

## From first aid to self-help

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Since the 1980s, Suriname's economy has suffered enormously from external shocks on the one hand and inadequate internal policy measures to deal with those shocks on the other.<sup>1</sup> Furthermore, a cultural heritage that mixes power, politics and patronage permeates all aspects of society, and is generally seen as a major barrier to transparency, accountability and development.<sup>2</sup>

The government elected in June 2000 had already announced that it would fall back on structural adjustment to stabilise the economy to enable economic growth.<sup>3</sup> In a period of six months, run-away inflation was brought to a halt, and a highly fluctuating exchange rate was stabilised within a range of SG 2,000-2,400 to USD 1.<sup>4</sup> This relative stability—coupled with the Netherlands' willingness to stand surety for Suriname in the international financial market and the recovery of oil and gold prices on the world market—has led to renewed trust in financial and monetary institutions.

While there is financial discipline, budgetary discipline is still lacking, and structural answers have not been found to overcome structural limitations to economic growth, poverty reduction and inequity.

### Poverty on the rise

Poverty assessments in 1993 and 1997 showed 60% to 69.5% of the population living below the poverty line defined by a minimum subsistence level of USD 50 per adult per month.<sup>5</sup> In January 2001 the General Bureau of Statistics published the first household budget survey in 31 years. For expenditure distribution, the share of the lowest 40% of the population dropped from 23.81% in 1968/1969 to 13.54% in 1999/2000. The share of the top 20% rose 35% to 50.54%.

The Gini coefficient was 0.4552 in 1999/2000, compared with 0.252 in 1968/1969.<sup>6</sup> Little has been done to confront structural inequality. Taxation, an instrument that could be used to redistribute wealth, is not used in a way that narrows the gap. As part of the stabilising measures that were initiated in the last quarter of 2000, the price of gasoline was raised by 139% from USD 0.20 per litre to USD 0.47 per litre. This had a multiplier effect on all other prices and thus on the cost of living. The elimination of road taxes favoured car owners and did not affect the poorest travelling by bus or bike. Subsidies on basic goods such as bread, milk, and cooking gas were eliminated or seriously reduced. The minimum taxable income (base income on which no tax is paid) was raised and

withholding tax and income tax were seriously reduced. Since the tax system is progressive, large enterprises and people with high incomes reaped greater benefits from these measures.

There is no tax on real estate. Attempts by individual parliamentarians (1991-1996) to introduce a real estate tax were killed in an early stage, when coalition members simply stated that such a tax would be levied only over "their dead bodies".

### Widening gaps

Unemployment rates fluctuated from 1993 to 1997, with a high of 14% in 1993 and a low of 8% in 1995. The 1997 rate was 10%.<sup>7</sup> There has been a shift from employment in the productive sector to the service sector, and from the formal sector to the informal sector. The percentage of female entrepreneurs in the capital city of Paramaribo went down from 2.2% in 1993 to 0.9% in 1997. Self-employed female workers in Paramaribo went down from 8.6% in 1993 to 4.7% in 1997. In the same period, the number of unpaid female family workers rose from 1.8% to 3.7%. In the rural areas, most women are unpaid family workers in agriculture and micro-entrepreneurs.

Registration of job seekers grew by 60% from 578 to 925 from 1994 to 1997.<sup>8</sup> Women formed the majority of registered job seekers and their share of total registered job seekers grew from 66% to 76%.<sup>9</sup>

Requests and permits for dismissal of workers show a steady rising trend: 44 requests were received and 28 granted in 1993, as compared with 301 requests received and 231 granted in 1999. This is explained by macro-economic impacts on manufacturing, wholesale and retail trade sectors in particular.

The civil service absorbs approximately 40% of the labour force and thereby hides the structural problem. Access to credit is still a major barrier for micro-entrepreneurs, and lack of access to or control over land hinders rural development. The gap between what is requested in the labour market (technical workers, agricultural workers) and what is offered (clerks, lawyers, administrative workers) has not narrowed in the past ten years.

1 INDEST. *Strategical Framework and Plan of Action for Social Development and Poverty Eradication*. Paramaribo, 1999, p. 5-6. INDEST is an NGO research institute.

2 Stichting Ultimate Purpose. *Report of Workshop on Copenhagen Commitments and Inequality*, 2001.

3 NIEUW FRONT Coalition. *Election campaign*, 2000.

4 Association of Economists. *Evaluation of six months stabilisation program*. Television production, 4 March 2001.

5 INDEST. *Poverty Assessment in Groot-Paramaribo*, 1993; and INDEST/SWI. *Living standard and research procedures in the district of Para*, 1997. Research was done in different areas and extrapolated to national level. The range did not change in those years.

6 General Bureau of Statistics in collaboration with the Inter-American Development Bank. *Household Budget Survey Suriname 1999-2000*, January 2001.

7 Unemployment rate according ILO definitions. The General Bureau of Statistics adopted a concept "unemployed under relaxation of the standard definition", herewith including so-called discouraged workers and persons available but not seeking work. When using this broader definition the rates for 1993 up to and including 1997 read respectively 19%, 19%, 16%, 19% and 17%.

8 There are only three places to register, Paramaribo, the district of Nickerie and the district of Saramacca.

9 Since most jobs offered are in cleaning, caring or cooking, men do not apply. Men appear to have their own networks for finding part-time jobs or "hossel". There seems to be a link between registration for a medical card and employment registration, since "it makes a better impression".

10 See footnote 5.

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## Social disintegration

The Household Budget Survey published in January 2001 shows that average household expenditures exceed reported income by an average of 31.4%.<sup>10</sup> Combining this with statistics on micro-entrepreneurs that have gone "underground", a noticeable increase of commercial sex workers (with a relative increase of young boys and girls),<sup>11</sup> street children and elderly selling newspapers and cigarettes, and an increase and hardening of crime and violence,<sup>12</sup> it can be concluded that economic conditions are driving people to adopt coping or survival strategies. In the end, these will lead to a depletion of individual, social, human-made and natural capital.<sup>13</sup>

## Education, healthcare and culture

There is widespread and growing concern about access to, and quality of, formal education.<sup>14</sup> Large groups of children in the rural districts and remote interior enjoy basic education on an irregular basis because there are no teachers available. Recent research at a rural and an urban site<sup>15</sup> indicates that alarming numbers of maroon<sup>16</sup> youth in the rural area never have been to school (22% of ages 10-14, 38% of ages 15-19).<sup>17</sup>

The education sector is badly affected by the social, political and economic situation (including strike after strike and a shortage of qualified personnel). There is a growing gap between students at private and public schools. Teaching methods and contents of formal education still focus on cognitive learning rather than basic life skills.<sup>18</sup> Some attempts have been made toward an interdepartmental approach, but a vision of how to change formal education into a development tool (by addressing the needs of the labour market and society in general) is still lacking.

An estimated 89% of households in Suriname have a polyclinic or healthcare centre within a radius of 5 kilometres.<sup>19</sup> But quality healthcare is still inaccessible for the majority of the people. Public coverage of healthcare has eroded, leaving the patient to pick up the tab. Many medicines must be paid in cash and many doctors and specialists will see only paying patients.<sup>20</sup>

## Shifting from first aid to self-help

Statistics from the ministries of education, public health and social affairs show that a large part of the government's budget is spent on social development. But a much of this expenditure is inefficient and without impact. An example is the allowances for people living below the subsistence minimum. These were raised, but they are still less than USD 15 a month.

More and more people who are or could be economically active, fall (with their families) below the poverty line. This is indicated by the increase in the number of households issued free medical cards, from 29,335 in 1990 to 60,200 in 1998<sup>21</sup> (of a total population of approximately 400,000 people!). In 2000, twice as many women as men were cardholders. Suriname needs a serious reconsideration of its productive labour force, the direction of its education system, and innovative ways of enabling people to lift themselves up from poverty. ■

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11 Stichting Maxi Linder/ Kempadoo. *Research on gold diggers*, 1998.

12 Police Force Suriname. *Statistics 1998*, 1999.

13 UNIFEM/UNDP. *Report of Workshop on Gender and Sustainable Livelihoods*, 1999.

14 Stichting Ultimate Purpose, *Op.cit.* p. 2.

15 Both sites were identified as high-risk areas for adolescents and targeted in a UNFPA (United Nations Family Planning Agency) pilot project on adolescents' sexual reproductive health.

16 "Maroon" refers to descendants of fugitive slaves.

17 Stichting Prohealth. *Concept results Baseline Adolescent Community Survey*, 2000.

18 Committee for the Development of Basic Life Skills Education and Promotion. *Draft National Policy on Basic Life Skills Education and Promotion for the Republic of Suriname*, 1997.

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19 Ministry of Public Health. *Questionnaire Health Conditions in the Americas*, 1997.

20 Stichting Ultimate Purpose, *Op.cit.* p. 4.

21 Ministry of Social Affairs and Housing, Department for Research and Planning. *Table of Free Medical Card Clients 1990-1998*, 1999.