



## **The Exploitation of Latin America - Dissecting Extractivism as an Economic Model**

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**INTRODUCTION:** Bret Gustafson is a social anthropologist who teaches anthropology at Washington University in St. Louis, USA. He received his PhD from Harvard University in 2002. His research focuses on the political anthropology of Latin America, with a specific interest in Bolivian Indigenous political movements.

**acTVism Munich (acTV):** Thank you for joining us today. Let us begin by introducing the concept of "extractivism", which your work has focused on. Before we talk about the countries affected by it, could you briefly explain to us what is meant by this term?

**Bret Gustafson (BG):** Yes. Well, thank you for the invitation. Extractivism simply refers to an economic system in which the primary activity involves extracting natural resources and exporting them elsewhere. Usually we're thinking about mining, the extraction of minerals, but we also use extractivism to think about drilling for oil and gas. And of late we've also started thinking about large scale agriculture as a form of extractivism, particularly with soy in parts of South America because very similar to minerals, soy is produced in large scale and extracted elsewhere for use as animal feed. So all of these are economic forms that we refer to as extractivist systems. Places that have been affected by it in Latin America include virtually everywhere in Central and South America. In some cases it's more apparent, more dominant than others. If you think about places with lots of minerals in the Andes, Peru, Chile and Bolivia or oil, Venezuela, Ecuador, Colombia, or a combination of those like Bolivia or Brazil in some form or another, almost every country has been impacted by extractivist economic systems.

**acTV:** Can you elaborate on the geographical as well as historical reasons why this type of economic system is employed in this region?

**BG:** Well, in Latin America, since the colonial period, I'm referring to the invasion of Latin America by Spain and Portugal, since that period right up through the present, foreign capital has treated the region as a source of raw materials for capitalist growth elsewhere. First it was Spain, then it was Britain. Then it was the United States. And that longer history of extracting natural resources set up systems of infrastructures, systems of government, legal systems,

infrastructures of transportation, forms of controlling labour, all of which were sort of rooted in this economic pattern. And over time that pattern has been very difficult to break, right up through the present. Some countries like Argentina and Brazil, have been able to diversify their economies, industrialise parts of the economy, create manufacturing, and in some ways have lessened the impact of extractive economic systems or at least dependence on one or two crops or exports. But other countries like Bolivia, Venezuela, Ecuador, have not been able to diversify their economies and remain trapped. We could say one or two main exports. And why is this the case? Why don't countries change? Well, it has to do with collaboration between national elites who benefit from this system and foreign capital, which also uses debt and selective investment to reproduce the system. If you look at Bolivia over the years, what capital is invested in or what foreign loans from institutions like the World Bank or invested in, they invest in infrastructures to reproduce systems of extraction because that's what produces money that can then be repatriated to the source of capital. And in the case of the United States to Wall Street, we should say. So it's very difficult to break the cycle when movements have arisen, revolutionary movements have arisen to try to break free from these forms of dependence. This is what has generated coups, interventions and other forms of pressure to maintain the system.

**acTV:** There is a debate on the topic of extractivism and whether to continue it or completely disband from it. Could you provide us an overview of the debate, the reasoning provided by both positions and then tell us where you stand on it?

**BG:** Well, the different criticisms of extractivism revolve around different dimensions of its impacts. So on one level, perhaps the most prominent one, that we think about, is the environmental impact of mining creates incredible amounts of toxicity, both for nature and for people in areas of mining. Oil, of course, is oil and gas or fossil fuels that contribute to global warming, but also create toxic effects locally. So the environmental question is often the one that's most prominent. Of course, we have deforestation as well in the case of large scale soil expansion. But extractivism also creates other sorts of impacts on societies that are also a reason to say that we should be thinking critically about it. Primarily, the economic impacts of dependence on one or two exports generate inequality. They do not produce large amounts of jobs. They concentrate wealth in cities. They displace people from the countryside or the impacts of large-scale mining, for example, displace people from agricultural regions or take water away from people who need it for agricultural practises. So economic inequality is an impact of extractivism. Another impact that we talk about is because of the way that extractivism replicates a colonial form of economic domination. So, when we say colonial, we mean coming in from the outside, setting up a system that is designed to remove wealth from the earth and take it somewhere else. This is basically what extractivism is. And that's a system that also is rooted in a very patriarchal form of domination, masculine conquest of nature and in different ways we can also draw lines of the connection between extractive economic systems and various forms of violence against women. So there is that component to it as well. And finally, for indigenous peoples whose lands are also often on the frontier, so to speak, of some of these countries, extractive systems have had a major impact not just on environment, on health and wellbeing, but on their rights. And this is one of the major issues. A place like Argentina where fracking has impacted indigenous rights. Chile, Bolivia, of course, all of these places, the extractivism represents an expansion of that colonial dispossession of native peoples. That's the different ways of

thinking that why we should think critically. Now, can countries not extract natural resources? Well, there's something where you have to have a more realistic sense. Human beings cannot survive without using something from nature, but it's the form that is done in and the ways that that wealth is reinvested or not in a society. So it is the case that we may not ever avoid mining. We're thinking about transitioning to renewable energy. If we're to do that, we're going to have to buy something. We're going to communicate over Skype, there are elements in these computers and technologies that come out of the earth. So at least for any sort of short or medium term, there's going to be extractivism of some form. The question becomes: can governments do something to transform the way that it's done and to ameliorate these effects? And that's an open question, and it's a difficult question for countries that depend on these products for income.

**acTV:** On the one hand extractivism, as you state, damages the environment. On the other hand however, the wealth it creates lifts people out of poverty, provides the means to invest in education and healthcare. Do you see a sustainable alternative to extractivism in these countries?

**BG:** I think it's certainly realistic to imagine a different future. Because the current form of violence is that it produces is not sustainable. There would be no reason to try to defend it. The system will just stay as it is. And certainly some countries that have been able to avoid this kind of dependence have done so by redistributing land, promoting small and medium scale forms of agriculture rather than subsidising large scale industries. Investing in industries or investing in diversification of the economy. So, for example, in Bolivia, we see on a very small scale efforts to expand organic agriculture, alternative crops, smaller and medium scale cooperatives that would both be able to produce a good but not concentrate the land or the wealth in the hands of a few people. In terms of oil and gas, of course, the entire planet needs to stop extracting oil and gas. And certainly in a place like Bolivia, there's plenty of solar resources, one might say well, that they could envision a renewable energy system. The problem is that countries are dependent on the dollar and to generate income in dollars, you have to have something that will bring dollars into the country. And a lot of people who say, you know, the alternative to extractivism is to promote eco tourism. Well, tourism is a kind of a colonial economic system itself in many ways, and you think of a country like Costa Rica which has been able to avoid this kind of dependence, and has actually made great strides toward renewable energy. It's relatively prosperous compared to other Central American countries. And it has a very robust environmental conservation system, a lot of which revolves around its tourist industry. So that's one thing that some critics have said, and I'm sort of ambivalent about that because, as I say, tourism is kind of yet another form in which wealthier people from elsewhere come and consume nature or consume labour from poorer people, as it would be in the case of Bolivia. So there's no easy answer to it. And this is sort of the dilemma we're in today.

**acTV:** Progressive governments in Latin America have been criticised for building economies dependent on extractivism. But are Latin American governments really responsible? Or should we instead hold the governments, institutions, and multinational corporations of the Global North accountable? Can you talk about the power dynamics here and which side you think needs to be held accountable?

**BG:** Well, certainly both sides. As I said before, the system is not simply imposed on countries. Elites, national capitalists all participate in the system and help to reproduce it. So it's not sort of an either or situation. Certainly large scale mining companies, say in Canada, should be held accountable. In Europe, companies like Repsol in Spain have been one of the largest gas companies in Bolivia. Certainly, they should be held accountable. In the case of the United States, as I said before, those who invest in these systems, they should be held accountable for it. So I don't think it's an either or situation. For those of us who aren't from Latin America, I certainly think it's more of our concern to hold our capitalist industries and investors to account than it is for us to tell Bolivians what they should be doing. That's sort of the position I have. So, I'm not sure if that answers the question, but there are certainly many people, many institutions that participate in the system and that are to blame, so to speak. I think another element is overconsumption in general, and this is a more radical future it's hard to think about, but thinking from a perspective the earth systems, we need to move towards slow or no growth, so that consumerism itself is a problem, especially the hyper levels of consumption that we have in the global North. And so that is something that is also to blame for these systems. And if we get more into different aspects of different extractive systems, one of the big problems with soy is that it largely goes to feed cattle. We should probably stop eating cattle. These kinds of connections are all part of the broader problem.

**acTV:** Extractivism in many ways is directly linked to the high standard of living in the global North via our consumption. So it can be viewed through the capitalist mode of production, distribution and consumption. In order to stop or slow it down, would we have to fundamentally change our economic system?

**BG:** The easy answer to that is yes. I don't know how to elaborate more on that, but certainly that's the answer. Yes.

**acTV:** What would be really interesting to find out is how much resources are left in the countries where extractivism is the primary economic model, and for how long this can be sustained. What is your assessment on the current pace of resource depletion and the window of opportunity left to change this?

**BG:** Well, certainly in Bolivia, which for the past 15 years or so has been able to use the resources of natural gas to invest in people with some success. The natural gas is now running out. The reserves are dwindling. And it's pretty clear that that period of boom is coming to an end. So the question now is: what does Bolivia do? And the dilemma that the new government of Bolivia, which is a progressive leaning government, faces, is, well, should we try fracking? Fracking is a way of getting more gas out of more difficult underground formations. It's more expensive, it's more toxic, it uses more water. It's absolutely, absolutely awful. And that would be a pretty bad decision, I would say, for Bolivia. Should it encourage the expansion of the soy industry? You basically have a left leaning government that is confronted with the possibility of having to support the most right wing component of the society, which are the large scale agriculturalists in order to eke out some sort of revenue from the export of soy, or should they promote lithium? One of the new dreams in Bolivia is that lithium will be the key to the future, and there we might have some

possibilities for industrialising on some scale, if Bolivia is able to set up its own production of batteries and perhaps even production of electric vehicles or components for electric vehicles. We might be able to see some form of industrialisation. There are plenty of environmental risks for lithium extraction. And in fact, it's a German company that is currently hoping to work with Bolivia on lithium extraction, among others. There are also Chinese investors involved as well. So, this is the dilemma. It is not an easy situation to exit from, when you have a relatively poor country and with immediate needs and you have systems set up that have long relied on revenues coming from these economic activities. It is not a simple thing to say: well, we're not going to do that anymore. No matter what side of the ideological spectrum you're on. The one positive thing that we can say about the past few years of Bolivia is that they radically changed the proportion of wealth that stayed in the country from gas. Rather than stealing it, which happens in much of the world, they actually invested it and used it to create, circulate wealth. No one could criticise that and say, well, as soon as the gas runs out and that system is going to run out. Nonetheless, they did a lot better than pretty much every other government that's ever existed in Bolivia in addressing poverty. So that's the other side of the coin.

**acTV:** In addition, could you talk about the impact it will have if resources run out and the environment is fully exhausted on not only the countries using this extractivism model, but also on Western countries?

**BG:** Well, we're already seeing the effects of that in combination with the effects of global warming and global warfare, which have sparked large scale immigration to the global North. So the patterns of environmental destruction, social displacement, political warfare and pushing people out and making their lives unliveable has created what we are seeing already happening, which is migration to places where the wealth is. It's absolutely understandable. This model, it's sort of exhausting nature. Well, you run its course, the exhaustion of labour, which basically made it to the end of capitalism. But in fact, it might be the exhaustion of nature that comes first. And so, I hate to be pessimistic because I have children and I would like to think that their future is not one of gloom and doom, an environmental apocalypse, but if we don't start changing something fairly quickly, that might actually be the case for all of us.

**acTV:** The world is faced with a myriad of complex problems. At the moment people are solely concerned with corona-crisis and the economic difficulties that have surfaced through it. How do you think we can create more awareness on this issue and what do you think should be the role of grassroots activists in all of this?

**BG:** Well, I think that the role of grassroots activism is central. That's the only way change will happen. And I talk to my students about this when we talk about fossil fuels, there's a kind of a complacency, especially among people who live comfortably. We don't suffer the impacts of or at least suffer directly the impacts of extractive economies to think that things are OK and that policymakers will sort things out or the markets will sort things out, or the scientists will come up with something to fix these problems. And none of that is true, because, as I said before, when the infrastructures and political systems and technological

systems are set up to reproduce dependence on something like fossil fuels, that system in itself is incapable of changing itself. It does not want to change itself because that's how it accumulates wealth. So the challenge has to come from the grassroots, it has to come externally. It won't come from the engineers and the politicians and the business people who are basically, they are the system. So this is what we've seen with the growing global action on climate change. It's come from the grassroots and it will have to keep coming from the grassroots. In terms of Latin America, it is a bit of more of a challenge in places like Bolivia, which still have a significant amount of the population, which is not prosperous and comfortable. And in fact, in Bolivia, the grassroots movements actually mobilised to demand the extraction of natural gas. They wanted national control over that wealth, but there was virtually no opposition to the extraction of natural gas because it is seen as the possibility of addressing poverty. So there's a very different dynamic in a place like Bolivia, where grassroots activism against extractivism is relatively small. There is certainly a growing consciousness that the extractive industries are to blame for many social and environmental problems, but because of that longer history of dependence, it's very difficult for those organisations, those environmental organisations, to get political traction on a national level. It's only now that communities are seeing direct impacts, say, with pollution of water or water scarcity, that you can make linkages between those who are directly impacted and those environmentalist movements that have long been calling attention to it. So in the case of Bolivia, we certainly are starting to see communities that are opposed to the expansion of mining. We're seeing that in Ecuador and Peru as well. So those kinds of connections between the communities that are directly impacted and those usually urban environmentalists or urban activists are starting to emerge. And we're also seeing some recognition of those other elements that I mentioned tied to patriarchy and violence against women that are recognising that feminist critique goes hand in hand with a critique of extractivism. And so you see the possibility of articulation between those types of movements and environmental movements and indigenous or rural movements coming together. That's what I think is the future of possibilities as where I think real critical thinking can emerge.

**acTV:** Do you have any suggestions for our viewers here in the global North on how we can stay positive, create awareness and somehow have an impact?

**BG:** Well. Kill your car, consume less, participate in activities like this, where we can educate each other about what's happening elsewhere. Hold your own governments to account when they interfere in other places and hold your own industries to account. One of the curious things about the recent coup in Bolivia in 2019 was the relative silence of the European Union on a brutal military regime that emerged, as a militarised regime I should say, that civilians and sort of the front. A brutal military and police repression. Europe is relatively silent on that. The same thing goes with Venezuela. Everyone in the global North tied to the interest of Western capital or trying to get regime change in Venezuela. And they've demonised Chávez and demonised Maduro. But they haven't really questioned why the country is suffering. And it's because of oil. It's not because of any one thing Maduro or Chávez did. It's because of oil. And the global North doesn't really want a regime change that we really would like to think about in a place like Venezuela, which is a change away from dependence on oil. The United States especially simply wants to make Venezuela an easier place for Western oil companies to do business. That's the primary motivation. And people in the global North need to stop buying these stories about the evils of Maduro and Chávez and

think more critically about what's going on. And we could say the same thing about the Middle East as well. So, I could go on and on and on, but those are some things I would say.

**END**