

Shape up or ship out!

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Surinamese society is moving towards privatisation and liberalisation among heated debates. Bad quality and high costs of public services make consumers demand the government to either shape up or ship out and give private initiative the chance to do it better. On the other hand, there is fear for the consequences to employment and the accessibility of quality services for the poor, and benefits from concessions to multinationals are questionable.

Liberalisation and privatisation are hotly debated issues in Suriname. Successive governments have successfully stalled the process of diminishing state control over a wide range of areas. The Constitution confers a predominant role for the State, which can be briefly described as too little *and* too much. On one hand, it is incomplete or vague on crucial issues, such as procedures for removing the president. On the other hand, it is excessively intrusive in economic and social areas. This burdens the executive branch of government with commitments that are almost impossible to fulfil. The extensive role assigned to the State impedes private sector development and increases the risk of the arbitrary use of power by the State.¹ The private sector has often complained «that the government is like a giant Cerberus, who watches over us constantly. Everything is forbidden, except that which is specifically allowed.»² While the government has acknowledged the necessity to reform the parastatal sector, it has not taken action to do so.³

Government as main provider

Government control takes the form of a political patronage system, where political factions, supporters and friends can be rewarded with civil service jobs, houses, and other scarce commodities.⁴ Government employment makes up 44% of total employment. Women have the majority of lower echelon civil service jobs. Government spending (between 40% to 50% of GDP) is overwhelming, with the focus on government consumption: expenditures on wages, salaries, goods and services. According to the Inter-American Development Bank, in 1997 Suriname ranked first in Latin America and the Caribbean in expenditures on goods and services at 30.5% of GDP (average 9.9%), and in total government expenditures at 45.5% of GDP (average 22%).⁵

Privatisation in Suriname

The executive branch of government consists of the central government, local government, and over 100 parastatal agencies, legal bodies in which the government holds the main share. Parastatals can be categorised according to private law as non-profit foundations or for-profit corporations and according to public law as public or private enterprises. Governments delegate responsibility to a parastatal agency in order to side-step stifling civil service regulations. This delegation also enables ministries to attract staff outside the civil service.⁶

Access to water, electricity and telecommunication

Public and semi-public goods such as water, electricity and telecommunication are provided by parastatal utilities. The Central National Accountants Agency (CLAD) is responsible for controlling these utilities, and for reporting their findings to the National Auditors Office. The CLAD has recently been expanded but still has only one qualified accountant.⁷ From 1990 to 1999, the Energy Company and the Telecommunication Company of Suriname did not once submit an annual report; the Surinamese Water Company submitted only one annual report. Of the companies under CLAD's control, 80% showed a profit and 60% had enough liquid assets to meet their obligations. Only 20% of the companies, however, were solvent, and none of them met the requirement of at least a 10% rate of return on total and loan capital. For 60% of the companies the costs for personnel were much too high related to total costs.⁸

In maintaining monopolies, the government is failing in its regulatory task of providing collective goods and services. Operations, whether delegated or not, are characterised by poor quality service, high costs, and missed opportunities for development. For example, Suriname is the most expensive telephone call destination from the United States in the whole western hemisphere (Suriname USD 1.11, Guyana USD 0.87, Trinidad and Tobago USD 0.61, and the Netherlands Antilles USD 0.26).⁹ In addition to people in the interior who have no access to running water or electricity, many households both in rural and urban areas have no access because their neighbourhood is not part of the power or water company's infrastructure. A growing number of households have been disconnected from these services because they have not been able to pay the bill.

The electricity sector is also characterised by non-transparency. The majority of electricity is generated privately by a large bauxite company, the Suriname Aluminium Company (Suralco). As part of an agreement concerning the construction of the hydro-electricity plant, the bauxite company sells 80 million-kilowatt hours (kWh) per annum to the government at USD 0.004 per kWh. Instead of selling the electricity to the state distribution and generation company EBS, the government gives it to EBS for free. In return, EBS does not charge the government for the provision of electricity to government buildings and for the street lighting it provides. The accounting is further muddled because the government, which is often in arrears in payments, frequently deducts the cost of its electricity bills from the bauxite company's tax obligation.¹⁰

The feeble position of the government in trying to guarantee provision of services by international corporations was shown in October 2002, when Suralco safeguarded electrical power for its own operations before restoring electricity to the national energy company. Members of the government party subsequently approved the prioritising of power supply to the bauxite

1 Inter-American Development Bank. Economic and Sector Study Series, *Governance in Suriname*, Washington, April 2001.

2 A.J. Brahim. «Wat verwacht het bedrijfsleven van de overheid.» in: *De efficiency binnen de Surinaamse overheid*, Progress Rotterdam, 1991.

3 Government of Suriname. *The National Reconstruction, Multi-Annual Development Plan 1999-2003*.

4 For a history of patronage, see Edward Dew, *The Difficult Flowering of Surinam*, 1978.

5 Inter-American Development Bank. *Central Government Consumption in Latin America and the Caribbean*, 1997.

6 Dr. H. O. Prade. «De verantwoording van het financieel beheer door de overheid en parastatale instellingen» in: *De efficiency binnen de Surinaamse overheid*, Progress Rotterdam, 1991

7 Inter-American Development Bank. Economic and Sector Study Series, *op. cit.*

8 National Auditors Office of Suriname. *Annual Report 1999*, Paramaribo, 2000.

9 9-line Communications. *International Long Distance Rates*, USA 1999.

10 Inter-American Development Bank. Economic and Sector Study Series, *op. cit.*

operations. One legislator stated, «since the bauxite operation is the cork on which our economy floats, it had higher priority than supplying the population.»¹¹ A high-level mission from the firm's headquarters arrived to install a committee to deal with damage claims, but did not allow the government to include a representative on the committee. As the President put it: «We were friendly but surely dismissed by Suralco.»¹² This attitude shows how successive governments have been dealing with multinationals.

Access to and control over land

Article 41 of the Constitution states that «The nation has the inalienable right to take complete possession of its natural resources in order to utilise them to the benefit of the economic, social and cultural development of Suriname.» Virtually all land is state-owned; citizens can apply for free short- or long-term leases (maximum 75 years). Although in theory any citizen can apply, statistics show that fewer than 1% of females actually acquire a title to use land.¹³ Bureaucratic procedures make it common for citizens to wait ten years or longer for a lease. In contrast, more and more private project developers have been able to secure leases in exclusive residential areas quickly for their better-off clients.

Huge concessions have been given out to multinationals from Canada, Indonesia and China, mainly for logging and gold mining. The benefits for the nation are questionable, as are issues of control, environmental damage and taxes. Furthermore, time and again tribal people living in the interior have endured violation of their traditional rights, as articulated in the Peace Accord signed in 1992. This treaty promised to create legal mechanisms by which citizens who reside in a tribal setting could secure a title to land in their respective living areas; it also determined the demarcation and size of these living areas, and the establishing of economic zones.¹⁴ Ten years later, none of these promises has been kept and new concessions for the exploration of bauxite in West Suriname are under negotiation with two multinationals: Suralco/ALCOA from the USA and Billiton from the Netherlands.

Healthcare hollowed out

An estimated 89% of households in Suriname have a clinic or healthcare centre within a radius of five kilometres.¹⁵ The Regional Health Service (RHS, 50 clinics or stations) is a parastatal foundation responsible for providing primary healthcare to the poor in the coastal area; it provides services to an estimated 120,000 free medical cardholders and an estimated 25,000 people covered by the State Health Insurance Fund. The RHS is supposed to offer free preventive services in cooperation with the national Family Planning Agency, an autonomous NGO, and Youth Dental Care.¹⁶ Primary healthcare in the interior is provided by the Medical Mission, an NGO entrusted with this responsibility by the Ministry of Health in 1977. With 45 clinics and stations, it is supposed to cover the medical needs of an estimated 48,500 people (80% Maroons, 20% indigenous people).¹⁷

As the share of Total Government Expenditure (TGE) going to healthcare over the last year was only 3%,¹⁸ it comes as no surprise that this medical infrastructure has been severely hollowed out. Clinics are in a bad state, understaffed, and have a continuous lack of medicine and equipment. In the interior, doctors are known to have surgery hours from the windows of their cars.¹⁹ Furthermore, doctors serving in rural areas refer more and more pregnant women to a hospital in the capital, since they are not equipped to deal with possible complications at delivery, lacking, for example anaesthesia and blood for transfusions.²⁰ Medical services are also becoming more expensive. Though services are supposed to be provided for free, in practice patients have to pay.²¹ The whole medical infrastructure is suffering from the

fact that the government fails to fulfil its financial obligations. In the capital, out of four hospitals, two are private and religious-affiliated, one is a state enterprise, and one is a parastatal foundation. In the private hospitals, costs for patients are higher and wages for nurses are lower.

In recent years, the parastatal foundation's Lands Hospital has made headlines because of its financial problems. First, the manager sued the State for not fulfilling its financial obligations to pay nurses and other staff. The government responded by suing the hospital for allegedly not paying income taxes; that is, taxes on salaries and wages that were not received! Next, the hospital made headlines with the story of «kidnapping» babies. Since the hospital did not receive payment for deliveries, it resorted to holding babies hostage until their mothers paid their bills.

Although policy efforts have been made to reorganise the health sector and to expand the system of public health insurance, they have fallen short. Health institutions and the State Health Insurance Fund were faced time and again with government defaults. As a consequence patients are often confronted with the «no pay, no cure» treatment. More and more individuals and companies who can afford it made a shift to private health insurance, thereby eroding the basis for general health insurance further, and widening the gap between those who have access to quality healthcare and those who do not.²²

Gender statistics for indigent and insolvent households who are issued a free medical card (29,335 in 1990 and 60,200 in 1998)²³ indicate that roughly twice as many women heads of households as men are registered.

Education: NGOs and private schools filling the gaps

Historically, religious-affiliated NGOs have been taking responsibility for providing primary education in rural areas and the remote interior. However, large groups of children in the interior do not get primary education on a regular basis because there are no teachers available, or because facilities (schools and houses for teachers) are inadequate. The education sector in general is badly affected by the social, political and economic situation (including strike after strike, and a shortage of qualified personnel) resulting in a wider gap between parents who can send their children to a private (paid) school, and those who cannot.

Facing the liberalisation of services; urgent need for domestic capital formation

Surinamese society is moving towards privatisation and liberalisation. On one hand, bad quality and high costs of public services make consumers (households and industries alike) demand the government to either shape up or ship out and give private initiative the chance to do it better. On the other hand, there is fear for the consequences to employment and the accessibility of quality services for the poor, specifically those living in remote areas.

However, there is broad agreement that government needs to shape up to face the challenges of competing in an increasingly globalised economy. Human resource limitations are just one of the obstacles defined for most members of the Caribbean Community (CARICOM).²⁴

In Suriname, building productive capacity and strengthening institutions will be crucial to overcoming the heritage of a highly centralised, partisan policy. National competition will have to be stimulated, while clear and transparent regulation must be established for the distribution of public goods and services, taking into account structural and social concerns, as well as macro-economic and financial concerns. ■

11 Radio 10. Interview with members of Parliament on the black-out, October 2002.

12 Radio 10. Interview with the President of Suriname on the consequences of the black-out, October 2002.

13 Sheila Ketwaru-Nurmohamed. *Situational Analysis of Women in Suriname*, Paramaribo, 2001.

14 Economic zones should safeguard traditional economic activities such as agriculture, hunting and small-scale logging and mining.

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

16 W. Bakker. *Health Conditions in Suriname*, 1996.

17 *Ibid.*

18 Ministry of Finance. Statistics from the Budget Office, 2001.

19 Interview with women's organisations in the district of Brokopondo, 2002.

20 Interview with doctors from the Regional Health Service in the district of Marowijne, 2002.

21 Seminars on Health Sector Reform, Ministry of Public Health/PAHO.

22 *Ibid.*

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

24 Judith Wedderburn, «Capital Investment and requirements for competitiveness.» paper prepared for the working group on CARICOM's Single Market and Economy, Jamaica 2002.