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Rethinking the Extractive/Productive Binary under Neoliberalism

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Increased geopolitical manoeuvring for resource access and a move into commodities over finance as an outlet for surplus capital has attracted growing public and scholarly attention to the global reach of extractive industries. The organization of extraction transnationally demonstrates the persistence of divisions between global North and South as well as rapid shifts in the extractive economies associated with both financialization and the rise of the BRICS. The extensification and intensification of extraction has increasingly provoked localized conflicts at sites of industrial activity. These changes call for a renewed examination of extractive processes, as they are constituted under neoliberal capitalism.

This chapter begins with an examination of the recent history of extractive economies under neoliberalism to consider the difference between productive and extractive industrial activities. From there, we move on to an examination of new modes of extractivism and their relation to demands for resource sovereignty. Here we draw examples from Latin America, and elsewhere, to explore whether Gudynas’ (2010a) notion of ‘progressive extractivism’ breaks from historic patterns of resource exploitation and processes of neoliberalization. Upon this basis, we advance a reconsideration of the relationship between production and extraction as it has shifted under neoliberalism.

We explore two mutually constituted processes which manifest how the global division of nature is persistent in the organization of political economies viewed as relatively ‘productivist’ and relatively ‘extractivist’: (1) the relationship between the organization of productive processes (including labour/nature) in creating more or less amenable extractive environments via more or less sovereigntist regulatory and fiscal structures; and, conversely, (2) the extent to which typically productive enterprises, ranging from agriculture to textiles, take on an extractive character under neoliberalism. On this base, we argue for greater attention to a specifically extractive form of neoliberalism and for a broader understanding of extraction as it relates to human labour and the environment as co-constituted categories. Indeed, the extractive frontier, in many ways, embodies practices of neoliberalization: it is a powerful force of commodification of the natural environment and, in its enclosure of territory and association with financialization, exemplifies characteristics of what some understand as contemporary ‘accumulation by dispossession’ (Harvey 2003).
History and debates on extractive industries

Before presenting our argument about the role of extraction in neoliberalism, it is necessary to define the term and explain its value as an analytical framework. The process of extracting from non-human nature and exporting resources to other economies was central to colonization (Frank 1969; Girvan 1978; Amin 1977; Clark and Foster 2009) and has been viewed as the principal barrier faced by state economies of the global South seeking to overcome poverty through national development processes (Prebisch 1950; Sunkel and Paz 1970). The problem of primary resource export has been theorized in numerous ways: from dependency scholars’ view of the interaction between core and periphery economies (Baran 1968; Frank 1969), to Latin American structuralist interpretations of the need to develop internal markets (Prebisch 1950; Furtado 1976). Additionally, from within institutional theory and conventional economics, resource curse theorizing suggests that an abundance of natural resources impede national development by promoting rent-seeking behaviour (Auty 1993; Karl 1997).

While these approaches vary widely, they share a state-centred focus and an analysis directed at the domestic economy of the producing country, which naturalize international resource exports. By adopting extraction as an analytical framework, we attempt to move beyond the state to draw attention to the actors that demand resources and the historical political economy and global flows of which they are a part. While the state is central to extractive governance, the commonalities across nations suggest that extraction provokes a shared set of experiences that are not limited to national conditions but to the transnational dimensions of extraction (Campbell 2003). Similarly, a state-centred focus can overshadow local-scale considerations or the materialities of particular resources. An extractive lens shifts attention away from the actions and inactions of particular states towards a multi-scalar analysis that not only considers extractive flows of labour and resources from the global South towards the global North, but also integrates local experiences. We use ‘extractive’ here to refer to the over-exploitation of nature (including both human labour and non-human resources) to such an extent that it undermines its conditions of existence over time, in the manner of O’Connor’s (1988) ‘second contradiction of capitalism’. Such over-exploitation has prompted ecological crises due to the separation of human resource use from the basis of production, or what has been termed the metabolic rift (Marx 1993; Foster 1999; Burkett 1999). Scholars have highlighted that this dynamic extends beyond urban–rural divisions to include spatially distant colonial resource frontiers such as sugar plantations and silver mining in the Americas (Moore 2000, 2003). Various schools of thought point to how industry’s ability to externalize ecological costs facilitates intensified extraction while shaping long-term environmental problems, including climate change. For instance, the new institutional economics (Coase 1937, 1998) emphasis on inter-firm transactions has contributed to theorizing how firms externalize ecological costs onto the commons (Powell and Di Maggio 2012). This perspective has been employed as the basis for certain forms of neoliberal environmentalism. That said, like theories of the second contradiction of capitalism and the metabolic rift (O’Connor 1988; Foster 2002), as well as constructivist analysis of the twentieth-century emergence of the ‘economy’ as a site for intervention (Escobar 1995; Mitchell 1998) it reveals how extractive activities are ‘enclaved’ both spatially and in terms of formal policy.

Within Marxist theory, however, approaches that centre on the extraction of natural resources have been critiqued for their attention to trade relations and spatial transfers over labour exploitation. Brenner accused dependency and world systems theories of insufficient attention to labour (Brenner 1977), which earned a thorough critique by Blaut (1994) on the grounds of its eurocentrism. Canadian staples theory, itself informed by dependency analysis and spatial approaches to imperialism, has also endured critique as ‘commodity fetishism’ due to its...
attention to frontier extraction over labour exploitation (McNally 1981). In recognition of these views, yet wishing to avoid anthropocentrism and eurocentrism, we suggest that extraction can include certain processes by which labour power is extracted from workers. The epoch of neoliberal globalization has allowed for the increased extraction of labour power from countries of the global South, through the establishment of export processing zones and the promotion of hyper-exploitative working conditions.

Under neoliberalism, extractive industries have taken on changing characteristics, making them central to global trade dynamics in a form reminiscent of classical imperialism (see Moore 2003 on the latter). With the depletion of rich mineral veins and lower carbon fossil fuels, industry has increasingly employed strip mining. Energy intensive and territorially extensive, these processes produce huge amounts of waste and create a large spatial footprint (Bridge 2004). As opposed to the height of coal production, which in its relatively low organic composition of capital facilitated liberal democracy by boosting worker’s power vis-à-vis industry (Mitchell 2011), contemporary extractive processes have become more technologically and ‘nature’ intensive. This trend has been deepened by the high commodity prices of the past decade and the role of resources in speculation and financialization. Alongside this expansion, we have seen a changing transnational character of extraction, with the strategic positioning of extractive capital in countries, like Canada, home to advantageous regulatory frameworks (Deneault and Sacher 2012). Following the economic concept of the ‘race to the bottom’, corporate strategy under financialization seeks to shape, and subsequently invest in, low-cost environments and to reduce firm risk in extractive settings (Emel and Huber 2008).

Additionally, as critical scholars have pointed out, the maintenance of reduced availability in global markets has been employed to maintain a price floor and cushion otherwise falling profit rates (Mitchell 2002; Bina 2006; Labban 2008; Bridge and Le Billon 2012). In the oil sector for instance, corporate cartel-like arrangements like the Achnacarry Agreement were established to ensure market scarcity. According to critical analyses, the creation of OPEC asserted global South resource sovereignty (Coronil 1997; Mommer 2002), increasing its members’ ability to influence global prices and thus secure higher rents. Ultimately, however, high prices also benefit the transnational corporations that partnered with parastatal oil companies (Nitzan and Bichler 1995). The recent global drop in oil and gas prices, as the USA moves to hydrocarbon energy independence through shale development, will alter the strategic terrain of oil and gas production and perhaps other extracted commodities.

**An extractive form of neoliberalism**

We join a range of critical scholars of the extractive industries who are sceptical of the way resource curse theory reifies state institutions and de-emphasizes the role of the corporate form and capitalist economic relations in shaping these dynamics, as well as the latent racism implicit in much of the discourse of corruption and rent-seeking (Watts 2004). However, we acknowledge that certain attributes signalled by resource curse theorizing may be traced empirically: for instance, the greater weight of foreign trade over national productive sectors weakens the need for national governments to pursue popular legitimacy for tax collection. Elite power arises from connections to export-driven commodity sectors, which diminishes the role of popular consent in establishing hegemony and paves the way for violations of human and environmental rights to secure resource extraction. Likewise, under global financialization, there is a risk of so-called ‘Dutch Disease’, where the national currency is inflated in value due to high-priced mineral exports, which may erode the international competitiveness of other sectors of the national economy, including those that are large employers.
Extractive industries are frequently export-oriented activities that induce material degradation to the surrounding ecology. The extent to which these activities are labour or capital intensive alters historically with technological change, and will vary depending on the materiality of specific resources. We draw on Bunker’s (1984) vision of modes of extraction which held that extractive economies are distinctive from productive economies and possess unique characteristics, both spatially and in terms of intensity. While he insisted on the mutual interdependence of extractive and productive systems, he contested dominant theories of development which, in his view, paid insufficient attention to the unique nature of extraction and its impact on development. Although production and extraction are necessarily related, Bunker pointed to the manner in which these processes had become geographically divorced, leaving one part of the globe in the realm of extraction while the other concentrated on production. Indeed, over time, global changes in demand for particular commodities would lead to an alteration in the organization of production. Methodologically, however, Bunker sought to avoid ahistorical reification of the relations surrounding these sites, arguing that each local mode of production and extraction had to be treated as discrete (ibid.). As such, his later work with Paul Ciccantell, *Globalization and the Race for Resources*, offers a more relational account centring on the productive dimensions associated with particular natural resources and their transport and alteration over time. Therein extractive economies ‘become more dispersed, while productive economies become more agglomerated’ (Bunker and Ciccantell 2005: 12). Crucial here is the various ways this work informs an approach to space and time that is de-reified and historicized.

Despite these observations and largely due to the changing character of the global political economy under neoliberalism, the nature of extraction and production have altered and the interdependences between these processes warrant specific attention. We posit some adaptations to Bunker’s view of the distinctions to productive and extractive economies. In doing so, we consider how, even with extractive industries, economies can be relatively extractivist or productivist based on their articulations with the global economy, the national consciousness, and the treatment of labour within the regime. Over the past half-century what might be understood as division between production and extraction has shifted: extraction involves specific forms of production of nature, and formerly productive industries have taken on more and more of an extractive character.

While the distinction Marxist critics make between productive and extractive systems is ostensibly based on the role of labour power, an over-emphasis on extraction as wholly separate from productive processes runs the risk of overlooking the labour embedded within the process of extraction, while also entrenching a distinction between the role of humans as actors in non-human nature. To address these deficits, we stress the importance of theorizing the production of nature. Smith (2007) highlights the manner in which resources are similarly produced as commodities for trade, thereby muddying the lines between extractive and productive processes. He underscores that capitalist nature ‘has always been commodified’ as use-values are taken from one site and moved to another through a process, changing the land and labourers while connecting disparate places through transport and trade (25). As Coronil (1997) argues, production refers to both the material and cultural processes surrounding the creation of commodities and the social agents involved. Upon this basis, commodities stemming from extractive processes are, indeed, produced, but this production is simultaneously material, social and politico-legal in its essence. What are understood as ‘extractive’ commodities, he describes as ‘rent-capturing’ or ‘nature-intensive’ (Coronil 2000) to reflect their composition as highly dependent upon the exploitation of non-human natures. This sector’s implications for national and regional economic growth are shaped by its ownership structure (Zalik 2008a), as we discuss further below.
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The relations between the extraction of non-human natures and their commodification, transport and marketization over time and space present significant challenges for extractive-dependent economies. Varying conceptualizations seek to address the role extraction plays in the global division of nature and highlight its distinguishing features from productive processes. However, herein we aim to highlight the interconnection of productive and extractive processes and that neoliberal production relies on extractive labour relations while resource extraction equally relies upon specific relations of production. Given the significant role of resource extraction and spatial transport in global imperialism and formal colonialism, we consider its theorization as central to conceptualizing neoliberal natures. This foundation is essential to understanding the structural challenges faced by proposals for new forms of extraction, and the contradictions inherent in socially oriented nationalized extractive industries.

Resource sovereignty and neo-extractivism

The concept of new extractivism has opened up debates about the capacity for revolutionary change within an export-oriented extractive model, especially in Latin America. Henry Veltmeyer and James Petras (2014) define the new extractivism as ‘the form taken by extractive capital and extractivist imperialism under current and changing conditions of a system (capitalism) and a model (neoliberalism) in crisis’. It goes beyond just mining to incorporate the appropriation of natural resources and use of intensive processing to increase exports in a range of sectors (ibid.: 10). Gudynas (2010a), who authored the term, points to a distinction in what he terms ‘classical extractivism’ and this ‘new’ form, identifying the role of the state as the main point of differentiation. He argues that a recent turn in Latin America has positioned strong left-leaning states as extractive actors, seeking rents from natural resource mining for the benefit of social programming. While these states are positioned as contesting neoliberalism, the confines of extractivism and the extent of commodification it necessitates replicates neoliberal mechanisms of exchange.

This work intersects with recent and growing scholarly attention to Latin American neostructuralism and associated forms of neo-developmentalism, a set of left-leaning social policies that have included the state’s assertion of resource sovereignty (Leiva 2008). The latter has been achieved through raising rents and royalties paid by transnational firms, as well as through outright nationalization. Bolivia under the Morales government and Chavez’s Venezuela have received the most attention in this regard, but parallel examples may be drawn from Ecuador and Argentina. These policies have sought to counter the so-called ‘resource curse’ by using extractive industries as a means to promote social investment. Although these governments defend their reorientation of extractive rents for social programming, others criticize these processes as perpetuating Northern imperialist dynamics.

Policies that we might describe as affiliated with the new extractivism include those implemented in Bolivia, through its nationalization of the oil and gas sector and its reformed mining law, and Venezuela through an increase in royalties. These involve both the direct pursuit of greater returns from exports in taxes and royalties and increased employment opportunities for residents. In sub-Saharan Africa, the ‘African Mining Vision’ reflects a similar attempt to accomplish more progressive outcomes following on the rise of global mineral commodity prices (Graham 2013). At first instance, such policies seek to counter the ongoing human and environmental rights violations, including extrajudicial murder, that have accompanied intensified foreign investment in the mining sector in Latin America and elsewhere, with Guatemala, Mexico, Peru, Tanzania and Papua New Guinea among various prominent examples. But as Gudynas (2010a) and others have underlined, and as emerging research demonstrates, the dynamics
surrounding a mining industry geared at export markets may remain highly exploitative despite progressive intentions. Whether between national firms or individual miners, these dynamics include competition and ‘self regulation’, expressing the individualized, socio-economic incentive-structure driving neoliberalism.

The most ardent defender against these criticisms of extractivism has been Bolivian Vice-President Alvaro Garcia Linera (2012). He suggests that those who pejoratively characterize the Movement for Socialism (MAS) programme in Bolivia as extractivist undermine revolutionary governments by constraining their capacity to redistribute wealth and to foster the basis for more equitable social relations and economies outside resource exploitation. Rather, Garcia Linera argues that active state control of primary resource industries could allow for improved living conditions for Bolivians, including improved education to lead processes of domestic industrialization (ibid.: 109). However, the supra-economic character of extractivism and its issues of scale and intensity are not incorporated into his position. The challenge in the Bolivian case is further aggravated by the limited extent of government participation in primary resource sectors, despite its resource nationalist discourse. For example, transnational corporations are responsible for the vast majority of mining revenues but the majority of miners are occupied in artisanal-style cooperative enterprises (Francescone 2015). This provokes a simultaneous dependence on foreign capital to form the backbone of the economy and on precarious, decentralized cooperative mining to provide employment. Such conditions, among others, have led to scholars to question the degree to which the new left Latin American governments fit the labels of ‘post-neoliberal’, given their similarities with the more conservative extractive regimes of the region (Bebbington 2012). Indeed, Kohl and Farthing (2012) point to the structural constraints of historically extractive economies that limit their capacity for redirecting resource rents to national-level social change. When considering the role of foreign participation and the commodification of the natural world, there appears to be a structural incompatibility of extractivism with the discourses of social transformation and decolonization – particularly in terms of the proposals for vivir bien or buen vivir that have been taken up by Bolivia and Ecuador, respectively.

The manner in which extractivism takes on social, political, economic, environmental and cultural dimensions speaks to the difficulty of overturning it and provokes contradictions in processes of change by left governments (Lander 2014). We suggest that greater attention must be paid to the multi-faceted character of extractive economies. Svampa (2012) coined the term ‘commodities consensus’ to refer to the adoption of commodity trading as a post-Washington Consensus economic model. This model surpasses the structural adjustments of the neoliberal era, integrating the flexibilization of the nation-state itself in the promotion of export-oriented natural resource exploitation. Effectively, extraction is not simply a form of production but shapes forms of social organization.

Neo-extractive endeavours employ a resource nationalist discourse through calls for resource sovereignty and the reclamation of rents through the ideal of national ownership, or increased taxation or royalty rates. Nonetheless, this discourse evokes views of ownership that maintain the conception of private property and of minerals necessarily represented as resources ready to be exploited, thereby producing and entrenching a commodified vision of the surrounding environment (Mommer 2002). As Gudynas (2010b) argues, government and extractive enterprises mutually legitimize one another through the generation of social programming funded by extractive industries. This dynamic redefines the arena of debate, ‘discussions over extraction are distorted, displaced by arguments about how to use the surpluses, leaving in second place a critical analysis over the role extractive industries play in the strategies of development’ (ibid.: 9). Moreover, on a wholly practical level, in many cases these ideals remain at the level of rhetoric.
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Various works associated with indigenous ecological thought (Berkes 2012), actor network theory (Latour 2007) and critical animal studies (Haraway 2007) call for greater attention to the embeddedness of humans in nature and as part of nature. Recent critiques of Marxist political ecology emphasize the pitfalls of ‘Cartesian’ reproductions of human–nature binaries (Moore 2011). And, indeed, a neat distinction between extractive and productive systems reproduces this binary. It is this binary, arguably, that has facilitated the ‘externalization’ of the impact of industrial activities on non-human and human natures. The tricky problem of conceptualizing the inseparability of human labour and ecosystems raises the question of whether distinguishing extractivism as a wholly separate category from productivism remains tenable. To what extent does a distinction between extraction and production simply contribute to fetishizing so-called ‘natural resources’?

The structural challenges involved with shifting from an extractive national economy and the perpetuation of exploitation in spite of stated commitments by Latin American new left governments point to some of the characteristics of extraction and its exploitation of both non-human nature and labour (as nature). Above we suggest that extractive environments, nature and resources are actively produced through politico-legal structures. But the dialectical, mutually constituted relationship between extractive industry and productive forms does not end there: production – as brought about through the exploitation of human labour – has similarly taken on more of an extractive character under neoliberalism.

The most evident example of this trend in classical terms could be agriculture which, under contemporary post-Keynesian trends and associated with shifts in land ownership (as per the global ‘land grab’ debates, see Borras and Franco 2012), has become more extractive. This arises from the deepening role of agricultural markets in serving transnational rather than regional market demands and the depletion in local food availability that may result. Clearly, studies of rubber tapping and the early silver trade are reminiscent of these trends, reflecting ecological imperialism under earlier waves of industrialization (Crosby 1986). The centrality of the export market to large-scale agriculture and approaches that premise an exhaustion of soils, mirror the extractive industries, such as mining or oil exploitation. We take seriously the approach of a kind of post-Cartesianism (Moore 2014), including actor network theory (Castree 2002), by arguing not that extraction as a category is fetishistic per se, but rather that the form of industrial production seen under neoliberalism has taken on an increasingly ‘extractive’ dimension. This prompts greater attention to capitalism’s tendency to undermine its basis of existence as per the ‘second contradiction’ thesis (O’Connor 1988) – a factor highlighted by contemporary attention to climate change.

As discussed above, these dynamics include over-extraction and the exploitation of human and non-human natures. The ‘externalization’ of social and environmental costs as understood by institutional and environmental economics and the hyper-exploitation of human labour via global value chains (e.g. in maquiladoras and export processing zones), or the more recent Rana Plaza disaster are exemplary. These are made possible by the spatial distance achieved under globalization, a long-standing attribute of imperialism as a ‘spatial fix’ (Harvey 2006) – but whose boomerang effect has become increasingly evident from the late twentieth century. Under neoliberalism, the capitalist labour process takes on extractive characteristics through politico-legal frameworks which facilitate export-oriented production. Both enclave manufacturing and

and continue to depend upon the participation of foreign capital, albeit in a less visible or reduced role through joint-venture schemes alongside limited nationalizations (Rosales 2013).
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frontier extractive sites face reduced labour and environmental obligations and corporate tax rates, exacerbating the destruction of the surrounding environment.

On this point, Wright (1999) describes the altered perception of labour power within maquiladora production when she writes that the Mexican woman’s ‘labour power is subsequently worth less than the value of her labour in a number of ways, given that her labour is valuable also for its inevitable absence from the labour process’ (ibid.: 454). She emphasizes the manner in which women’s labour power in maquiladora industries is consumed, with managers developing strategies to extract the maximum amount from the feminized workforce while externalizing all costs of social reproduction. In this manner, the women move from forms of value to waste, and this fluctuation is precisely part of their appeal to employers (470). Wasting human labours parallel the generation of revenues through natural resource waste in extractive process, separating the valued commodity from that which is considered useless. The constriction of the labour process to such a degree that workers themselves move from value forms to waste forms signals the adept processes of extraction at play in securing labour power. Important scholarly attention to waste and its disposal – itself imbued with human labour-value (Gidwani 2013) – further problematizes categorizations of various outcomes of human labour in commodities and helps nuance theoretical and methodological approaches to extraction as a category.

Although theorizing the differences between extractive and productive systems has drawn valuable attention to the particularities of resource exploitation, it may mask the role of human labour within extractive activities and reframe the binaries between human and non-human natures. Conversely, centring discussion of value on human labour without considering how the extraction of spatially distant non-human natures has produced both non-human nature and human labour historically, reinforces anthropocentric understanding of nature. Ultimately, we argue above, attending to the extractive character of neoliberalism and critiquing how Cartesian approaches to nature have shaped conditions for ecological crises helps problematize neat distinctions between productive and extractive activities. Uniting human labour and nature as mutually constituted categories fosters theory and research that examines the simultaneously social and spatial implications of the categories of production and extraction.

Conclusion

The growing debates around extractive industries stem from a variety of political analyses and advocate an array of political approaches to the practical government of natural resources. In recent years, the field has grown to consider the role of financialization and speculation in promoting extractive industries. It has become evident that questions of resource exploitation cannot be limited to development theorizing or to narrow domestic policy approaches intended to challenge apparently inherent rent-seeking tendencies. Rather, scholarly attention has shed light on the global character of extractive flows and demanded analyses of the geopolitical significance of resources alongside their domestic political, cultural and social connections. Recognizing the expansion of extractive industries and their interconnection with contemporary global political economic and ecological considerations, herein we have examined the mutual constitution of so-called extractive and productive economies so as to allow for multi-scalar insights into global capitalist relations under neoliberalism.

By distinguishing extractive from productive economies, scholarship has, at times, created a false binary, one that overlooks the role of labour in securing resources and relies upon a reified division between human labour and nature. Above, we identify rich possibilities for analysing the co-constitution of productive and extractive structures to shed light on both the classically understood nature-intensive forms of extraction and forms of neoliberal production. Globalized
production chains appear to mimic extractive processes by isolating different component parts of a finished product, including human labour, subsequently identifying the most discrete method of securing them. The collective analysis of these chains promoted through approaches like global commodity chain analysis (Gereffi 1999; Bridge 2008; Zalik 2008b) helps unify extraction and production as necessarily conjoint processes. Similarly, as outlined above, the conceptualization of ‘natural’ resources, and, consequently, extractive industries, as commodities whose distinguishing feature is not associated with their form of production may be erroneously presumed if extraction is presumed to be distinct from the outset. These quandaries demonstrate the need for increased comparative and relational theorizing concerning extractive and productive practices under contemporary neoliberalism.

References


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