

## ABSTRACT

This study seeks to provide a critical examination of the nationalization of the Bauxite Industry in Guyana and its performance under national ownership. This examination is conducted within the framework of Norman Girvan's argument for the nationalization of the Bauxite Industry in the Caribbean. Girvan's critical argument for the Nationalization of the Bauxite Industry in the Caribbean is that ownership is a precondition for control over the industry and it is necessary for Caribbean people to own and control the exploitation of their resources in order to improve their material well-being. This study of national ownership of the Guyanese bauxite industry seeks to evaluate the validity of Girvan's argument for nationalization, by examining the performance of the industry under national ownership and trying to determine to what extent Girvan's argument is accurate. The importance of this analysis and evaluation lies in the fact that Girvan was a leading adviser to the Guyana Government at the time that Guyana nationalized the major portion of its bauxite industry, and it is clear that his argument for nationalization was very influential in the formulation of Guyana's policy.

Without discussing the structure of the study, it would be necessary to establish that this study seeks only to evaluate the validity of Girvan's argument in light of the performance of the bauxite industry under national ownership. The findings of this study should not be construed as generally applicable to nationalization. Rather, the study is consciously specific to the case of Guyana and the bauxite industry. The limitations upon the

scope of the study are rooted in the view that the critical evaluation of nationalization as a policy option must be done on a case-by-case study, as the factors that determine the success or failure of nationalization are different from country to country and from industry to industry. In the case of Guyana, the fact that it produces calcined bauxite for the refractories industry, which bauxite is based upon the superior quality and almost unique chemical composition of Guyanese ore deposits, considerably enhanced Guyana's efforts to become an independent bauxite producer within the tightly controlled International Bauxite-Aluminium Industry. Given these factors, the Guyanese experience is not necessarily applicable to all other bauxite-producing countries. However, some of the experience of the nationalized industry, especially within the context of development planning may be of some relevance to other hinterland countries.

A major constraint affected the preparation of this study. The acquisition of information on the bauxite industry in Guyana, both before and after nationalization, proved to be a difficult exercise. Both ALCAN and Reynolds were unco-operative in regard to the author's efforts to obtain information on their operations in Guyana. This difficulty was compounded by the veil of secrecy that has been placed over the operations of the nationalized industry in Guyana. While there seems to be no official policy on the publication of information on the bauxite industry, employees within the industry were generally hesitant to discuss the state and performance of the industry. A few were candid and to these, the author must be grateful, as most of the information supplied by them has been used in the

preparation of this study. However, there is still need for a more thorough assessment on the performance of the national industry and hopefully when the requisite information becomes generally available, such a study can be attempted.

However, until such a study is done, it is hoped that this study can provide, however limited, an insight into the performance of the Guyanese industry under national ownership.

Since the post-1945 world has seen the proliferation of new states arising from the break-up of the empires, the rise of nationalist governments in the colonies of these empires, and the capture of political power by nationalist movements, the colonies acquired political independence from their respective imperial systems.

However, political independence for these new states provoked a debate on the ability of the economies of these states to meet the expectations and demands of their citizens. Under the various imperial systems, the colonies had been assigned the role of producing raw materials to supply the refining and other value-added activities in the industrialized metropolitan states. Under this scheme, the colonies were assigned the least profitable stage in the production process with a consequent lack of advantages such as a narrow productive and economic base, a lack of refining facilities, a lack of skills for the establishment of a wider and more diverse economy and high unemployment levels.

---

The focus of this chapter will be on the new states that have emerged since 1945. However, without specific references to either countries or issues, many of the issues discussed here would also be relevant to the Latin American states which never became "New States", but are hinterland countries in their own right. Further, the term hinterland countries and New States are used interchangeably in this chapter. For the definition of hinterland countries, see L. East and Y. Levitt, *Externally Dependent Growth in the Caribbean: Selected Essays*, (Montreal: McGill University, Centre for Developing Area Studies, 1967.)