

The Entrepreneurial State: A Charter City for Guyana

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The Entrepreneurial State

What is a Charter City?

Why a Charter City for Guyana?

The Entrepreneurial State

What is the Entrepreneurial State?

“The pamphlet focuses on the role of the state in allowing private and public organisations to **interact** in such a way that new knowledge is produced and diffused throughout the economy to allow structural change and growth. This is what has been called in the literature a national system of innovation.” Mazzucato (2011)

“In seeking innovation-led growth, it is fundamental to understand the important roles that **both** the public and private sector can play.” Mazzucato (2011)

“Mazzucato endorses the view that: “*Apple did not build the iPhone, your taxes did*” (PBS, 2013). Thus, she is casting the state as the **main** entrepreneurial agent, hence the term “Entrepreneurial State”, and demoting private entrepreneurs to bit-part players who merely refine what the state has created.” Schou (2024)

What is a Charter City?

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1. Technologies, Rules, and Progress: The Case for Charter Cities (Romer 2010)
2. A Charter City is a special region (zone) similar to a Special Economic Zone (SEZ), but operated under “different” political rules than the host country.
3. Three Roles for participant countries
 - 3.1 Host - supplies land
 - 3.2 Source - supplies residents
 - 3.3 Guarantor - implements and enforces charter
4. Each role can be carried out by **one**, or more than one, country.

A Charter City = Rules

“In this century, new technologies can raise living standards at the fastest rate in human history. To careful observers, this much has been clear for some time. What’s new is the recognition that it will happen only if our rules keep up with our technologies and the proliferating web of human interactions that these technologies make possible. The constraint we will face will come from neither scarce resources nor limited technological opportunities; if we falter, it will be because of our limited capacity for discovering and implementing new rules.” ~ Paul Romer (2010)

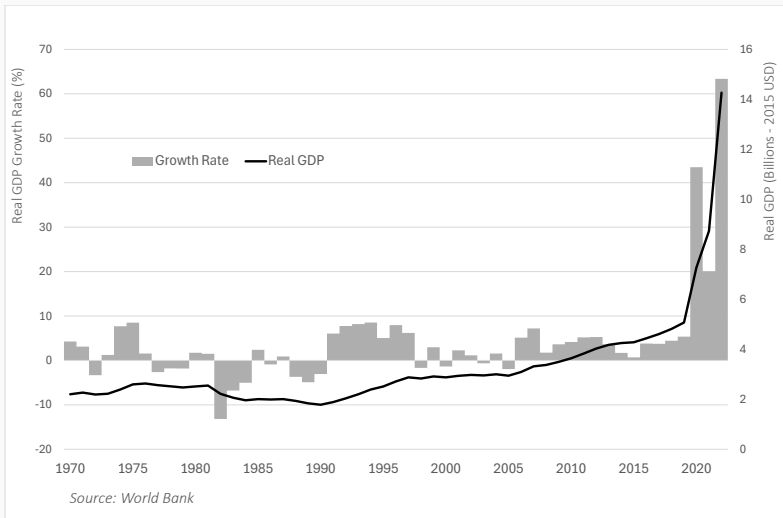
“This paper uses two innovative case studies to test Romer’s idea. These case studies are the Suez Canal Company and the Panama Canal Company. These two companies received charters, were tasked with building cities (and infrastructure), were given long-term leases over land, and had sovereign guarantors - the two canals were in effect Romeresque Charter City projects. This paper uses these case studies to examine issues related to the operation of a sovereign guarantee, financing new city construction, and the distributional consequences of new cities. The global renaissance in big infrastructure construction, much of which is being done under charter-like rules, gives the idea of charter cities a striking contemporary relevance.” McCartney (2022)

Why a Charter City for Guyana?

Overview of Guyana

- South America & Caribbean
- Former British Colony (1966)
- Brazil, Suriname & Venezuela (neighbours)
- Population: 800,000
- Area: 83,000 Square Miles (England & Wales)
- GDP: \$5 billion (2018), \$15 billion (2022)
- GDP Per Capita: \$6,000 (2018), \$18,000 (2022)
- Rich in natural resources
(bauxite, gold, diamonds, uranium, arable land, oil & gas)
- Second only to Iceland in terms of fresh water per capita

Guyana: GDP Growth & Real GDP



Why a Charter City for Guyana?

“Historically, the local private sector has been marginalized and dominated, first by the colonial government and the foreign private sector, then by successive postcolonial socialist-oriented governments that privileged state entrepreneurship and state economic control. Much of Guyana’s local entrepreneurship is conducted in the informal sector and underground economy which have been spawning a revenant capitalist culture opposed to state control and paying taxes.” (Danns & Danns, 2022)

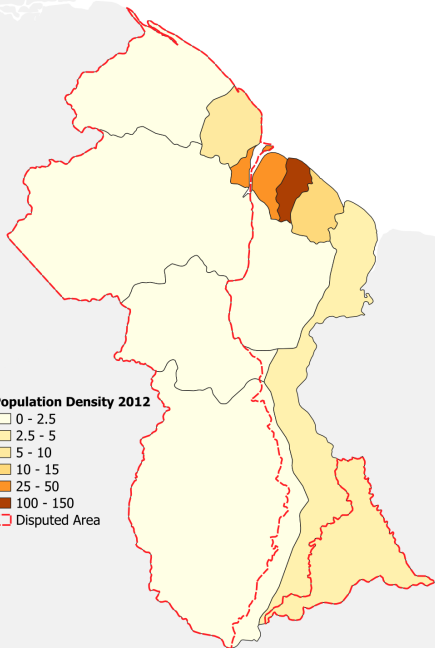
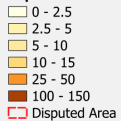
Why a Charter City for Guyana?

“Local entrepreneurs in Guyana, with some exceptions, are by no means wealthy and are not enamored of a dynamic entrepreneurial disposition. They are seemingly contented to make a surplus on their investments and earn a living rather than to generate serious profit. They stick with what works and eschew the creative risk taking that may result in major entrepreneurial successes. These local private sector operatives are mainly entrepreneurs who buy and sell products from abroad or locally... They operate mainly small businesses with fewer than twenty employees... The majority do not readily embrace technology. Rather, technology embraces them.”
(Danns & Danns, 2022)

Why a Charter City for Guyana?

- Weak institutions
- Nascent petro state
- Ethnic Fractionalization
- Heavily populated low coastal plain
- 90 % of the population lives on 10 % of land
- 89% of tertiary graduates migrate (World Bank 2011)

Population Density 2012



“For most states trying to be entrepreneurial, there exists a small economy paradox: when the identified issues are significant and evident enough, the small state lacks critical mass... The idea that nation-states a tiny fraction of the size of the United States could in any way be employed in solving similar problems is like asking your local pizzeria to produce a gourmet dinner for 500 guests.” Larson (2022)

THANK YOU FOR LISTENING !!!