production of furniture from production of the primary material to distribution to consumers. Each stage represents a different business segment on the global market. Six stages are identified in the map: Forestry, Sawmilling, Lumber Dealing, Furniture Manufacturing, Marketing & Distribution and Recycling.

Timber (logs) and non-timber forest products (NTFPs) are the main outputs at the forestry stage. Logs may be exported in the primary form or may be transformed into lumber (sawn timber), dressed and undressed, wood and wood by-products such as medium-density

fiberboard (MDF) and plywood, chipboard, particleboard and cement board. Because of the utility of forest ecosystems, sustainable use of forest resources is a critical concern globally. Consequently, national and international guidelines and certification schemes exist to govern the industry. At the global level, the Forest Stewardship Council (FSC) certification scheme is the most popular sustainable harvesting certification scheme. Wood products derived from sustainably harvested wood may also be recognized as such through the “Chain of Custody” (CoC) Certificate (EC 2004).

Furniture manufacturing is broken down into product groupings that are structured around two dimensions: 1) the materials used in production and; 2) the end uses for which the products are designed. Based on raw materials, furniture would include wood (soft and hardwood), metal, plastic, upholstered and furniture of other types including rattan, bamboo, liane and cane. Based on end use (HS 2007 classification system), wooden furniture market segments generally include; bedroom (HS 940350), kitchen (940340), office (940330), and other furniture (940360) which may include outdoor furniture.

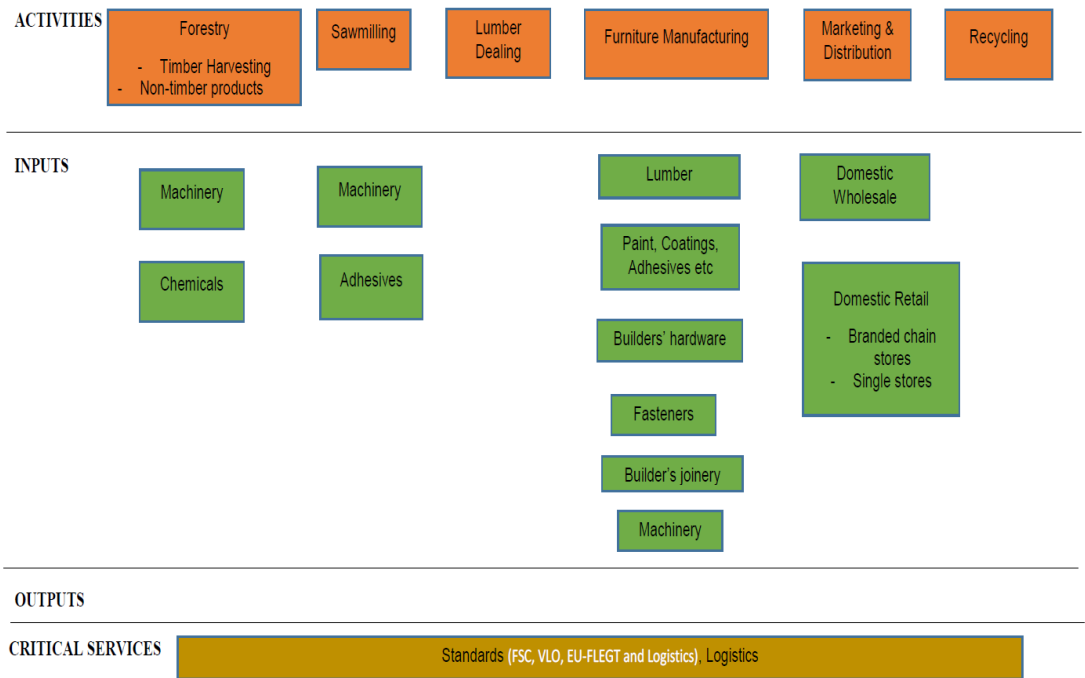
A distinction can also be made between market niches including craft and mass-produced items, high volume, price-sensitive, design-intensive and brand intensive (UNIDO 2003).

With the advent of technology, production time has reduced, mass production has therefore become a viable manufacturing strategy. This has given rise to flat-pack or ready-to-assemble furniture (CEPS 2014). Mass-produced flat-pack furniture are in the low- to medium-price markets because it has enabled what would have otherwise been a bulky product, to be shipped cheaply. Flat-pack furniture also reduces the risk of damage in storage and transportation (*ibid* 2014). Mainly medium to large sized firms, with vertically integrated operations, are involved in flat pack furniture due to the investments required in machinery, equipment and automation (CEPS 2014).

Firms undertake either wholesale or retail sale to other businesses or to final consumers such as households and institutions. With respect

to the latter, distribution can occur mainly through: multi-chain stores, independent and franchised stores, department stores and mass merchandisers and online and auction websites (Herman Miller 2014; CEPS 2014). Firms may also provide after-sales support services, such as customer support that can give them a competitive edge in attracting customers (UNIDO 2003).

Figure 1: Map of Global Value Chain for forestry-based



Source: Authors

OVERVIEW OF GLOBAL MARKET FOR FURNITURE

Global furniture trade

High income countries are the global leaders with respect to wooden furniture trade. In particular, the leading importing countries are the USA, France, Germany, UK, Canada and Spain. Noteworthy, more than one-third of all wooden furniture traded globally is imported by the United States and Germany (CEPS 2014). In 2014, this was equivalent to about 54%, not including rattan furniture. In 2017, the US was the leading importer in all segments of the wooden furniture industry (see *table 1*). For instance, in 2017, the US accounted for 34% of global imports of wooden furniture for kitchen and 36% of global imports of wooden furniture for office use. Only for imports of rattan and bamboo furniture these countries do not have a significant presence, as trade is dominated by Mexico, Jamaica, Singapore and St. Kitts.

On the export side, global trade is dominated by China, Germany, Italy and Poland. In particular, China in 2017 was the leading exporter of wooden furniture for office use, for bedroom use, furniture for use other than for bedroom and kitchen and furniture parts. For instance, it accounted for 31% of global exports of wooden furniture for office use and 42% of global exports of wooden furniture for bedroom use.

	Value of total exports (US\$Mn)	Top 5 exporters	Value of exports (US\$Mn)	Value of total imports (US\$Mn)	Top 5 importers	Value of imports (US\$Mn)
940330- Furniture; wooden, for office use	3,802.85	China Canada Italy Germany USA	1168.23 489.56 285.01 250.68 155.69	3,188.55	USA France Germany Canada UK	1166.85 172.93 152.55 138.46 126.73

940340- Furniture; wooden, for kitchen use	6,572.37	Germany China Italy Canada Denmark	2186.39 1594.45 879.99 300.85 210.46	5,736.03	USA France Netherlands Switzerland China	1938.86 520.26 408.58 349.35 214.14
940350- Furniture; wooden, for bedroom use	9,715.95	China Malaysia Poland Germany Turkey	4058.54 715.45 663.77 562.41 497.75	9,556.91	USA Germany UK Canada France	3997.54 725.50 669.61 361.47 311.49
940360- Furniture; wooden, other than for office, kitchen or bedroom use	22,715.12	China Poland Italy Germany Indonesia	6907.36 2117.31 1977.12 1324.99 774.67	22,595.06	USA Germany UK France Japan	6402.70 2017.40 1818.91 1304.37 1116.38
940381- Furniture; of bamboo or rattan	3.85	Philippines Singapore Kenya Mexico Guyana	3.23 0.50 0.08 0.02 0.01	6.59	Singapore Mexico Seychelles Saint Kitts Jamaica	3.35 0.71 0.41 0.40 0.38
940382- Furniture; of bamboo	120.59	China Germany Italy USA Denmark	88.42 10.48 4.26 2.16 2.00	116.0	USA Germany France UK Spain	34.08 14.91 13.87 5.52 3.63
940383- Furniture; of rattan	27.71	Indonesia Germany China Spain Israel	19.58 1.31 1.26 1.20 0.871	62.90	USA UK Germany Canada Spain	22.70 8.29 3.71 2.17 1.99
940389- Furniture of other materials, incl. cane, osier,/similar materials; other than	2,531.49	China Italy Poland USA Germany	1196.05 369.59 227.67 176.89 64.80	2,174.71	USA India Canada France Germany	978.07 125.34 84.79 72.46 70.22
940390- Furniture; parts	13,325.75	China Italy Germany Poland USA	3364.82 2202.09 1386.65 720.44 598.16	12,728.39	USA Germany UK France Canada	3539.99 1366.28 979.24 764.24 584.68
Source: Author based on UNCOMTRADE						

More than half (54%) of trade takes place intra-regionally. For example, in the EU approximately 75% of trade is intra-regional

(CEPS 2014). In NAFTA this is about 28%. In the Asia and Pacific region intra-regional trade accounts for about 38% of total trade (*ibid* 2014).

While high income countries dominate global trade, the participation of low and middle income countries has been increasing over the years (*ibid* 2014). Notable countries in this regard are China, Vietnam, Malaysia and Poland. In *table 1* above, except for kitchen furniture, China was the leading exporter of all other categories of wooden furniture. The increased participation of developing countries is linked to outsourcing by firms in developed countries. This has led to the development of export-oriented industries in these countries. For instance, Vietnam and Malaysia respectively export 90% and 80% of their production. The US is China's leading export market, with exports consisting mainly of flat pack furniture. In 2012 the US accounted for 39% of total exports from China (Yang *et al.* 2012).

The Philippines in 2017, was the leading exporter of bamboo or rattan furniture accounting for 84% of total exports followed by Singapore, Kenya, Mexico and Guyana. The leading import markets were Singapore, Mexico, Seychelles, Saint Kitts and Jamaica.

About 25% (26.2% in 2014) of global furniture trade is in parts, consequent to fragmentation of production. Global exports of furniture parts was worth US\$13,325.75 Mn in 2017. The top five leading exporters were; China, Italy, Germany, Poland and USA; whereas; the leading importers were the US, Germany, UK, France and Canada (see *table 1*)

Both Kaplinsky *et al.* (2003) and CSIL (2013) argue that furniture prices globally have been falling due to increased competition. In fact, CSIL (2013) notes that the excess manufacturing capacity, due to outsourcing, will put further downward pressure on prices.

Competitive landscape

Across the major markets, furniture manufacturing generally reflects a highly fragmented structure with a predominance of SMEs co-existing alongside both local craft-based firms and large volume producers (CEPS 2014). The large number of players makes the industry a highly competitive one. In the US market for instance, the top four players account for about 19.4% of the industry with individual operators having less than 5% market share (IBISWorld 2015). In the EU around 85% of firms (of a total of 184,000) are micro enterprises (fewer than 10 employees) and another 12% are small (10 to 49 employees). Together they account for 85% of employment and 77% of value added. In Italy there are over 20,000 manufacturing companies that are mainly SMEs (CEPS 2014).

Firms from developing countries usually concentrate on high-value, low-volume craft segments due to the lack of economies of scale (Kaplinsky *et al.* 2003; Xu, Cao and Hansen 2003); whereas, firms from developed countries concentrate on mass-produced, high volume, price-sensitive, design-intensive and brand intensive items (Kaplinsky *et al.* 2003). In some countries such as China, Malaysia and Italy, SMEs are organized into clusters as a means of overcoming cost disadvantages. They are therefore able to collectively produce high volumes.

Key competitiveness strategies of lead firms

Table 2 shows some of the leading furniture producers globally including; Ikea, Herman Miller Inc., La-Z-boy, Legget & Platt and Steelcase. These produce mainly wooden and upholstered furniture for residential and institutional users and operate at both the luxury and low end segments of the market. Most are headquartered in developed countries (Europe and America) but have multi-store operators with transnational operations. They also have fairly large operations with sales and revenue exceeding US\$1 billion. For all the

companies examined, noteworthy is their level of maturity and experience. Most of the companies have been established in the early 1900s and therefore have a long history of operating in the industry.

Table 2- Leading brand companies globally

Manufacturer	HQ	Product type	Global Presence	Revenue (US\$, 2014)	No. of employees
Herman Miller Inc.	US	Office furniture, equipment and home furnishings	Worldwide: Europe, Canada, the Middle East, Latin America, South America and the Asia/Pacific region	1.6 billion	
IKEA	Sweden	Designs and sells RTA furniture (such as beds, chairs and desks)	Owns and operates 351 stores in 46 countries in Europe Asia North America Oceania Africa	30.13 billion	139,000
La-Z-Boy	US	Upholstered home furniture	Retail residential outlets in the US and Canada. Manufactured and distributed under license in UK, Germany, Indonesia, Italy, Japan, Mexico, New Zealand, Turkey and South Africa.	2 billion	11,000
Leggett & Platt	US	Home Furnishings & Fixtures Industrial Materials	130 manufacturing facilities located in 18 countries	3.75 billion	19,000
Steelcase	US	Furniture, interior architecture, technology products for offices	80 locations in the Americas, Europe, Asia, Africa, and Australia. Sales through 650 independent and company-owned dealers	2.9 billion	11,000
Hunter Douglas	Netherlands	Manufacturer of window coverings and architectural products	Owns 167 companies with 68 manufacturing and 99 assembly plants and marketing organizations in more than 100 countries	2.45 billion	17,000
Natuzzi	Italy	Upholstery and Accessories	11 factories in Italy, China, Brazil, Romania. 274	447.9 Mn	6,048

			Stores in major cities Athens, London, Paris, etc.		
Okamura Corporation	Japan	Office furniture, upholstered, metal etc.	25 subsidiaries and companies. Operates in China, Singapore, Japan	9,454 Mn yen	2,834
Source: Authors' compilation based on data obtained from companies' website and Wikipedia					

The following are the strategies that lead firms use to enhance their competitiveness.

Vertically integrated and transnational operations: Lead firms have vertically integrated operations and coordinated supply chains from raw materials to distribution. Operations may span several countries. For instance, the Nolte Group of Germany that produces wooden furniture, controls the supply chain from timber production right through to assembly in customers' home. Companies may also have subsidiary companies providing support services. Italian Natuzzi has 11 factories in Italy, China, Brazil, Romania. Herman Miller Inc. has operations that span Europe, Canada, Middle East, Latin America, South America and Asia.

Outsourcing of manufacturing: Outsourcing is an important trend among leading firms to cut costs and increase profitability. Firms outsource manufacturing while they concentrate on managerial competence, effective distribution and other high-value activities such as marketing, product design and customer support (CEPS 2014) (Kaplinsky, Readman and Memedovic 2009).

Concentrated buying in final markets: Within final markets there is concentration of buying. For instance, Kaplinsky, Readman and Memedovic (2009) provide the example of a UK company that buys high-value garden furniture from Ghana (*iroko*), Vietnam (teak), China (teak) and Eastern Europe (hybrid of wood and metal). The buyer designs, sources suppliers and distributes furniture in Europe to garden centers and general furniture stores (*ibid* 2009).

Kaplinsky *et al.* (2003) identifies three categories of furniture buyers globally based on their degree of outsourcing:

- 1) *Multi-store retailers*; are national and international firms that may or may not sell branded products. These firms tend to purchase large quantities and to source directly from producers because cost and volume are critical. An example is IKEA which sources from 2,000 suppliers in 52 countries. Branded firms may design in-house and focus on product development.
- 2) *Specialized buyers*; are intermediaries and therefore buy from a large number of suppliers (as much as 1500), mainly wholesalers in several countries with onward-selling to less price-sensitive and more design conscious retailers. For instance, German Steinhoffⁱⁱⁱ assembles and sells in Europe, furniture sourced from Asia.
- 3) *Small scale retailers*; with single or limited retail outlets buy small quantities typically from wholesalers in producing countries or import agents. They sell in design-conscious markets.

Most buyers use developing country suppliers but large retailer's source more than 85% of their supplies from middle and upper-income countries such as China, Vietnam and Malaysia (Kaplinsky *et al.* 2003). A number of factors influence their selection of suppliers including primarily; quality, location, standards, delivery capacity, volume capacity, design, manufacturing and finishing infrastructure, easy container shipping access and swift feeder transport (*ibid* 2003). For instance, in a study of furniture exports from South Africa, UK buyers ranked Ghana suppliers of garden furniture above South Africa, China and Vietnam suppliers on quality and delivery measures. Standards (and certification) are noteworthy in the selection of suppliers. Relevant standards in the industry include ISO 9000, labour standards (SA8000 of Social Accountability International) and environment standards- ISO14000 quality standard for processes, a wood-sector specific standard (Forestry Sustainability Council, FSC), which relates to environmental practices throughout the chain. Buyers may also consider child-labour provisions and environmental standards as minimum criteria for suppliers bidding for contracts (*ibid* 2003). FSC and ISO 9000 are of

particular concern to specialized buyers. Multi-store retailers consider all standards of equal importance. Small scale retailers are more concerned with FSC (*Ibid.* 2003).

Capacity building downstream: Global buyers, particularly multi-store retailers and specialized buyers, may provide support to manufacturing firms in order to allow them to increase their supply capacity. Support may include; providing training, finance to facilitate production expansion, assisting with the local supply chain and assistance for upgrades.

Process and product innovation: Leading companies have focused on product and process innovation (CSIL 2013; Kaplinsky, Readman and Memedovic 2009). The introduction of mass-produced (flat pack or ready to assemble) furniture, championed by IKEA (introduced in the 1960s) reflects an innovative practice that has increased the reach of the furniture industry globally and has reduced shipping costs. Ikea^{iv} has also introduced automated furniture manufacturing and was the pioneer for the use of MDF.

Process innovations have been introduced to enhance productivity and reduce waste such as Computer-numerically-controlled (CNC) woodworking machinery, Computer-aided design and manufacturing (CAD and CAM), and flexible manufacturing systems (FMS) (Kaplinsky, Readman and Memedovic 2009; Duke 2013)

Operational excellence: Firms also use various quality management systems that can improve productivity such as total quality management (TQM), statistical process control (SPC), business process reengineering (BPR), supply chain management (SCM), lean manufacturing, just-in-time (JIT) manufacturing, Kaizen (change for better), and green manufacturing practices. Herman Miller proclaims itself as one of the first companies to embrace the concept of lean manufacturing as a means of improving both product quality and production and operational efficiency. (Herman Miller 2014).

Retail presence: Because lead firms are less involved in

manufacturing, retailing is more concentrated and is increasingly being dominated by chain stores. Ashley Furniture Industries sells furniture through two distribution channels: independent furniture dealers and more than 520 Ashley Furniture HomeStore^v retail furniture stores, which are independently owned and operated by licensees in the United States, Canada, Mexico, Central America, and Japan. Steelcases' furniture are sold through 650 independent & company-owned dealers.

Some firms operate only in the high price end of the market. For instance, MASCO Corporation out of the US that produces residential furniture.

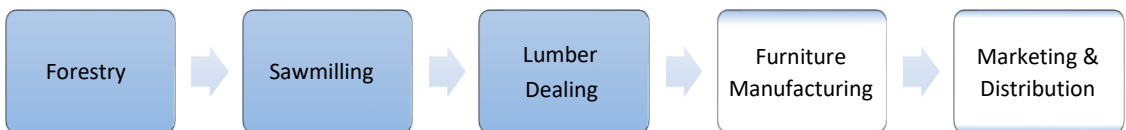
Design capacity: Lead firms augment their capacity to produce unique designs either through investment or by working with a network of outstanding designers, architects and engineers. For instance, Vietnamese AA Corporation^{vi} works with over 70 architects, engineers and designers. French Heritage^{vii}, a famous European furniture brand known for its designs, works only with professional designers to produce unique furniture pieces which are handcrafted. Knoll^{viii} furniture manufacturers, based in the US sponsors scholarships and other activities to support modern architecture and design of furniture. The company has worked with over 130 designers of furniture. Vitra^{ix}, a Swiss family-owned furniture company works with internationally renowned furniture designers.

Human Resources: Firms that are design-driven work with outstanding designers. Firms that are innovation-driven invest in Research & Development (R&D) and work with engineers. For instance, Kinwai^x has 10 to 50 R&D staff and 10-50 engineers. This suggests that firms hire the skills in the areas that they want to develop a competitive edge in the market.

LOCAL VALUE CHAIN ANALYSIS

Figure 2 is a replica of the global value chain represented in **figure 1**. However it is meant to show the generic value creation process for furniture manufacturing to illustrate the degree of value creation in Guyana. It shows that Guyana’s participation is stronger at the lower stages where forestry takes place as well as primary value creation through sawmilling and lumber dealing. However, secondary value creation activities are minimal, reflected by the fading colour of the latter two stages of the chain. 90% of the activities within the chain are concentrated at the first three stages, compared to 10% for the other two stages (FPDMC 2014).

Figure 2: Furniture value chain



Source: Authors

Though the economic contribution of forestry has declined marginally, the sector remains important, accounting for approximately 2% of national GDP and 11% of agriculture GDP in 2017 (BoG 2017). The key outputs of the forestry industry are timber which include; logs, round wood (Poles Posts and Spars), Sawn wood, Split wood (Shingles and Paling Staves) and Fuelwood (Charcoal and Firewood). Annual timber production ranges from 370,000 m³ – 450,000 m³. Logs account for over 70% of total output, followed by sawn lumber, round wood and plywood. Non-timber forest products (NTFs) are also produced including: Wattles, Manicole Palm, Mangrove Bark and Latex (Balata). These are used to produce nibbi furniture (FPDMC 2014).

30-50% of output of logs are exported. Guyana’s main export markets

are in Asia/pacific and Europe for logs and undressed lumber; USA and the Caribbean for dressed lumber and split wood; North America for round wood such as piles and plywood (*ibid* 2014). In 2015, 99.83% of total exports of logs went to Asia while the remainder went to the Caribbean (FPDMC 2015).

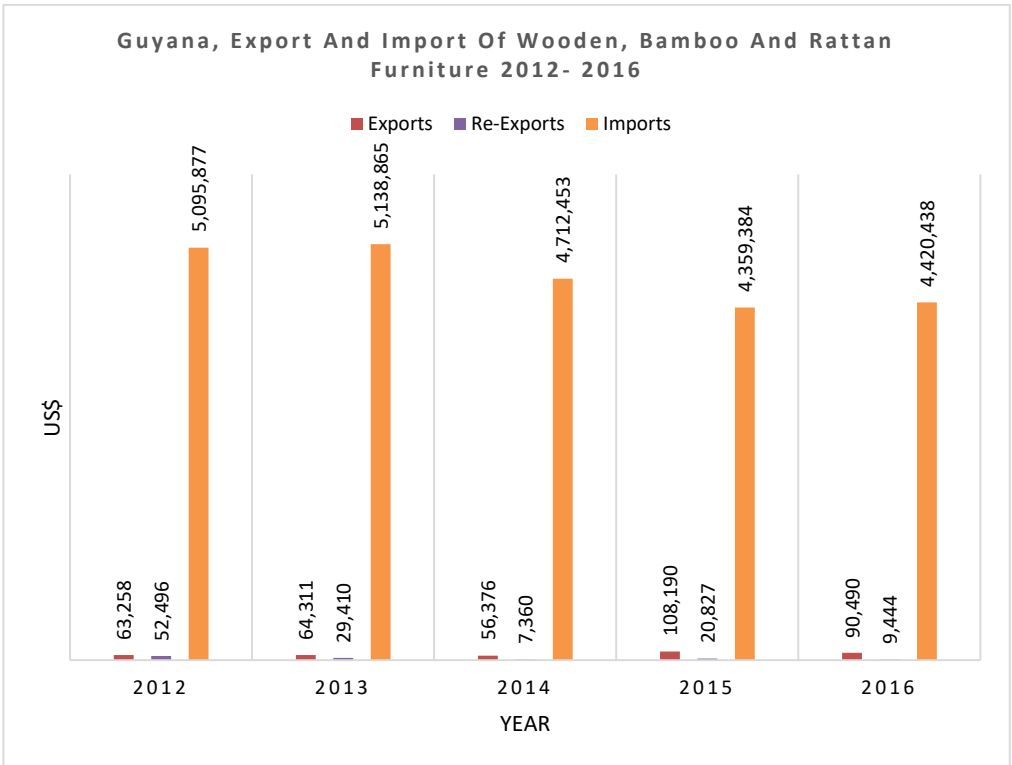
Furniture manufacturing is undertaken by a few large enterprises along with many small, largely informal enterprises, described by the NDS (2000) as “bottom house” establishments. Some of the main furniture manufacturers in the industry are: AH&L Kissoon/ Modern Industries Ltd., Guy-America Furniture, ND&S Furniture and the Guyana Furniture Manufacturing Ltd. The large producers tend to have vertically integrated operations from sawmilling to manufacturing, some as far back the chain as logging. A notable example is AH&L which internalizes every activity including kiln drying its own wood through its own solar power facility.

The distribution of finished furniture occurs on a number of levels: including national retail through chain stores such as Courts, ND&S Furniture Stores, Lucky Dollar and Singers; retail to individual consumers and institutional buyers such as government agencies and hospitals; export; and wholesale to other furniture stores (such as courts).

Furniture manufacturing serves mainly the domestic market. While wood products account for about 6% of exports, furniture account for less than 1%. Generally, the value of exports of wood range from of US\$40 Mn - US\$60 Mn (FPDMC 2014) while exports of wooden, rattan and bamboo furniture, on average generate less than US\$1 Mn in export earnings (see *figure 3*), with export of kitchen furniture and other wooden furniture as the main export segments. In 2017, total exports of wooden furniture amounted to US\$90,490 compared with US\$42,368,741 in exports of wood. Further, over the period 2005-2013 the furniture industry exhibited a consistent decline in exports, except for a peak in 2008 when exports reached US\$1.15 Mn. What is exported goes primarily to traditional markets in the US, EU and CARICOM. As figure 3 indicates, however, Guyana has a trade

deficit for wooden furniture.

Figure 3: Exports of furniture, 2012-2016



Source: UNCOMTRADE

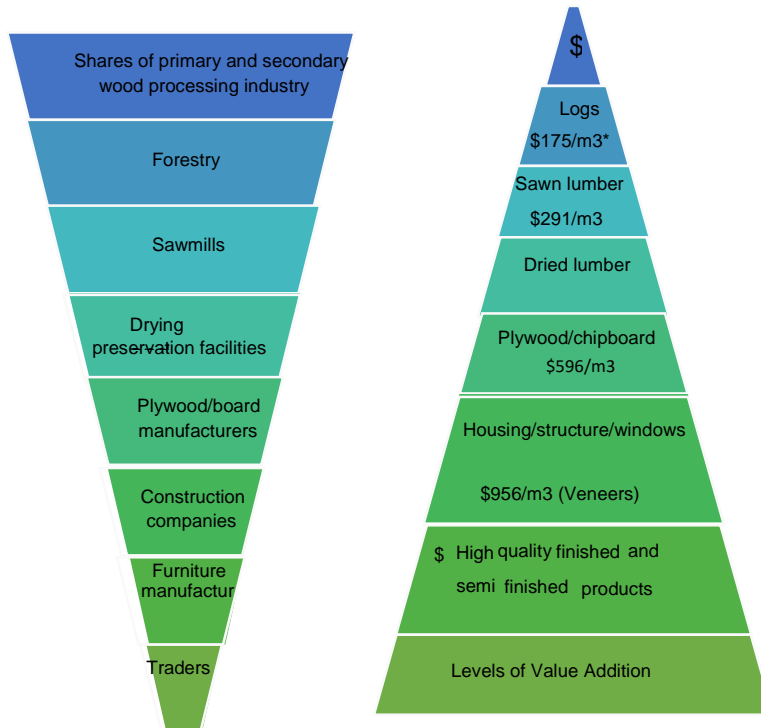
UPGRADING IN THE GLOBAL MARKET

Strengths and opportunities for upgrading

Figure 4 below, adapted from UNIDO (2003) shows value addition in the forestry sector. As the level of value addition increases, so does the price for items, moving from US\$175/m³ for logs for instance, to

US\$956/m³ for veneers.

Figure 4: Value addition in the furniture industry



Source: adapted from UNIDO, 2003

* Average of prices for Greenheart, Purple Heart and Mora woods obtained from the FPDMC (2014)

This points to the potential for higher economic returns that Guyana can derive from engaging in high-value activities. Colombia, Philippines, Indonesia, Mauritius, Mexico, Slovenia, Czech Republic, India, Poland, China, Egypt, Vietnam, Romania and South Africa were all able to upgrade economically in the wood furniture GVC (Bernhardt and Pollak 2015).

The projected continued growth in the wood and wood products sector including furniture, points to the opportunities for Guyana

(CSIL 2013). According to the FAO (2007, 2) “under a conservative scenario wood and wood products trade in the international market will reach over US\$ 450 billion in 2020.” Growth in demand is linked to key factors that make it sustainable. Firstly, furniture demand shares a symbiotic relationship with the real estate market. Secondly, Demand for furniture is income elastic. Therefore consumers will purchase less when incomes are lower. This is reflected by the turnaround in global demand during 2012-2013 following improvements in the global economy (CSIL 2013b). Demand is also increasing in developing and emerging markets such as China (CEPS 2014). The largest growth in demand (8%) is expected to take place in China (CSIL 2014). In Russia, the office furniture market is estimated to grow at 10.08 % (CAGR) over the period 2013-2018.

Unlike large manufacturing markets such as China and Vietnam that offer scale, Guyana has the potential to compete on the basis of access to raw materials. China and Vietnam while they are large manufacturers rely significantly on imports to obtain raw materials. With its large forest coverage Guyana has a number of both wood and non-timber forest products that can be used for furniture making, the vast majority of which remain under used. Guyana can therefore carve out a niche for itself by focusing on wooden furniture and wooden furniture parts. While growth is taking place in all segments of furniture, UNIDO (2003) argues that wooden household furniture continues to be a lucrative segment in both the US and EU markets. In the EU demand is particularly for wooden non-kitchen furniture (CEPS 2014). There is also growth in demand for outdoor furniture (Kaplinsky, Readman and Memedovic 2009).

Guyana also has a number of strengths that can support upgrading into high-value activities. These are summarized below:

- Government support through fiscal and financial incentives from harvesting to manufacturing such as;

- “Exemption from customs duty of a wide range of forestry and sawmilling equipment-skidders, and saws, chain saws, saw blades etc.
 - Exemption from customs duty on a wide range of wood working equipment-lathes, sanders, routers, saws
 - Exemption from duties and taxes for items covered under an investment agreement.” (FPDMC, 2014)
-
- Labour is low-cost with vocational-level training in furniture manufacturing available through the Government Technical Institute.
 - A local framework of guidelines for sustainable management of timber harvesting that may be appealing to international buyers. The industry complies with international standards such as FSC, Chain of Custody and, EU-FLEGT. Further, Guyana has a low rate of deforestation (less than 0.08%) and currently only uses 40% of allowable timber harvesting quantities. Furniture manufacturers must comply with relevant Guyana National Bureau of Standards and Environmental Protection Agency regulations in their manufacturing process and are subject to biannual inspections to assess their conformity.
 - Proximity and economic trading relationship with key import markets, including the US and EU.

Weaknesses and threats to upgrading

There are three significant threats to increasing value-creation *vis-à-vis* furniture and furniture parts. The first relates to the increased use of MDF wood in furniture production by leading companies globally. This is an attractive material because it makes furniture less bulky to export. **Secondly**, is the fact that globally, growth is faster among other furniture and upholstered furniture (CEPS 2014). Further,

Dasmohapatra (2014) and ABTV (2013) make mention of shifting consumer tastes and preferences in favour of leather furniture, among other considerations.

Another threat is from the high exportation of raw wood from Guyana and the arrival of foreign companies not oriented towards value creation locally. As such, access to quality furniture grade wood is a challenge. There is also competition for logs with other industries such as construction. The furniture industry in fact, would be a smaller user of domestic timber and would therefore have little influence over production. Also of concern is effective monitoring of timber harvesting to prevent harvesting of green lumber and illegal exportation of timber (Bulkan 2012).

Several other impediments to value creation exists, spanning the entire value chain, from access to raw materials right through to distribution and also including access to critical services. These are summarized below:

- Poor technology usage and obsolete equipment (NDS 2000). Generally, furniture manufacturing is a low-technology sector (UNIDO 2003). However in Guyana it remains largely labour-intensive (sanding, framing, assembling) with poor technology usage and obsolete equipment. Manufacturers use mainly basic machinery. One reason for this is the absence of a licensing body for operators of heavy duty machine. Further, current licensed operators of heavy duty machines are attracted to the gold industry because of higher commodity prices.
- Energy and electricity costs. While Guyana has recently discovered oil. In the interim, energy costs, reliable access to electricity, line losses, and administrative weaknesses in obtaining electrical connections remain challenges. It takes 109 days to get an electrical connection (World Bank 2014).
- Access to loans and finance. While large companies have a line of credit and obtain loans from

commercial banks for start-ups; small companies rely on their own financial resources for start-up. This is in spite of the fact that in addition to the Institute of Private Enterprise Development (IPED), government has created micro financing schemes to improve access to financing such as the US\$10 Mn micro and small enterprise development project currently being managed by the Small Business Bureau (Ministry of Tourism, Industry and Commerce n.d.).

- Pervasive informality (“bottom house workshops”). This may be a signal of insufficient oversight in the industry. It may also point to other weaknesses such as access to finance. Informality affects both legitimate and informal enterprises negatively. Informality means that there is under-representation of one fragment of the industry in the advocacy work of industry associations. It also affects access of businesses to services provided to legitimate business enterprises. Informal enterprises also work in less productive environments and may be unable to hire skilled labour needed. Legitimate business enterprises have also noted them as competitors perhaps because of their ability to offer more flexible prices for products.

- Taxes. In Guyana taxes payable by companies include: Corporation tax (27.5% for non-commercial companies and 40% for commercial companies) (See Guyana Revenue Authority).

- Shipping logistics can affect the desire to export. Port Georgetown is the only port from which shipments can be made. Because of the small size of the port a limited number, and mainly small vessels can dock. This reduces the availability of containerized units and increases the cost of shipping. The administrative process for exportation is also tedious and bureaucratic.

- No tertiary level training is provided for furniture manufacturing. This is quite unlike developed countries where it is possible to obtain degrees in furniture design and manufacturing.

- Absence of an industry-specific strategy for value creation within the sector.

Recommended upgrading trajectories

There are four trajectories through which upgrading can take place: product, process, functional and end market upgrading (Gereffi 2005). These are supported by three upgrading strategies in the global furniture market (UNIDO 2003):

- Firstly, Original Equipment Manufacturing (OEM) where low-cost furniture and components are produced by high-speed machines (process upgrading). Furniture produced will be marketed in the low price segment of the industry.
- Secondly, Original Design Manufacturing (ODM). Where the focus is on product upgrading through design of original products. It is the strategy of leading exporters such as Malaysia and Thailand.
- Original brand manufacturing (OBM) where exporters move into new functions in the value chain through the development of their own brands. This strategy is in the high end of the market.

Upgrading in Guyana must be centered on producing hardwood furniture, wooden joinery products as well as rattan and vines or combining them to produce unique furniture pieces; as well as focusing on higher-value species of wood such as Mahogany. As Kaplinsky *et al* (2003) noted in the case of South Africa, a first and important step in the upgrading trajectory is being able to concentrate on areas where firms have distinctive competences. Kaplinsky, Readman and Memedovic (2009) also note that wooden furniture is a resource-intensive industry which provides opportunities for many tropical countries where timber grows rapidly and cheaply. South Africa after losing IKEA in 2000 concentrated on using the Saligna (eucalyptus) species which had the advantage of being able to take

colouring well and could be treated to look like just about any species of wood, including threatened wood (Kaplinsky *et al* 2003).

Ultimately, Guyana should not focus on standardized items driven by price competitiveness (OEM strategy) but rather, seek to position itself in a higher niche by producing more sophisticated products, especially in light of downward pressure on prices globally. Low price high-volume items are based on process upgrading. Countries from Asia, notably China but also Vietnam, Malaysia and Indonesia have used this strategy and would therefore be Guyana's competitors. Further, unless one has significant competitive advantage in this strategy, it is not sustainable. IKEA in 2000 moved out of South Africa for Eastern Europe and East Asia in search of lower prices (*ibid* 2009).

Craft-based and design-intensive products (ODM strategy) represent a higher-value activity than producing standardized items. This is precisely why global buyers provide assistance for only process capabilities and explicitly exclude the design sphere (*ibid* 2009). One private initiative, Wabbani, which creates unique furniture and furnishing using materials and designs indigenous to the Amerindian culture, is a notable stride in this regard (Stabroek News 2018). The company ultimately aims to solidify a business relationship with IKEA (*ibid* 2018).

The example of South Africa shows the importance of not remaining focused at the bottom. South Africa “concentrated on the large batch production of standardized items, and therefore failed to develop the capacities to design and change their product portfolios” (*ibid* 2009, 15). An Egyptian furniture cluster (Domiatt) produce design and quality-intensive hand-made sitting-room furniture (Kaplinsky, Readman and Memedovic (2009). Large firms generally allow manufacturers to design garden furniture (*ibid* 2009). However, manufacturers must be able to consistently generate new designs every year (*ibid* 2009). Garden furniture however, “provides little scope for novel design or for positional branding and quality” (*ibid* 2009, 29).

While the ODM strategy is a higher-value activity to OEM, the experience of some successful firms and countries show that they started with OEM before pursuing ODM. An example is Italian firm Mattiazzi^{xi} which worked as a subcontractor for other brands before moving on to developing their own brand. Similarly, Malaysia has taken advantage of its wood supply and has shifted from producing general products to emphasizing its one uniquely designed furniture in the middle to high priced furniture segment. Ghana also followed a similar strategy. Ghana during the 1980s produced furniture for several large household furniture brand-name manufacturers in the UK. By 1992 the company introduced its own product line of garden furniture under its own brand name, becoming a niche supplier of high quality FSC furniture and discontinuing contract manufacturing. Its UK affiliate provided marketing and distribution service (Kaplinsky, Readman and Memedovic 2009).

Guyana also needs to upgrade its markets by consolidating its exports to take advantage of demand trends in its traditional export markets in the US that remain leading consumers globally as well as Brazil (an emerging market) and CARICOM. These markets are also in geographical proximity.

The fact that more than 50% of global trade takes place within regions points to the role of trade policy in increasing market access. Guyana is party to a number of preferential trade agreements that support market access with its major trading partners including the UK, Canada, US and CARICOM. Given preferential access to CARICOM and geographical proximity, another leading paradigm in global trade, there is clearly under-exploitation of trade within CARICOM especially demand in the tourism industry, particularly given Guyana's large forestry resources relative to other CARICOM countries. Further, in traditional markets such as the EU Guyana can take advantage of the fact that hardwood furniture accounts for a marginal share of domestic output coupled with the demand for design-intensive products and outdoor furniture.

Strategy mechanisms to support upgrading

UNCTAD (2013) argues that the benefits of GVCs will only be realized with prudent proactive policies including the “right overall development strategies.” In this regard, two overall development strategies are being proposed; the first seeks to create local linkages while the second seeks to create global linkages.

Cluster-based industrial strategy

Upgrading will best be achieved on the basis of export-oriented clusters driven by a value chain approach. This can serve to integrate all SMEs under one cloak so that a single manufacturing unit is essentially created that works towards achieving a common goal. This would allow for achieving vertical and horizontal efficiency (Kaplinsky *et al.* 2003) (Morris and Staritz 2014) *vis-à-vis* easier provision of critical services and easier redress to industry and chain-specific weaknesses (Kaplinsky *et al.* 2003). As an example, clusters can promote investment in common infrastructure such as Kiln drying facilities. Morris and Staritz (2014) note that clusters possess the range of services necessary to bring a product from raw materials to completion for the world market and are capable of innovation, as also supported by the case of Italian industrial districts.

Industrial clusters are present in a number of leading markets including China, South Africa, Italy and Malaysia. As a result of organizing into industrial furniture districts Malaysia was able to transform its export structure from primary commodities to value-added products to such an extent that it has witnessed growth of 20% in its furniture industry, with furniture becoming the leading sub-sector in the woods industry (Ratnasingam 2011). Further, the country has been able to withstand competitive pressure from cheaper nations in Asia (*ibid* 2011). China similarly organized its industry into clusters and has been able to see double digit growth in production and exports every year since the 1990s (at which time, the country was not even ranked among the top ten leading exporters of furniture (CSIL 2014).

Foreign Investment/ Contract Manufacturing strategy

All of the countries that are leading producers of furniture have benefitted from foreign investment in the domestic market or have secured contract manufacturing arrangements with global buyers. This is supported by UNCTAD (2013, iii) which notes that “countries with a higher presence of FDI relative to the size of their economies tend to have a higher level of participation in GVCs and a greater relative share in global value added trade compared to their share in global exports.” Guyana can similarly seek to attract a foreign investor to either open up a manufacturing base or it can pursue arrangements as contract manufacturers. The latter is more practical in light of the trend towards outsourcing of manufacturing. However, the former would be a less costly strategy for the country to pursue. Nevertheless, both will ensure that there is a guaranteed market for outputs.

At the local level there are contract manufacturing arrangements with retailers such as Courts purchasing furniture on a contractual basis from small suppliers. What is being recommended here is a similar strategy with global buyers in order to facilitate an effective means of tapping into global markets. According to Gereffi and Korzeniewicz (1994 in Kaplinsky, Readman and Memedovic 2009, 46-47) “the furniture industry is an example of a buyer-driven value chain, which means that manufacturers are subordinate to buyers. The future of the local furniture manufacturer, therefore, will generally be tied closely to that of its customers”. Marshall had envisioned that with industrial districts “substantial trade is transacted between buyers and sellers, often entailing long-term contracts or commitments.” (Humphrey and Schmitz 2002, 1019)

Under contract manufacturing arrangements there is scope to receive technical assistance (Kaplinsky, Readman and Memedovic 2009). This is because, while most global leaders internalize design, in the interest of consistent and quality products, they may work with suppliers by “setting quality, price and delivery targets and checking performance compliance; providing direct training to suppliers;

providing finance to facilitate production expansion; working directly with suppliers to upgrade their performance; and assisting suppliers with their own supply chain” (*ibid*, 28).

CONCLUSION AND POLICY RECOMMENDATIONS

Guyana is still a fairly young economy, having attained only 52 years of independence; and continues to be characterized by a high reliance on primary products. This is clearly evident in the forestry sector where secondary value creation is virtually non-existent relative to the size of production and exports of primary wood products. This persistent reliance on exports of primary products must give way to increased value creation activities for the benefit of increasing the social and economic wellbeing of the populace.

This study emphasized a global value chain and cluster-based approach to increasing value creation in Guyana influenced by the literature on core competences and dynamic capability. These approaches are specifically geared towards understanding how SMEs can be inserted into global markets and reap benefits as do larger firms. As in Guyana, SMEs are prevalent in other developing countries, including leading manufacturers of furniture and furniture parts. However, these are organized into industrial clusters and largely benefit from contract manufacturing through outsourcing by global lead firms such as IKEA.

Guyana can follow these strategies, in furniture, as well as other industries. However, Guyana will require product, process and end market upgrading. Noteworthy, Guyana can explore lucrative niches in the global market, such as; design intensive products, demand for outdoor furniture in the UK and products based on high-value wood species. As evident in leading manufacturing countries such as Malaysia, a strong degree of collaboration between the public and

private sector would be required to achieve any upgrading within the industry. In fact, public-private coordination is fundamental to a cluster-based strategy. In particular, government and the private sector must work together to develop selective interventions and a target-based industry-specific strategy. According to Ratnasingam (2011) apart from factor inputs, government intervention was the other main driver of growth in the Malaysian furniture industry.

In addition to the proposed strategies the following policy mechanisms are also recommended:

1. Building productive capacity of firms by lowering tariffs on imported parts and machinery;
2. Increasing access to finance which may help to reduce informality in the industry;
3. Augmenting capacity for training in furniture designing within current vocational institutions that focus on furniture manufacturing;
4. Continued and urgent emphasis on wider infrastructural development in areas of relevance to the industry such as creation of a deep water harbour;
5. Greater push for energy-related projects being developed to reduce energy costs;
6. Augment capacity of firms for standards compliance along the entire value chain through technical capacity building of relevant industry associations.
7. Augment research and development capacity within relevant institutions such as the FPDMC to; 1) stay ahead of changes in the global market, specifically the demands of various buyer types 2) market Guyana and target global buyers and; 2) to facilitate better understanding of the local market, specifically the factors leading to informality.

ENDNOTES

ⁱThis paper is a revised version of what was presented at the *Guyana 50th Anniversary Academic Grounding Working Group Symposia Series*, Arthur Chung International Convention Centre, Liliendaal Guyana, May 24, 2016.

ⁱⁱSee also Gereffi and Fernandez-Stark (2011)

ⁱⁱⁱSee <http://www.steinhoffinternational.com/>^{iv}Refers to the percentage of the population aged 15-49 infected with HIV.

^{iv} http://www.ikea.com/ms/en_JP/about-the-ikea-group/company-information/

^v <https://www.ashleyfurniturehomestore.com/>

^{vi} <http://www.aacorporation.com/>

^{vii} <http://www.frenchheritage.com/>

^{viii} <http://www.knoll.com/>

^{ix} <https://www.vitra.com/en-lp/home>

^x<http://www.kinwai.com.cn/getinfo.php?t=148>

^{xi} <http://www.mattiazzi.eu/>

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JAMAICA UNDER SIEGE: A POST INDEPENDENCE STRUGGLE FOR ECONOMIC IDENTITY IN 21ST CENTURY POLITICS

Leroy A. Binns

ABSTRACT

The contents overleaf highlight Jamaica on an excursion in the hunt for political and economic independence.

Though unintended, a shift from colonialism was substituted with subordination to American financial institutions that enabled Washington to express disgust in retaliation to the island's embrace of non-alignment with a dose of consequences illustrated by IMF conditionalities.

The paper cites illogicalities to the institution's long standing economic policy model. It relays restrictive effects frequently in conflict with self-reliance such as monetary constraints attributed to IMF regulations that restricted the country to a perpetual state of stagnation amid changes in national leadership. Case in point is a reconnection with the lending agency with which ties were severed in 1995, first for purposes of consultancy followed by a financial request that yielded identical aftershocks.

In a global economy, the collision course at the core of the discussion is impacted by a worldwide recession and natural disasters that heighten anxiety with regard to fiscal obligations and ultimately, independence. Nevertheless, albeit intimidating, as Jamaica inches

towards its 55th year of independence the article suggests; sacrifice, self-determination, and mutually beneficial cooperation as cornerstones towards the coveted milestone of self-sufficiency.

Keywords: IMF policies, democratic socialism, capitalism, dependency

INTRODUCTION

Jamaica, the home of Rhodes scholar, trade unionist, politician and academic Dr. Trevor St. George Monroe; the late reggae icon Robert Nesta Marley; and track and field legend Usain St. Leo Bolt, is also a country of chronic fiscal turmoil.

What began as an ideological showdown and by extension a display of Cold War politics between a superpower and a satellite state would soon be advanced by the utilization of a Bretton Woods agency - the IMF.

Whereas domestic miscalculations have interjected the crisis, they pale in likeness to the overarching manifestation of the foretold entity. The establishment's singularity is founded on the presumption that she is the ultimate source of short term financial relief to struggling economies and therefore the arbiter to economic restoration.

Herein is an exposition on reliance and its repercussions countered by a less effective prescription of local medications and a recipe for social action.

In most English speaking Caribbean colonies, union organization gave strength to political parties which steadily advocated the replacement of foreign authority with self-rule. In Jamaica, an island of 4,411 square miles and a population of 2.7 million people, this transformation originated through the labor movement of the late 1930s.

Economic misfortunes such as the loss of jobs, an increase in the cost of consumer goods, failing agricultural programs associated with the banana and sugar cane industries and most significantly, the refusal of the British to grant Jamaica autonomy led to resistance in the form of riots, campaigns and strikes. As rising tension filled the air two leading figures emerged, Alexander Bustamante the founder of the Bustamante Industrial Trade Union (BITU) in 1938, who later gave rise to the Jamaica Labor Party (JLP); and Norman Manley the pioneer of the National Worker's Union (NWU), who initiated the formation of the People's National Party (PNP) with a crusade to foster change through the merger of their respective organizations. However, despite success in achieving universal adult suffrage and legal representation through the House of Representatives, ideological differences which encompassed political and economic expediency favored by the JLP to long term socialist transformation championed by the PNP soon resulted in the termination of a once viable coalition and the formation of a two party system. Consequently, the JLP won the first parliamentary elections in 1944 and 1949 while the PNP earned its stripes the next two terms followed by consecutive terms by their opponents. This pattern remained prevalent until 1997 when the PNP won its third term (Claypole 1981).

During the initial stages of their inception both political parties experienced economic triumphs. With booming conditions in the 1950s and especially following the country's independence in 1962, foreign trade increased eightfold and nominal GNP and per capita national income rose approximately sevenfold. GNP growth averaged 5 to 6% per annum overall and 3 to 4% per capita with bauxite/alumina attracting North American transnational companies; Alcan, Alcoa, Reynolds and Kaiser whereas; tourism, construction and manufacturing boosted the public sector. In contrast, agriculture was relatively stagnant during the same period as much of the activity was of a highly capital-intensive nature. Associated social imbalance would later be blamed for inequality and widespread unemployment that incited violence and a change of government in 1972 (Thomas 1988).

THE MANLEY YEARS

In spite of unrest, the newly formed regime of the PNP focused attention on the unemployed and a large segment of the middle class and peasantry. With the introduction of programs such as skill and literacy training, land reform, free education and equality among the sexes, Prime Minister Michael N. Manley, the youngest son of the party's founder achieved an element of success during both terms in office (1972 – 1976 and 1976 – 1980).

Jamaica's tragedy however, began with growing assertiveness in the area of foreign policy. The island much to America's dismay declared itself a non-aligned country and therefore Manley felt justified to travel to the Algiers Non-aligned conference in September 1973 in the company of President Fidel Castro of Cuba (Girvan 1982).

At this summit, the charismatic leader voiced the need for a new international order that would promote industrialization among Third World nations commencing with the following:

- Life supporting needs: suitable housing, a clean and pleasant environment, accessible health services, social order, cheap transportation, safety against violence, security for the old and disabled.
- Life enhancing needs: capacities, services and practices such as worship, love and education opportunities for developing natural talent. Training of skills, cultural appreciation and expression. Work that does not dehumanize, social and professional mobility, a sense of personal independence and the means and freedom to seek individual and cultural identity, to choose, to express oneself, to participate to associate peaceably with others.

In order to facilitate economic independence the Jamaican authorities likewise imposed a production levy on the bauxite industry. To support this idea, the government played a leading role in the formation of the International Bauxite Association (IBA) with the intention of allowing

member countries to gain maximum benefits from the exportation of bauxite. This action was later viewed as a hijack of a number of major enterprises and became a cause for concern by the Ford and Carter administrations.

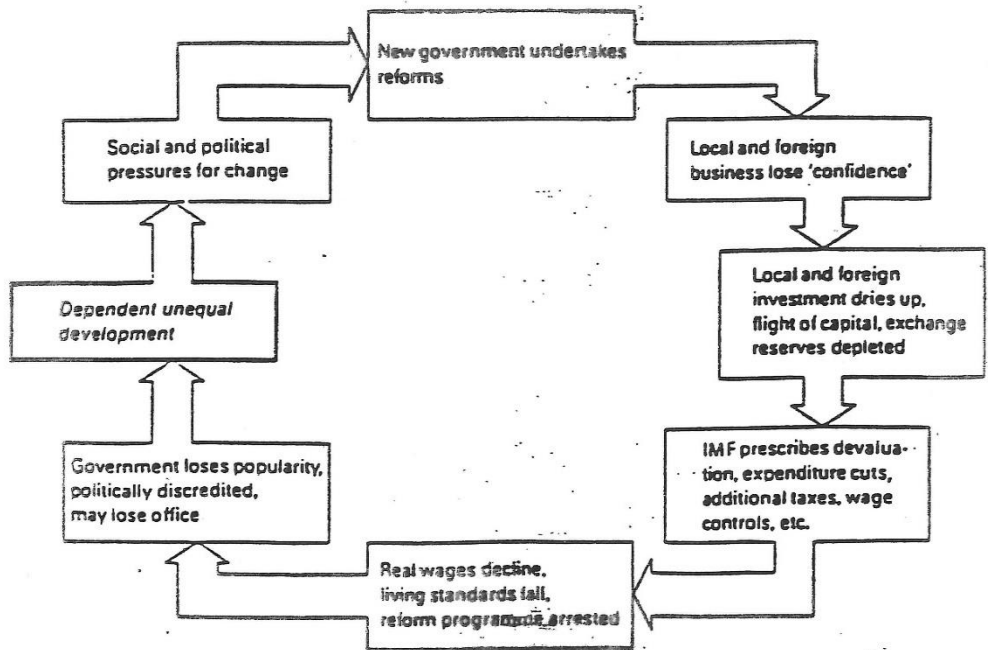
Within the context of Cold War politics, Manley's notion of change to democratic socialism faced strong resistance and repercussions. In essence, America was unnerved with left-leaning regimes within its sphere of influence as illustrated by upheavals in Latin America and sought therefore to emphasize the doctrine of realism to reshape a bipolar world thus leaving the Jamaican government an uphill task in its attempt to demonstrate the values of moral judgment.

Regrettably, the battle for ideological and economic supremacy was one of catastrophic dimensions. In 1973 tourism declined. While Jamaica received 5% more visitors the economy earned 9% less foreign exchange. Meantime the devaluation of the Jamaican dollar was a direct result of a brewing local fiscal crisis, and a 10% fluctuation of the US dollar under the Nixon White House was responsible for a fall in the rate of growth and a sharp decline in the volume of imports. There was also a sudden contraction in private investment and a growing wave of migration of professionals and their capital. In addition, Manley's innovations, such as the Tanzanian president Julius Nyerere's agricultural scheme, commonly known as Ujamaa yielded limited return on high investments instead, this policy, although limited in weight in comparison to external fiscal compression, utilized capital that compounded severe balance of payment and cash flow problems. Consequently, in early 1976 the PNP was in a grip of self-induced economic blunders and a savagely orchestrated destabilization campaign both of which eventually destroyed its financial relations abroad (Kaufman 1985; Lewis 1982; Manley 1991; Dearden 2013).

In the mid-1970s, Washington employed the services of the IMF to remedy trade and investment efforts which were casting a shadow on the island of Jamaica as a socialist state. The mandate in short called for a balance between lender and borrower in which the former would oversee neoliberal stabilization policies to aid the latter in achieving

macroeconomic development goals. Nonetheless, the partnership was inconsistent and hence failed to promote structural equilibrium. (See *figure 1* on the effects of IMF infiltration).

Figure 1: Role of the IMF in restoring Dependent Development



Source: IMF and Class Struggle in Jamaica – Richard Bernal

The IMF has adopted an economic policy model for developing countries with the intention of reducing public sector consumption in order to increase resource availability for private investment (Girvan 2012). It is assumed this endeavor will accommodate economic growth via earnings and outlays thus influencing total aggregate demand (Keynesian economics). Within the confines of a structuralist framework while simultaneously suppressing inflation. However, according to economist Raul Prebisch and again in figure 1, the reverse

is apparent as economic inequality and distorted development are inherent variant structure features within the context outlined.

Further, the rosy picture painted above is sullied with the reality that Third World countries are classified with peripheral status demonstrated by their relationship to the world system, hence complicating the possibility of social and economic elevation. Inappropriately, Jamaica's ongoing relationship with the IMF bears resemblance to one of reliance and is a reflection of dependency and world systems theories that relate to a regime of consistent subordination as opposed to social progression (Girvan 2012; Binns 2016; Secondi 2009).

Initially, assistance to the island brings to light a sudden reversal from a socialist oriented agenda to a rigid program of servitude to oblige the lending establishment and sets the premise for incompatible experiences. Instead of boosting job creation, the capacity to export and purchasing power, the void was replaced with terminations (the Dependency and World Systems Theories contend that the status of developing countries is by design as the advanced world is unwilling to seriously aid in the upward mobility of the former, hence dependency unemployment rate rose from 20.9% in 1975 to 24.2 in 1976), budget cuts resulting in part from a 15% decrease from the Export Development Bank Fund (Jamaica's exports fell from + 16.8% in 1975 to -18.6% in 1976), trade regulations and tax increases. In sum, Jamaica's deficit rose from US\$277.7 million in June 1975 to US\$367.1 million by March 1976.

A series of residual effects namely, economic hardship and later, domestic violence, followed. The latter prompted corrective measures in the form of the declaration of a state of emergency in 1976 while other attempts were simultaneously introduced to substitute bilateral loans from friendly governments attracting in excess of T&T\$80 million from CARICOM partners (mainly Trinidad and Tobago) and approximately C\$75 million from Canada. In addition, the PNP also managed to emphasize the issue of destabilization by external forces particularly the White House. In the words of Manley (1991), "a

society which is nominally free in political and constitutional terms is nonetheless so subject to external economic and cultural domination as to reduce its apparent independence to impotence”.

As Jamaica’s fiscal status deteriorated so did her bargaining power with the IMF (the acronym otherwise labeled by locals as “Is Manley Fault” defines a tumultuous relationship between lender and client). In essence, Kingston came under increasing pressure to change its course of action (Bernal 1984; Lewin 1982).

In 1976, the Carter administration continued a seamless conduct by relaying signals in favor of a new beginning for Jamaica. The message was disheartening yet simple; US financial support which was virtually terminated would only be forthcoming on a substantial scale under one condition – amendment with the IMF on the following terms:

- Greater control of state run operations by the private sector
- Larger cuts in budget deficits
- The elimination of income redistribution policies
- Greater importation of Western products

Acknowledging parameters and prescribed incompatibilities such as open capital accounts, financial liberalization and flexible exchange rates, the Jamaican government sought to secure loans through the IMF “good housekeeping” seal of approval along with other sufficient commercial bank and bilateral offerings to encourage protracted negotiation in 1978. Nevertheless, due to the IMF’s preoccupation with the question of exchange rate and income policies many foreign loans on which Jamaica, relied failed to materialize in time. By said year the island fell short in fulfilling IMF debt servicing requirements by 2.6% of a US\$355 million target.

One year later the pattern of erosion became overwhelming as the exchange rate plummeted (J\$1.77 = US\$1.00). Import values rose rapidly by 70% from 1975 to 1979; while exports fell by 18.3% within the same period, subsequently increasing the foreign debt from US\$143 million at the end of 1971 to US\$700 million at the end of

1979. Aggravating a volatile situation the 1974 – 1979 devaluations (J\$1.76 = US\$0.88) were accompanied by restrictive monetary policy restraints on government spending, wages and income guidelines in addition to light imports and exchange controls already in place.

The political trend continued to decline with yet another severe blow. As the nation demonstrated an inability to utilize the resources of the private sector the reaction was swift in coming. The powerful Private Sector Organization of Jamaica (PSOJ) returned the favor by January 1980 requesting the resignation of the PNP government, the formation of an interim administration and general elections to resolve the crisis.

Inevitability occurred as illustrated in figure 1. The PNP government like those that would succeed it lost popularity, was discredited by losing the next general referendum during the summer of 1980. Although the leadership struggled to resist further untoward IMF intrusion, in 1979 which supported a US\$50 million IMF package with consequences of the termination of 10,000 – 11,000 workers and dismantling of a large range of social programs, the authority's non-alignment socialist stance was overtaken by acquiescence to dependent development that led to the following repercussions:

- The flight of Jamaican technocrats e.g., doctors, lawyers and accountants.
- The loss of much needed foreign exchange e.g., nationals sought to protect their investment by selling property and transferring capital abroad.
- Increasing violence in urban areas e.g., during the 1980 election approximately 800 Jamaicans were seriously wounded by party loyalists. (Witter 1983; Berger 1984; Brown 1981)

SEAGA TO THE RESCUE?

The Harvard University educated, right wing premier Edward P.G. Seaga was received with international jubilation as the hope of a new

dawn seemed possible. However, could he reverse the reality of dependency paralyzing the island?

With the halt of flight of the middle class, the return of tourists and commodities and an abundance of foreign aid, Jamaica became the third largest per capita recipient of US economic aid. (See Table 1 for partial financial assistance)

Table 1: US Economic Assistance to Jamaica, 1980 and 1981 (in US\$ million)

	1980	1981
USAID	2.7	12.9
PL480	10.0	17.1
ESF	0	17.1
OPIC	0	41.0
EXIMBANK	0	51.0
Housing Guarantee	0	51.0

Source: US Overseas Loans and Grants and assistance from International organizations, 1983. Annual report of the Chairman of the Development Coordination Committee, Statistical Annex 1.

New government also meant new policies.

- Negotiations of IMF loans of over US\$625 million over the 1981-1983 period and over US\$700 million in non IMF loans to reduce the budget deficit and address the balance of payment problem;
- To stimulate public savings and decrease public investment the government targeted public enterprises to generate current account savings equivalent to 2% of GDP in fiscal year 83/84 and public investment expenditures were to be maintained below 15% of GDP in each year of the structural adjustment program;
- To increase the development of the industrial sector, the government created the Export Development Fund and the Kingston Free Zone; increased the activities of the Jamaica Export Corporation and the Jamaica Export Trading Company;

- and liberalized the import licensing system;
- To increase the development of the agricultural sector, the powers of the External Marketing Organizations (EMOs) were abolished, the sugar cooperatives established during the PNP years were abolished; some of the government owned factories of the National Sugar Company (NSC) were divested; the local price of sugar was increased by 30%; subsidies to the local condensary were eliminated; and the NSC staff was reduced by 650 at the end 1982, with another substantial reduction planned over the next three years;
 - To address the problems of an over regulated and over bureaucratized economy, the most immediate measures introduced were government rationalization of industrial institutions and the removal of the monopsony powers of the EMOs.
 - To attract domestic and foreign investment, the Jamaica National Investment Promotion Ltd (JNIP) was set up to assist potential foreign investors by guiding them through red tape; all commercial arrears were eliminated with the IMF assistance; the import licensing system was simplified, with automatic issue of licenses to exporters for all their import needs when financed through export certificates; the Export Development Bank (EDB) was expanded, becoming the main source of foreign exchange for imports required by exporters.

As the US began to embrace the Seaga regime, remarkable economic successes of his tenure became eminent. In 1981 Jamaica registered an increase of 2% in growth rate, inflation declined from 29% in 1980 to 6% in 1981 and unemployment decreased. IMF assistance led to a huge consumption of cars, video sets and color televisions whereas the tourist industry created some incentives with 50% increase in earnings in the early 1980s (Looney 1987; Dolack 2015; Edie 1991).

The installation of a pro-US government elevated Jamaica to the epicenter of Caribbean activity. American companies such as Alcoa, Reynolds Metal, Alcan Aluminum, Kaiser Aluminum and Chemical and Anaconda gave the administration new credits totaling US\$1.1

billion, an estimated 8 fold of the overall volume of aid to the other Caribbean countries. Moreover, Washington which previously refused to extend loans to the Manley regime sweetened the pot by introducing a protectionist incentive, the Caribbean Basin Initiative (CBI), to economically aid select Caribbean countries.

Jamaica drew special attention from the CBI based on her close proximity to major US ports of entry and her substantially lower wage rates. (See table 2 for comparison of US assistance).

Table 2: US Economic Assistance to the Caribbean Basin (\$ million)

	<i>FY 1980</i>	<i>FY 1981</i>	<i>FY 1982</i>	<i>FY 1982</i>	<i>FY 1983</i>
	Actual	Actual	Budget	Supplemental request	
<i>Costa Rica</i>	13.6	13.3	51.3	70.0	85.0
<i>Dom Rep</i>	54.8	36.8	45.2	40.0	46.8
<i>El Salvador</i>	58.5	104.5	104.5	128.0	164.9
<i>Guatemala</i>	11.4	16.7	11.8	-	13.0
<i>Guyana</i>	5.0	1.2	2.3	-	2.7
<i>Haiti</i>	27.9	34.1	31.5	5.0	34.7
<i>Honduras</i>	50.7	36.1	38.0	35.0	63.1
<i>Jamaica</i>	12.7	69.1	87.1	50.0	112.0
<i>Nicaragua</i>	37.0	59.6	23.1	-	-

Source: Source: State Department Bulletin 1984

Nevertheless, as fate would dictate, the wheels of fortune soon cease turning (Krestyaninov 1981; Treaster 1986; Erisman 1981).

Illustrations proved that exports degenerated as poor harvesting techniques contributed to a loss of sales in the banana and sugar industries. Equally important, the island's exportation of mineral resources, agricultural products and other traditional commodities under duty free provisions was inadequate in boosting the country's economy.

A change in tide was likewise obvious due to intense competition from and reliance on imports causing local manufacturers to infer that their

survival was being threatened by JLP policies. Consequently, the mood of the Jamaican Manufacturers Association went from doubts and misgivings to open criticism in short order.

Within two years, bauxite exports decreased by almost 30%, net foreign exchange reserves declined by over 20% and the gross external debt increased beyond 30%. The gross domestic product (GDP) which grew by 12% in 1980-1982 slowed to 2% in 1982-1983, all of which contributed to the 1983 devaluation of the Jamaican dollar (J\$3.25 to US\$1.00) and a workforce reduction within the public sector from 108,000 in 1980 to 99,800 by October 1983.

In a desperate attempt to revive an ailing economy, privatization of the public enterprise gained recognition. The Seaga administration sold portions of the sugar and banana industries to foreign entities. Later, she sold a large share of her interest in the Jamaica Broadcasting Corporation (JBC) and dismantled the Jamaica Omnibus Service (JOS). Tourist interests were also transferred to private management.

Additional efforts were set in motion to maintain favor abroad. Economic liberalization encompassed new exportation of goods, notably textiles and garments to US markets. Disturbingly, a smooching campaign secondary to, but influenced by Washington, prioritized tax incentives to such activity at the expense of traditional manufactured exports compounding undesired results – a yield of US\$14.1 million in 1980 to a slender increase of US\$14.8 million in 1983 (Stone 1983; Berger 1984; Payne 1985).

Adherence to tenants of the market economy meant the need to explore all available avenues to secure foreign investment. To accomplish this mission, the government oversaw the passage of legislation (e.g., Jamaica Export Free Zone Act) that would reduce or eliminate corporate and income taxes and custom duties to foreign corporations. In contrast, Washington was unwilling to grant duty free preferential treatment to Jamaica's mineral, agricultural and traditional exports. Further, economic devastation to local entrepreneurs was the lightning rod that perpetuated the closing of thirty garment and shoe

factories and partial operation (40%) of others by 1982. In effect, with local capital unable to compete with foreign investment, characteristics from *figure 1* (e.g., a decline in real wages and living standards) became more apparent.

The JLP's biggest obstacle was misconception regarding the ability to govern effectively with the IMF as its primary financial partner. A snap election on December 15, 1983 that was boycotted by the PNP on ethical grounds proved to be the beginning of the end for Seaga.

Despite a reported US\$141 million in private investments in 1985, disregard of the IMF's crippling effects on Third World countries such as Brazil and Chile whose exports in 1985 dropped by US\$6.5 billion and 4.5% respectively, the premier's resistance to relinquish such foreign ties held Jamaica in a state of siege. As dependent unequal development soared, real wages declined, living standards fell and reform programs became non-existent.

Local woes may likewise be attributed to expensive imports combined with the removal of subsidies on food products and the decrease in the exportation of bauxite that ignited signs of disablement in the form of inflation of over 30% in 1984-1985 and unemployment at 25%-30% in 1985. Severe hardship in the aforementioned year also included increased gasoline prices (J\$8.99 to J\$10.90) and a general strike waged by students, teachers and police officers.

By 1985 it was revealed that Jamaica was in financial bondage as she would pay to the IMF more than four times what she received from the lending institution. The island received US\$30 million but was expected to pay US\$100 million in principal and US\$80 million in interest (Eddie 1991).

Table 3 below displays the country's state of indebtedness.

**Table 3: Creditors by institutional Category, 1980, 1985, 1986 and 1987
(US\$mn)**

	1980		1985		1986		1987	
Commercial banks	440	25%	393	12%	389	11%	400	11%
Official bilateral loans	420	27%	1417	42%	1634	45%	1800	51%
Office multilateral loans	620	36%	1313	39%	1498	42%	1300	37%
Others	204	12%	232	7%	56	2%	-	2%
Total	1684	100%	3355	100%	3577	100%	3500	100%

Source : Bank of Jamaica in N. Davis (1988, 158)

A downward spiraling effect persisted as the country recorded an average rate of growth at 1.2% per annum during the years 1980 – 1989. The politics of change seemed superficial at best as imperfection of the present administration went unchecked until her anticipated defeat at the polls in 1989. Transformational politics suggested by the outgoing party never materialized as the policies of the government of the 1980s were carbon copies of the existing order.

THE PNP COMEBACK

Upon his return, Manley capitulated and abandoned socialist ideals for what was deemed pragmatic but was never rewarded with mutual cooperation in a pledge for revival.

While we did many good things in the 1970s, we made some mistakes. Chief among them was believing that governments can be a convenient shortcut to production. My experience tells me that is not so... With a peaceful democracy firmly in place Jamaica could look forward to an era of unprecedented growth; one fueled by the private sector as an engine of growth. I am happy to tell you that those of you who invest in Jamaica are doing so

in absolute safety, your right to foreign exchange and your rights to repatriation of profits indisputable.

As expected, the government's gravitation towards the West, IMF interference and subjection to Adam Smith's market economics proved futile. Within 18 months in office, compliance with the IMF and the World Bank restrictions prompted a replay of the 1970s such as increased taxes, price hikes, currency devaluations (J\$5.50 to J\$8.00) and reductions in food subsidies. Furthermore, despite Ottawa cancellation of a Jamaican debt of C\$93.4 million and the administration's improved relations with Washington, the Adam Smith's market economics otherwise known as laissez-faire economics is an economic system of transactions between private parties which is unregulated by government. Republican government under the stewardship of President George Bush obviously did not provide much needed aid to offset continued economic turmoil on the island.

Lacking recourse the administration proceeded to unravel. In 1990 disagreement between Kingston and the IMF unhinged the country's capability to meet international reserve by a target of \$7 million and estimated reductions in the flow of foreign currency to local commercial banks incapacitated the state as a reliable provider of monetary and social services. Other issues of grave concern included deregulation that granted enormous purchasing and selling power to the private sector, a lifeless public sector and ongoing currency devaluations J\$8.00 in the late 1990 to J\$22.00 a year later.

Changing of the guard in early 1992 replaced an ailing Manley with his "long time" confidant and Deputy Prime Minister Percival J Patterson who overcame the Shell waiver scandal and a challenge from the then Minister of Labor Portia Simpson-Miller but current economic trends remained impaired by Western entanglement.

The seamless cycle of a fiscal free fall in this case an all high inflation rate of 40% was tackled by introducing interest rates at an unprecedented level of 45%. In addition interest rates were later reduced to 19% only to be increased by over 15% in the months

succeeding the 1993 general elections.

With the prevailing “see saw” of balancing and interest rate coupled with capital expansion within a poorly regulated financial environment, the government took therapeutic steps by tightening monetary policy and mistakenly permitted local business entrepreneurs to open uninsured financial institutions particularly merchant banks and building societies. Such activity amid stagnation (a recorded high average interest rate of over 50%) allowed for short term progress as the financial sector experienced a 49% growth which led to a GDP increase of 1.1% during the same period.

Patterson’s decision to formally sever its 14 year unhealthy arrangement with the IMF via repayment (a goal attained in 1995) brought no relief to a country that remained a vestige of the finance giant and obstruction to local and foreign investment. The dissolution was unexpectedly overshadowed as was reduced tariff rates and the elimination of quantity restrictions with an associated void and a domestic derivative. Between late 1994 and mid- 1995, the lack of government oversight intentional or not emanating from the detachment contributed to massive unrest. The domino effect would include the collapse of the Blaise Trust and later cash strapped financial institutions such as Century National Bank and the Worker’s Bank due to unsound management and an unreliable macroeconomic environment.

As the Bank of Jamaica increased its money supply to address the dilemma and public sector wages unsurprisingly inflation rose, the net international reserve (NIR) fell and the Shell Waiver – In 1991 PJ Patterson in his capacity as Minister of Finance was accused of granting Shell Jamaica Ltd preferential treatment in the form of a \$40 million tax waiver. The matter would result in his resignation from the post aforementioned exchange rate reached J\$39.60 to US\$1.00. By 1996 the six largest locally owned commercial banks, three largest life insurance companies and other associated establishments entered a state of insolvency thus forcing the formulation of the Financial Sector Adjustment Company (FINSAC) with resources of approximately

J\$69.5 billion or 30% of the island's GDP to rescue thousands of ordinary customers.

The authorities were successful in reducing inflation to 9.2% in 1997 but with tight monetary policies real interest rates rose to 20%. Further, severe drought that affected agricultural production, world market fluctuation with relation to bauxite, sugarcane and bananas and continued financial obstacles accounted for a 2.4% decline in productivity –5% more than the previous year. In reality economic indicators in the 1990s outlined a period of life threatening fiscal fragility. (See *table 4* for GDP and inflation assessments)

Table 4: Jamaica: Selected Economic Indicators

	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>
<i>GDP</i>	1.3	1.0	0.0	-1.9	-2.4
<i>Inflation %pa</i>	30.1	26.7	25.6	15.8	9.2

Source: Ministry of Finance; Bank of Jamaica; EIU

With the historic and resounding return of the PNP to office in December 1997 for the third consecutive term Jamaica awaited a positive transition from deregulation of capital responsible for economic discontentment and political disarray on the Caribbean island.

Yet fiscal disorder was fuelled by unbearable interest rates and high unemployment - the catalyst for widespread violence, declining gross domestic products and an enormous deficit totaling US\$3.6 billion or 52% of the country's annual budget. (NDM 1984; IMF 1998; USAID 1998).

The first half of the year 1998/99 will be remembered for downward movement in revenue estimated at 14.7% below budget, expenditure at 2.1% shy of projection and an unsuccessful attempt to secure \$150 million on the international market - all of which influenced domestic

borrowing that between April and September exceeded the prescribed goal by over 300%. Said year, the administration was forced to compensate for social unrest with the announcement of a J\$250 million jobs program and resistance to redundancies in the public sector. These concessions would become primary hurdles in achieving fiscal benchmarks within an atmosphere exposed to alarming interest rates on domestic debt valued beyond 50%. Moreover this unsettling reality bears liability for the equivalent of some 44% of total spending or 57% of revenue.

To neutralize economic disaster in July 2000 the country entered into a IMF monitored arrangement commonly referred to as the Staff Monitored Program (SMP) with a mission to define the government's economic program and agreed to mediation of reduced interest rates, primary surpluses of double digits as a percentage of GDP and the acquisition of multilateral loans to reduce the enormous burden created by intervention into the banking sector. The results yielded inroads in the restructuring and privatization of financial institutions and spearheaded legislation to strengthen supervision of the aforementioned sector in a contracting environment at the mercy of high interest rates on productivity and an unacceptable exchange rate influenced by increased fiscal austerity.

The tremor originating from mounting limitations mixed with expectations to deliver on a promise of resolve impelled the Patterson regime to initiate the loosening of monetary policy and an additional depreciation which boosted output in 2001 to 1.7% up from 0.3% the previous year. In addition at the start of the year 2002, the administration increased the minimum wage. While commendable the latter inappropriately was the impetus for the souring of the 12 month inflation rate to its highest level of 9.4% since April 2000, a trend that was only reversible through the implementation of stringent monetary policy and nominal exchange-rate stability that suppressed prices by 2006 with a showing of 6%.

Accommodating both local and international interests during a period of uninterrupted turbulence, proved to be an impossible undertaking

considering the massive debt incurred during the financial sector crisis coupled with continued monetary policy that negatively affected interest payments on the public debt as high as 14% of GDP and 50% of government revenue in 2001/02. In real terms, the balancing act succumbed to severe pressure on the exchange rate escalating inflationary pressures and debt serving cost during 2002/03. Such was also subject to electoral pressure in opposition to heightened spending and tax amplifications causing off course results – a deficit of 4.4% of GDP.

In spite of an inability to shed the shackles of addiction in return for fiscal solidity and local and foreign investor's confidence, the PNP in 2002 became the first Jamaican political party to win four consecutive general elections. Whereas the victory was by a slimmer margin, 35 of 60 seats, as opposed to 50 of 60 constituencies in 1997, a campaign on the provision of roads, lower inflation and interest rates and stabilization of exchange rates may have clinched the deal. If not, triumph could be attributed to mistrust associated with a dysfunctional JLP and/or race in relation to its aged leader Edward Seaga. Nonetheless, with the coming of a new millennium, pass impediments were agitated by new challenges.

Despite government reaction with a package of tax appreciation in 2003/04 to boost primary surpluses necessary for the stabilization of the public debt ratio, such response was late in coming to offset an explosion. By the time the PNP administration concluded its consultancy with the IMF in March 2003, the fiscal deficit had soared to 8.5% of GDP with the public sector debt at almost 150% of GDP and the current-account deficit exceeding 10% of GDP. (See *table 5* for debt burden).

Table 5: Public Sector Debt (Fiscal year beginning in April)

	1999/2000	2000/01	2001/02	2002/03	2003/04
<i>Internal debt (J\$ b)</i>	175.3	215.1	300.2	366.2	427.4
<i>% of GDP</i>	56.5	62.0	78.8	87.1	93.3
<i>External debt (US\$mn)</i>	3165	3624	4135	4180	4169
<i>% of GDP</i>	43.6	48.8	52.8	57.5	55.1
<i>Total</i>	100.1	110.8	131.6	144.6	148.4

Source: Ministry of Finance; Bank of Jamaica; EIU

Limited access to the international market amidst a distorted domestic public debt resulted in an acceleration of domestic rates and pressure on the local currency that by May 2003 had lost 14% of its value against the US dollar. In response, Kingston introduced high interests that stymied commercial activity and was considered partly responsible for the government's inability to meet its deficit target for 2003/04 of 5.6% of GDP. The government likewise tried to control the public sector wage bill that surged by an annual average of 15% in the past five years with the signing of a memorandum of understanding in February 2004 on wages with the major trade unions. This mutual endeavor was intended to enrich the multiplication of the wage bill to a nominal 3% per year in the next fiscal year.

Adding to the grind were proliferations in utilities, tariffs and transportation fares, influenced by international oil prices and devastation to crops and infrastructure resulting from natural disasters namely; hurricanes Charlie and Ivan in late 2004. As a result, this set of unforeseeable circumstances impacted an obligation to pay heavy interest on the public debt which accounts for almost half of government spending and limits an ability to focus on fiscal policy favorable to local concerns. Case in point nearing the end of fiscal year 2005/6 the public debt burden which stood at 127.5% of GDP is justification for the government's commitment to staying the course of maintaining primary surpluses of approximately 10% of GDP at the expense of the population. In fact, in an effort to find middle ground and on realization that the budget target for 2005/06 was unattainable

through revenue raising pursuits, inclusive of general consumption tax and reductions in the public sector bill, the authorities abandoned their target of fiscal balance for a more modest target of a deficit equivalent to 2.5 % of GDP in 2006/07 (IMF 2001; EIU 2012).

THE JLP REGAINS THE SADDLE

The year 2007 was once again an election year but one in which the baton changed hands. As speculated, the JLP after 18 years in the wilderness was finally entrusted with an opportunity to make good on its agenda of directorship on behalf of the people. With the PNP losing 28 to 32 seats, many pundits were of the opinion that the mandate was hollow and was in part the fault of the newly crowned leader Portia Simpson-Miller, affectionately known as Sister P, who fought a bruising battle with Peter Philips to gain the reins of the organization subsequent to the resignation of the Manley protégé P.J. Patterson. Reference points to a party lacking harmony, hesitance to call an early plebiscite, the announcement of elections 7 weeks in advance plus Hurricane Dean that battered the island and led to a 7 day delay of the event.

Under presumably fresh eyes, an adoption of rigidity expected to help maintain currency stability and facilitate a loosening of monetary policy bore fruit in curbing the fiscal deficit but the public debt ratios remained high. From a peak of 141% of GDP in fiscal year 2003/04 it was estimated at 133% of GDP by the end of 2006/07. Moreover, amidst severe austerity measures macroeconomic targets failed to materialize. Consequently, the regime revised its target for 2007/08 to a deficit of 4.5% of GDP.

By the summer of 2009, faced with the glaring effects of the ongoing global recession that exacerbated widening financing gaps, illustrated by a decline of approximately 17% in foreign remittance and investor

skepticism, the Golding team as a last resort sought refuge in the hands of the IMF. Maybe an ever expansive new world order as well- a unipolar environment which heralds liberalism and by extension globalization would trump fear with leniency and therefore override a lingering taste of discomfort with this lending agency which during the 1970s and a consultancy in recent years offered an old remedy. In the end, the JLP management in the face of the country's tarnished fiscal credibility secured a 27 month stand by arrangement to the tune of \$1.27 billion from the bank accompanied by \$450 million from the World Bank and \$600 million from the Inter-American Development Bank.

The rekindling of a repetitive courtship spelt doom according to the IADB:

“While the IMF program remains broadly on track, it continues to demand high primary fiscal surpluses required to bring down Jamaica's high debt ratios. This places a burden on the economy which also limits economic recovery. This poses risk on two fronts: either growth is lower than predicted and hence the debt to GDP ratio does not decline or there is slippage in the tight fiscal program. In either case, if markets respond by demanding higher interest rates the debt dynamics will suffer. This tight fiscal situation will continue for several years to come beyond the expiry date of the current stand-by agreement until its debt ratios have fallen substantially.”

This uneasy bonding required the same set of fiscal constraints and bore identical results as outlined by figure 1 in relation to the 1970s, at a time when the economy remained susceptible to internal unrest. Education and health sector professionals namely; teachers and nurses, were contending a breach of contract pertaining to retroactive payments. (See Table 6 for IMF directives)

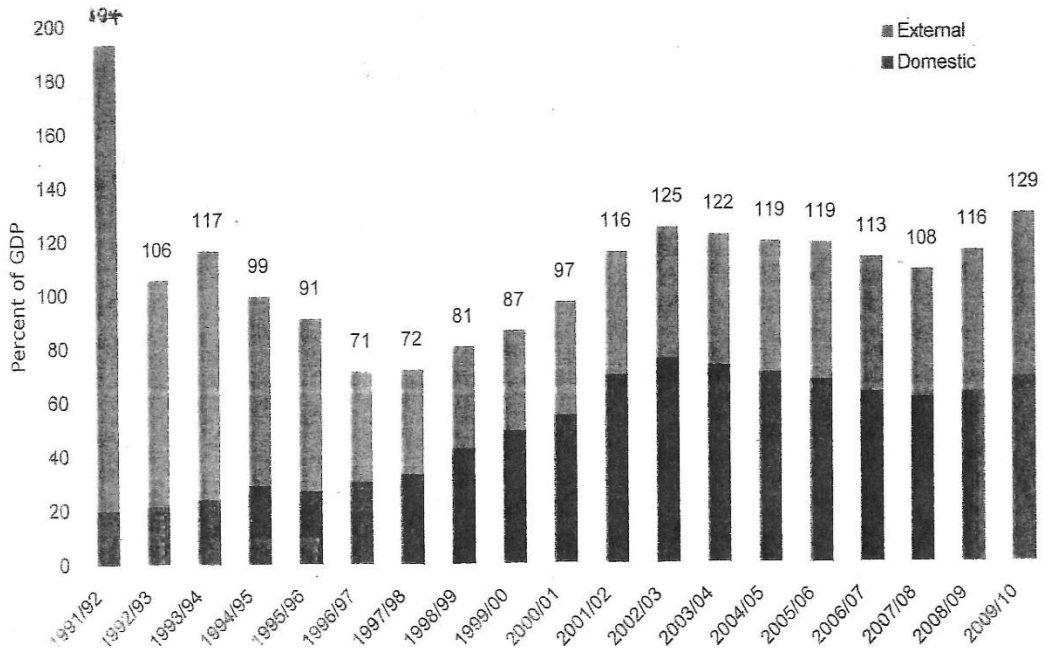
Table 6: IMF Conditions

Areas of concern	Outcomes/Expectations
Public Sector Pension Reforms	A document entailing policy will be submitted in 2012
Tax Reform	A package of new measures was introduced, awaiting white paper status
Public Wage Negotiations	Negotiations are underway to lower wages to 9% of GDP by 2016. The outcome will lead to major redundancy atop 10,000 displacements announced
Divestment	The government has sold all or portions of Petrojam Oil Refinery, Air Jamaica and Sugar Company of Jamaica. Clarendon Alumina Production is on the market.

Source: Towards Public Sector Reform in Jamaica -CaPRI

The aforementioned onus is compounded with an economic nightmare of epic proportions exacerbated by the short term lending agency. Jamaica is currently listed as one of the most highly indebted countries in the world with a gross public debt of 129% of GDP in the fiscal year 2009/10 that in part translates to interest payments at 13% of GDP or 49% of non-grant government revenue and 17% of GDP or 64% of non-grant revenue during 2009/10. (See *figure 2* for debt burden in relation to GDP).

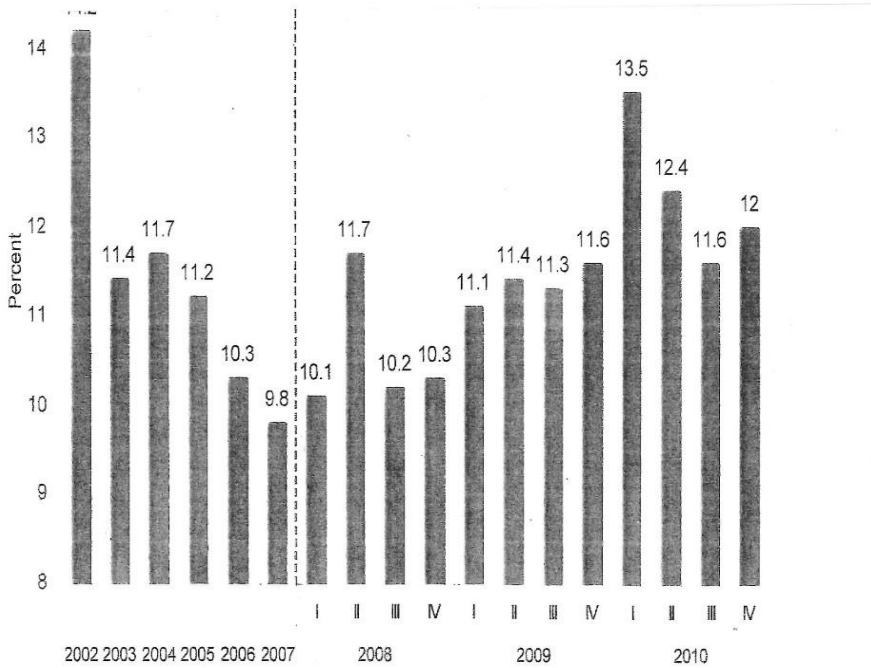
Figure 2: Public Debt as a Share of GDP, External and Domestic



Source: The Bank of Jamaica

Over the 15 years prior to the 2008-10 recession, the country’s real GDP growth averaged 1.1% annually and real capita growth was a mere 0.4% per year. Furthermore, the island suffers from a drastic decline in remittances and mining which accounted for 15% and 4% of GDP, respectively, but fell by 11.2% or the equivalent of \$225 million and 55% between the years 2008 and 2009 and poverty that rose from under 10% in 2007 to 16% in 2009 (IADB 2010; BOJ 2010; Johnston, 2011; Business Monitor International 2009). Equally disturbing is unemployment at 12% in 2010. (See *figure 3* for growth in unemployment).

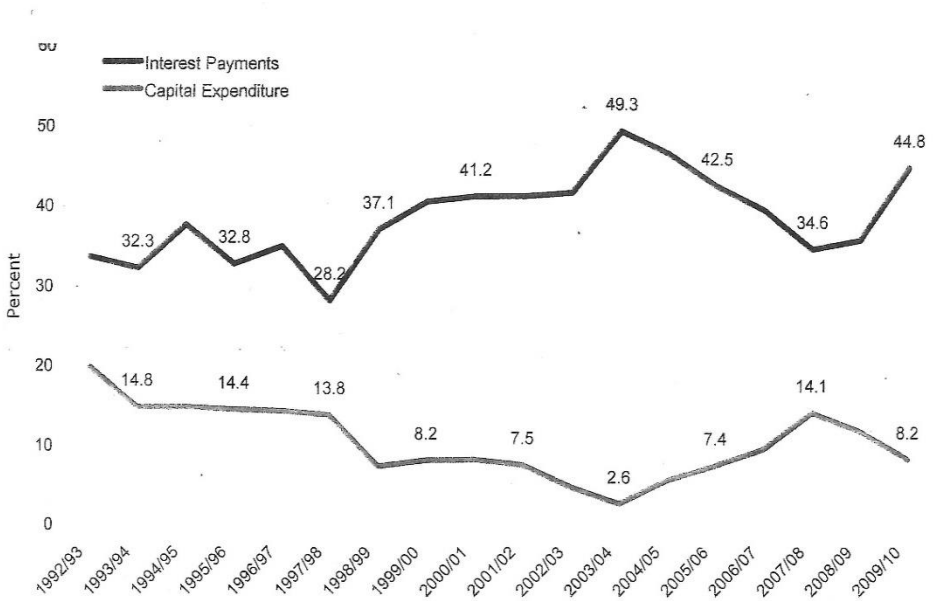
Figure 3: Official Unemployment Rate



Source: The Statistical Institute of Jamaica and The Economic Commission for Latin America and the Caribbean.

While the launching of the Jamaica Debt Exchange in 2010 is credited for lowering average interest rates on domestic debt it fails to address the principal. Besides, restructuring leaves the country vulnerable to nearly half its debt due within one to five years and reduces public investment in social and economic infrastructure which during 2009/10 amounted to a mere 8.2% of total government expenditure or the equivalent of 3% of GDP. (See *figure 4* for loan payments as a portion of total expenses).

Figure 4: Interest Payments and Capital Expenditure, Percent of Total Expenditure



Source: Ministry of Finance and Planning, Debt Management Unit

An elusive solution and past association raises concerns regarding the intent of the IMF as voiced by a report released by the Planning Institute of Jamaica in 2011:

“In the absence of sustained growth, a fiscal consolidation program will have to be supported by unsustainable cuts in public expenditures or additional revenue enhancements, the limits of which will be quickly reached. Such additional expenditure cuts and/or additional tax or revenue enhancing measures would further compound the pro-cyclicality of the current fiscal consolidation program.”

The bank’s initiative has also drawn criticism from a Washington based Think Tank, the Center for Economic and Policy Research, that suggests that the pro-cyclical macroeconomic policies advanced under

the auspices of the IMF is damaging Jamaica's current economic prospects. In the words of its co-director Mark Weisbrot;

“Jamaica is a clear case where the IMF and other international actors have put the economy in strait jacket. Jamaica needs debt cancellation and economic stimulus to get out of its long slump and it has gotten neither of these.”

In fact, the lack thereof along with a continuation of IMF policies that conflict with the country's objectives for social and economic development, has resulted in three undetermined reviews and a request by the Minister of Finance Audley Shaw for a two year extension to fulfill the country's obligations (King 2010; Hurley 2010; PIOJ 2011; Miyvue.com 2011).

An upward tick in stop-over arrivals by 3.1% and visitor expenditure by 1.9% in 2010 along with continued expansion within the industry into 2011, was not enough to seal a vote of confidence for the ruling party, neither was a reduction in crime by 44% during the first quarter of 2011 in comparison to same period one year earlier. With a rap sheet inclusive of unanswered questions regarding the nation's unacceptable performance *vis-a-vis* the IMF and the Manatt/Dudus Affair, the JLP along with a youthful Andrew M. Holness, the heir to Golding (who resigned as party leader and Prime Minister under the weight of unethical conduct) became subjects of intense scrutiny leading up to the declaration of the 2011 referendum. Such proved insurmountable and despite assurances from the polling community, Simpson-Miller subsequent to a 2008 internal contest to maintain her party position as president, rose from the ashes to reclaim the crowned title of premier in a landslide of 41 to 22 districts, three of which were recently proportioned to address demographics and avoid the possibility of a deadlock.

Thus far Team Portia's efforts to diffuse an unbroken cycle of economic devastation that plagued previous regimes include the establishment of Jamaica Emergency Employment Program (JEEP), an

endeavor expected to cover a broad spectrum of jobs nationwide and a bitter pill in the version of a controversial budget. To obtain a windfall of J\$19.3 billion in revenue, a spike in general consumption tax affected the price of animal feed, domestic raw foods, termination of telephone calls and licensing and registration for automobiles. Other measures included a surge in duty on imported meats and a US\$20 tax on travel tickets to the island (EIU 2012; BBC News 2011; Daily Herald 2012).

Management is likewise saddled with unfinished business. While the administration has on its ledger the acquisition of a 48 month extended IMF arrangement valued at \$932 million, it is straddled with an additional round of austerity measures inclusive of wage freezes, devaluations, reduced expenditures and tax modifications which spell prolonged dependent development as exhibited in figure 1. The country has also been labelled the 6th largest murder capital of the world and is deficient of fiscal resources to adequately address essential domestic concerns.

With a key sustenance condition being the world's largest primary surplus of 7.5%, social indicators brush a dismal image that despite the expansion of GDP by 1.5% in the third quarter of 2015, growth rate over the past 20 years on average translates to an anemic 0.4% and unemployment ranged from 16.3 % in 2012 to 14.2% and 13.10% in 2014 and 2015, respectively (See *table 7* on growth and *figure 5* on unemployment).

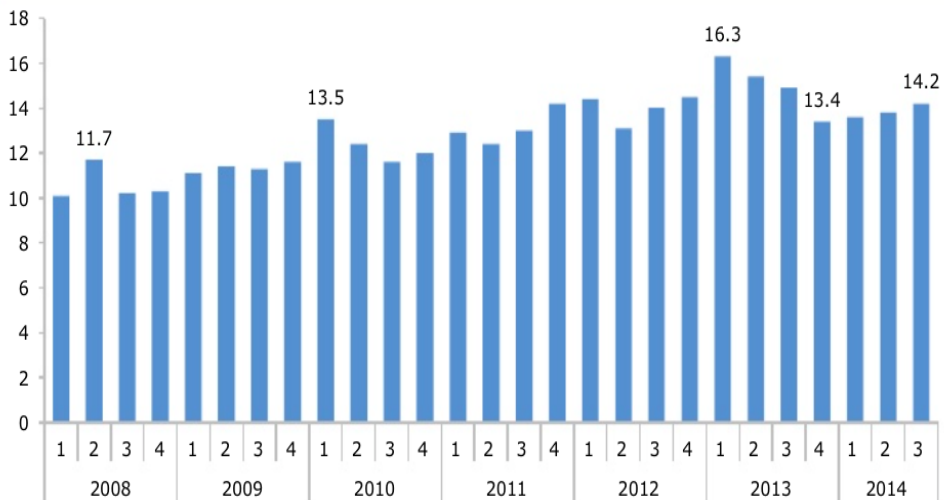
Table 7: Caribbean 20 Year Average Annual Growth Rates

Country	GDP	Per Capita GDP
Dominican Republic	5.2%	3.3%
Trinidad & Tobago	5.1%	3.7%
Grenada	2.9%	0.5%
St Kitts & Nevis	2.5%	0.5%
St Vincent & the Grenadines	2.5%	2.3%
Antigua & Barbuda	2.3%	0.8%
The Bahamas	2.2%	0.9%

Dominica	2.0%	2.0%
Haiti	1.3%	0.0%
St Lucia	1.6%	0.5%
Barbados	1.3%	1.0%
Jamaica	0.4%	-0.3%

Source: IMF (2014)

Figure 5: Jamaica Unemployment rate since the Global Recession



Source: STATIN, Jamaica (2015)

Adding to an already oversized burden, the government is likewise inundated with local misgivings.

Chikungunya, the logistics hub project, Outameni and the undemocratic selection process demonstrate an absence of transparency, accountability and reliability. Nevertheless, during a five year tenure (2011-2016) what could be considered a roller coaster ride has its bright moments. The passing of 10 consecutive IMF tests, foreign investments (see *table 8*), upgrades of roadways that include the completion of the dual carriageway between Ocho Rios and Kingston, improved health facilities such as state of the art cancer treatment centers under construction at Cornwall Regional and St

Joseph’s hospitals and wage agreements with public sector entities are but a few accomplishments credited to the Portia camp. International commendations include the country’s ranking as the best place in the Caribbean to do business along with the elevation of its stock exchange market as being the best global performer of its kind for the year 2015.

Table 8: Foreign Direct Investment

	2012	2013	2014
FDI Inward Flow (million USD)	413	593	551
FDI Stock (million USD)	12,119.0	12,773.0	13,323.7
FDI Stock (in % of GDP)	82.0	90.0	96.6

Source: UNCTAD – 2014

ANDREW HOLNESS EARNS HIS STRIPE

With a successful February 25, 2016 general election bid the JLP that garnered 32 of 63 seats must deliver on its campaign promises namely; the elimination of income tax for 118,900 people who earn J\$1.5 million and less (See Table 9) along with the creation of 250,000 jobs in an environment of 188,000 unemployed citizens.

Table 9: Tax Cuts (in Ja currency)

Current monthly “take home” pay	Current monthly “take home” pay under the JLP
\$50,000	\$51,000
\$55,000	\$57,730
\$60,000	\$64,500
\$68,500	\$76,000
\$80,000	\$91,000
\$98,500	\$116,600

Source: JLP Ten Point Plan 2016

To advance the former nevertheless, could mean defaulting on the IMF agreement or creating new taxes to avoid such calamity thus placing the country in a mode of regression and at risk on the international market. On the other hand, the success of the latter would brand Jamaica the envy of the world with an unimaginable employment rate of 100%. Equally as important is the erosion of the country's perception of its leadership if it fails to deliver on key issues that were at large liable for victory at the polls (Looney 2014; JIS 2015; Johnston 2016; Spaulding 2016).

In this atmosphere of uncertainty, when pondering a low voter "turnout" of 47% and the end result - the closeness in composition of the legislature, complexity could trump democracy hence constitution reform is a partial remedy worth contemplation. In ignoring such deliberation, one can safely assume the distance travelled by the Jamaican people, at least for the short term, will become longer and more arduous to endure.

CONCLUSION

First and foremost, governance of the past must be held accountable for shortcomings and the fostering of an imbalanced relationship with the IMF. Be it naivety, conscious misconduct and/or a quest to promote party interest, the hefty price tag in excess of \$13 billion, currency depreciation at J\$126 to US\$1 and unemployment at 14.1% are constant reminders of the need for change that prioritizes the Jamaican populace, above all else.

The cliché "what you reap is what you sow" is as applicable in politics as it is in agriculture. Manley's adoption of the Ujamaa project, as referenced hitherto, was an admirable endeavor, however, its mismanagement while not the primary source of fiscal calamity denotes a miscarriage that in the long run extracted heavily from the

government's coffers and made visible limited agricultural gains in return.

Recap of a biased policy of a secondary nature as well namely tax incentives to foreign entities that favored the private sector over its public counterpart under a Seaga led administration fell short as well in stimulating the economy and boosting the treasury and can therefore be considered another indictment on the country's leadership. Debility is likewise attributed to a banking initiative of secondary worth mentioned beforehand and endorsed by the Patterson regime. Upon implosion, this added impediment to fiscal growth left Kingston solely responsible for 95% of investors' deposits which to this day remains an albatross around the country's neck.

On the other hand, the IMF aggravated dependency and in so doing authorized excruciating local fiscal conditions with disingenuous one size fits all policies. Reason being, the agency is persistent in advancing an economic policy model akin to the Keynesian and structuralist theories, both of which are mainly advantageous to the developed world. Needless to say, the sentiment shared by the dependency and world systems theories are not lost on the former French minister of finance and planning and outgoing managing director of the IMF Dominique Strauss-Kahn who concedes;

“We need to make sure the medicine does not harm the patients. Over the past few years we have been streamlining our conditionalities focusing on core policy measures that are critical for microeconomics, stability, poverty reduction and growth.”

On a positive note, at the 2012 G20 summit of finance ministers and central banks governors in Washington DC, the participants pledged \$430 billion to the establishment which could aid in reinforcing advocacy for transformation namely debt reduction and forgiveness. To capitalize on this advantage by replacing pass conduct with

meaningful metamorphosis will substantially reduce global repercussions.

With the Jamaican economy below its 2008 level of GDP, the island is ripe for economic stimulus as opposed to austerity instruments commonly associated with the IMF.

In an attempt to jump start the process, the newly elected Prime Minister at his inauguration introduced the Economic Growth Council with the intention of spurring growth by 5% in 4 years. Given the volatile global financial climate, the island's debt burden and limited production capacity, I deem such a daunting exercise but am onboard with the initiatives herein.

- The maintenance of macroeconomic stability is the prerequisite for all forms of economic advancement. Such will entail a process of fiscal consolidation with an objective of achieving debt sustainability.
- Emphasis must be placed on safety and security which can only result from a comprehensive approach to judicial and police reform. Such will enhance an environment for improved productivity.
- Small and medium size business investments must be made accessible. Therefore, complications surrounding regulatory constraints, competition and burdensome taxation must be addressed to remove impediments and foster prudent management of risk.
- All aspects of government and business interaction must be transformed to accommodate effectiveness, efficiency and customer service.
- Potential assets must be utilized for the greater good of the country. Case in point, the Urban Development Corporation and the Factories Corporation of Jamaica collectively own assets worth J\$100 billion for which they earn a modest return. In addition, several functions provided by the government of Jamaica could be better served by the private sector thereby improving resource allocation.

- Human capital must be harnessed and converted for growth. Hence the focus must be inclusive of policies and strategies that nurture human capital development to meet the needs of the economy.
- Enhance relationships with the diaspora to untap a reservoir of capital relationships, skills and expertise much needed for economic growth and social development.
- Promote strategic projects that will transform towns and communities.

In specific terms the above prospectus endorses the need for greater emphasis in the areas of production and trade and investment in Jamaica.

- Jamaica's agricultural and bauxite industries must upgrade to allow her the privilege of producing sugar, banana, citrus and aluminum and reaping the profits therein. In essence, priority should be given to the establishment of sophisticated harvesters, storage facilities and refineries for volume and quality of goods.
- Mergers are necessary in areas of interest to combat the evils of transnational or multinational corporations and promote growth. A union that involved the exportation of Jamaican products for commodities abroad would increase profits for those respective states. Jamaica would cease spending heavily for goods and so would her trading partners instead industrialization through economic cooperation would drastically reduce the price of these essential commodities.
- Export markets must be made attractive for and easily accessible to world commodities. An emphasis on export markets will improve sales which will in turn produce profits. Such will allow duty on raw material and manufactured goods to be competitive while offsetting high unemployment, low productivity, insufficient resources, mismanagement and manipulative schemes by foreign governments and lending institutions or a combination of any of the above.

- The country must also seize the opportunity to develop a climate for lucrative investments by ensuring factors that are mutually beneficially to the parties involved.

Without such commitments, the search for material advancement in Jamaica remains a lost cause (IMF 2009; G 20 Research Group 2012; OPM 2016; Business Recorder 2012).

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INFORMATION FOR CONTRIBUTORS

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2. Transformation Journal welcomes unsolicited papers. We accept theoretical and applied research articles, literature review, book reviews, interviews, short essays, comments on articles and issues highlighted in the Journal and other communications.
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