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Natural resources extraction and politics in Guyana



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ABSTRACT

The current debate on natural resources extraction in the post-neoliberal era in Latin America and the Caribbean focuses on the “new” extractivism as a development model or as an imperialist framework. The state is ascribed a “developmentalist” role or the function to facilitate the exploitation of natural resources by extractive capital from imperial states. The Guyana case adds a new dimension to this debate: in the early 2000s the state degenerated into a “criminalized authoritarian state” the first of its kind in the English-speaking Caribbean. This state coincided with the emergence of the gold mining sector as the dominant segment of the Guyana-economy. The small-scale gold mining sub-sector came to control gold mining, as the only large-scale gold mine the Canadian-owned Omai Gold Mines Ltd., ceased operation. The conditions were created for the state to exercise greater leverage over the small-scale gold mining sector through its laws and incentives programs, further opening the door to corruption and criminal activity. A critical development approach is employed to investigate the relationship between natural resources extraction and politics as the state degenerated into a criminal enterprise. The purpose is to begin the discussion on this anomalous aspect of the state in the post-neoliberal period.

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1. Introduction

The current debate on natural resources extraction in the post-neoliberal era in Latin America and the Caribbean focuses on the upsurge in “new” extractive capitalism in the region as a development model or as a new imperialist framework. It ascribes to the state either a “developmentalist” role or the function of collaborator with and facilitator of imperial states to have their extractive capital penetrate and exploit the natural resources in the region. The Guyana case adds a new dimension to this debate in that the state was not merely “developmentalist” or in collusion with imperial forces: in the early 2000s it actually degenerated into a “criminalized authoritarian state” the first of its kind in the English-speaking Caribbean.

This state coincided with the emergence of the gold mining sector as the dominant segment of the Guyana-economy due to the relative size of the earnings from gold exports, which the state controlled. At the same time the small-scale sub-sector came to dominate gold mining, as the only large-scale gold mine, the Canadian-owned Omai Gold Mines Ltd., ceased operation. The state exercised greater leverage over the small-scale gold mining sector through its laws and incentives programs, which further opened the door to corruption and criminal activity. The main

purpose of the essay is to begin the discussion on this hitherto unexplored dimension of the role of the state under extractive capitalism in the post-neoliberal era. The “criminalized authoritarian state” is an anomaly and not the norm in the post neoliberal politics.

An exploration of this aspect of the role of the state under extractive capitalism in Guyana requires us to focus on the relationship between natural resources extraction and politics in the country under four regimes – colonial, national, neoliberal, and post-neoliberal. The critical development approach employed here is intended to unravel the trajectory of the relationship between natural resources extraction and politics that resulted in the degeneration of the state into a criminal enterprise. The following propositions are entertained – first regime change in Guyana only comes about as a result of foreign intervention and natural resources extraction plays a prominent role in this process. Second natural resources extraction played a substantial role in the emergence of a “criminalized authoritarian state” in Guyana between 2000 and 2015, unlike in Latin America where in the same period the progressive regimes sought to use natural resources extraction in the “new” extractivism to redistribute wealth in favor of the poor.

The essay is written in six parts beginning with a presentation of the argument about natural resources extraction and politics in Guyana. Second, we analyze selected demographic data and economic statistics on natural resources extraction, agriculture

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and manufacturing output, and on exports of major commodities by products, units and foreign exchange earnings. This is done to establish the significance of gold mining in the Guyana-economy. Third, we present a theoretical discussion on the “new” extractivism in Latin America and the Caribbean to highlight the historic role of natural resources extraction in the plunder of the region.

Fourth, the dynamics and trajectory of politics and natural resources extraction are analyzed by focusing on colonial and nationalist politics, and the neoliberal regime. The analysis of the neoliberal regime investigates the initial phase of neoliberal politics and political change. Fifth, post-neoliberal politics and natural resources extraction are considered to show its main difference in Latin America and Guyana. Sixth, the essential features of the “criminalized authoritarian state” are outlined, by examining six sets of factors including the character of the state, the subversion of the institutional arrangements established to facilitate foreign capital, political micromanagement, conflict situations in mining, and the role of foreign political intervention.

2. The argument

The argument presented in this essay is as follows: as the principal large-scale gold mining company, the Canadian-owned Omai Gold Mines Limited, closed its doors in 2005, small-scale gold mining became predominant in the Guyana-economy as the principal earner of foreign exchange between 2005 and 2015. Small-scale gold mining has had a long history in Guyana dating back to the native peoples who extracted gold for decorative purposes, and to the period characterized as a colonial slave mode of production (Thomas, 1984), especially in times when the prosperity of sugar was under threat due to fluctuations in sugar-price on the world market, which forced the sugar-planters to resort to gold mining on a limited scale to offset their losses from a fall in the price of sugar.

The gold mining activities of foreign extractive capital gives impetus to small-scale mining, who seek to cash-in on some of the profit generated in the process. Thus, throughout the period that Omai Gold Mines Limited was in operations in Guyana small-scale gold miners held their own as the data showed. It was not surprising therefore that small-scale mining became dominant in the Guyana-economy after Omai ceased production. But, what was interesting from this development was the apparent correlation between the predominance of small-scale gold mining and the emergence of the “criminalized authoritarian state.” Undoubtedly, this degenerate state formed in that period was a product of neoliberal democratization and the associated neoliberal economic policies. The People’s Progressive Party-Civic (PPP-C) Government of Guyana that gained power as a result of neoliberal democratization in 1992 degenerated into a “criminalized authoritarian state” between 2000 and 2015.

For analytical purposes we divide the PPP-C reign into two periods – from 1992 to 1997 and from 1997 to 2015. In the period under Dr. Cheddi Jagan from 1992 to 1997 there was much optimism, as the country struggled to catch its breath after 28 years under the rule of the People’s National Congress (PNC). The “criminalized authoritarian state” emerged in the second period of the PPP-C reign after the death of Dr. Cheddi Jagan, when power passed to his wife and subsequently to her protégée Mr. Bharrat Jagdeo.

In contrast, the developments in Latin America were much different as the neoliberal regimes were replaced by post-neoliberal regimes in the 2000s. This development in Latin America gave rise to the debate on the “new” extractivism, which seeks to come to terms with the development strategy of the post-neoliberal regimes and the new imperialism in the region. The

development strategy favors taking control of the country’s natural resources and the redistribution of income in favor of the poor. Veltmeyer and Petras (2014) argue that the development strategy is a new form of imperialism based on “primarization” and “extractivism.” Others have described it as progressive extractivism because the governments who pursue the development strategy are considered to be on the left and the policies aim to redistribute income in the direction of working people (Gudynas, 2010).

Guyana did not witness the emergence of a post-neoliberal regime à la Latin America. Instead, the PPP, which was overthrown twice in 1953 and 1964 on the accusation of being communist, won power on a neoliberal agenda after inviting members of civil society to join it to contest the 1992 elections as the PPP-C. The PPP-C Government of Guyana held on to power pursuing an IMF-World Bank Group agenda. But, it found ways to turn that agenda to its own benefit utilizing whatever leverage it had over the small mining sector and the domestic and foreign investment process, including criminal means for the enrichment of state elites.

The PPP-C was able to hold on to power due to the class-race nature of politics in Guyana, which evolved in the course of the split in the nationalist anti-colonial anti-imperial movement in the 1950s. Since the 1950s regime change in Guyana has only come about with the intervention of foreign forces. Class-race-based politics has served in conjunction with foreign intervention to maintain the PNC and PPP-C in office – in the former case for twenty-eight years and in the latter for twenty-three years. In each of these periods, natural resources extraction played a significant role.

The PNC took an approach to natural resources extraction that was similar to the progressive regimes in Latin America in the post-neoliberal period. The PNC pursued a policy of nationalization with the aim of socializing the income generated in the nationalized industries. This is quite similar to the “new” extractivism that placed heavy emphasis on national ownership of natural resources and the redistribution of income to working people through social programs. The PNC used the public enterprises to gain leverage over working people and to enrich the state elites. The PPP-C presided over the privatization of the public enterprises, which commenced under the neoliberal agenda introduced by the PNC. To gain leverage over working people and enrich the state elites the PPP-C resorted to micromanagement of investment processes and converted the state into a criminal enterprise.

3. Selected demographic and economic data on Guyana

Guyana is a small English-speaking Caribbean country located on the Northeastern shoulders of the South American sub-continent. It comprises 83,000 square miles with a mid-year population of 742,000 in September 2015 (Bank of Guyana Annual Report, 2015). Economic growth was 3.0% in 2015, driven primarily by natural resources extraction – mining and quarrying comprising bauxite, gold, diamonds, stone, and sand; forestry involving logs, sawn woods and plywood; fisheries encompassing fish and shrimp; agriculture covering rice and sugar, and livestock consisting of poultry and eggs; manufacturing including alcoholic and non-alcoholic beverages, liquid pharmaceuticals, paints, electricity, oxygen; and services activities in transportation and storage subsector, (Table 1), (Bank of Guyana Annual Report, 2015).

Bauxite production and gold declaration declined between 2013 and 2015, while diamonds increased consistently in three years. However, around mid-May 2016 gold declaration was 243,000 ounces, which was above the 151,000 ounces declared for the corresponding period in 2015 (Paul, 2016). Stone output in 2015 was below what it was in 2013, unlike the production of sand, which almost doubled in the period. Logging excelled but sawn

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