GUYANA

Economic Trajectory Analysis: A Comparison to Norway and Venezuela

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Abstract
In 2015, Guyana discovered oil off its coast, positioning it with more oil reserves per capita than any other country globally and giving it the potential to become one of the richest countries in South America. This paper examines the policies of Norway and Venezuela, two nations that also have vast oil reserves, and the policies they took in their nation building. It also details what Guyana is currently doing with its newfound wealth and offers some policy recommendations. Should Guyana follow the path of Norway and use its newfound oil to set up the future of its people and in turn, make Guyana one of the wealthiest nations on Earth? Or is Guyana destined to take the path of Venezuela and succumb to the resource curse?

The views and findings expressed here are those of the authors and do not necessarily reflect those of the Middlebury Institute of International Studies or any officials of the Institute.
Introduction

The discovery of over 11 billion barrels of oil in Guyana's territorial waters since 2015 marks a significant turning point for the nation, positioning it with more oil reserves per capita than any other country globally\(^1\), surpassing even oil giants like Saudi Arabia by over threefold. However, with this newfound wealth comes a set of formidable challenges. History has shown that many oil-rich nations, such as Nigeria, Angola, and Venezuela, struggled to translate their natural resource abundance into improved welfare for their citizens. In some cases, such as Venezuela, the mismanagement of oil wealth led to deteriorating living standards for the populace. In stark contrast, Norway stands as a beacon of successful resource management, transforming from a modest maritime economy to one of the wealthiest nations on Earth per capita, largely due to the establishment of policies like the Sovereign Wealth Fund. This research paper aims to analyze how Norway and Venezuela managed their oil wealth and the subsequent outcomes. Furthermore, it will scrutinize Guyana's current situation, examining its efforts in managing its oil wealth thus far, and endeavor to forecast whether Guyana will emulate the success of Norway or the pitfalls of Venezuela in the future.

Norway

Prior to discovering oil, Norway was a relatively modest country economically with limited agricultural lands and a heavy reliance on ocean resources. It did, however, have the fourth largest maritime fleet in the world, facilitating the use of advanced technologies and the flow of foreign currency which was of vital importance for the economic growth of the nation\(^2\). Norway was on the path to prosperity due to its abundance of natural resources and tech-forward labor force. During this time, the Norwegian government passed laws prohibiting foreign ownership of their natural resources to ensure security and that the country’s resources were managed by Norwegians, for Norwegians, which proved very important when the country discovered oil.

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In 1962, Phillips Petroleum applied to the Norwegian government asking permission for exploration activities off the North Sea coast. Philips wanted exclusive rights over whatever discovery they made, however the Norwegian government did not want to allow any one company to have the rights to their natural resources, so in 1963, the Norwegian state declared sovereignty over its oil fields and the continental shelf. It was decided that handing over control of an entire continental shelf to one company was out of the question; if these areas were opened for exploration, several companies would have to be involved. Bidding for exploration occurred in 1965, and 22 companies were given licenses. The licenses granted an exclusive right to explore, drill, and extract oil and gas in the areas to which they applied. The first exploration well was drilled in summer 1966 but proved to be dry. Eventually, in 1969, oil was discovered (by Phillips Petroleum) in Norway and while various companies could drill for it, 50% of the profits had to go to the Norwegian state.

With the discovery of oil, the Norwegian government sought how to best manage this newfound resource. The various oil companies operating in the North Sea were required to buy expiration permits (meaning a company could only drill for a certain number of years, not indefinitely) to extract oil. It is important to note that Norway was already in the process of development and economic growth by the time oil was discovered and that it already had strong institutions in place with low levels of corruption, high public trust, a system of checks and balances, and a sound public policy. Unlike some countries that discovered oil and immediately started spending, Norway thought about its long-term goals and what it wanted to achieve. The focus was on long-term spending and not on short-term success.

Prior to the establishment of the Sovereign Wealth Fund, in the 1970s and 1980s, Norwegian policymakers initiated analytical work on a number of issues, including Dutch disease, the size of reserves, the likely life cycles of oil fields, and environmental concerns, and begging the question: what is the best way to achieve sustainable growth? The process was very gradual, but it was decided that a fund should be established by putting its hydrocarbon revenues

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in a fund and spending only the real return on the assets accumulated in this fund, along with converting oil and gas in the ground into financial assets in a fund and decoupling hydrocarbon income from spending. At the same time, the state oil company, Statoil, the Norwegian Petroleum Directorate (NPD), and the Ministry of Oil and Energy were established to help guide oil revenues and their expenditures.

As Norway did not want its economy to be solely reliant on oil, when the sovereign wealth fund was officially established in 1990, rules were put into place that it could not invest in other oil companies, companies with unethical business practices, or domestic companies. This has changed somewhat today. It may seem unusual that the fund could not invest in Norwegian companies, but this was done to safeguard the state’s economy in case of a recession. For example, if the Norwegian economy was suffering from a recession the diversification of the Sovereign Wealth Fund would hopefully insulate it because it is invested internationally.

The Government Pension Fund Global, as the sovereign wealth fund is officially called, is the world’s largest fund, valued at a little over $1 trillion and owns 1.5% of all shares in all of the world’s listed companies, which includes about 9,000 companies worldwide. The fund is managed by Norges Bank on behalf of the Ministry of Finance with nearly 71% invested in equities and the remainder in real estate, fixed income, and renewable energy infrastructures. It was set up to shield the economy from the ups and downs in oil revenue and to safeguard and build wealth for future generations. The interest off the oil revenues is given back to the people in the form of healthcare, education, and as a safety net to families. It also serves as a financial reserve and a long-term savings account for the country.

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According to the Norges Bank, “The less we spend today, the better the position we will be in to deal with downturns and crises in the future. Budget surpluses are transferred to the fund, while deficits are covered with money from the fund…politicians have agreed on a fiscal rule which ensures that we do not spend more than the expected return on the fund [which amounts to about 3% per year]”⁹. On the fund’s website, one can see in real time how much the fund is currently worth reflecting all of its investments. One can also research all the companies that the fund is investing in and see for themselves exactly where the money is coming from¹⁰. This type of transparency is key to the success of the fund and to its continuance through many political party and leadership changes.

The politicians designed a tax system for the sector that saw the bulk of the petroleum revenues go to the state. As a result, oil and gas operators in the Norwegian sector pay a 27% corporate tax, and on top of that, they must pay a 57% tax on their profits, which goes to the fund. For example, the country was able to stave off the 2008 financial crisis by maintaining control of the petroleum revenue and spending it wisely¹¹. The Norwegian government is well aware that oil is a finite resource and that they will not be able to rely on it forever, which is why they only spend the fund’s expected real return and have started investing in alternative industries, mainly renewable energy infrastructure projects such as the acquisition of a 50% interest in the Borssele 1 & 2 offshore wind farm located in the Netherlands, as well as a portfolio of solar plants and onshore wind farms in Spain. And in March of last year, they agreed to acquire a 16.6% stake in He Dreiht, an offshore wind construction project in Germany¹². If Norway runs out of oil tomorrow, hypothetically speaking, it will experience a loss, of course, but the fund will still continue to grow, and the Norwegian people will be taken care of for many years to come.

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There are several reasons why Norway has experienced the success that it has and why it constantly ranks as one of the happiest countries in the world\(^\text{13}\), it is one of the richest nations on Earth\(^\text{14}\), and has been named as one of the most democratic states on the planet\(^\text{15}\). Current GDP per capita is NOK 1,183,523 (about $108,000 USD), the 3rd highest in the world\(^\text{16}\). On top of that, it takes great pride in its environment by investing in green energy and other environmentally friendly sources. It also values its people greatly which is why it has committed to funding healthcare, education, and establishing a social safety net for families and is looking towards caring for future generations through the surpluses and returns on investments of the sovereign wealth fund. While it may be true that Norwegians pay high taxes, one can see the direct result of those taxes in everyday life and the care of the government towards the people. Of course, it helps that it is a relatively small country with a relatively small, homogenous population of around 5.5 million people\(^\text{17}\), but there are lessons here that other small countries, with natural resource reserves like Guyana, can take advantage of and learn from. Although it is unrealistic for countries like Guyana to be exactly like Norway, there are aspects of its policy that can be emulated with the intent to provide similar outcomes.

**Venezuela**

Oil is not always a guarantee of riches, as we can see in the case of Venezuela. At the beginning of the twentieth century, Venezuela had one of the poorest economies in Latin America, but by 1970 it had become the richest country in the region and one of the twenty richest countries in the world thanks to oil.\(^\text{18}\) However, due to failed policies and especially under

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the Maduro administration, we see a nosedive of the Venezuelan economy and serious economic crisis. We can understand this decline by looking at the history of the oil sector in Venezuela, the price of oil combined with U.S. sanctions, the experience of Dutch disease or the resource trap phenomenon, and the continuation of the failed policies of Hugo Chavez by Nicolas Maduro.

Before analyzing how Venezuela became a failed state despite the large oil reserves, it is important to first look at the history of the oil sector in Venezuela. Oil was first discovered in Venezuela in 1922. At the time, Venezuela was ruled by a dictator that allowed over 100 international oil companies to work in the country and by 1928 Venezuela was the world’s second largest petroleum exporter. Venezuela was able to enjoy the benefits of the oil industry more fully after it enacted a 1943 law that taxed foreign oil companies fifty percent of their profits. In 1973 under the OPEC oil embargo against the U.S. and others, the prices of oil quadrupled and Venezuela was the main beneficiary. Venezuela first nationalized its oil industry in 1976, which allowed the Venezuelan government to collect even more money. In nationalizing the oil industry, then President Carlos Andrés Pérez created state-owned Petróleos de Venezuela, S.A. (PDVSA) to oversee all aspects of the oil industry. Pérez allowed PDVSA to partner with foreign oil companies as long as it held “60 percent equity in joint ventures and, critically, structured the company to run as a business with minimal government regulation”. In 2007, Hugo Chavez again nationalized the Venezuelan oil industry, but this time with full government control. Power was taken away from the private companies. As Chavez argued, “for Venezuela to be a socialist state, it must have control over its natural resources.”

Venezuela has struggled with both internal and world prices of oil. In the 1980s, the oil price was decimated and in 1998 led to the rise of Hugo Chavez, who promised more left wing economic policies. Chavez “took control of the Supreme Court, harassed the press and closed independent outlets, and nationalized hundreds of private businesses and foreign-owned assets, such as oil projects run by ExxonMobil and ConocoPhillips.” In 2014, following the death of Hugo Chavez, Nicolas Maduro took power and further “consolidated power through political repression, censorship, and electoral manipulation.”

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Oil production in Venezuela in 2014 was 13% lower than in 1999 due to mismanagement. This led to gas shortages and rationing in Venezuela. In August 2014, the PDVSA tried to raise the domestic price of oil. This proved difficult because for many years Venezuelans were accustomed to cheap and subsidized oil. Government figures estimated that PDVSA had annual losses of $12.5 billion with the subsidized gas prices, with PDVSA paying 28 times more to produce gasoline and 50 times more for diesel than what consumers pay at gas stations. However, rather than raising prices, Maduro removed the head of the PDVSA and replaced him someone more deferential to the government.

The situation became significantly worse when in October 2014 oil prices dropped to a four year low. Despite an emergency meeting with the Organization of the Petroleum Exporting Countries (OPEC), by January 2016, Venezuelan oil was selling near $24 a barrel, bringing a profit near the cost of producing a single barrel, which was slightly below $20 per barrel. Thus, Venezuela entered an oil crisis for which it may never recover.

The implosion in Venezuela took place at the same time as the U.S. government enacted sanctions on Venezuela, which “barred oil purchases, froze government bank accounts, prohibited the country from issuing new debt, and seized tankers bound for Venezuela”. In August 2017, the U.S. significantly increased the sanctions on Venezuela by “prohibiting U.S. institutions and individuals from trading in Venezuelan debt”. This made it impossible for Venezuela to restructure its debt, and further restricted the government’s ability to engage in international trade.

The U.S. sanctions compounded a dramatic plummet in Venezuela’s oil production. Venezuela’s oil industry depends on crucial replacement parts and oil derivatives from the U.S., which it could no longer import due to the U.S. sanctions. As a result, Venezuelan oil production “decreased from about 2 million barrels per day to 1.2 million between August 2017

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and August 2018.” Venezuela saw oil revenue decrease from $93.6 billion in 2012 to $30.9 billion in 2018. Imports into Venezuela also decreased, further disrupting the economy.

The Venezuelan economy contracted a severe case of “Dutch disease.” Dutch disease occurs when one sector of the economy is developed at the expense of other sectors. In Venezuela’s case, the oil boom attracted large amounts of foreign capital into the industry which led to a substantial appreciation of the currency and a boost for imports. In turn, other sectors of the economy, such as agriculture and manufacturing, suffered and unemployment increased.

Another common occurrence with Dutch disease is a bloated, inefficient public sector, which happened in Venezuela. One of the major public sector problems facing the Venezuelan oil sector occurred in 2002-2003, when Chavez fired 19,000 employees of the PDVSA and replaced them with people loyal to his government. This loyalty maneuver, combined with the nationalization of the oil sector and removal of international oil companies, caused a brain drain and eliminated much needed experience. Maduro only continued Chavez’s policies of mismanagement and corruption.

Another problem of Venezuela’s financial status was the way in which they spent the money, which was still a considerable sum despite mismanagement and massive graft. A significant portion of the oil revenue was allocated towards social programs aimed at poverty alleviation, fuel subsidies, government planned infrastructure projects, international aid to ally countries, and general government operations. Instead of investing in the future, Venezuela was practically giving the money away to the public, which resulted in inflation and a poor economy. These left-wing policies have created a race to the bottom as they have only gotten more extreme as the situation gets worse.

In the face of steady economic decline, it is not surprising that Venezuela has renewed its long-standing claim to Guyana’s Essequibo region, which constitutes over two-thirds of Guyana’s land area and includes the recently discovered reserves of crude oil. Venezuela’s

claim to the Essequibo region dates back to the early nineteenth century and the end of Spanish colonial rule. Numerous attempts to settle the dispute have been unsuccessful.

In December 2023, Venezuela held a referendum on whether Essequibo should become a state of Venezuela, which passed with 95% approval. In response, the U.K. and Brazil mobilized troops to the area as a show of force. Following the referendum, Venezuelan President Maduro told a crowd of government officials and supporters that he would “create the Venezuelan state Guyana Esequia, and order energy companies currently there, including Houston-based ExxonMobil, to leave in three months.” In response, the United States announced joint military drills with Guyana.

The U.S. Embassy in Guyana soon after released a statement reading "the U.S. will continue its commitment as Guyana's trusted security partner and promoting regional cooperation and interoperability." Most recently, in March 2024, Venezuela passed a law that creates Essequibo as a new state of Venezuela. While it is impossible to predict what will happen, an important aspect of Guyana successfully utilizing the oil reserves is whether they will actually be able to keep the oil and territory.

**Guyana**

**The discovery, production, and sale of Guyanese oil**

In 2008, oil exploration began in Guyana, and the first discovery was made in May 2015 by the American company Exxon Mobil. The discovery, named ‘The Liza discovery’, is located more than 100 miles off the coast of Guyana. The Guyanese government are today collaborating with the ExxonMobil consortium on exploration and production of oil in Guyanese territory. The ExxonMobil consortium holds the exploration licenses and consists of the American companies Exxon Mobil and Hess Corporation, as well as the Chinese company The Chinese National Offshore Oil Corporation (CNOOC). Since 2015, the consortium has made more than 30

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discoveries off the coast of Guyana. In December 2019, production and sale of oil from Guyana began, marking the beginning of a substantial oil revenue stream for Guyana. As of 2022, the largest importers of Guyanese oil are Panama, the Netherlands, the USA, Italy, and Germany.

The impact of the oil discovery on Guyana's economy up to today

Since the start of oil production at the end of 2019, the Guyanese government has earned 3.5 billion USD. This has resulted in a tripling of the Guyanese economy, which means a jump from one of the poorest countries GDP per capita in the Americas to one of the richest. Guyana has been one of the world's fastest-growing economies since 2020. Figure 1 shows that Guyana's Real GDP Growth Rate increased from 5.4 percent in 2019 to 43.5 percent in 2020. Presently, the growth rate stands at 33.9 at present, which is more than double the growth of the second-ranked country on the list. At the same time, the level of prosperity in Guyana has increased significantly. GDP per capita has increased from 6590 USD to 26590 USD in the period 2019-
2024, representing an increase of over 400 percent. Today, Guyana already has the fourth-highest GDP per capita in the Americas, surpassed only by the USA, Canada, and the Bahamas.\(^{35}\)

*Figure 1 - Real GDP Growth, International Monetary Fund World Economic Outlook Database*\(^{36}\)

**The quantity and significance of Guyana's oil resources**

In the short period from 2015 to today, a total of 11 billion barrels of oil has been discovered in Guyana's territory, which amounts to 13,516 barrels of oil per capita with the current population of 818,609\(^{37}\). For comparison, Norway, also with a small population (5.5 million), has found a total of 16,936 barrels of oil per capita, which has transformed Norway from an economy slightly below the European average before 1970 to the third-highest GDP per capita in the world today\(^{38,39}\). However, it is important to note that the Guyanese government receives a lower percentage of oil revenues than an average government in such a case. As the Guyanese authorities collaborate with the ExxonMobil consortium on exploration and production of oil, the profit is to be shared between the parties. In 2016, the Guyanese government signed a

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\(^{36}\) International Monetary Fund. (2024, May 6). *Real GDP growth Annual percent change*. International Monetary Fund. [https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/MAC](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/MAC)


contract with the consortium stating that they shall receive 50 percent of the profit, plus two percent royalty. This is lower than the average, which is that the state receives 75 percent of the profit. It is expected that oil will generate a total income of $157 billion by 2040 for the Guyanese government, which is approximately $10 billion annually. Furthermore, it is expected that by 2035, Guyana's output will reach 1.7 million barrels of oil per day, which would make it the fourth-largest oil producer in the world, surpassing Qatar, the USA, Mexico, and Norway. GDP per capita in Guyana is expected to increase to 38,680 USD by 2029, representing an increase of 145 percent over five years. If this expectation becomes reality, Guyana would be ranked 40th in the world for GDP per capita, up from 117th place in 2018.

**The government's plan to reach its economic potential**

In order for Guyana to reach its economic potential, sustain it, and simultaneously strengthen its climate protection efforts, the Guyanese government have laid out various strategies. A central strategy is to invest in infrastructure, including healthcare, education, roads, and climate protections. This is to ensure that the oil revenues are directly used to improve the quality of life for residents in the short term. In 2024, the country is building 12 hospitals, several schools, seven hotels, two major highways, its first deep-water port, and a large gas power plant that will double Guyana's energy output and halve power bills. Part of this gas power plant includes a 152-mile pipeline to transport natural gas onshore to generate electricity. This natural

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gas is released during the oil extraction process\textsuperscript{46}. One of the mentioned highways is a 345-mile road to connect the capital city, Georgetown, with the town of Lethem, bordering Brazil in Guyana's southwest. The road will provide increased access to major cities, facilitating more tourism and transportation between cities for food, education, and trade. For example, it will increase investment and trade opportunities for neighboring Brazil, which will have easier access to the port in Georgetown. Additionally, the road will create more job opportunities\textsuperscript{47}. Furthermore, the Guyanese authorities have initiated a climate action called "LCDS 2030," which maintains forest cover and preserves absorption rates, aiming to improve nature conservation, including biodiversity conservation, water protection management, and ocean economy\textsuperscript{48}.

Another central strategy is the establishment and management of a state investment fund called The Natural Resource Fund (NRF). The fund, established in 2021, contains government proceeds from petroleum operations including royalties, their share of profit oil and income tax or corporate income tax\textsuperscript{49,50}. The purpose of NRF is to manage the natural resources wealth of Guyana for both present and future benefit of the people and for the sustainable development of the country. The Ministry of Finance is responsible for the overall management of the NRF, while the central bank, Bank of Guyana, is responsible for the operational management of the fund\textsuperscript{51}. Each year, funds are transferred from the NRF to the Consolidated fund, the


government's main bank account, to finance national development priorities. There is a cap on
the amounts that can be used for the national budget, which helps maintain the fund. At the same
time, exception rules have been developed to allow Guyana to use more money during economic downturns.

The NRF is to be managed according to the principle of passive investment management. There are two investment streams. The first is very safe investments which are limited to eligible bank deposits and eligible treasury bills, and the second is long-term savings for which investments in eligible asset classes are restricted by floors and ceilings. The state investment fund also provides the government with the opportunity to invest diversely, turning the surplus oil profits into sustainable growth independent of oil. A diversified fund ensures that Guyana can still spend money even if the oil reserves were to deplete or prices were to fall. In 2017, Guyana joined the Extractive Industries Transparency Initiative, which requires member countries to disclose how their governments allocate resource rights and use oil revenues. This means that the fund's accounts are public, allowing Guyanese citizens to monitor the management of the oil fund, which is intended to help prevent corruption. Additionally, Guyana has developed a Public Accountability and Oversight Committee tasked with providing independent evaluations of the management of the NRF and the use of oil funds. The committee consists of 22 nominees from civil society groups, professional associations, academia, and local government.

Guyana’s future

Analyzing Norway's effective utilization of oil wealth alongside Venezuela's mismanagement provides a valuable framework for oil-rich nations. By extending this comparison to Guyana's management of its mineral wealth since its discovery in 2015, we hope to gauge the likelihood of sustainable prosperity. However, despite the comprehensive insights gleaned from Norway and Venezuela, predicting Guyana's success remains speculative.


Key factors influencing Guyana's prospects include its policies for managing the oil industry and the allocation of its proceeds. Additionally, the role of Guyana's government and legal system, whether facilitative or obstructive to economic progress, is pivotal. Cultural and demographic dynamics also shape the trajectory, determining whether Guyana resembles Venezuela's pitfalls or Norway's successes in this regard. Moreover, geography and geopolitics exert significant influence, often dictating a nation's fate.

In addition, proceeds from the NRF will fund public programs that are intended to support social programs and economic initiatives intended to positively impact all of Guyanan society and create a diverse economy that isn’t entirely reliant on oil for the long term.

**Policy**

Arguably, the most pivotal policy move Guyana has made towards securing the prosperity of its populace mirrors Norway's establishment of the Sovereign Wealth Fund: the creation of the NRF (Natural Resource Fund). This initiative signifies a commitment to prudent management and equitable distribution of oil wealth.

Moreover, Guyana's transparency measures regarding spending and fund operations closely resemble Norway's approach. By joining the Extractive Industries Transparency Initiative and ensuring public access to NRF accounts, Guyana emulates the transparency model championed by Norway. Additionally, the formation of a Public Accountability and Oversight Committee, tasked with independently evaluating NRF management and oil fund usage, further echoes Norway's commitment to accountability and oversight.  

Further it appears that the NRF gives the Guyanese a certain safety-net should the price of oil drop.

In addition to its transparency measures, Guyana has seemingly negotiated a fair yet attractive profit-sharing arrangement with Western oil companies, like Exxon. This collaborative approach not only ensures equitable distribution of oil proceeds but also leverages the expertise of these companies to guarantee the efficient management of resources. By striking a balance

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55 Guyana approves Wealth Fund, local content rules for expected oil boom | reuters. (n.d.).  
between fair profit-sharing and access to technical knowledge, Guyana positions itself for sustained economic growth and responsible resource utilization.

In stark contrast, Venezuela pursued a divergent path, characterized by the absence of a dedicated fund for oil revenues and rampant mismanagement. Proceeds were squandered in ineffective spending programs, with a significant portion lost to corruption and graft. Moreover, Venezuela's decision to nationalize its oil industry and replace competent management with government loyalists exacerbated the mismanagement of resources.  

In contrast, Guyana has opted for a different strategy, entrusting the expertise of Exxon and other Western oil companies to oversee operations. This approach not only ensures efficient resource extraction but also mitigates the risk of mismanagement and corruption. By learning from Venezuela's pitfalls and embracing collaboration with experienced industry players, Guyana positions itself for a more sustainable and prosperous future.

**Government, Culture and Demographics**

Norway and Guyana share similar representative parliamentary republic government structures, promoting democratic governance and accountability. In contrast, Venezuela operates under a "Federal Presidential Republic" system, marred by allegations of civil rights abuses and state-sponsored voter fraud, as reported by the State Department. Guyana and Norway also have the advantage of having a small population which makes it easier for wealth and social services to be equally distributed, whereas with larger countries this would incentivize an oligarchy.

Legal systems also diverge: Guyana's is rooted in English Common Law, offering inherent checks and balances absent in Venezuela's system. However, Guyana grapples with its own challenges. Poor infrastructure and high crime rates have led to a low ranking in the World Bank's Ease of Doing Business report (134/190) and Transparency International's Corruption Perceptions Index (CPI) (87/180). This places Guyana closer in ranking to Venezuela (177/180 for CPI and 188/190 for Ease of Doing Business) than Norway (4/180 for CPI and 9 for ease of

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doing business). Considering these issues, it may be difficult to revive old industries (sugar) and create new ones, even with the sudden infusion of oil wealth. Further, geography is not on Guyana’s side with poor infrastructure by the coast, impenetrable jungle to the south, and a hostile neighbor to the west. Although we should see improvements in these conditions due to planned infrastructure improvement and economic diversification projects. 

Moreover, while Norway is relatively homogeneous, Guyana is multi-ethnic, with descendants of Africans and South Asians comprising the dominant groups. Ethnic tensions occasionally surface, adding another layer of complexity to governance and social cohesion.

In essence, while Guyana and Norway share certain democratic principles, Guyana faces challenges reminiscent of Venezuela's governance issues. Addressing these challenges will be crucial for Guyana to chart a path towards sustainable development and prosperity for all its citizens.

Given Guyana's status as an English-speaking nation, governed by English common law, and situated in the Western Hemisphere, its oil resources have garnered it newfound strategic importance, particularly for the United States. This strategic positioning likely results in significant influence aimed at ensuring Guyana avoids the pitfalls experienced by Venezuela.

Furthermore, Venezuela's territorial claims over Essequibo territories have propelled Guyana closer to Western powers, including the United States and the United Kingdom. This

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alignment has led to military deployments and increased collaboration, which will likely translate to additional guidance and support to Guyana during its formative years.

**Conclusion**

In summary, while the comparison between Norway, Venezuela, and Guyana provides valuable insights, the multitude of factors involved makes predicting Guyana's economic success a nuanced endeavor. Presently, Guyana seems to be on a positive trajectory towards prosperity, with projections indicating a significant improvement in its GDP per capita ranking, from 117th place in 2018 to an estimated 40th place by 2029.\(^6^3\)

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However, this optimistic outlook hinges on Guyana's ability to stay on its current path. And perhaps comparing Guyana to only two examples of nations with oil wealth may be too simplistic. Perhaps, further comparisons to other oil rich nations may be helpful as well. Regardless, long-term prosperity will rely heavily on successful economic diversification, a challenge that has yet to be overcome by even rich countries like Saudi Arabia. Therefore, while the indicators for Guyana's economic growth are promising, sustained success will require steadfast adherence to sound, transparent legal and economic policies and effective diversification strategies.

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