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Guyana: A Status Report

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Guyana, with an area of 83,000 square miles, about the size of Idaho, is the only English-speaking nation in South America. The Atlantic is to the north and our neighbors are Venezuela on the west; Surinam on the east; and Brazil on the south and southwest. Within the Atlantic and further north we share a common history and culture with most of the Caribbean.

Guyana has strong political, cultural and social ties with the Caribbean and North America. Indeed, the pull of the north, in terms of immigration, has been a consistent characteristic of this relationship even before World War II.

We are endowed with rich and diverse natural resources. These include minerals such as semiprecious stones, bauxite, kaolin, silica-sand, manganese, gold, diamond and many others; an abundance of arable land, vast tropical forests and extensive marine resources, none of these fully exploited.

Guyana's population, however, is less than a million, giving us a population density of about 10 persons per square mile.

This juxtaposition of small population with considerable natural resources ranks us, on a per capita basis of *potential*, among the best endowed nations in the world. Yet our actual per-capita income places us squarely among the poor of the world.

What can account for this glaring discrepancy? First, our education provided by the colonial system. This was structured to prepare our young people for service to a colonial state and succeeded in inculcating the values of the colonial society — the system set out to satisfy the need for local clerks and junior officials. This observation is not made by way of criticism of the many individuals who labored under tough conditions in teaching and in education; nor am I saying that all the values passed on were bad and not helpful. What I am saying is that the system emphasized white collar skills. It also emphasized and encouraged the individualistic inclination of mankind as against his cooperative tendencies.

Second, there is the present world economic order — falling export earnings together with high prices for the goods imported by developing countries. This matter has attracted so much attention here in the U.S.A., at the United Nations, and at almost every international fora that I need not dilate on this matter now. Third, we have the arms race. Recent calculations show that $1.5 million is expended every minute for military activity. Every minute 30 children in developing countries die for lack of food and or health care; 800 million people live in absolute poverty; 500 million suffer from chronic malnutrition. This demands serious consideration and action.

Many thinkers now draw a clear-cut parallel between the thousands of billions owed by the developing countries and the massive growth of military expenditure over the past 10–15 years. This is not a mere coincidence. There is indeed an obvious structural linkage between the two situations.

The report of the Independent Commission on Disarmament and Security Issues points out that the cost of arms is straining even the wealthiest economies. The report adds that this factor threatens the stability of states and societies irrespective of ideology or system of government.

Think of what the billions spent globally on arms could do for our world.

As a developing nation, we look on helplessly as the gap between the developing and developed countries grows.

Around the early '60s, the ratio of the per capita GNP between the leading Western countries and the developing countries was 10 to 1. By the early '70s, that ratio was 13 to 1 and this is now approaching 15 to 1. Some estimates say this gap may reach 25 or even 40 to 1.

But the mathematical expression is not the real problem. It is the extent to which it can grow without apparently causing great economic and political upheavals on the one hand, but can still paralyze the whole system of international relations.

A number of factors affect all developing countries, especially those which are newly independent. And by newly independent I mean any nation that has been independent for less than 50 years, and hence had little say in the pace or form of development which previously took place within its boundaries. In comparison, the United States and other developed countries have had control of their own destinies for hundreds of years.

The American Harry Dexter White had this vision of the U.S. and the rest of the world when in an interesting criticism he observed:

"We must substitute, before it is too late, imagination for tradition; generosity for shrewdness; understanding for bargaining; toughness for caution; and wisdom for prejudice. We are rich — we should use more of our wealth in the interest of peace."

Developing countries always come out the losers. The extended debt of developing countries has increased since the late '50s one hundred fold.

When Guyana became independent in 1966, we inherited a typical colonial economy. We were basically producers of raw material or primary products which we exported to industrial centers overseas.

There were no industrial centers of any magnitude in Guyana and in the '70s, falling export inflows—coupled with high prices for oil and other essential commodities plus interest rates — brought rack and ruin in the economies of all developing societies including that of Guyana.

The overall current account deficits of non-oil exporting countries rose from $44 billion in 1979 to $88 billion within two years.

By the close of that year, reserves of developing countries were down to a total of $106 billion or 2½ months of imports.

In the first two years of this decade, the exports of developing countries fell by $40 billion, while their debt service payments rose by $37 billion. This situation has worsened as we witness the last two years of the decade.

At the beginning of the decade, the GNP of all the oil importing countries of Latin America and the Caribbean fell by 2.5 percent. This worsened nine years later. Even the one major oil producing state in the West Indies (Trinidad) is experiencing severe economic difficulty and has had to seek an arrangement with the International Monetary Fund.

As a rule, we received very low prices for our primary products, such as rice, sugar and bauxite. Yet, when we imported products made from the same raw materials we export to the industralized countries, we have had to pay very high prices. Hence an unfavorable trade relationship.

Developing countries always come out the losers. The extended debt of developing countries has increased since the late '50s one hundred-fold.

By 1985, their indebtedness was just one-third of their gross domestic product (GDP) and almost 1.5 times more than the value of their export of goods and services for that year.

In Latin America, the external debt reached 45 percent of the GDP.

Assuming no new inflows or loans, those countries would need about five years of exports to pay off their debts.

Another debilitating feature of our ex-colonial society was its very narrow economic base. Any downward fluctuation of prices for our main products — bauxite, sugar and rice — or dramatic rise in essential imports, sent the economy as a whole into a tailspin. Basic development and services immediately suffered.

Let me illustrate by example. The world price of sugar in 1974 averaged $670 per ton, by 1980 it had dropped to $292 per ton, and in 1985 it reached a devastating low of $90 per ton.

On the other hand, the four-fold increase of oil prices in 1972-73 created havoc in our economy.

Our consumption of fuel between 1967 and 1972 cost us about 8½ percent of our total foreign exchange earnings. By 1984, however, generally the same amount of fuel cost us 52 percent, or more than half of all our foreign exchange earnings. We were, therefore, producing and exporting primarily to buy fuel.

Let me give another kind of example to show the double bind non-oil producing developing countries like Guyana find themselves in. In 1970, one ton of sugar equalled 48 barrels of oil; in 1981, one ton of sugar equalled 10 barrels of oil; in 1974, 14 tons of sugar equalled one tractor; in 1985, 62 tons of sugar equalled one tractor.

Even when oil prices held fairly steady the trend continued. In 1985, one ton of calcined bauxite bought 30 barrels of oil; in 1986, one ton of calcined bauxite bought 25 barrels of oil.

The price of oil had not risen, but the price of our bauxite fell and within months weakened significantly our purchasing power. So what do we have? Unbalanced exchange, unequal trade, and interest rates that militate against us.

In addition to the unfavorable terms of trade, the majority of developing countries, like Guyana, had to urgently address the problem of poor or nonexistent infrastructure.

I am referring to roads, bridges, potable water, telecommunication, sea defenses, drainage and irrigation, and rural electrification.

There were also schools to be built, teachers to be trained, rural medical centers and facilities to be constructed.

With some variations, Guyana's economic tale can be told by many developing countries.

Our hinterland communities, which were almost totally isolated before independence, now had to be brought into the mainstream of national life and provided with certain basic facilities and services.

The renowned West Indian economist Sir Arthur Lewis noted that during 1954-1964—the decade preceding my party's accession to government — roads, basic surveys, agricultural training and education had been neglected.

After independence, therefore, our priorities were self-evident. We spent large sums of hard currency on improving and extending all-weather roads and building highways along our coastal belt.

Our sea defenses took enormous sums to strengthen. This is so because our entire coastland, where over two-thirds of our population is settled, is well below sea level. It is a constant struggle to keep the Atlantic from taking over our coastal plain.

We installed international telecommunication facilities; improved our postal services; extended our potable water system; rehabilitated ferries; improved harbor facilities; and took electricity to many of our rural areas.

We built schools, hospitals and health centers where none existed before.

Between 1966 and 1970, primary school enrollment increased by 20 percent, secondary school enrollment by 105 percent. The University of Guyana, which began in 1963 with night classes in one of our secondary schools, moved into its own campus in 1969.

We established a substantial number of houses in housing developments in various parts of the country for low and middle income earners — all subsidized.

Of course, our export earnings alone could not finance all these development projects. We, therefore, undertook loans primarily on medium and long-term bases.

In the circumstances of the '60s, they were reasonable and prudent debts. We took faith and courage from the fact that between 1966 and 1970 we had increased the country's gross domestic product by 37 percent.

At that time, we were confident that we could repay our debts on schedule.

We had no way of foreseeing the economic turmoil that was to descend upon us in the '70s when oil prices rose to staggering heights and primary commodity prices, our main exports, plunged to dismal depths. To compound an already desperate situation, interest rates began to soar.

With some variations, Guyana's economic tale can be told by many developing countries.

The 1980s, therefore, saw many developing countries — especially those in Africa, Latin America and the Caribbean — burdened by debts they could barely service and shackled to low prices for exports and high prices for imports.

In real terms, these reversals spelled disaster for many of the development programs envisaged, and worse, began to erode the standard of living we enjoyed just a decade and a half ago.

Of course, developing countries, like all other countries, have made mistakes from time to time in the planning and implementation of projects, but this cannot account for the continuing deterioration in living standards we now face.

A document entitled "The State of the World's Children in 1989" states in its introduction:

"In many nations, development is being thrown into reverse. And after decades of steady economic advance, large areas of the world are sliding backwards into poverty . . . it is happening not at any one particular time, but over long years of increasing poverty which have not been featured in the nightly news but which have changed the daily lives of many millions of people. And it is happening not because of any visible cause, but because of an unfolding economic drama in which the industrialized nations play a leading part."

A few years ago, the president of the World Bank put it with exactitude when he observed that "the developing countries are being battered by global economic forces outside their control."

But in our corner of the globe, we embrace the idea that there is not room for pessimism and gloom. We pursue our programmes with hope but a firm grasp of reality. I believe that the cry of millions for the transference of resources from the military to peaceful development will be heard.

I believe that the two great powers are now agreed that today we have no alternative but to seek peaceful cooperation and to help dismantle the present system and put in its place an economic and social order on the basis of equity, justice, noninterference and universal benefit.

For us, we deem it of vital importance to get developed countries like the U.S.A. to understand how mutually valuable is a strong relationship between us; how important such a relationship is for the social, economic and political well-being of the world.

Guyana continues to share a geographic, cultural and historic landscape with the U.S.A.

No one can deny that we now live in an interdependent world and even powerful nations will do well to accept this proposition.

Contrary to what was apparent at the height of the Cold War in the '50s and '60s, today I find that people the world over are less concerned about ideological labels but, happily, more concerned with sharing and caring.

Existing programmes and developments, must, therefore, be broadened and expanded to ensure optimum cooperation and collaboration between the North and South.

If states, in particular those geographically close to the U.S.A., remain poor and, therefore, potentially volatile and unstable, then there will be tension, friction and conflicts in the region which can conceivably have an effect on the stability and well-being of even the powerful U.S.A.

Poverty, want and ignorance are fertile ground on which conflict, irritation, and instability flourish. I, therefore, believe and truly hope that you share the view that globally spread development is the only guarantee for national and international stability.

President Reagan accepted this hypothesis when he proposed the Caribbean Basin Initiative to Congress.

His remark that the region's financial difficulties "would be exploited by extremist groups" showed sound judgment and perspicacity.

Guyana continues to share a geographic, cultural and historic landscape with the U.S.A. Our citizens have always felt and responded to the pull of the developed North, particularly after the Second World War.

The Caribbean always regarded the U.S.A. as an ally and friend — indeed, during the early 1920s there raged this question in the region: "Confederation of the West Indies or annexation to the U.S.A?"

As a independent state, we in Guyana maintain a feeling of closeness to the U.S.A. and indeed have an affinity with all nations who like to see a world free of poverty, ignorance and strife.

President Bush in his inaugural address made these significant remarks:

"We are not the sum of our possessions. They are not the measure of our lives. In our hearts we know what matters. We cannot hope only to leave our children a bigger car, a bigger bank account. We must hope to give them a sense of what it means to be a loyal friend, a loving parent, a citizen who leaves his home, his neighborhood and town better than he found it."

Confident that the president of this great nation will agree, I wish to add: Let us leave the world a better place than we found it. □

The above was excerpted from an address given by Guyana's Prime Minister Hamilton Green at Howard University on February 27, 1989.