

The Expansion of Capital into Nature

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The question that we try to address in this session is 'why and how does neo-liberalism lead to the creation of ever more commodities, and what are the impacts of this expansion of capital into nature? The focus therefore is not on commodification generally, but rather on the environmental impacts of neo-liberalism.

First, the context, in historical perspective. The United Nations Conference on Environment and Development (UNCED), inaugurated at the Rio Earth Summit in 1992, took place at a time which is historically significant for Africa. To resolve the first crisis of industrial capitalism at the end of the 19th century (the great depression from 1873 onwards), European factory owners desperately required new markets for their manufactures, and wealthy entrepreneurs new enterprises to invest in. The newly created but out of work working classes (peasants, having lost their lands in the enclosures movement, and now also unemployed as factory jobs dried up during the crisis) desired new locales to migrate to (Alden Wily 2012). The stage was set for the concentration and globalized expansion of capital, expressed in the first wave of accumulation by dispossession in Africa (Amin 2011) first formalized into the General Act of the Berlin Conference on West Africa (1885) and culminating in the carving up of the continent in a process designed to create new markets and provide cheap land and labour for the colonizing powers.

Segue to 2012, when the Rio+ 20 summit was convened. The second systemic crisis of capitalist accumulation, starting in the 1970's and leading to the financial meltdown of 2008 (Amin 2011) has left major investors with trillions of dollars on hand and in a desperate search for new ways to make the huge returns that characterized the 1980s and 90s. As with the previous crisis, 'capital responded with a double movement of concentration and globalization' (Amin, 2011). This restructuring of capitalism in response to the systemic crises of accumulation has several features: 1) the intensification of the imperialist globalization process, with capital moving out of national markets and uncompetitive fixed national investments; 2) a growing shift out of productive capital into speculative financial capital; 3) fixed capital investments and acquisitions, including through privatization in the developing world; and 4) the re-definition of the state to reduce taxes and increase the capacity to push through neo-liberal reforms (Cronin, 2006). This has seen a shift from an economy based primarily on the production of goods and nonfinancial services to one characterized by financialization, and the growth of a shadow industry of hedge funds, private equity firms, and financial innovations such as derivatives (Tabb, 2012).

The "market' is increasingly represented as the solution to contemporary environmental problems and the challenges of 'sustainable development'. Rio + 20 was typical of this trend and is representative of a deep seated transformation in international environmental governance favoring 'market forces'.

Yet the market has not resolved the challenge of unsustainable growth. Conservative estimates show that industrial gas emissions have increased by almost 50%; more than 300 million ha of forest have been cleared; many communities in developing countries have lost rights and access to lands and forests to large multinational corporations acting in collaboration with national governments; although poverty has been reduced in a few industrializing countries, nearly 20% of the world's population remains in absolute poverty (Watts and Ford, 2012; Global Race Equality Action Trust, 2012), and more continue to be impoverished through land and resource expropriations. The commodification and privatization of the environment has accelerated. This is evident from increased 'green grabs', land grabs, new forms of land and resource expropriation through carbon sequestration, water privatization, and the creation of new protected areas on lands expropriated from the poor and marginalized, and the suppression of indigenous forms of production and consumption.

"The main substantive achievement of neo-liberalization has been to redistribute, rather than to generate, wealth and income." (Harvey, 2005). This has been achieved through 'accumulation by dispossession' – i.e. the continuation and - proliferation of accumulation practices which Marx had treated as 'primitive' or 'original' during the rise of capitalism. These

- Include the commodification and privatization of land and the forceful expulsion of peasant populations;
- conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights;
- suppression of rights to the commons;
- commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption;
- colonial, neocolonial, and imperial processes of appropriation of assets (including natural resources);
- monetization of exchange and taxation, particularly of land; the slave trade (which continues particularly in the sex industry);
- usury, the national debt and, most devastating of all, the use of the credit system as a radical means of accumulation by dispossession.
- the extraction of rents from patents and intellectual property rights and the diminution
- erasure of various forms of common property rights (such as state pensions, paid vacations, and access to education and health care) won through a generation or more of class struggle.

Accumulation by dispossession comprises four main features:

- ❖ Privatization and commodification. The corporatization, commodification, and privatization of hitherto public assets has been a signal feature of the neoliberal project.
 - primary aim has been to open up new fields for capital accumulation in domains hitherto regarded off-limits to the calculus of profitability.
 - Public utilities of all kinds (water, telecommunications, transportation),

- social welfare provision (social housing, education, health care, pensions),
- public institutions (universities, research laboratories, prisons) and
- even warfare (as illustrated by the 'army' of private contractors operating alongside the armed forces in Iraq).
- The intellectual property rights established through the so-called TRIPS agreement within the WTO defines genetic materials, seed plasmas, and all manner of other products as private property. Rents for use can then be extracted from populations whose practices had played a crucial role in the development of these genetic materials.

Impacts of privatization

- Bio-piracy is rampant and the pillaging of the world's stockpile of genetic resources is well under way to the benefit of a few large pharmaceutical companies.
- Escalating depletion of the global environmental commons (land, air, water)
- habitat degradations that preclude anything but capital-intensive modes of agricultural production
- commodification (through tourism) of cultural forms, histories, and intellectual creativity entails wholesale dispossessions (the music industry is notorious for the appropriation and exploitation of grassroots culture and creativity).

As in the past, the power of the state is frequently used to force such processes even against popular will. The rolling back of regulatory frameworks designed to protect labour and the environment from degradation has entailed the loss of rights. The reversion of common property rights won through years of hard class struggle (the right to a state pension, to welfare, to national health care) into the private domain has been one of the most egregious of all policies of dispossession, often procured against the broad political will of the population. All of these processes amount to the transfer of assets from the public and popular realms to the private and class-privileged domains.

2. Financialization. The strong wave of financialization that set in after 1980 is marked by speculation and predation.

a) The total daily turnover of financial transactions in international markets, which stood at \$2.3 billion in 1983, had risen to \$130 billion by 2001.

b) The \$40 trillion annual turnover in 2001 compares to the estimated \$800 billion that would be required to support international trade and productive investment flows.

c) Deregulation allowed the financial system to become one of the main centres of redistributive activity through speculation, predation, fraud, and thievery.

- Stock promotions, ponzi schemes, structured asset destruction through inflation, asset-stripping through mergers and acquisitions, the promotion of ultra high levels of debt incumbency that reduced whole populations, corporate fraud, dispossession of assets (the raiding of pension funds and their decimation by stock and corporate collapses) by credit and

stock manipulations. Since brokers get a commission for each transaction, they can maximize their incomes by frequent trading on their accounts (a practice known as 'churning') no matter whether the trades add value to the account or not. High turnover on the stock exchange may simply reflect churning rather than confidence in the market.

3. The management and manipulation of crises.

a) Debt crises are typically orchestrated, managed, and controlled both to rationalize the system and to redistribute assets.

- Since 1980, it has been calculated, 'over fifty Marshall Plans (over \$4.6 trillion) have been sent by the peoples at the Periphery to their creditors in the Center'. Prompting Joseph Stiglitz to comment : 'What a peculiar world, in which the poor countries are in effect subsidizing the richest.'

b). 'confiscatory deflation': financial crises have always caused transfers of ownership and power to those who keep their own assets intact and who are in a position to create credit.

c) The deliberate creation of unemployment to produce a labour surplus convenient for further accumulation is exact.

4. State redistributions. The state, once neoliberalized, becomes a prime agent of redistributive policies, reversing the flow from upper to lower classes that had occurred during the era of embedded liberalism. It does this in the first instance through pursuit of privatization schemes and cutbacks in those state expenditures that support the social wage. Even when privatization appears to be beneficial to the lower classes, the long-term effects can be negative.

a) In the US, revenue-strapped municipalities are now regularly using the power of eminent domain to displace low- and even moderate-income property owners living in perfectly good housing stock in order to free land for upper-income and commercial developments that will enhance the tax base

b). The neoliberal state also redistributes wealth and income through revisions in the tax code to benefit returns on investment rather than incomes and wages, promotion of regressive elements in the tax code (such as sales taxes), the imposition of user fees (now widespread in rural China), and the provision of a vast array of subsidies and tax breaks to corporations.

Commodification is based on 4 key presumptions:

- To presume that markets and market signals can best determine all allocative decisions is to presume that everything can in principle be treated as a commodity. In other words, it presumes:
 - ◆ the existence of property rights over processes, things, and social relations,
 - ◆ that a price can be put on them, and

- ◆ that they can be traded subject to legal contract.
- ◆ the market is presumed to work as an appropriate guide—an ethic—for all human action.

The commodification of sexuality, culture, history, heritage; of nature as spectacle or as rest cure; the extraction of monopoly rents from originality, authenticity, and uniqueness (of works or art, for example)—these all amount to putting a price on things that were never actually produced as commodities.

To be sure, every society in practice sets some bounds on where commodification begins and ends. Such boundaries are always contested. E.g.

- ❖ Certain drugs are deemed illegal.
- ❖ The buying and selling of sexual favours is outlawed in most countries, though elsewhere it may be legalized, decriminalized, and even state-regulated as an industry.
- ❖ Pornography is broadly protected as a form of free speech under
- ❖ There is often disagreement as to the appropriateness of commodification (of religious events and symbols, for example)
- ❖ over who should exercise the property rights and derive the rents (over access to Aztec ruins or marketing of Aboriginal art, for example).

Neoliberalization is constantly pushing back the bounds of commodification and greatly extending the reach of legal contracts.

For at the heart of liberal and neoliberal theory lies the necessity of constructing coherent markets for land, labour, and money, and these, as Karl Polanyi pointed out, ‘are obviously not commodities . . . the commodity description of labour, land, and money is entirely fictitious’. While capitalism cannot function without such fictions, it does untold damage if it fails to acknowledge the complex realities behind them.

“To allow the market mechanism to be sole director of the fate of human beings and their natural environment, ... , would result in the demolition of society..... Nature would be reduced to its elements, neighborhoods and landscapes defiled, rivers polluted,, the power to produce food and raw materials destroyed. Finally, the market administration of purchasing power would periodically liquidate business enterprise, for shortages and surfeits of money would prove as disastrous to business as floods and droughts in primitive society.” (Polanyi K. in Harvey 166).

But this is exactly what is happening – nature is being reduced to its elements, labour has been completely commodified, and liquidity crises are endemic to the system. Let us turn our attention now to how nature, the environment, is being commoditized and with what effects

Commoditization of the environment is rationalized through a discourse of ‘good governance’. Most ‘good governance’ definitions and approaches focus on the exercise of political, economic and administrative authority to effectively manage a society's affairs. As such these approaches seek to

advance the rule of law, promote accountability and transparency, and enhance consensus with references to social and economic priorities, and the means of achieving development objectives. The philosophy of good governance also encompasses civil society and its groups and organizations and the ways in which these are structured.

Thus features of good governance include:

- A market-supporting regulatory framework,
- minimum government,
- partnership between state and civil society,
- decentralized and participatory public administration,
- consensus-based political institutions,
- social equity and inclusiveness,
- accountability,
- integrity,

While there is general agreement among international organizations such as the UN, World Bank etc on this general definition of 'good governance', we should note here that the UNESCO firmly identifies the source of good governance approaches in the structural adjustment programmes promoted by the World Bank, and mentions an "ideological risk" in debates about "who governs, how and on behalf of whom". Perhaps because the UNESCO is more of an academic body, and less of a development institution, it is able to provide a critique of the discourse on good governance, by delineating its ideological roots, by linking it very clearly to market reforms, and by identifying the discourse itself as a "new strategic top-down and hegemonic speech".

"Historically, the first use of governance is related to the research on firms ('corporate governance'), and structural adjustment programmes and decentralization projects promoted by the World Bank. At the origin of the debate on governance we can already find a major ideological risk related to who governs and how (legitimacy of the political actors), and on behalf of whom. It is true that this discourse on market-based governance finds its legitimacy in the increasing development of corruption schemes and other social forms of 'anomie'. That is why governance may stand for a new strategic top-down and hegemonic speech and the debate on its dimensions may be very controversial. Thus, one of the major stakes for development actors such as UNESCO in the coming years is to give governance more content and to make development policies stand aloof from the ideological background of the notion of governance. Ethical and political dimensions of governance are of central importance in this endeavour." <http://www.unesco.org/most/globalisation/Governance.htm>

Environmental Governance

This brings us to a discussion of the concept of governance as it applies to the environment. The environmental sphere is not isolated from other policy areas and depends on general governance aspects. As with the general concept of governance, there are several definitions of environmental governance:

“Environmental Governance is the means by which society determines and acts on goals and priorities related to the management of natural resources. This includes the rules, both formal and informal, that govern human behaviour in decision-making processes as well as the decisions themselves. Appropriate legal frameworks on the global, regional, national and local level are a prerequisite for good environmental governance.” IUCN

https://www.iucn.org/about/work/programmes/environmental_law/elp_work/elp_work_issues/elp_work_governance

“Environmental Governance comprises the rules, practices, policies and institutions that shape how humans interact with the environment. Good environmental governance takes into account the role of all actors that impact the environment. From governments to NGOs, the private sector and civil society, cooperation is critical to achieving effective governance that can help us move towards a more sustainable future.” UNEP <http://www.unep.org/pdf/brochures/EnvironmentalGovernance.pdf>

“Environmental governance refers to the processes through which societies make decisions that affect the environment. Governments have long been dominant players in this context. However,.... the ability of governments alone to address environmental problems is being called into question. As a result, contemporary environmental governance increasingly involves citizens, non-government organizations, and businesses.” <http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c10/c10ba-egov.shtml>

Common to these definitions are:

- The rules, practices and institutions related to the management of the environment in its different forms (conservation, protection, exploitation of natural resources, etc.)
- the processes and institutions, both formal and informal, that encompass the standards, values, behaviour and
- organizing mechanisms available to regulate the interactions between multiple interest groups regarding the environment, and at multiple scales

As with governance writ large, environmental governance is concerned with the three main arenas of social interactions – states, markets and communities – with regard to the impacts of these interactions on the environment. Earlier debates on environmental governance focused on one of these 3 agents as being placed to develop appropriate strategies the negative externalities arising from the use of environmental resources.

- Some saw state action as being necessary to regulate markets and communities

: Because of the state's capacity for authoritative action

- Others saw the state's role limited to defining clearer property rights to allow functioning markets to emerge

: Because of their capacity to mobilize basic human incentives through market exchanges

- Early scholars of common property identified communities as the third agent of environmental governance.

: Because of the deployment of solidaristic relationships and time and place specific knowledges

We are familiar with the scholarship associated with each of these approaches.

But the real revolution in environmental governance is most visible in the emerging prominence of market based approaches. There is a clear re-configuration of power, between states, markets and communities with significant implications for environmental governance.

As with governance generally, environmental governance has also undergone a neo-liberalization. This entails the privileging of the market in through selective re-regulation and re-orientation of state involvement or legal instruments, rather than a minimization of the state regulatory apparatus. These re-orientations are reinforced through the technocratic and political deployment of knowledge by global biodiversity institutions to enhance the marketization of the environment through the emphasis on "ecosystem goods and services". This is evidenced in the proliferation of institutions and initiatives whose mandate is to "count" biodiversity (Millennium Ecosystem Assessment; The Economics of Ecosystems; WCMC; CBD; European Biodiversity Outlook Observation Network; etc.). Through such initiatives, environmental governance is increasingly defined in the neo-liberal market terms of goods and services. As such, broader theorizations of neo-liberalism are relevant to understanding the recent governance shifts at the frontiers of environment and nature.

International financial institutions such as the World Bank have played and continue to play a major role in furthering neo-liberalization agendas in environmental (e.g., through loan conditionalities and through training of an international cadre of experts). This helps us make sense of connections between sites (including Northern and Southern sites), as well as why neo-liberalization is unfolding so rapidly in so many contexts and across so many realms of resource governance.

Problems with PES discourse:-

1. Valuation assumes that only economic and financial values matter
2. Those goods or services that are not valued are thus not conserved or managed by the market at least – e.g. of Africa Parks experience in Zambia

3. The Ecosystem Services approach cannot guarantee long term conservation, not only because—as the notion of discount rate implies—commodities and services have a higher monetary value in the present than they will likely have in the future (Daly & Farley 2010), but also because subjecting these commodities and services to market forces means that their monetary value may in fact decline to the extent that all financial incentives for conservation are removed—something we are now beginning to witness in the global carbon market. Thirdly, in view of the fact that not all ecological value is translatable into economic or financial value (Berkes et al. 2000), the question is, what prioritizations and hierarchies will be created when economic values together with values not formalized in these systems enter into processes of decision making?

4. Finally, when biodiversity is translated into a singular measure or currency that becomes the bearer of value, it may enter into systems of banking and exchange and become the credit for the ongoing creation of debits, which are acts of biodiversity destruction and loss. This is the basis of offset schemes whereby biodiversity becomes the capital upon which future biodiversity loss or destruction can be exchanged.

The emergence and rise to prominence of environmental movements encompassing a wide range of social concerns such as environmental justice, animal welfare, and resistance to GMOs etc. demonstrates that environmental realm also offers key sites of resistance to neo-liberalization processes. They also highlight the difficulties in translating market logics to particular resource realms because resources are central to livelihoods, health, and well-being. Privatization and marketization thus often result in social protest and resistance.

Commodification of Environment in Africa:

1. Green grabs (forest management programs such as REDD +)
2. CDM projects
3. Logging and mining concessions
4. Fisheries concessions
5. Land Grabs (for food and biofuel production)
6. Privatization of water resources
7. Expansion of GMO crop production
8. Protected areas and conservation initiatives (ecotourism, safari hunting etc)

Most of these expropriations are done in communally held lands, thus resulting in massive displacements or loss of rights

Neoliberal state policies with respect to the environment have been geographically uneven and temporally unstable:

- ❖ The environmental movement, which has grown in significance since the 1970s, has often exerted a restraining influence, depending on time and place.
- ❖ In some instances capitalist firms have discovered that increasing efficiency and improved environmental performance can go hand in hand.

However, the general balance sheet on the environmental consequences of neoliberalization is almost certainly negative.

- ❖ Indices of human well-being including the costs of environmental degradations suggest an accelerating negative trend since 1970 or so.
- ❖ There are numerous specific examples of environmental losses resulting from the unrestrained application of neoliberal principles to give sustenance to such a general account:
 - The accelerating destruction of tropical rain forests since 1970 is a well-known example that has serious implications for climate change and the loss of biodiversity.
 - The era of neoliberalization also happens to be the era of the fastest mass extinction of species in the Earth's recent history.
 - Climate change suggest that we are entering or may have already entered the danger zone of so transforming the global environment as to make the earth unfit for human habitation.

The US administration's approach to environmental issues since Bush is usually to question the scientific evidence and do nothing (except cut back on the resources for relevant scientific research).

- ❖ But his own research team reported that the human contribution to global warming soared after 1970.
- ❖ The Pentagon also argues that global warming might well in the long run be a more serious threat to the security of the US than terrorism.

The two main culprits in the growth of carbon dioxide emissions these last few years have been the powerhouses of the global economy, the US and China (which increased its emissions by 45 per cent over the past decade).

The cognate effects on global warming are obvious.

- ❖ The rivers are highly polluted, water supplies are full of dangerous cancer-inducing chemicals,
- ❖ Public health provision is weak (as illustrated by the problems of SARS and the avian flu), and
- ❖ The rapid conversion of land resources to urban uses or to create massive hydroelectric projects (as in the Yangtze valley) all add up to a significant bundle of environmental problems.

The reasons for neo-liberalization's dismal record when it comes exploitation of natural resources.

Include:

- ❖ The preference for short-term contractual relations puts pressure on all producers to extract everything they can while the contract lasts. (Even though contracts and options may be renewed there is always uncertainty because other sources may be found)
 - The longest possible time-horizon for natural resource exploitation is that of the discount rate (i.e. about twenty-five years) but most contracts are now far shorter.
- ❖ Depletion is usually assumed to be linear, when it is now evident that many ecological systems crash suddenly after they have hit some tipping point beyond which their natural reproduction capacity cannot function.

- Fish stocks—sardines off California, cod off Newfoundland, and Chilean sea bass—are classic examples of a resource exploited at an ‘optimal’ rate that suddenly crashes without any seeming warning.
- ❖ In the case of forestry, neoliberal insistence on privatization makes it hard to establish any global agreements on principles of forest management to protect valuable habitats and biodiversity, particularly in the tropical rain forests.
- ❖ In poorer countries with substantial forest resources, the pressure to increase exports and to allow foreign ownerships and concessions means that even minimal protections of forests break down.
- ❖ Rapid deforestation after privatization of forests in many developing countries is a case in point.
- ❖ Structural adjustment programmes administered by the IMF have had even worse impacts.
 - Imposed austerity means that poorer countries have less money to put into forest management.
 - They are also pressurized to privatize the forests and to open up their exploitation to foreign lumber companies on short-term contracts.
 - Under pressure to earn foreign exchange to pay off their debts, the temptation exists to concede a maximal rate of short-term exploitation.

To make matters worse, when IMF induced austerity and unemployment strikes, redundant populations may seek sustenance on the land and engage in indiscriminate forest clearance. Since the favoured method is by burning, landless peasant populations together with the logging companies can massively destroy forest resources in very short order, as has happened in Brazil, Indonesia, and several African countries.

It was no accident that at the height of the fiscal crisis that displaced millions from the job market in Indonesia in 1997–8, forest fires raged out of control in Sumatra (associated with the logging operations of one of Suharto’s richest ethnic Chinese businessmen), creating a massive smoke-pall that engulfed the whole of South-East Asia for several months.

It is only when states and other interests are prepared to buck the neoliberal rules and the class interests that support them—and this has occurred on a significant number of occasions—that any modicum of balanced use of the environment is achieved.

References

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