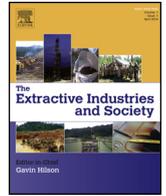


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The extractive imperative in Latin America

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ABSTRACT

One of the main features of contemporary development politics in Latin America is the prominent role of the state. Another feature is the intensification of natural resource extraction. This extractivist drive is especially pronounced in the countries that are part of the 'turn to the left', which have at the same time played host to alternative development approaches. While Venezuela, Bolivia, and Ecuador have become emblematic of these processes, their impact can be felt across much of the region.

These changes have emerged within a particular context in which the electoral successes of the leaders in power have been underwritten by promises to eradicate what has been seen as the two cardinal sins of neoliberal policies: poverty and inequality. Eschewing aggressive redistribution, they have sought to achieve redistributive extractivism accompanied with largely expanded expenditure for social policies.

An 'extractive imperative' was thus borne as natural resource extraction came to be seen simultaneously as sources of income and employment generation and financing for increased social policy expenditure. According to this imperative, extraction needs to continue and expand regardless of prevailing circumstances, with the state playing a leading role and capturing a large share of the ensuing revenues.

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1. Introduction

The relationship between natural resources and development has emerged as one of the most contentious issues in development studies. The conventional wisdom suggests that for countries richly endowed with natural resources, extraction – for domestic use but in particular for export – is an integral part of the process of economic development. This position has increasingly come under attack, and not just in relation to the negative socio-environmental impacts of extraction. Even the economic benefits of extractive industries have come under question, especially since the late 1970s. Notwithstanding the bulk of global evidence on the tension between development and extraction, the view that resource-rich countries can leverage extractive activities to speed up the process of development, which can be characterized as 'extractivism', continues to hold currency (Svampa, 2013; Pellegrini, 2016a). In fact, the extractives sector is experiencing an unparalleled

expansion across the world with the commodity frontier reaching further and deeper.

This extractivist expansion is global. From the United States, which with its growing use of 'fracking' is slated to become the world's largest producer of oil and gas² (Evensen et al., 2014), to renewed interest in the rich resources of Africa (Büscher, 2015) and to non-conventional sources of extractives exports such as Turkey (Arsel 2003), there has been a boom in the extraction of minerals and hydrocarbons. But Latin America is the region that is emblematic of not only the extent of this expanding extractivism, with the spectacular advancement of the extraction frontier to most of the Amazon, but also the widespread anticipation that the sector will pave the way to socioeconomic development.

That Latin America has placed extractivism at the heart of modern development is rather surprising since the extraction of natural resources for export has a particularly long and dark history in this continent. The myriad tragedies – environmental, social as well as economic – inflicted at the juncture of colonialism and national extractive processes starting in the late 15th century have continued to unfold within the context of global capitalism up to the 20th century (and many would assert that they continue

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today) (Galeano, 1973). Yet, extractivism continues to be central to development policy and planning across the region today. It is increasingly taking a specific form, which is characterized by the fact that extraction itself is so central to development that it overrides any other concern; in other words, extractive activities seem to enjoy teleological primacy.

This means that what is observed in Latin America is more than extractivism as an economic policy. To state that it is extractivism taken to an extreme is accurate but not representative of the full story, not even if we describe it as 'neo-extractivism', qualifying extractivism with public expenditures in social programmes and investment in human and physical capital (Gudynas, 2010, 2012). Rather, the current shape of extractivist development policy has taken over the logic of other state activities, reorienting policy objectives to further justify and advance the policy of extractivism. It is this broadened, deepened and self-sustained form of extractivism that this paper describes as the 'extractive imperative'.

The extractive imperative is grounded on three ideological positions: that intensified extraction is indispensable to advance through a (implicitly Rostowian) process of structural economic transformation; that such a transition away from primary commodity exports to higher value added (and putatively more sustainable) goods and services (biotechnology rather than timber, electric cars rather than lithium ore, etc.) needs to be orchestrated and, to a large extent, executed by the state; and that poverty and inequality need to be addressed urgently throughout this transition and not put aside as the ultimate goal of development. As such, the difference between 'extractivism' (or neo-extractivism) and the extractive imperative is more than a semantic one. The former refers to development policies, whereas the latter can be located at a higher ontological plane as it describes the overall political zeitgeist, including but certainly going beyond state policies. That is, extractive activities play a foundational role in a model of development that shapes expectations and policies.

In this paper, we focus on the extractive imperative coinciding with the Latin American 'Left Turn' that has brought with it various policy experiments for constructing a post-neoliberal development paradigm. The confluence of the extractive imperative and rise of leftist governments has resulted in a specific set of state-society relations, marked by the presence of a strong state involved directly in extractive activities, seizing a large share of the rents accruing through extraction. These revenues have been invested in ambitious social policies and infrastructure for economic development assuring the legitimacy of the incipient post-neoliberal state and ensuring continuing popular support of the extractivist drive especially among the urban and peri-urban working classes. Backed by strong electoral majorities, many of these left turn governments have come to antagonize their early supporters within their countries' indigenous communities and progressive non-governmental organizations (Hogenboom, 2012). From TIPNIS in Bolivia to the Intag Valley in Ecuador, state forces have taken a hard line against resistance, criminalizing various forms of dissent (Hope, 2016; Avci and Salvador, 2016). This, in turn, has started to change once again the relationship between the state and indigenous communities, putting at risk the tenuously maintained territorial sovereignties of the latter. These three interrelated dynamics require closer scrutiny to fully understand the implications of the extractive imperative developing under the Left Turn.

The paper has four main tasks. First, it defines and demonstrates the existence of an extractive imperative, which is central to understanding contemporary Latin American debates on development and social change. Second, it discusses the contextual factors that enabled the rise of an extractive imperative, which has come to dominate politics and policy making in the region even after some of these factors have ceased to exist. Third, it locates the

extractive imperative within a broad overview of debates on the relationship between natural resources and development. Fourth, it critically evaluates the impact of the extractive imperative on environmental sustainability, socioeconomic equality, cultural autonomy and the political room for participation and democratic dissent in Latin America. In developing these arguments, the paper engages with broader debates on the relationship between natural resources and development as well as the possibility of articulating a post-neoliberal development paradigm.

2. Contextual factors enabling the birth of an imperative

The extractive imperative became constituted during a specific historical moment when a number of important factors were aligned. The high commodity prices that prevailed for ten years since the mid-2000s are one such factor. Another, closely related factor is the increased appetite of the Chinese economy for such resources and the specific shape this demand took in China's foreign economic relations. Finally, the rise of a wave of administrations that aspired to create a post-neoliberal policy framework is also an integral development. These administrations had more room for manoeuvre since US foreign policy had less attention for the region than before. It is important to note, however, that while these factors were instrumental to prompting the extractive imperative they are not required to maintain it. Conversely, their subsequent disappearance could serve to demonstrate that an imperative to extract remains in place. For example, having entrenched the extractive imperative, high prices are no longer necessary to sustain it—at least in the short term. In fact, lower prices need to correspond with increasing volume of extraction to stabilize state revenues. If the continued presence of other factors are required to maintain the imperative remains to be seen.

The rise of commodity prices was certainly an important driver of a number of the dynamics discussed here. As Table 1 demonstrates, since 2004 there has been a substantial increase in the world market prices of some of the key commodities, such as gold, copper and oil, produced by Latin American countries. Putting aside ongoing debates whether these price increases can be explained as a super commodity cycle or whether they are likely to swing back to their high levels in the near future (Erten and Ocampo, 2013), it is important to recognize that the timing of the upswing allowed for the capture of substantially higher revenues by Latin American states. The increase is both in absolute terms and as a share of rents generated by extractive industries. The push for 'nationalization', which essentially meant a greater presence

Table 1
Indices of primary commodities prices, 2003–2015 (index 2000 = 100).

| | Minerals and metals | Crude petroleum |
|--------------|---------------------|-----------------|
| 2003 | 98 | 102 |
| 2004 | 137 | 131 |
| 2005 | 173 | 184 |
| 2006 | 278 | 221 |
| 2007 | 313 | 250 |
| 2008 | 332 | 342 |
| 2009 | 232 | 221 |
| 2010 | 327 | 281 |
| 2011 | 375 | 393 |
| 2012 | 322 | 397 |
| 2013 | 306 | 384 |
| 2014 | 280 | 349 |
| 2015 (I–III) | 227 | 191 |

Source: United Nations, World Economic Situation and Prospects (Statistical Annex).

for the state in extractive processes, was both more desirable and viable at a moment when commodity prices were high. The process of nationalization superseded the taxation regimes and contracts forged in a previous, 'neoliberal' era when returns to the state were quite limited.

The Latin American extractive imperative also benefits from and contributes to the emergence of a new geopolitical order. This new order is not marked so much by the decline of the primacy of US power, which has long been predicted but never really materialized. Rather, the emerging geopolitical configuration is characterized by the demonstration of the limits of how far US economic, military, and political power can reach. The wars in Iraq and Afghanistan, the spectacular collapse of the global financial system, and mounting national political gridlock all have come to demonstrate that even imperial power has limits, or at least blind spots. The emergence of China as a global actor is taking place in this context and is filling some of the gaps left by the reach of American influence (Henderson et al., 2013).

One particularly distinct way this has been felt is ideological. With neoliberalism and the Washington Consensus increasingly discredited, the Beijing Consensus and its brand of state-led market economy has gained credibility and they resonated with the call for change among many developing country governments, including many in Latin America (Fernández Jilberto and Hogenboom, 2010). Thus, experiments in Left Turn policy-making through the establishment of strong states can be partly understood as national (or regional) responses to a specific global context. They take some inspiration from and build upon the legitimacy gained by the evident success of alternative policies experimented in Asia. This is of course not to argue that the relationship between the state, society and economy in various Latin American countries is similar or even comparable to that in a country like China. Instead, we argue that Chinese and other Asian developmental successes contribute to an alternative international consensus. According to this view the state should play a leading role in deciding how national capital (whether economic, natural or human) is managed and in charting a course for socioeconomic and cultural transformation (Chang, 2003). In the particular case of Latin America, a region with substantial natural resource wealth, there is evidence of the rise of resource-fuelled developmental states.

Another way in which the Chinese influence in the region increased is more practical. Hobbled with two major wars in Iraq and Afghanistan, US influence in what it had historically considered to be its 'back yard' has waned not just ideologically but economically as well. While the much vaunted 'Pivot to Asia' and its economic corollary the Trans Pacific Partnership might in the long redirect American interests away from 'democratization' in the Middle East towards a containment strategy of China in the Asia-Pacific region, China has made extensive inroads into Latin America by strengthening or establishing strategic alliances with countries such as Brazil, Venezuela, Argentina, Chile and Ecuador.

Also Chinese investment and loans, often through state-owned corporations and banks, have increased massively since the mid-2000s into the region. Much of these capital flows have targeted the extraction and transportation of Latin America's resource wealth, be it hydrocarbons or minerals (ECLAC, 2014). Chinese corporations and banks pushed and supported by the Chinese government to Go Global, have found willing recipients in Latin America. At a time when the Western economies suffered from a deep crisis, China suddenly appeared as a major alternative source of investment and credit (Rival et al., 2015).

In this sense, the Chinese companies are filling the gap left by US, Canadian and European companies. As newcomers to the region, Chinese investors try to catch up, which makes them more open to investing into extractive projects that may only become

profitable in the longer run.³ Similarly, Chinese policy banks (especially the China Development Bank) have provided large loans to some Latin American countries with large natural resource reserves: Argentina, Brazil, Ecuador and most of all Venezuela.⁴ A particular attraction of such loans is the official Chinese policy of not interfering with national economic policies, which is also on display in Africa (Johnston, 2016).

Put together, these dynamics have created conditions in which extractive industries became hugely significant to the development aspirations of a number of Latin American countries. It is of course important to recognize that some of the same factors also enabled a set of contradictory impulses – such as the search for a new development model through the concept of 'buen vivir' (good living), a move towards the recognition of the rights of nature, the drive of indigenous communities to have a more powerful say in the governance of not only their own territories but also the nation-states within which they are located – to emerge (Siegel, 2016). It is the contradictory nature of these two concomitant processes – rise of extractivism and the search for its alternatives – that account for the pronounced tensions seen in Latin America in recent years.

3. Debates on resources, nature and development

The centrality of natural resources to many developing economies and the challenges associated with the successful management of natural wealth has engendered lively debates focusing on extractive industries, environment, growth and poverty. Latin America in particular, has been the focus of much of these debates and also the birthplace of influential reflections on the potentialities and difficulties of using natural resources in general and extractive industries in particular as instrumental to development (Pellegrini, 2016b).

Arguably, the most influential of these debates is the resource curse and has been focusing specifically on economic malaise prompted by abundance of and dependence on natural resources extraction (Van der Ploeg, 2011). The resource curse hypothesis stipulates that there are economic, political and historical dynamics that undermine the development trajectory of countries specializing in the extraction of natural resources. Much of this literature has been focusing on the over-appreciation of local currencies and prices—an effect known as the 'Dutch disease'.⁵ Other mechanisms include the concentration of welfare associated with natural resources, the creation of narrow based niches that have few linkages promoting the development of the rest of the economy, the volatility of prices with cyclical busts and booms and secular downward trend of commodities if compared to other goods and services, the use of natural resources as collateral to promote indebtedness by opportunistic policy makers, environmental impacts that undermine other sectors, conflict and corruption, the establishment of rent seeking economies where redistributive activities crowded out productive investment (Papyrakis and Gerlagh, 2004).

Authors focusing on Latin American in particular have linked

³ In addition, certain areas – such as the ITT oil block of Ecuador – are too sensitive for US (and European) corporations to pursue. The negative publicity that drilling in an international hotspot such as the Yasuni would most likely outweigh economic gains for western corporations.

⁴ See the China-Latin America Finance Database at http://www.thedialogue.org/map_list/.

⁵ This name refers to the economic recession that the Netherlands faced after the discovery and exploitation of large gas reserves in the 1960s and 1970s.

concentrated ownership of natural resources and associated inequality with structural impediments to economic development (Engerman and Sokoloff, 2012). Unsurprisingly, given the political history of the continent, much attention has also been paid to the perverse relation between extractive industries, state revenues, rentier practices, political instability, corruption and authoritarianism (Schuldt and Acosta, 2006). The literature on neo-extractivism in Latin America stresses the unchanging structural features of the economies whose central plank is the export of commodities to the global market, depending on large foreign investments and highly volatile international prices—as exemplified by the downward price trend that characterized the commodity markets as of the second half of 2014. These continuities are combined with significant changes in the welfare state that include the provision of benefits, and high levels of public investment in physical infrastructure and human capital—policies that are themselves financed by the state revenues generated by extractive activities. Thus the left turn in Latin America would leave economic structures unchallenged, but combine them with enhanced social policies (Gudynas, 2012). Taken together, continuing extractive activities and new legitimacy provided by greatly expanded social policies and public investment are contributing to political dynamics that further facilitate the expansion and intensification of extractive endeavours. This has been taken to the extreme in the case of Venezuela, where the Bolivarian project intensified the nation's economic as well as social and political dependency on oil. The government's reaction to the recent deep crisis, due to the fall of the oil price, has been to turn to mining as a new driver of the economy, using presidential decrees to quickly attract investment, supported by special military protection and a suspension of civil and political rights. As Lander (2016) points out, rather than rethinking the extractivist oil rentier state, the response is to start creating an extractivist mining rentier state.

The critique of neo-extractivism has been accompanied by an incipient discussion on how to break the economic structures based on extraction, a discussion that pits a post-extractivist project against neo-extractivism. A major weakness of this literature, and a serious limit to its being policy relevant, is that it seems to discount the material needs (social policies and physical infrastructure) that are being satisfied with the state revenues engendered by extractive industries. Thus, some of the discussion has moved towards fundamental critiques to development and argued for post-developmental approaches to public policy—i.e. radical alternatives to development.

In contrast, the governments of Bolivia and Ecuador envision extractive industries themselves as transiently instrumental to the overcoming of the extractivist foundations of the economy (Gobierno de Bolivia, 2006; SENPLADES, 2014). According to this perspective, the revenues generated by extractive industries can be used to enhance physical and human capital in a way that engenders structural change and allow for the diversification of the economy. Social policies can also be re-interpreted as investment in human capital and are matched by investment in the educational system. In terms of physical capital, heightened public investment has been especially focused on improving the transportation network and upgrading the generation and distribution of electricity. Moreover, strategic decisions regarding direct public investment (e.g. commodity transformation in Bolivia or investment on bioresearch in Ecuador) are also meant to accelerate the process of diversification of the economy and the move away from specialization on raw commodity extraction.

One of the pronounced effects of extractive activities, and arguably a rising trend because of the combination of increased extraction and the criminalization of resistance (Özkaynak et al., 2012), are socio-environmental conflicts. Given the burden

produced by various socio-environmental liabilities associated with extractive industries and the overexposure of some section of the population (rural, indigenous, etc.), it is not surprising that extractivist endeavours are often associated with various forms of conflict and resistance. The dynamics related to resistance and extractive industries have been characterized as eco-territorialisation of conflict, meaning that many episodes of conflict have much to do with the integrity of indigenous territories and violations of indigenous rights (López and Vértiz, 2015), or with the neglect of campesino livelihoods affected by extractive projects. These conflicts have increased throughout the Latin America, both in countries with and without leftist governments, and in countries and regions with more or less historical experience with the specific extractive activities that give cause to local resistance. The use of new or improved forms of state-led or company-organized consultation of potentially affected groups has hardly prevented tensions. In Bolivia as well as Peru, participation through state-led prior consultation of indigenous peoples on oil and gas projects turned out to be restricted as indigenous ownership of the processes was limited and these groups had difficulty to articulate and defend their views and demands (Flemmer and Schilling-Vacaflor, 2016). Similarly, local groups often experience that Environmental Impact Assessments for mining projects are manipulated by companies (Aguilar-Støen and Hirsch, 2015; Li, 2015), while Peru's experiment with a tripartisan Roundtable learned that it was hard for leaders of local organizations to negotiate with national entities (Paredes, 2016). Local social divisions and the lack of clearly defined rights and norms of local redistribution of mining revenues is an additional cause for conflict (Helwege, 2015). In response to the dissatisfaction with centralized procedures for participation of affected local groups, since 2002 numerous communities in Peru, Guatemala, Argentina, Colombia and Ecuador have organized their own consultation processes. Usually initiated by civil society groups and supported by the local government, these new consultations have allowed for peaceful and participatory expressions of the widespread civic discontent with top-down decision-making on large extractive projects (Walter and Urkidi, 2015).

These divergent perspectives on the role of extractive industries have generated polarized debates that have not been able to address critically the core issues of state revenues generated by extractive industries nor the socio-environmental costs associated with extraction. On the one hand, the post-extractivism literature does very little in the way of engaging with the material needs that are being satisfied by extractive industries—be it directly through employment creation or indirectly by contributing to state coffers, ultimately financing investment in social policies and physical infrastructure. Also, the issue of transition to post-extractivism (and its financial underpinnings) is still insufficiently dealt with as a political project and proponents have shown very little success in terms of electoral performance. On the other hand, developmentalist approaches based on the (neo-)extractivist logic dismiss the socio-environmental liabilities generated by extractive industries and the history of failures of attempts to leveraging extractive industries to achieve development. In other words, these approaches put a considerable amount of faith into both the ability of the (post-neoliberal) state to alleviate the negative impacts of a rapid, extractivist growth strategy and the assumption that some of the 'necessary' costs (to nature and society) can be paid back in the long term without permanent loss to their integral functions. While the literature on developmental states does show that the state – given the right conditions – can engineer structural transformation (Onis, 1991), the social and environmental records of such states are less impressive (Broadbent et al., 2006).

4. Extractive imperative as ideology

The analytical approach developed in this paper seeks to combine the concerns of both of these schools. In that sense, the concept of ‘extractivist imperative’ seeks to respond to the call of [Arsel and Dasgupta \(2015\)](#) for a type of development scholarship that is critical but not nihilistic and cognizant of the importance of emancipatory material improvements while recognizing the structural (political, economic as well as ecological) forces that hobble ideological projects built for rapid delivery.

4.1. Return of the stages of growth

The extractive imperative is marked by an ideological commitment to further extraction as a necessary and unavoidable step towards higher level of development (which, as described below, is highly modernist). This ideological posture is built on a ‘stages of growth’ model of development in which extraction is an integral part of the incipient development process. The stages of growth is a classic growth model prescribing that countries starting as traditional society will build the preconditions for take-off, then experience take-off, followed by drive to maturity, ultimately leading to the age of high mass consumption ([Rostow, 1959](#)). In the various stages countries will develop different sectors based on their potential to specialize. These specializations will be themselves contingent on the level of development and, hence, transitory. For a poor, but resource-rich country, the specialization on extractive industries would contribute to the preconditions for take-off, a necessary stage prior and functional to the take-off towards the development of a diversified economy.⁶

More specifically, the export earnings coming from extraction (and increased productivity in the agricultural sector) will be used to finance the modernization drive. Thus the rents generated by extractive industries will be re-invested in physical, social and human capital in order to develop the capabilities to engage in productive sectors. These productive sectors can themselves be based on extractive industries and, as exemplified by Bolivia, this can include the drive to ‘industrialize natural resources’; that is, to transform commodities into intermediate or final goods in order to climb the value chain and acquire a larger share of the value added generated ([Pellegrini, 2012](#)). Aside from the transformation of commodities, other investments are supposed to enhance human capital in across the spectrum and great emphasis has gone into gaining sovereignty in terms of technological capabilities ([Pellegrini, 2016a](#)) and entering the knowledge economy with investment in tertiary education and research. High levels of investment are also devoted to physical infrastructure (electricity generation and transmission, transportation, direct investment in industrial complexes, etc.) that is necessary to integrate the national economies and connect them internationally, creating opportunities for domestic and international trade.

In contemporary debates in Latin America, the Rostowian roots of development policies are easy to see within the context of extractivism. Whether it is the former Peruvian president Alan García who actually invoked the phrase of ‘take-off’ or Rafael Correa who argued against his former ally Alberto Acosta’s call for abandoning extraction by saying that Ecuador first had to mobilize its natural resource wealth *before* it could go on to the next stage

⁶ These ideas are powerfully exemplified in a speech by Ecuadorian President Rafael Correa: “La gran oportunidad de los países latinoamericanos para desarrollarse, con soberanía, es con el uso de sus recursos naturales. Eso genera los recursos para invertir en el talento humano, ciencia, tecnología, e innovación, que ayuden a superar la economía extractivista”. Cátedra Raul Prebisch de la UNCTAD, Resumen de la Conferencia Magistral del Presidente Rafael Correa, 24 de octubre de 2014, by Umberto Mazzei, del IREI Sismondi.

where a ‘knowledge economy’ could be created, Latin American extractivism is characterized by this vision that sees the mobilization of natural resources through extractivism as not only a necessary but also unavoidable step towards the achievement of socioeconomic development. Such “national-popular development” discourse could also be heard in Argentina under former president Cristina Fernández de Kirchner, who stated in 2010: “We cannot stop extracting oil because we need it for our development and to be able to live” ([Savino, 2016](#)).

4.2. The developmental state

The ideological position that the economy has to follow a set of distinct and hierarchical steps does not, in itself, come with a view of how this transformation needs to be governed and at what scale. For instance, for Rostow structural transformation could often be accomplished by connecting ‘backward’ areas to the global circulation of capital but, at least in the early stages of this transformation, outside forces (i.e. (former) colonial powers) had to provide the initial jolt or spark, economically, politically and also culturally to unleash the forces of change.

The specific form of structural transformation undergirding contemporary development policies is built around the idea of extensive state management of the national economy, which forms a marked contrast to the previous era of neoliberal policy in Latin America. This increased role is especially present in the extractive sector and ranges from various nationalization episodes that involved companies and whole extractive sectors, to increased taxes and royalties, and to increased regulatory powers ([Hogbenboom 2012](#)). In order to realize this reinvigorated state role in the economy in general and extractive industries in particular, there has been a rebuilding and expanding of state capability. For instance, Ecuador’s planning ministry SENPLADES was given largely expanded powers and mission, creating highly influential development plans. Similar development plans were created in Bolivia by the Ministry of Planning and Development. Furthermore, the Ecuadorian state created a new state agency named Ecuador Estratégico to oversee development projects deemed of strategic national interest that are carried out in underdeveloped regions, such as the Oriente.

In the hydrocarbon sector in particular, several countries have (re-)nationalized the resources and the concession system has been replaced by service contracts. Furthermore, state-owned companies have greatly expanded the scope of their operations as in the case of the Venezuelan national oil company PDVSA. Another aspect of state involvement is also a more prominent role played in compensation and redistribution mechanisms, with higher shares of the revenues being disbursed locally and at times also directly to the organizations that traditionally were resisting the expansion of the extraction frontier and intensification of extraction. Bolivia’s IHD program (. . .), which redistributes 10 percent of state revenue to provincial authorities, is a particularly prominent example.

In the mining sector, we see fewer episodes of nationalization across the board (possibly related to the more fragmented property structures and hence broader domestic interests that would be alienated through nationalization), but still see the rise of state-owned companies and also expanded regulatory powers and increased financial returns to the state ([Arsel et al., 2014](#)). Within this context, new partnerships with state-owned corporations from other countries are an interesting trend. For instance, Chinese state-owned mining companies have been playing a major role in starting or expanding mining projects, in particular in Peru and Ecuador ([Gonzalez-Vicente, 2012](#)). In another example, the Chilean state-owned CODELCO has been collaborating with the Ecuadorian state-owned Ecuaminera to restart the Intag copper mine, whose

creation was halted by effective community resistance in two separate periods (the first involving a Japanese and the second one involving a Canadian corporation). The specific tenor of the relationship between Latin American states and state-owned corporations is largely underresearched and little is known about the specifics except for the well-publicized fact that state revenues in these deals have increased.

4.3. Primacy of poverty reduction

One of the defining features of the political project of the Left Turn has been a focus on rapid and extensive poverty reduction. Unlike the neoliberal policies that characterized the 1980s and 1990s, where poverty reduction was expected in due course thanks to trickle down economic development, Left Turn governments have made poverty reduction a central plank of their platform; one that would need to be achieved at a meaningful level in the short- to medium-term. One reason for this commitment to poverty reduction is the normative stance against poverty and inequality—a defining characteristic of the left in Latin America. Another is that all Left Turn governments have come to power through democratic elections in which they distinguished themselves from their opponents by promises of achieving greater prosperity for the long marginalized communities and social groups. The actual delivery of a dividend in terms of poverty reduction is thus a necessary source of popularity and legitimacy that is necessary for the electoral prospects of the governing parties.

While development studies literature on poverty suggest that the concept can be understood very broadly to include a variety of deprivations and experiences, the policy proposals and practices of the Left Turn governments have taken a more restricted approach and privileged material dimensions of poverty. The resulting interventions have primarily aimed to provide income support and access to key social services and benefits. In terms of direct transfers, the Left Turn countries have embraced conditional cash transfers and established several programmes that supplement monetary income of families fitting certain socio-economic profiles—most commonly related to having income levels below poverty thresholds. These instruments are not unique to Latin America and are common across the political spectrum—in fact, they were first introduced in South America by the Fujimori government in Peru and are also in favour by multilateral financial institutions (Fiszbein et al., 2009). Thus, commitment to poverty reduction has been translated into widespread adoption of conditional cash transfers to deal directly and urgently with (extreme) poverty.

Indirect and more long-term interventions are also taking place across the board and include educational and health interventions that are ultimately improving the prospects of the most disadvantaged portions of the populations. While educational investments directly translate into increased human capital and hence augmented productivity and improved employment prospects, health expenditures can directly increase welfare and also advance the prospects of people. Furthermore, social safety nets ameliorate the impact of socio-economic shocks diminishing distress in the short term and allowing better planning and asset management and general strategies for the longer term. Finally, legislative interventions (such as raising minimum wages and employment benefits such as insurances, etc.) can also improve the lot of unskilled labour and provide for some minimalistic degree of redistribution and inequality reduction.

5. Extractive imperative and its consequences

Taken together, the three ideological postures concerning the relationship between state, extraction and development add up to

a pro-extractivist argument, one that is forcefully made by the leaders of the Left Turn governments: advancing extraction is in the interest of the nation at large. The logic underlying this position is that since the country in question is suffering from endemic poverty and inequality, avoiding, or even just postponing extraction, would be an anti-developmental stance. Furthermore, since extractives-led development is meant to alleviate poverty, an anti-extraction position is portrayed as being tantamount to being anti-poor.

In the short term, the wealth generated from extractive processes would be used to alleviate poverty and deprivation, for instance through the creation of social programmes that provide free or subsidized education and healthcare and conditional cash transfers. In the longer term, revenues from extraction would be invested in the service of accelerating and orchestrating the structural transformation of the economy away from dependence on primary commodity exports and towards more sustainable and higher value-added exports and services such as biotechnology and eco-tourism. The achievement of this structural transformation would not only benefit the nation at large, especially the poor, but also lead to environmental protection. This oft-repeated set of arguments adds up to a single dictate: poverty reduction, environmental protection and national development can be best and most rapidly achieved if the full potential of extractive industries is harnessed. Opposing this goal would then be tantamount to disregarding the interest of the nation.

This is of course a problematic argument, not least because it assumes that a singular, coherent interest of the nation exists. Given that the nation is a social construct that serves to paper over various divisions and differences within and between various interlocked communities, this is a challenging assumption at best (Giddens, 1985: 220). Even if such an interest did exist 'objectively', it is also a major leap to argue that the state, through its institutions and those that represent them, can apprehend it. Such an argument can only be defensible if one is to take a Weberian ideal type state that is decisively dominated and operated by efficient bureaucratic machinery. There is a wealth of evidence that the Latin American state form is far from this Weberian phantom and that individual, clique and class interests can direct (and distort) public policies and their implementation.

Even if all these assumptions could somehow be met, there still remains the *process* through which the nation's interests could be realized and the urgent question of the distribution of socio-environmental effects of extractive activities. In other words, even if the culmination of appropriate policies might leave the nation as a whole better off, it is unlikely that the costs and impacts of the path to development can be overcome or, at least, compensated for. Moreover, the nature of socioeconomic development is such that these costs are distributed unevenly across space and time as well as across differences of class, gender, ethnicity and ability. It is in fact this uneven distribution of the cost of the development process that has been at the heart of the conflicts engendered by the extractive imperative.

That those in charge of development planning have historically used national interest to pacify and subdue groups that bear the brunt of development in the short and medium term is of course well-documented. To this end, nation-states have invoked not only the idea of national interest but also its darker side, the idea of national sovereignty. In other words, if 'problem' communities continue to stand in the way of this putative national interest, they have often been threatened by brute force which the idea of sovereignty is commonly accepted to confer on nation-states. This too is well documented in numerous cases, including many in Latin America. Police, military and para-military forces have been deployed to intimidate and oppress communities that refuse to toe the line of national interest. Such overt and covert use of

intimidation and violence, however, has often had at best a tenuous relationship with the law and at worst represented an outright violation of national laws and international norms and human rights. In fact, Latin America is by far “the most dangerous region of the world for environmental human rights offenders”, with indigenous groups being the most vulnerable for violations ranging from threats, attacks and torture to disappearances and killings (Article 19, 2016: 4).

What is relatively newer and less well understood- is the process through which the national interest has been used as a pretext to criminalize dissent by reference to existing or newly enacted laws. Around the globe, the post-September 11 (2001) political climate saw a massive increase in the abuse of the already highly problematic concept of terrorism to classify a broad range of actions, thoughts and organizational dynamics that hitherto remained either fully legal or constituted forms of critical thought and civil disobedience that could not be prosecuted in democratic societies. This securitized climate has played a role in legitimizing the move of several Latin American states to invoke charges of terrorism to prosecute individuals and groups whose aim has been the defence of a particular territory (indigenous or otherwise) or ecological system (or its constituent parts).⁷ There are a number of such examples from Ecuador alone, including environmental and indigenous rights campaign organization Pacha Mama being shut down and the operation permit of the environmental NGO Acción Ecológica being temporarily revoked.⁸

Along similar lines, several states have charged individuals and organizations critical of state policies with undermining national interest by collaborating with foreign states and agents. For instance, the Bolivian land rights NGO Fundación Tierra and its leadership came under heavy political and legal pressure from state officials that claimed that the organization's foreign funding was evidence that it served the interest of states other than that of Bolivia. Such claims frequently make two equally problematic claims: the first is that NGOs cannot challenge the state since only the state can arbitrate what constitutes national interest and, second, that receiving support, financial or otherwise, from international sources can serve as evidence that an organization is doing the bidding of the state from which the funding originates (even if the funds themselves are controlled and disbursed by NGOs, many of whom are sympathetic with the overall progressive agenda of Left Turn countries).

It is important to note, however, that states primarily try to co-opt, undermine or assuage existing or potential resistance by using pro-extractive discourses and harnessing the power of development, both ideologically and materially. As argued above, that extraction is carried out not simply in the name of a more abstract – and long term – ‘trickle down’ argument but in the name of immediate poverty reduction is of course an integral part of the ‘left turn’ and its pro-extractivist stance. However, precisely why

much needed public resources for social programmes and poverty alleviation mechanisms need to be financed from revenues from extraction and not from other sources (e.g. through tax reforms) is often left unsaid in such declarations.

6. Conclusion

The genesis of the ‘extractive imperative’ was conditioned by a number of factors relating to the moral and political failures of neoliberal capitalism that delivered highly uneven economic growth, did little to ameliorate poverty and exacerbated inequality. Within this context, the ‘extractive imperative’ for the Left Turn governments has meant that the primary challenge facing them was to finance investments and social support mechanism that could reduce poverty as well as inequality (if not understood as income equality but more broadly as socio-economic inequality).

While this was the most urgent challenge facing these governments, their ultimate goal – and the one by which they will be judged in the long term – has been and remains the achievement of structural transformation. In simplest terms, this would necessitate the move away from dependence on primary commodity exports. However, given both the ecological and political contexts in which this transformation needs to take place, the challenge is not simply to diversify the economy but to do so in a manner that enhances the overall sustainability and inclusiveness of economic growth.

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⁷ The Observatory of Latin American Mining Conflicts OCMAL presents information on such cases in their Criminalization Map: <http://www.conflictosmineros.net/temas-de-trabajo/mapa-criminalizacion>.

⁸ In Ecuador, there was the arrest of the indigenous leader Pepe Acacho under the charges of terrorism for having urged his fellow indigenous activists to bring their spears to another planned event. In another example, the environmental and indigenous rights campaign organization Pacha Mama was shut down after some of its supporters accosted (but, as video evidence clearly demonstrates, did not physically harm) a Belorussian businessman who was emerging from a meeting with state officials concerning the opening of a new oil block that overlapped with the territory of the Sarayaku indigenous community. The charges against Pacha Mama were that it violated national interests and created a climate of violence. Finally, the operation permit of the environmental NGO Acción Ecológica was briefly revoked with the far-fetched charges that it was not following its operational mandate but engaging in political activism, a claim that whose failure to recognize the political nature of environmental protection can only be deliberate.

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