



Routledge Critical Development Studies

NEOEXTRACTIVISM AND CAPITALIST DEVELOPMENT

Dennis C. Canterbury



Neoextractivism and Capitalist Development is a brilliant synthesis of economic structures, class relations and state power embedded in a historical analysis. Canterbury provides an insightful critique of the regressive role and impact of international extractive capitalist development. His incisive discussion provides a framework for identifying a progressive and dynamic alternative development model which will be of interest to students, academics and policymakers.

James Petras, Bartle Professor (Emeritus), Binghamton University, USA

Karl Marx chronicled how human activity is essentially the interaction with nature to produce the basic needs for reproduction, and each epoch is characterized by who controls both the process and the outcome of those interactions. Capitalism, as a system of production, is predicated on private ownership of productive forces that appropriates the surplus generated by working men and women. With the expansion of capitalist development worldwide comes the appropriation of natural resources from former colonies masked as beneficial to local populations by a range of development theories. Dennis Canterbury reveals how neoextractivism is but one more iteration of development theory, one informed by neoliberal policies that does little to benefit society. His important case study of Guyana details how neoextractivism creates the false illusion that developing countries have escaped capitalist exploitation through the natural resource extraction of the past, and instead undermines the struggles of working people in their opposition to the ravages of capitalism.

David Fasenfest, Department of Sociology, Wayne State University, USA

This is a work of consummate scholarship that will be of especial interest to members and supporters of left-wing social movements in developing countries. It reveals the limits of progressive development strategies that rely on extracting high world market price raw materials such as oil to finance social projects. The author is interested in development strategies that lead not just to conventional economic growth but also to substantive human progress.

James W. Russell, Lecturer in Public Policy, Portland State University, USA

The book offers a new and innovative perspective on neoextractivism in Latin America and the Caribbean. It uncovers and shares details of the relationships between stakeholders in the region's extractive industries 'space', offering fresh explanations for its underwhelming economic performance. The book promises to be an invaluable tool for researchers active in Latin America, as well international organizations in the donor and NGO communities working on transparency, community development and environmental managerial aspects of the extractive industries in the region.

*Gavin Hilson, Chair of Sustainability in Business,
The Surrey Business School, UK*

Neoextractivism and Capitalist Development is an exceptional contribution to the scholarly literature on global capitalism, and its influences on development in the Caribbean and other regions in the Global South transitioning from neoliberalism to post-neoliberalism models of capital accumulation. To expound contemporary theories of global capitalism and imperialism in the post-neoliberal phase, Dennis Canterbury operationalizes the concept neoextractivism with its attendant misrepresentations of ideas of development, its promises of social mobility and empowerment, and the alleged enhancement in the quality of life for ordinary citizens. Fundamentally, *Neoextractivism* makes special reference to Latin America and the Caribbean; employing Guyana as a case study, the book aims to provide readers with the analytical tools they need for improving the human condition. This book will be of special interest to academics and students in the fields of international development, political economy, area studies, political science, sociology and globalization, as well as policymakers and political activists engaged in social movements in the natural resources sector.

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Neoextractivism and Capitalist Development

The large-scale extraction of natural resources for sale in capitalist markets is not a new phenomenon, but in recent years global demand for resources has increased, leading to greater attention to the role of resource extraction in the development of the exporting countries. The term neoextractivism was coined to refer to the complex of state–private sector policies intended to utilize the income from natural resources sales for development objectives and for improving the lives of a country’s citizens. However, this book argues that neoextractivism is merely another conduit for capitalist development, reinforcing the position of elites, with few benefits for working people.

With particular reference to the role of neoextractivism within Latin America and the Caribbean, using Guyana as a case study, the book aims to provide readers with the tools they need to critically analyze neoextractivism as a development model, identifying alternative paths for improving the human condition. This book will be of interest to academics and students in the fields of international development, political economy, sociology, and globalization, as well as to policymakers and political activists engaged in social movements in the natural resources sector.

Dennis C. Canterbury is a Professor of Sociology at Eastern Connecticut State University, USA.

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Dennis C. Canterbury

Neoextractivism and Capitalist Development

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Contents

<i>Acknowledgments</i>	viii
Introduction	1
PART I	
The debate on neoextractivism	13
1 Neoextractivism and capitalist development: An outline	15
2 Development theory and capitalist development	35
3 Extractivism and neoextractivism	53
4 Neoextractivism: Myth or reality	77
5 Extractive capitalism, extractive imperialism and imperialism	99
PART II	
Neoextractivism and development of center-periphery relations	117
6 Natural resources extraction and expanded capitalist relations	119
7 The foundations of post-colonial ‘new’ extractivism	140
8 The post-colonial authoritarian state	158
9 The criminalized authoritarian state	188
10 Political change and foreign intervention	211
Conclusion	231
<i>Index</i>	237

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Introduction

This book presents a critique of development theory through an analysis of the phenomenon characterized as ‘neoextractivism’ a twenty-first century development model in Latin America and the Caribbean, but which is really a cyclical occurrence manifested in the resource-rich former European colonies through crisis and reform in global capitalism. Historically, development theory has only promoted capitalist development, as envisioned by the extant dominant branch of the ruling class. Concretely, the class that spearheads and maintains capitalist development vacillates between two dominant strata – industrial and financial capitalists as crisis conditions dictate. The prevailing ideas in development theory, usually reflect the ideas of these two capitalist strata.

Development theory was imbued with ideas about industrialization, when industrial capital was dominant. The nation-states that emerged from colonial domination were encouraged to industrialize as a means to attain capitalist economic development. The focus of development theory at the time was on strategies of industrialization, but that is no longer the case today. Crisis and reform in global capitalism has led to the emergence of financial capital as the dominant form of capital in this moment. Development theory shifted gears with the rise of financial capital and began to focus on the sorts of policy reforms that countries needed to implement to reap the economic rewards of financialization in their pursuit of capitalist development.

The notion of industrialization was evident in the complex of ideas that constituted the origins of development theory in mercantile, physiocratic, and Smithian political economy. In its earliest period, political economy emerged as the mediaeval system disintegrated and elements of a new order surfaced. The formation of strong governments that replaced the spiritual order maintained instead the material balance in society amidst growing intellectual and moral upheaval and as industrial forces grew even stronger, including the insurrections of the working classes, and the rise of armies to suppress them (Ingram, 1915). As manufacturing gained importance, the distinction between worker and entrepreneur became firmly established. Navigation, printing, public credit, industrial development, the opening up of the Americas, all led to the revolutionizing of trade, the establishment of colonies and the preponderance of industrial life and its ultimate universality (Ingram, 1915).

2 Introduction

With the rise of mercantilism, European governments became permanently interested in industry which occupied their policy objectives (Ingram, 1915). The mercantile system emerged and attained its highest development about the middle of the seventeenth century (Ingram, 1915). The mercantile school is best characterized by a set of theoretic tendencies namely the significance of processing substantial amounts of precious metals; the acclamation of foreign over domestic trade; the elevation of manufacturing industry over those that produce raw materials to be manufactured into finished products; the promotion of a dense population as a national strength; and the promotion of the state as a means to achieve desirable ends (Ingram, 1915).

Industrialization was key in the subsequent development of political economy albeit the physiocratic school the immediate forerunner to Smithian political economy, regarded it as a sterile activity. The Physiocrats, espoused the positive doctrine which lies at the bottom of all science, by arguing that social phenomena are subject to fixed relations of co-existence and succession (Ingram, 1915). They believed that the manufacturer, merchant, and liberal professions were useful but sterile because they did not produce income themselves but drew it from the superfluous earnings of the agriculturists (Ingram, 1915).

The economic analysis of the Physiocrats takes a particular path beginning with labor being the only productive force that adds to the existing quantity of raw materials available for human consumption. Thus, in their view, the real annual addition to community wealth is determined by the excess of the mass of agricultural products and minerals over their cost of production (Ingram, 1915). Manufacturing gives a new form to the materials extracted from the earth and the value it adds represents the quantity of provisions and other materials used and consumed in its elaboration (Ingram, 1915).

The accompanying political doctrine was that the government should pursue 'laissez faire' an idea that rested on natural rights. All individuals had the same natural rights, albeit not equal capabilities, thus requiring a social union or contract between them. The social contract limits the natural freedom of the individual insofar as such freedom is inconsistent with the rights of others (Ingram, 1915). The government appointed by the consent of individuals is a necessary evil that should be limited in its interference save to secure the fulfilment of the contract (Ingram, 1915). The form of government they favored referred to as legal despotism entailed a combination of legislative and executive functions. The reasoning behind this was their belief that an enlightened government is able to forthrightly implement its programs, in comparison with a government constrained by divergent opinions and constitutional checks and balances (Ingram, 1915).

The individual has a right to naturally enjoy, undisturbed and unfettered, what he/she acquired by their labor and its fruits should be guaranteed to the possessor (Ingram, 1915). The individual must be allowed to make the most of his labor, freedom of exchange ensured, and restriction on competition and monopolies removed (Ingram, 1915). The doctrine of the Physiocrats caused much harm to industrial development and trade, but undoubtedly it consecrated the spirit of

individualism, and the state of non-government (Ingram, 1915). It represented a wing of the revolutionary movement against the theological dogma that all movements of the universe, was due to divine wisdom and benevolence to produce the greatest possible happiness (Ingram, 1915).

Smith believed that the annual labor of a nation was the source for its sustenance (Ingram, 1915). Labor, however, whose productiveness lies in its division, is not the only productive factor. The magnitude to which labor is divided is determined by the extent of the market. Once established the division of labor causes individuals to depend on each other, money comes into use as a medium of exchange to facilitate the trade of goods against each other or money, which raises the question of value. Smith believed that exchangeable value of all commodities is measured by labor, which never varies in its own value. Money is the nominal price while labor is the real price of commodities.

These ideas on political economy were formulated in the quest to acquire knowledge on the policies that a nation-state needed to adopt to acquire wealth. Free trade was as centerpiece of those ideas, which would imply the industrial production of commodities to trade. Industrialization was the process by which commodities were produced for trade, as the mercantile era subsided. Indeed, the industrial revolution was in full swing and it created such a stir in society and economy that it brought forth fresh theorizing in political economy on issues such as wealth, value, trade, and progress among others. Subsequent theoretical ideas about development included its social aspects covering a variety of issues such as education, health, gender, social inequality, poverty, etc.

In the period since the late twentieth century, however, in both the developed capitalist countries and former colonies economic and social life seems to revolve around finance and financialization. Capitalist development and its maintenance are in the hands of the finance capitalists, who seem to be at odds with industrialization and more in sync with making profit from financial transactions. These transactions do include those for commodity production from which financial instruments are derived for trading purposes, and trade in other forms of financial instruments. Production seems not to be for the sake of production, but for the financial transactions that can be generated from commodities. The dominance of finance capital has seen the bulk of profit in the capitalist system accruing to the financial capitalists as against the industrial capitalists. The members of the latter group are even themselves becoming engaged in financial transactions for their enrichment rather than by investing in industrial production.

Resource extraction is the constant in the journey of capitalist development, since nature supplies the material conditions of human existence. The significance of nature here must not be construed in a metaphysical sense as containing supernatural powers. It is from nature that raw materials are extracted and converted into commodities for human consumption. The process of resource extraction for commodity production ranges from the simple form of people expending their labor power on nature for their own upkeep, to the more complex form of resource extraction for profit in capitalist society. There is only

4 *Introduction*

one concrete way that the latter becomes possible – private property, the private ownership of nature and its products. In the capitalist system, the worker extracts resources from nature not for his own upkeep. He does so for someone else, who pays him a wage to purchase his livelihood in capitalist markets. Generations of scholars have sought to explore the complexities of the processes of resource extraction, as it takes place under capitalism, to upkeep the human race, while simultaneously generating profit for the few. Development theory is an embodiment of the works that explore those processes.

Capitalism has converted natural resources extraction merely for human survival into a profit-making enterprise to benefit a small group of individuals who have made themselves the owners of nature. Capitalist development aided by development theory is about how to make natural resources extraction more efficient to profit individuals who lay claim to nature. Natural resources extraction lies at the foundation of the capitalist economy, since it is from that process that resources become available for manufacturing and upon which rest *inter alia* commodity production, trade, commerce, and finance for profit. As a by-product people who can afford it are supplied with livelihoods in capitalist markets.

In appearance, development theory is about how nation-states can secure finances to extract natural resources, manufacture commodities from those resources, trade natural resources and the commodities they produce, and speculation, etc., to earn income to improve the human condition. Increases in profit and capital accumulation are described as economic growth and the principal stimuli to economic development. In reality the motivation to engage in productive and speculative activities under capitalism is not to improve the human condition, but to generate profit and accumulate capital. Economic growth takes place amidst the perpetuation of conditions identified as a lack of development. This contradiction exists because development is not about improving the human condition; it is about the capitalist goal to make profit and accumulate capital. Critics of economic growth argue that it alone cannot bring about development; other ingredients of development such as freedom, democracy, gender equality, etc., must be included in the matrix. The case to add social factors to economic development however is made within the framework of capitalist development. Adding the social factors to development does not transform capitalism, it merely occasions the deepening of capitalism in the social realm.

Since the advent of development theory in classical political economy every new addition or extension to it has only deepened the capitalist system of class exploitation. The policy prescriptions by the classical political economists for the nation-state to acquire wealth have been interrogated for several centuries. There have been many twists and turns along the way in this chewing-over of the classical prescriptions for wealth generation and accumulation. These have taken forms such as the neoclassical challenge to the classical focus on single markets for land, labor and capital, by instead atomizing those markets such that there are multiple markets for different types of labor, land and capital. The Keynesian challenge aimed at stabilizing the capitalist system and restoring growth through government intervention.

The Marxist challenge is not to be mistaken to be a development theory, it really provides a critique of political economy, and advanced a revolutionary program of political action to replace the capitalist system of production. Development theories are all in the genre of classical political economy, the point of departure for understanding the capitalist production system as we know it today. The major economic categories analyzed in development theory were all invented by classical political economy.

The dilemma that development theorists face is that they fail to see the reality of their own work – the perpetuation of the exploitative capitalist system; the exploitation of working people by the capitalists. They are fixated on the appearance that their theories will bring betterment to a vast majority of people within the capitalist system. Thus far however their theories coincide with wars for resources and markets, crises, and heightening income and social inequalities.

Concomitant with the deepening of capitalist exploitation, working people have been finding ways to fight back at every stage of capitalist development. This book is fundamentally concerned with the expansion of development theory as a capitalist phenomenon. It explores this observed fact by way of a critical analysis of the cyclical phenomenon identified as neoextractivism in Latin America and the Caribbean.

Structure of argument

The argument is developed in two parts. Part I delineates neoextractivism and the idea that development theory is merely a conduit for capitalist development. It provides an outline and analysis of neoextractivism and capitalist development, undertakes a descriptive assessment of extractivism and neoextractivism, and engages in a critical examination of neoextractivism as a myth or reality. Analytically, it concentrates on different concepts in the debate on neoextractivism in particular extractivism, extractive capitalism, extractive imperialism and imperialism. The objective in analyzing these concepts is threefold.

The first being to highlight in one place for the reader multiple viewpoints on them, while critically analyzing natural resources extraction as an integral component of capitalist development, and appraising the notions of extractive capitalism, extractive imperialism and imperialism as they are considered in the debate on extractivism and neoextractivism. Second it seeks to bring some clarity on the usage of these concepts in the burgeoning literature on the subject of neoextractivism. The goal here is to assist working people and their organizations to understand that despite the fact that neoextractivism improved their social conditions somewhat, in the final analysis it is not really pro-working class but deepens the capitalist stronghold on a country's economy. Third, it situates the debate on neoextractivism within the framework of development theory, which is critiqued on the grounds that it merely fosters the spread of the exploitative capitalist mode of production.

The assumption is that the survival of the human species depends on their ability to eke out a living from nature, but that in the capitalist system a few

people have become the owners of nature for whom those who do not own nature must work to make a living while the owners make a profit. This is the origins of the bourgeois problem of distribution; how much of the value produced from nature must go to the owner of nature and how much should the producer receive. Why is development theory, of which neoextractivism is but one of its forms, a conduit for capitalist development? How does development theory, including neoextractivism as one of its current renditions, contribute to the maintenance of the capitalist system?

Part II demonstrates with historical illustrations from Guyana that the phenomenon characterized as neoextractivism is a capitalist dynamic that takes place at different historical conjunctures as capitalism evolves. It is cyclical and produced by certain conditions of capitalism, namely crisis and reform. The historical materialist analysis of natural resources extraction in Guyana illustrates an alternative counter argument to the notion that neoextractivism being associated with progressive regimes in Latin America is a new phenomenon. The political economy relations that developed in the Caribbean periphery after the encounter with mercantile capitalism was founded on an extra-economic extraction of the surplus in the absence of full-fledged capitalist labor-capital relations. This was due to the existence of a slave labor force, which was the dominant form of labor that produced the economic surplus.

The emergence of center-periphery relations was critical to the development of capitalism and the natural resources sector in Guyana. Analyzing this process in comparison with neoextractivism confirms the argument that capitalist crisis heightens nationalist struggle for domestic ownership and or control of natural resources in the capitalist periphery. Specifically, Part II analyzes natural resources extraction and the expansion of capitalist production relations. It explores the foundations of post-colonial extractivism, the post-colonial authoritarian state, the criminalized authoritarian state, and foreign intervention and political change. What is the evidence that neoextractivism is a phenomenon that occurs in historical periods of crisis and reform in global capitalism?

Synopsis of the book

Chapter 1 presents the structure of the central argument being made about neoextractivism and capitalist development, which is that the political economy condition described as neoextractivism is not new. It is driven by capitalist cycles of crisis and reform and as a form of development theory it is merely a conduit for capitalist development.

Chapter 2 elaborates on the relationship between development theory and capitalist development. It explores the central ideas that development theory is a means to capitalist development. It supports the counter argument that in reality neoextractivism merely represents a particular form of capitalist development. It is merely an appearance that neoextractivism is a new progressive development model that improves the economic and social conditions of the poor, as claimed by its advocates. The objective here is to undertake a critique of neoextractivism

in the context of an appraisal of development theory or theories of development, which are catalysts for the spread and development of capitalism. In contradistinction to the view that neoextractivism is a new socio-economic development model, the counter idea presented here is that neoextractivism describes a conjunctural phenomenon. It has been manifested at different historical conjunctures in the evolution of the capitalist system of production. It is a capitalist socio-economic development model associated with crisis and reform in global capitalism.

Chapter 3 turns to a discussion on extractivism and neoextractivism to highlight and compare some of the principal existing ideas on the two concepts. It explores different threads in the literature on neoextractivism with the objective to clarify for political activists, social movements and progressive forces ambiguities concerning the concept. It provided these social forces with ideas on some of the central considerations for the development and articulation of appropriate counter analysis and action on extractivism and neoextractivism. The principal assumption is that neoextractivism is a smokescreen for capital accumulation and the exploitation of workers in the extractive sectors. Two key questions to be answered are: what is extractivism and neoextractivism? What is the relationship between extractivism and neoextractivism?

The answers to these questions are intended to provide a clear picture on what both the proponents and opponents mean by extractivism and neoextractivism. The meanings of the terms ‘extractivism’ and ‘neoextractivism’ have taken several twists and turns in the recent social science literature. Both concepts are regarded as development models based on natural resources extraction, the exploitation and marketing of these resources as exports. The terms are regarded as models that constitute the foundations for the organization of the economic, political, social, and cultural relations, and class structure, gender relations, the state and public discourse, in the countries or regions where they are in vogue.¹ The pervasiveness of the impact of extractivism in natural resources-rich countries is evident from the major role the production and export of natural resources play in the national economy and the political, economic, social and environmental struggles engendered in the production process. It is necessary to distinguish between ‘extractivism’ and ‘neoextractivism’ to clarify the process of capitalist development and exploitation in the periphery via natural resources extraction.

Chapter 4 addresses the problem as to whether it is a myth or reality that neoextractivism is specific to neoliberal capitalism. The analysis brings into focus additional support for the proposition that the dynamic conditions described as neoextractivism really refer to a phenomenon that becomes manifest at specific historical conjunctures as capitalism changes its form rather than being confined to a specific historical period. The myth is that neoextractivism is a phenomenon specific to neoliberal capitalism, while the reality is that it is conjunctural, identified in historical periods when capitalism changes its form for example from colonialism to neo-colonialism or from neoliberalism to post-neoliberalism.

The argument is presented in five parts beginning with an examination of capitalist contradiction and the change from colony to nation-state status in the periphery. The capitalist development models based on national ownership of natural resources in the Caribbean are analyzed as comparable to the conditions described as neoextractivism. Thereafter, analyses are undertaken of neoliberal capitalism and the extractive industries, the development impact of natural resources extraction, and the political foundations of the neoliberal approach to mining. Is neoextractivism new or is the condition it describes merely a social phenomenon that becomes manifest at specific historical conjunctures as capitalism changes its form?

The wrong answer to this question could perpetuate a dangerous myth about natural resources extraction and lead to the continuance of misrepresentations and misunderstandings about neoextractivism that would find their way into class struggle and policy formation on the subject. It would preserve the misallocation and squandering of scarce resources expended in the region on a misunderstood phenomenon and jettison the struggle for state power to transform the power structure in resource extraction thereby maintaining the conditions of capitalist exploitation. Alternatively, the correct answer would lead to an exploration of a new realization concerning the subject of capitalist development in general and in particular the former European colonies and clarify hitherto misunderstood important theoretical issues in the literature on the question of capitalist development concerning extractive capitalism.

The object of the analysis is capitalist development, whose subject matter focuses on natural resources extraction. The peripheral capitalist countries in search of a path to capitalist development are the domain where the characteristic features of neoextractivism have become manifest. This is because the dominant form of capitalism in general has succeeded in regenerating underdevelopment in the peripheral capitalist countries by exercising ownership and or control over their natural resources and siphoning off the economic surplus produced from the exploitation of those resources for accumulation in the capitalist center.

In such conditions, at the slightest chance that nationalists have to take control of state power, they seek to reverse foreign domination of their economies by foreign forces. They implement policies to take ownership and or control of their natural resources and to use the economic surplus for the socio-economic development of their peoples and countries. These lofty intentions are scuttled simply because the approach to own and or control natural resources is not transformative but reformist and therefore ends up maintaining the capitalist status quo and perpetuating the capital-labor contradiction, rather than changing it. The struggle between the developed and developing components of the capitalist system is a natural dynamic condition of capitalist development.

Chapter 5 analyzes ‘extractive capitalism,’ ‘extractive imperialism,’ and ‘imperialism,’ with the objective to clarify the veritable confusion in the debate on neoextractivism caused by the interchangeable use of those concepts. Clarification of this confusion requires urgent attention to buttress the understanding of

the class struggle from below in the extractive industries. The point of departure in the analysis of these concepts is the counterpoints advanced by Petras and Veltmeyer on the theoretical and political questions concerning the role of the state in their critique of the theory of neoextractivism.

To grasp their counter theoretical arguments on the role of the state in this body of work it is necessary to engage three concepts that are central to their analysis – ‘extractive capitalism,’ ‘extractive imperialism,’ and ‘imperialism.’ Their analysis on the relationship between capitalism and imperialism is of crucial importance as an illuminator of the way extractive capitalism and extractive imperialism are understood. The clarity we seek to provide is contained in the argument that extractivism is merely the embodiment of a particular form of productive activity in the capitalist era that deepens capitalism in the capitalist periphery.

The extraction of natural resources from nature is not a purely capitalist or imperialist process. Humans have extracted their livelihood from nature since the days of primitive communalism up until present-day capitalism. It is not the specific productive activity of extracting natural resources from nature, which is capitalist or imperialist, since capitalism and by extension imperialism are associated with a variety of productive activities. The productive activity has to take place within a capital-wage labor nexus to be of a capitalist variety. Some of the early expositions on the definitions of these concepts are revisited to help the activists have a clear understanding of the debate on neoextractivism.

Chapter 6 is on natural resources extraction and expanded capitalist relations. It presents pertinent evidence in support of the idea that the natural resources sector really began to take hold in Guyana and the wider English-speaking Caribbean in the historical period characterized by the collapse of ‘the colonial slave mode of production’ in the period between 1834 and 1953. The advocates of neoextractivism argue that the phenomenon arrived on the South America continent in the post-neoliberal period. It is demonstrated with ample evidence however that a similar phenomenon emerged in Guyana prior to the post-neoliberal period, as crisis in global capitalism laid the basis for the advent of a natural resources sector after the colonial slave mode of production collapsed. This crisis in turn stimulated the nationalist struggle for national ownership and or control of natural resources as a means to bring about the capitalist economic development of the country.

The emergence of the natural resources sector depended on the collapse of the agricultural-based colonial slave mode of production, a form of primitive accumulation, which constrained the free movement of labor beyond the boundaries of plantation agriculture into natural resources extraction. As the colonial slave mode of production began to disintegrate, a different official disposition emerged towards natural resources extraction. Property relations changed in favor of full-fledged capitalist property relations and capitalist limited-liability companies emerged. The laws that the plantocracy passed to restrict the movement of labor gradually eased, capital was granted the freedom to diversify out of plantation agriculture, and new capital was invited to enter the country in the

natural resources sectors. The analysis demonstrates the extent of the colonial attempt at economic diversification out of the colonial slave mode of production's mono-crop agricultural system, which in essence entailed a transition to capitalist center-periphery relations.

Chapter 7 analyzes the foundations of post-colonial extractivism in Guyana, and contends that the class, race and ideological factors embedded in the peripheral capitalist production relations in the 1953–1964 period continued to shape the essential characteristics of the Guyanese political economy, today. These factors have laid the foundations for the emergence of the post-colonial authoritarian state and post-colonial extractivism between 1964 and 1992. It is demonstrated that there is nothing 'new' about the phenomenon that is taking place in Latin America. Neoextractivism in Latin America pretends to be a part of a dynamic historical process in the struggles for the political, social and economic transformation of peripheral capitalist social formations from a state of dependence on center countries to genuine political and economic independence. In reality, however, it merely serves to deepen capitalist relations in the region.

The foundations for post-colonial extractivism were laid in the crisis of colonial capitalism that spawned the anti-colonial movement, which won power and proceeded to stake a claim for national ownership and or control of natural resources as a development strategy. The anti-colonial struggle was the antecedent of post-colonial extractivism, which was similar to the anti-globalization and anti-neoliberal social movements in Latin America. Evidently, the class and race bases of the social order was apparent in those struggles as well.

Chapter 8 analyzes natural resources extraction as a development strategy pursued by the post-colonial authoritarian state. To varying degrees, the post-colonial authoritarian state followed a natural resources-led development strategy between 1964 and 1992. The phenomenon described as neoextractivism is remarkably similar to the development approach of the post-colonial authoritarian state in terms of the positioning of the natural resources sector as the engine of economic growth and development.

The capitalist political economy conditions in Guyana at the time of the emergence of the post-colonial authoritarian state included the dynamics of race and class conflicts domestically, anti-colonial sentiments in the nation, political and economic nationalist tendencies, divisions in the anti-colonial movement, anti-communist hysteria, and foreign intervention. Looming large among these was the belief that Guyana can take ownership and or control of its natural resources and to redistribute income from the extraction and sale of those resources as raw materials to improve the social and economic conditions of the Guyanese people. The ideal of national ownership and or control of natural resources in order to spread the wealth generated by the sector to the sundry population is a phenomenon, integral to the dynamics of capitalist development in the periphery.

This ideal is rarely ever achieved since peripheral capitalist countries were created. The states that pursue such a strategy often degenerate into various forms of authoritarianisms, due to internal and external political and economic factors. The Guyana-case is a classic example of how the noble intentions of a

country to own and or control its natural resources for its self-development, could be degenerated into authoritarianism. Analysis is undertaken of the transition from a post-colonial state to a post-colonial authoritarian state in Guyana. The main purpose is to further demonstrate that neoextractivism, is merely a part of the capitalist development dynamic.

Its focus is on the political economy factors that correspond to those of neoextractivism in Latin America. The anti-neoliberal politics in that region were spearheaded by left-leaning social movements. Progressive politicians depended on these struggles to win power and then to proceed to pursue a political economy agenda to redistribute income generated in the natural resources sector to the poor, while simultaneously taking measures to appease foreign capital. The historical trajectory of the politics of Guyana at the time had more to do with anti-communism and anti-communist coalition politics. It involved the consolidation of power through rigged national elections in the hands of a ruling faction that was handed power by US and British imperialist forces. It included nationalization of the commanding heights of the economy and attempts to redistribute income to the poor, post-colonial authoritarianism, political assassinations, neoliberal structural adjustment, and an anti-dictatorial resistance movement.

Chapter 9 on the criminalized authoritarian state, analyzes the degeneration of the post-colonial authoritarian state into a criminal enterprise and the role of natural resources extraction in that process. The criminalized authoritarian state was characterized among other things by – a ruling clique in which factions of organized crime bosses had a prominent role; a large phantom economy that was a proxy for the economic might of organized crime; and corruption, which served as the willing and able handmaiden of organized crime (Thomas, 2003). It engaged in extra-judicial murders, drug trafficking, money laundering and trafficking in persons, while positioning natural resources extraction as a central plank in its economic development strategy. It used its control over natural resources to enrich its members through rent extraction, and leveraging foreign extractive capitalist seeking to invest in the sector. Interesting, there was an apparent correlation between the predominance of small-scale gold mining and the emergence of the criminalized authoritarian state.

The criminalized authoritarian state was analyzed within the broader problematic of democratization in the twenty-first century. The question is: what is the relationship between democracy and authoritarianism in general and in Guyana in particular? It is argued that in general, democracy and authoritarianism are presented as two ends of a continuum – a country can either be democratic or authoritarian or somewhere in-between those two extremes. Democratization of the colonial state meant granting the plebiscite to the locals by removing the property and literacy restrictions on voting. The post-colonial authoritarian state was meant to inhere democratic practices in the political fabric of Guyanese society. That was not to be, however. Neoliberalism was intended to democratize the post-colonial authoritarian state through free and fair national elections under the watchful eyes of overseas elections observers who

would declare the elections result to be either free and fair or unfree and unfair. This is what we call neoliberal democratization, which produced the criminalized authoritarian state.

Chapter 10 is on foreign intervention and political change and broaches the issue of political change in natural resources rich peripheral countries in the historical period, marked by the transition from neoliberalism to post-neoliberalism. The main argument is that neoliberal democratization brought about regime change in post-colonial authoritarian states, but these states were subjected to further foreign intervention in collaboration with domestic forces to deepen democracy. The primary goal of foreign intervention to effect regime change is to maintain control over natural resources in peripheral capitalist states. The imperialist powers believe that neoliberal democratization did not bring sufficient democracy to the post-colonial authoritarian states. There is need for further action by the imperial forces in collaboration with their domestic allies to bring more democracy to the peripheral states. This phenomenon, is distinctly associated with capitalist development in the periphery. Developing countries visited by political change through neoliberal democratization are subjected to further imperial intervention, allegedly to strengthen democracy.

In Guyana, neoliberal democratization represented regime change – the surrendering of the post-colonial authoritarian state to the International Monetary Fund/World Bank/Carter Centre. Then a new form of authoritarianism emerged that degenerated into a criminalized authoritarian state, which prompted further foreign intervention to bring about regime change, but this time under the ruse of strengthening democracy. Installing democracy and strengthening democracy in natural resources rich peripheral countries are ruses for foreign intervention in peripheral states to control their natural resources. The real situation in Guyana however was that the criminalized authoritarian state was not working fully in the interest of the imperial powers namely the US and as such the US needed to bring about regime change to put in place a government that would pay more attention to the interests of foreign capital.

Note

- 1 For an elaboration on this point see Gensler (2013).

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Part I

The debate on neoextractivism



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1 Neoextractivism and capitalist development

An outline

One of the most important but surprisingly overlooked facts in the debate on the new extractivism is that capitalist crisis and reform creates the conditions in the capitalist periphery that stimulate demands by the ruling elites in those countries for national ownership and or control of their natural resources – agricultural, mineral, metal, water, marine life, and forest products provided by nature – as a development strategy. The intensity of those demands ebbs and flows with crisis and reform in the global capitalist system. The proponents of the new extractivism nonetheless treats this cyclical phenomenon as a conjunctural event associated with the pushback against neoliberal economic adjustment policies in the current era of global capitalism. Whereas a historical analysis of capitalist development in the Caribbean periphery reveals the presence of the phenomenon at different historical periods; it is therefore not a one-time event caused by neo-liberal capitalism.

The large-scale extraction of natural resources for sale in capitalist markets has been ongoing for 500 years. Since the turn of the twenty-first century, however, the growing demand for natural resources has been attributed to increasing global consumption of manufactured goods led by China, India and selected African countries. The World Bank, the International Monetary Fund, Western donor states, and international Non-Governmental Organizations have hailed the increase in consumption as an opportunity for development in resource-rich countries in the capitalist periphery.¹ UNCTAD (2014) justifies its advocacy of natural resources driven development on the grounds that the United Kingdom, Northern Ireland, the United States, Canada and the Netherlands, Australia, Malaysia, Brazil, Argentina and Mexico are all examples of commodity-based development. UNCTAD (2014) stated however that in several developing countries the empirical evidence has demonstrated that the link between natural resources and development is not positive. The negative association of development and resource extraction has led to the idea that the developing countries endowed with natural resources are cursed rather than blessed.²

The advocacy of commodity-based development in the developing countries, continues to move apace. In their overview of the geological potential of Africa, for example, Buchholz and Stürmer (2011) set out to show the opportunities for additional tax revenue from the extractive sector that could contribute to further

financing the sustainable development of sub-Saharan Africa. Buchholz and Stürmer (2011) observed that the economic rise of emerging economies such as China and India among others had altered international commodity markets. The commodity boom between 2003 and 2008 saw prices increased significantly and the terms of trade turned in favor of commodity exporting sub-Saharan African countries. This phenomenon placed the extractive sector high on the development agenda in terms of its potential to generate revenue for economic development (Buchholz and Stürmer, 2011).

The use of revenue generated from the sale of natural resources is precisely what the new extractivism or neoextractivism in Latin America and the Caribbean is all about. It reflects a complex of state–private sector policies favored by the World Bank and International Monetary Fund (IMF) intended to seize the opportunity for development provided by the growing demand for natural resources to produce consumer products. Moreover, in Latin America and the Caribbean region these measures are described as supposedly the strongest push-back by progressive forces against the failed neoliberal economic policies. They are pointed to as ushering in a post-neoliberal era. The new extractivism seeks to utilize the income a country earns from the sale of its natural resources to improve the standard of living of its citizens.

It is regarded as another development model that is being tried out in the Latin American and Caribbean region. It joins the litany of theoretical expositions on development in the region, such as center-periphery, dependency, plantation dependence, the two-sector model, import substitution industrialization, structuralism, neo-structuralism, neoliberalism, and post-neoliberalism. Like its predecessors however neoextractivism is merely a catalyst for capitalist development, spawned by crisis and reform in different historical periods in the evolution of the capitalist system. Capitalist crisis and reform produce theoretical and policy responses about how development can occur in the periphery. These reactions merely serve to reform the capitalist system and to strengthen it, rather than bring about structural transformation.

The failed neoliberal policies are the motive force behind neoextractivism as a means to stimulate development, and not the idea that increasing consumer demand presents an opportunity for development. The latter idea ascribes more power to buyers than they truly have. A similar mythical idea was debunked in the old debate on consumer sovereignty – the power of consumers to determine what commodities are produced. The idea is associated with Smith (1994) who argued that consumption is the sole end and purpose of all production and that the producer's welfare must be satisfied only for promoting that of the consumer. The falsity of consumer sovereignty has long been established so why bring it back into focus in the debate on commodity-led development? Why argue that a country can develop economically because there is an increasing demand for the natural resources it produces? The consumer is not king and does not determine what is produced. It is the capitalist who decides what commodities are profitable to produce and produces them. After 500 years of resource extraction for sale in capitalist markets, where there is always a demand for extracted

commodities, why only now is there an opportunity for economic development in the countries that are endowed with those resources?

The extraction of natural resources in the capitalist system is for profit; the consumers do not determine by their demand what natural resources are extracted as primary commodities to produce consumer goods. It is folly to base a development model on the notion of growing consumer demand for natural resources. To base the development of a country on such an idea merely serves to perpetuate the capitalist system. This is how capitalism works, the investment sharks cash-in on the production of commodities that are trending due to high profit and exit those markets as newer lucrative investment opportunities arise. In their drive for profits the capitalists determine demand for their produce through advertisement.

The notion that neoextractivism is a development model is problematic given the relationship between nature and humans who are also a part of nature. Humans depend on nature for their existence, and given this dependence the real problem concerns capitalist development, which treats nature as the private property of the few to be exploited for profit. This is the issue that has to be addressed and not extractivism or neoextractivism. Also, to question whether natural resource endowment is a curse or a blessing to a country, is undoubtedly a non-issue, misplaced and misleading, but for capitalist development. The problem is not with the quantity of natural resources with which the land is endowed, but with the socio-economic system created by humans to secure the utilization of those resources for their survival. The real issue therefore is that of creating a system of production to exploit nature, not to profit the few, but for the survival of the human species, regardless of their position in the production system.

This issue is not fully addressed in the debate on the neoextractivism in Latin America and the Caribbean. The debate on the new extractivism is less than two-decades old, but in the short period since the concept emerged as a subject for study, it has spawned a voluminous literature in fields such as political economy, sociology, economic development, international development studies, and critical development studies. Arguably, this literature has not produced any grand new ideas about an alternative production system save for the works by James Petras and Henry Veltmeyer,³ which advance the causes of working people in their struggle against the injustices and inequalities that for them are the hallmarks of the global capitalist system and its peripheral sub-systems.

The intellectual authors of neoextractivism and its critics both on the right and left continue to chew on the same old array of issues and themes of social development that occupied the interests of the social sciences of the bourgeoisie. These sciences, which are really derivatives of the positive philosophy are traced back to classical political economists such as Adam Smith (1994) and David Ricardo (2001), and the utilitarian philosophers and social reformers such as Jeremy Bentham (1907), and John Stuart Mill (1965). The singular focus in the social sciences of the bourgeoisie regardless of their economic, political, sociological, anthropological, psychological, environmental, etc. themes or issues, is on predetermined notions of social development or expansion in social welfare