

The question of Power

Alternatives for the energy sector in Greece and its European and global context
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Extractivism and protest against it in Latin America¹

(Draft)

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I would like to thank Siriza and the European Office of the Rosa Luxemburg Foundation for the opportunity to participate in this conference. Coming from Latin America it is important to highlight the importance of intercontinental dialogues and the sharing of experiences. Two central issues that have defined Latin American politics and struggles over the last decades, neoliberal economic adjustment and austerity policies, and extractivism or natural resource based economic policies, are now central to the challenges faced by the Greek social movements and the left.

I think it's best that I start by making my perspective as clear as possible.

1. We are facing a deep crisis of civilization, a civilization based on unlimited growth and a constant attack on nature and the conditions that make life possible. We humans are using the planet's carrying capacity way beyond its reproductive potential.
2. In spite of this massive overuse of the planet's carrying capacity, hundreds of millions of humans do not have access to enough food, to clean water or shelter. Wealth and income and access to the commons of the planet are more unequally distributed than ever before in history.
3. Unless drastic changes take place in the next two or three decades in production and

1. Extractivism is understood as the appropriation of common goods, directly or indirectly, in order to transform them into commodities. Of course a very critical issue here is the scale of the exploitation.

Hacer referencia al trabajo del Grupo Permanente de Estudio de Alternativas al Desarrollo, los objetivos, los libros publicados. Comenzando por diagnóstico/crítica del desarrollo, ir avanzando en propuestas. Tener fresca la propuesta de política energética y el programa de transición contenidos en el segundo libro.

consumption patterns (specially in the energy sector) and access to the commons are radically re-distributed, life as we know it -not only human life- will not survive.

4. The fifth report of the Intergovernmental Panel on Climate Change once again confirms that human activity is responsible for climate change and that the underlying causes of climate change continue to operate unabated. Global temperature continues to rise.
5. The total failure of climate negotiation serve to highlight the extent to which we now live in a post-democratic society. The interest of financial capital and the oil industry are much more important than the democratic will of people around the world. In the global neoliberal society profit is more important than life.

Latin America in the colonial-imperial international division of labor and nature

Historically, since the beginning of colonial times more than five centuries ago, what is now known as Latin America played a crucial role in the international division of labor and the international division of nature: that of provider of primary goods or commodities based on slavery and other forms of exploitation. This immense transference of wealth to Europe, via the Iberian Peninsula, marked the beginning of the capitalist colonial world system and provided the primitive accumulation of capital that made the industrial revolution possible.

Nothing much changed in this respect with political independence.

It was only after the second World War that this position in the international division of labor and the international division of nature began to be seriously questioned. Realizing the constant **deterioration of the terms of trade** between the value of commodities that were exported and industrial goods that were imported, the Economic Commission for Latin America, under the leadership of Raúl Prebisch pushed for industrialization of the continent via **import substitution**. Facing many obstacles, these industrialization efforts were relatively successful, specially in the larger countries, Brazil, Mexico and Argentina.

This began to change in the 1970s. With the military dictatorships, the debt crisis of the 80s, and the imposition of the neoliberal adjustment policies of the Washington Consensus, starting with the US backed military coup in Chile in 1973, the road to industrialization was to a great extent abandoned and the **traditional theory of comparative advantages** was again used to argue for the need to concentrate on what the continent did best: **produce**

commodities. A new age of market fundamentalism was to dominate the continent for the next decades.

In the 90s, as part of the implementation of the neoliberal adjustment policies, the creation of the WTO and multiple bilateral and multilateral free trade treaties and investment treaties, most Latin American countries changed their mining legislation. Previous limitation for foreign direct investment in mining activities were removed. Different countries started to compete with each other in order to create the most attractive conditions for investment by transnational corporations. This meant, among other things, the privatization of state mining companies, further flexibility of capital markets, new regimes of investment protection that gave foreign investments the same rights as national investments, flexibility of labor markets, and in several cases not only low taxes, but a guarantee that these would not increase for many years.

A further push in the direction of an increased concentration on the production and export of commodities, not only in the mining sector but in the energy and agricultural sectors has been the extraordinary increase in both the demand and the price of commodities over the last decade due mainly to the vigorous rate of economic growth in Asia, particularly in China.

China is a country poorly endowed with many natural resources and has very limited per capita land and water resources. It is highly dependent on the import of commodities not only for its internal consumption, but also as inputs for the industrial products y export. After three decades of a an average 10% rate of economic growth, China today has the largest industrial sector in the world and has become the biggest export economy. China is today the world's first consumer of refined nickel, refined copper, refined zinc, primary aluminum, refined lead, finished steel, thermal coal and seaborne iron ore.² China accounts for 40% of the total world imports of copper, 39% of nickel, and 48% of iron ore.³ In the case of the most important agricultural commodity in South America today, soya beans, 53% of the world's total imports are made by China.

For Latin America, this has meant a drastic increase in extractive pressures as both the demand and the price for its commodities has continuously grown over the last decade. Latin American exports to China are proportionately more commodity based than is the case with its traditional trading partners, the United States and the European Union. Almost 90% Of the total Latin American and Caribbean exports to China are unprocessed or "natural

2. Source: Morqan Stanley estimates, IEA, the Beijing Axis Analysis.

3. Osvaldo Rosales, Mikio Kuwayama, *China y América Latina y el Caribe Hacia una relación económica y comercial estratégica*, CEPAL, 2012.

resource” based manufactured products.⁴

That fact that for some countries like is the case of Venezuela and Ecuador, China has become the main source of external financing gives the Chinese government much power in their negotiation in order to guarantee long term access to mineral, energy and agricultural resources. Chinese credits to Latin American countries -unlike the World Bank and the International Monetary Fund, impose no political or policy conditions. What is required in access to resources, or that the credit is paid back in oil, as in the case in Ecuador and Venezuela.

The other most important rather new actor in mining sector in all of Latin America are Canadian mining corporations that in a few years have spread their activities across the whole continent. The Toronto Stock Exchange has become the most important venue for mining companies in the world.

Alternatives to development and extractivism

Over the last decade and a half, South America was the region of the world where alternatives to development and extractivism seemed possible. Very strong and dynamic social movements defeated right wing military dictatorships, toppled neoliberal governments, and were able to defeat the most important imperial project for the continent, the Free Trade Agreement of the Americas, or FTAA. This was the product of an extremely wide convergence of movements and organizations in the confrontation with neoliberalism in all its expressions: free trade, agribusiness, destruction of rights and of the public sphere, the commodification and financialization of nature, attacks on cultural plurality and women’s rights, etc., etc. |

Leftist and progressive governments came into power on the back of these movements and organizations. As an expression of the demographic significance and the extraordinary mobilization of indigenous people in Ecuador and Bolivia, the new constitutions of these countries are based on the concepts of the good life (Suma qamaña and Sumak Kawsay).

The idea of *sumak kawsay* *buen vivir* implies not only solidarity amongst humans, but equally living in harmony with and in nature. In the words of Alberto Acosta, who presided the Ecuadorian Constitutional Assembly during most of its debates: “*living well*” or *buen vivir*, is born out of the collective life experience of the indigenous peoples and nationalities. It seeks

4. Monica Bruckmann. Recursos naturales y la geopolítica de la integración Sudamericana, <<http://www.rebelion.org/docs/127270.pdf>>

a harmonious relation between human beings, and these with nature..."

For the first time ever, the Ecuadorian Constitution establishes the rights of nature.

"Nature or Pachamama, where the life is created and reproduced, has as a right that its existence is integrally respected as well as the right of the maintenance and regeneration of its vital cycles, structures, functions and evolutionary processes. Every person, community, people or nationality can demand from the public authority that these rights of nature are fulfilled..." (Art. 72)

However after a few years of progressive or leftist governments in South America, nothing has changed much in terms of putting a stop to the commodification and financialization of nature. All across the continent, no matter what type of government, leftist, "revolutionary", progressive, or neoliberal, the indiscriminate assault on Mother Earth has accelerated. As Maristella Svampa, a colleague from Argentina has named it, at the government level, the continent now has a new consensus: the **consensus of commodities**.

In country after country the proportion of primary goods in the composition of exports has increased.

In Mexico:

The national territory granted in concession to mining companies for the extraction of metals and minerals from the subsoil increased by 53 percent in five and a half years of the government of President Felipe Calderón, from 21 million 248 000 hectares in 2007 to 32 million 573 000 hectares up to June 2012, according to statistics from the Ministry of Economy (SE).⁵

During the first ten years of the PAN government in Mexico 26% of the country's total surface was leased to mining companies. Much of these territories are municipal or communal lands.⁶

The allocation of mining rights in Peru grew by 85% between 2003 and 2008. In Colombia Foreign investment in the extractive sectors, particularly mining- increased by almost 500% between 2002 and 2009. Mining exploration in Argentina-a country with little tradition in that activity-increased almost 300% between 2003 and 2008. Mineral exports expanded MERCOSUR (Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay) from 20 billion dollars in 2004 to 58 billion dollars in 2009, before

5. *La Jornada*, Monday September 3, 2012, p. 31

6. Angélica Enciso, "Devastación, de la mano de concesiones mineras", *La Jornada*, México, August 8, 2011.

dropping to 42 billion dollars in 2009.⁷

The concentration of commodities goes well beyond mining, the same trend is present in the case of energy and agricultural commodities.

In 2012 Argentina, Bolivia, Brazil, Paraguay and Uruguay planted 50 million hectares GM soy, that is, 500 000 km² of a single monoculture. A 200 000 km² area larger than Italy or 150 000 km² greater than Germany. A "green desert" of the approximate size of the Spanish state.⁸

As a result, Latin America, specially South America has been going through an accelerated process of "re-primarization" of its economies over the last decade.

Exports of primary products as a percentage of total exports⁹

País	2002	2011
Argentina	695	685
Bolivia	842	955
Brasil	474	662
Chile	832	892
Colombia	622	825
Ecuador	897	920
México	157	293
Perú	830	893
Uruguay	637	74.3 (2010)

7. José Seoane, Emilio Taddei y Clara Algranati, *Extractivismo, despojo y crisis climática*, Ediciones Herramienta, Editorial El Colectivo y GEAL, Argentina, 2013.

8. "En Latinoamérica se sembraron 50 millones de hectáreas de soja transgénica", Ecoportal - www.aporrea.org. 18/09/13 - www.aporrea.org/desalambiar/n236468.html

9. CEPAL, *Anuarios estadísticos América Latina y el Caribe*.

Venezuela	862	955
MERCOSUR	545	671
Total Latin America and the Caribbean	407	607

If we take a look at these statistics we find that there is no difference between countries with neoliberal governments like Colombia, Peru and Chile, center-left or social democratic governments like Argentina, Uruguay and Brazil, and so-called leftist or revolutionary governments like Ecuador, Bolivia and Venezuela. We now have what has been called “¿progressive extractivism” in much of South America.

To be fair, one has to acknowledge the fact that the so-called progressive and leftist government are subject to very contradictory pressures and demands from different sectors of the population. While the indigenous people and peasant communities demand the defense of their territories, and in the case of Ecuador and Bolivia, demand that the content of the constitutions be respected, on the other hand popular urban sectors are more like to have demands that require an increase in government expenditure in direct money transferences, food and service subsidies and other forms of public social expenditure in education, health and social security. The easiest and most immediate source of government revenue is an expansion of extractive activities. It is also the case that short term demand for an increased public expenditure (related to the electoral cycles) have in all case become more important than the far more challenging of transforming societies in the direction of the *good life* and the search for alternatives to the economic models that are destroying the planet.

The explicit option in favor of developmentalism and extractivism is best highlighted by a recent declaration by the presidents of the ALBA (that is the countries with left wing governments) in Guayaquil, Ecuador a few week ago:

... [we] express the right and the need for our countries to take advantage , in a responsible and sustainable, of renewable natural resources, which have the potential to be used as an important source to finance economic development , justice social and, ultimately , the welfare of our peoples, making it clear that the main social imperative of our time - and our regions- is to combat poverty and misery. In this regard , we reject the extremist position of certain groups that, under the banner of anti-extractivism, consistently oppose the exploitation of our natural resources , demanding that this can be done only on the basis of the

consent of the people and communities living near the source of wealth. In practice, this would be impossible to take this alternative and would ultimately risk the social and economic successes that have been achieved.¹⁰

What is most alarming about this declaration is explicit rejection of the right of indigenous people to previous consultation in relation to any activity that might affect their territories, rights that are enshrined in international law (Convention 169 of the International Labor Organization) and in most of the constitutions.

Along those same lines, two short text by Rafael Correa, President of Ecuador could be quoted:

I always said that the greatest danger to our political project, once defeated at the polls right, was and is leftism, environmentalism and childish indigenism. What a pity that we are not wrong.¹¹

Basically we are doing better with the same model of accumulation, rather than change it, because it is our desire to harm the rich, but it is our intention to have a more just and equitable society.¹²

This is, of course, not to deny the extraordinarily important changes that have happened in the continent over the last decade and a half. It is not the purpose of my talk today to attempt a balance of the Latin American leftist or progressive governments. However, a few things are worth mentioning.

- * Shift away from neoliberal economic policies. The bringing back of the State. Social welfare policies destined to revert some off the damage done by the neoliberal experience.
- * Taking back state control over so-called “natural resources”, and/or a significant increase the proportion of the profits of their exploitation that is retained by the state. This has led to very significant increases in the state budgets. In the “progressive” or leftist countries, this was the huge increase in social expenditure possible, with its resulting reduction in the levels of exclusion,

10. Declaración del ALBA desde el Pacífico. XII Cumbre de Jefes de Estado y de Gobierno del ALBA-TCP. Guayaquil, 30 de julio de 2013.

11. Rafael Correa, *El Universo*, Quito, January 20, 2009.

12. "The challenge of Rafael Correa" in *El Telégrafo*, Quito, January 15, 2012.

poverty and in some cases, a reduction of inequality. According to the UN Food and Agricultural Organization, hunger has been reduced by one half over the last 13 years for, the whole of Latin America.¹³

- * Paying back the debt to Bretton Woods institutions, which meant getting rid of the impositions of the neoliberal adjustment policies of the Washington Consensus that had such dire impacts across the continent, as is the case in Europe today.
- * The creation of several economic and political integration processes across the continent. MERCOSUR has expanded. Venezuela has become a full member and Ecuador, Bolivia and Chile are now Associate members.
- * The explicitly leftist association ALBA (Bolivarian People's Alliance) (Venezuela, Ecuador, Bolivia, Cuba, Nicaragua, and several Caribbean countries).
- * UNASUR (Union of South American Nations). The importance of these new integration process can be best highlighted by the emergency meeting held in Santiago de Chile (September 2008) to deal with the severe threats to the stability of the government of Evo Morales in Bolivia as a consequences of right wing de-stabilization efforts. For the first time ever, a main political crisis in Latin America was solved without any involvement of the United States, Canada or the Organization of American States. This was literally a before and after moment in Latin American history.
- * CELAC (Community of Latin American and Caribbean States). It is the first organization that includes all the Latin American and Caribbean states, including Cuba which has been excluded from the Organization of American States where the United States has historically imposed it own will. The United States and Canada are not members of the organization. |
- * Diplomatic autonomy as was seen in the examples of offers of political asylum for Edward Snowden by several Latin American countries when not even China or Russia were willing to upset the United States.

Resistance to extractivism

13. *Aporrea*, "América Latina es ejemplo en la lucha contra el hambre: FAO", October 5, 2013, <www.aporrea.org/internacionales/n237499.html>

Due to the continuation and deepening of the developmentalist extractive model common to all South American countries, resistance to extractivism in all its forms and the defense of territories by peasants, indigenous people and communities as well as small rural towns has become the main focus of popular struggles in most of the continent.

There are many reasons for the rejection of extractivism. Viewed from the perspective of the historical ways of insertion of Latin American economies in the world economy, this process of re-primarization is a return to a colonial mode of participation in the international division of labor and nature. The governments argue that this is just a first stage of the development process, necessary both to respond to social demands and to accumulate the resources required for a productive, non-extractive economy. However, in the words of Fernando Coronil:

Even when these nations try to break free from their colonial heritage, that is, their dependence on the export of primary products, through the implementation of development plans directed at diversifying their economies, they generally need foreign currency to achieve this. But they can only access foreign currency by exporting primary products, which again increases their dependence on exports. Paradoxically, by trying to exploit their comparative advantages, these countries that are exporters of natural assets, are frequently re-assuming their colonial roles exporters of primary products- a role now redefined in terms of the neoliberal rationality of globalizing capitalism. For them, neocolonialism is the next step on from post-colonialism.¹⁴

The fact that advantages are not given but created by specific public policies, as well known Cambridge economist Ha-Joon Chang has argued, is being ignored.

Historical experience has shown that extractive activities create relatively very few jobs, particularly very few quality jobs. Working conditions in mining activities tend to be by far the worst. Mining communities are often characterized by poor housing, limited or non-existing public services, violence and prostitution. When the exploitation of the commodity is no longer profitable, sometimes huge communities are left behind with no alternative source of income.

Commodities tend to have huge price fluctuations in international market, leading to cycles of expansion and bust for countries that are highly dependent on particular commodities. This has clearly been the case of gold during this year.

14. Fernando Coronil, *The Magical State. Nature, Money and Modernity in Venezuela*, The University of Chicago Press, 1997.

A concentration on extractive activities in high price commodities, leads to the so-called Dutch disease. As a result of the abundance of foreign currency resulting from the export of the commodity the national currency becomes overvalued. It thus becomes cheaper to import most things than to produce them locally. Locally produced goods are not competitive in the international market. Production of industrial and agricultural goods is thus negatively impacted. Venezuela, a classic example of the Dutch disease caused by the resource curse. Venezuela, the country that has the world's largest oil reserves has had an oil centered economy for a century. In spite of sufficient fertile agricultural land and a limited population in relation to the size of the country, a very significant proportion of the food consumed in the country has to be imported.

This is also closely associated with a **rentier state** and its corresponding political culture. Since the central government receives a large proportion of the national income, political institutions and parties tend to be organized around the struggle for access to these resources. The result tends to be a highly centralized not particularly democratic state and a very weak, dependent society. Once established, this political culture and institutions tend, as expected, to be self-reproducing. I could go on and on about the Venezuelan experience in this respect.

These extractive policies have led to a reversal of the productive and industrialization achievements of the period of import substitution in the continent. This has led to what Pierra Salama has called **premature de-industrialization**. Even in the case of Brazil, a BRICS country, one of the most dynamic emerging economies there has been a continued decline in the participation of industrial products in its exports. The proportion of its primary exports to China as a percentage of total exports has increased from 20% in 1995 to 80% in 2008.¹⁵ However, these are not the main reasons why extractivism has become such a politically charged issue in Latin America in recent years.

Social and political opposition to extractivism has had to do basically with the destructive environmental and social impacts of these activities: expulsion of peasant and indigenous people and communities from their ancestral territories, destruction of vital headwaters, contamination or diversion of water, massive deforestation, contamination of land, removal of vegetation and top soil, large scale use of pesticides and other highly contaminating agrochemicals, substitution of food production oriented to self consumption and local markets for agofuels and other commodities oriented for export. Large scale mining projects require massive amounts of electricity, often leading to the construction of

15. Monica Brukmann, "Recursos naturales y la geopolítica de la integración latinoamericana"

huge hydroelectric dams that cause environmental damage and often displace tens of thousands of people. This is the case of the biggest dam under construction in Latin America today, the Belo Monte Dam in the Brazilian Amazon.

Although probably not a main driver of these struggles, the concern about the local and global climate impact of large scale extractive projects like open pit mining, extensive agricultural monoculture or fossil extraction has become an increasingly important concern.

The eco-territorial turn in popular struggles in Latin America

There are a large variety of forms struggles, such as popular assemblies, occupying the disputed territories, road blocks, local and regional referenda and local or regional strikes as well as legislative proposal drawn up through popular initiatives to prohibit large scale mining. In some cases, in Peru and in Argentina, local and regional governments have decided to confront not only the mining corporations but also the national government by prohibiting certain extractivist activities in their territories through the establishment of strict zoning regulations. These are mostly eco-territorial struggles or socio-environmental struggles rooted local communities in and can in no way be seen as isolated ecological or environmental campaigns.

For indigenous people across the continent resistance to extractivism in their territories -as history has shown over and over- is clearly a question of cultural, and even physical survival. The logic of what has been characterized by David Harvey as **accumulation by dispossession** has been rapidly expanding. Due to the high prices of commodities and new technological developments indigenous territories that until recently were considered as too far off or too expensive to exploit have become profitable ventures for corporations. From the point of view of their impact on indigenous territories it does not make much difference if these corporations are private, owned by the Chinese government or by the national government.

(Map of distribution of main struggles of indigenous people against extractive activities in their territories)

According to the Latin American Observatory of Mining Conflicts "There are U.S. \$ 30 billion worth of investments in mining that are at this moment paralyzed as a consequence of

popular resistance to mining in Latin America" ¹⁶

Criminalization and repression of struggles against extractivism

Across the continent environmental and human rights legislation is either weak or lightly enforced. The governments tend to have little patience with indigenous and popular resistance to their development plans. Thus protest and peaceful mobilizations against extractive projects are frequently met with repression. In some cases even with accusations of terrorism. The areas around extractive activities are often militarized. That is the case, for example, of Colombia. In Ecuador, Mexico and Peru the penal code was amended in order to define that practices common social protest activities such as road blocks as criminal activities.¹⁷

Hundreds of cases of environmental or popular environmental activists have been killed by state forces or by paramilitary assassins hired by landowners or mining and oil companies in the last few years in Latin America.¹⁸

I would like to end this presentation by highlighting a few of the most paradigmatic current struggles against extractivism in South America.

Victories are possible

In spite of all these odds against them, some significant victories have been recorded

16. Observatorio de Conflictos Mineros de América Latina (OCMAL), "La resistencia a la minería en América Latina tiene paralizados US\$30 mil millones",

<<http://www.conflictosmineros.net/contenidos/3-latinoamerica/14886-la-resistencia-a-la-mineria-en-america-latina-tiene-paralizados-us-30-mil-millones>>

17. Observatorio de Conflictos Mineros de América Latina (OCMAL), Acción Ecológica, *Cuando tiemblan los derechos: Extractivismo y criminalización en América Latina*, Quito, 2011.

18. Joan Martínez Alier, "Ecologistas de panza llena... de plomo", *La Jornada*, Mexico, October 5, 2013.

in the last few years. In 2010 Costa Rica after a long battle by a broad alliance of communities, social movements and a left political coalition, a total prohibition of open pit mining across the national territory.¹⁹

In Argentina, in 2010, parliament, facing very strong opposition from transnational mining corporations and Argentinian mining interests, finally approved a law for the protection of the glaciers. The Canadian corporation Barrick Gold wanted to “re-locate” three huge glaciers in order to mine gold 4.600 meters above sea level in the peaks of the Andean Mountain Range.

The resistance to extractivism is an on-going struggle, People across the continent are not giving any signs of giving up.

19. “Costa Rica aprobó ley para prohibir minería metálica a cielo abierto”, San José, November 12, 2010. voselsoberano.com.

<http://voselsoberano.com/index.php?option=com_content&view=article&id=8284:costa-rica-aprobo-ley-para-prohibir-mineria-metalica-a-cielo-abierto&catid=22:internacional>