

Guyana, Building 'Cooperative Socialism,' Wants Foreign Capital

By Richard Severo Special to The New York Times

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GEORGETOWN, Guyana, Oct. 22—At age six, this nation of 800,000 people frustrates outsiders who would try to define it.

The definition, or lack of it is important to Guyana right now because, although the Government is trying to build a socialist state, it wants and needs capitalist investment. But investors are shying away from the problems of a developing nation and from a Government whose aims they either do not accept or do not fully understand.

To Prime Minister Forbes Burnham, Guyana is, among other things, cooperative socialism. This means that any investor who would develop and exploit the country's mineral and timber resources must agree to a partnership with the Government — a partnership in which the Government insists on at least 51 per cent of the equity and on power in management decisions.

More than a year ago Guyana nationalized the local bauxite holdings of the Aluminum Company of Canada after Alcan and the Government failed to reach accord on this very issue. Mr. Burnham makes it clear that negotiations will begin soon with another bauxite company owned by Reynolds Metals, an American concern. The terms offered will be basically the same as those offered Alcan.

Communists Critical

Mr. Burnham emphasizes that the country welcomes foreign investment as long as the profit motives of the investors do not conflict with his plans to socialize the economy of nation that won independence in 1966 after more than a century and a half of British control.

Many investors think Mr. Burnham is moving too fast, but to the Communists under former Prime Minister Cheddi B. Jagan he is not moving fast enough. They call Mr. Burnham a budding Papa Doc, a reference to Francois Duvalier, the late autocratic ruler of Haiti.

The Communists say they regard Mr. Burnham as more of a political opportunist than committed socialist. They are unimpressed by his announcement that he will seek diplomatic and economic relations with Cuba and assert he is a pawn of the

United States, which continues to support Guyanese development with loans.

They also maintain that vote frauds prevented Dr. Jagan from winning the last election, although the charge remains unsubstantiated in any court.

The picture is further complicated by racial issues. Many Guyanese of East Indian extraction believe that Mr. Burnham, who is black, has ignored their pleas for greater representation in the civil service.

Some East Indian businessmen who are staunch capitalists say they would prefer Dr. Jagan, who is of East Indian descent, to Mr. Burnham, although Dr. Jagan is an outspoken Marxist with strong ties to Moscow. "Cheddi would not have hurt us," one said.

Racial Flare-up Feared

But there are some blacks who assert that Mr. Burnham has not done enough for their cause and they have formed at least one group in, opposition to him, There are occasional racial incidents between blacks and East Indians, although nothing like the serious outbursts of the nineteen-sixties. Responsible Guyanese in both camps, however, are fearful of yet another flare-up.

The country's smaller minorities—Portuguese, Chinese and Amerindians—tend to watch the tension between blacks and East Indians as outsiders. If they fight it is we who get caught in the crossfire," complained a businessman of Portuguese extraction.

The Burnham Government could probably do much to alleviate internal tensions by reducing unemployment (the official rate is 15 per cent) and that could come with development. But development promises to be slow unless foreign capital enters the country.

Investors say they were concerned when Mr. Burnham announced he wanted to reduce the role of foreign banks in Guyana. Mr. Burnham believes that foreign banking has future here as long as banks bring in foreign capital. He feels that local

money, including savings accounts, should be in the domain of the Government's recently created National Cooperative Bank.

But it was the nationalization of Alcan's bauxite facility that probably bothered capitalists the most, despite the Government's insistence that it did not really want to go that far.

'Courage' Is Cited

"Our position was always one of participation, not nationalization, says Hubert Jack, Minister of Mines." Guyana is a small country. Frankly don't think they took us seriously. I don't think they thought we had the courage to do what we did."

"The Government agreed to pay Alcan \$53-million for the company, to come out of bauxite earnings over the next 20 years.

Politically Mr. Burnhan appears as strong as ever. The next election could be held as late as March of 1974, but there are indications the Prime Minister will call one before that, which is his option. "I haven't got a date for it," he said, "but it will be after some things have happened." He declined to say what developments he had in mind.

"We've got to disabuse the investors' minds about Alcan," says Shridath S. Ramphal, Minister of State. "Enlightened businessmen should be more happy than fearful at what we're doing. Increasingly there is no security in the old-style freewheeling relationships, at least not in a developing country. What we want are relationships on an agreed partnership. This is what really provides security for the investor."