

# **Accumulation by dispossession**

***Accumulation by dispossession of land of indigenous people***

Concept, process and comparison

Ut-203: home exam

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### **1. Accumulation by dispossession of land of indigenous people.**

#### **1.1 Introduction**

Since the beginning of capitalism in land has been a major asset of production and the accumulation of wealth. Land is the physical place where production and accumulation takes place: Mining, agriculture, industry. They all take place on a lot of land.

At one the first stages of capitalism in England common land were privatized.

Although these lands were the property of somebody, the commoners held certain rights to the land such as the producing of hay, the grazing of livestock and gathering of firewood (Natural England, 2006). These rights were taken away after enclosure.

The owner had then all the rights to all the uses of the land and the commoners lost their way of living. This is one of the first examples of accumulation by dispossession.

The owners of the land could accumulate the profitability of the more this way. All over the world land is bought up by big corporations in mining, agriculture and industry are buying up land in developing countries. In search for minerals and arable land. The indigenous people who live on these lands and live off these lands have most of the time little or no say in the sale of their livelihood to these corporations. The corporations justify this with the phrase that they will bring development to these undeveloped parts of the world. This essay mostly focused on the dispossession of the land of indigenous people in south-east Asia and has also a global comparison with Bolivia. This essay will also go in to these cases to give a overview of what is happening, when accumulation by dispossession happens. And goes into different kinds of accumulation by dispossession happening.

#### **1.2 Concept of accumulation of dispossession**

Before we dive in accumulation of dispossession we first need to define accumulation. Accumulation is one of the basic concept on which capitalism is based. It means that when profit is made with capital or labor it gets reinvested in production or capital assets. The reason for this reinvestment is that these assets will turn a profit in return which can be used to invest more money. And so a vicious cycle is started in which value is added to the total amount of capital in a certain place.

This continued reinvestment of surplus value can lead to problems in a capitalist system known as a crisis. Karl Marx pointed one of these crisis out as overaccumulation of capital. This crisis arises at the point where the reinvestment of capital no longer produces more profit then the original investment. At this point the market becomes flooded with too much capital. This overload of capital on the market has devaluation as a consequence (Clarke, 1990). This devaluation occurs because the value of capital decreases because of lack of returns.

At this point there is need to find a new place for this capital-surplus (Harvey, 2009). A place where this surplus capital can be invested with profit is at the moment in the less developed nations. Logically these countries have a shortage of capital and a surplus of land and/or labor. So they welcome in these foreign direct investments with open arms or if they do not, these investors will force their way into these markets. An example of this is where through market manipulation by hedge funds controlling fast amounts of surplus capital, Indonesia and South-Korea where forced into bankruptcy (Harvey, 2009). Here after it was easier to gain excess to these protected markets. The enormous amounts of surplus capital controlled by hedge funds and financial institutions can also be used for dispossession of profitable businesses.

During the south-east Asia crisis of 1997, where hedge funds created a liquidity crisis and businesses where forced in to bankruptcy and there after could be purchased for fire-sale prices by companies from core country's with surplus capital (Harvey, 2009). This accumulation by dispossession does not only happen to single companies but also to whole countries. Countries can after a artificial crisis be persuaded to accept deals

like structural adjustment programs. These deals to help the country to come out of bankruptcy but also has the goal to open up their domestic market to foreign companies. And the privatization of publicly/state owned land/companies is one of the criteria. This makes countries more attractive for big corporations. But because most of the land in these regions are already in use by people. The land has to be dispossessed before the capital that is invested in these countries can accumulate more. How this is done and

### **1.3 Examples of accumulation by dispossession of indigenous people.**

There are several examples in which indigenous people got displaced after big corporations took private ownership of their lands. To highlight this I will use examples from Laos, Philippines and Bolivia. There are of course more examples, but these were picked because they will give a overview of the different kinds accumulation by dispossession in the whole of the global south.

#### **1.3.1 Laos**

In Laos after the economic reforms in the 1980s " Many were strongly supported by the International Monetary Fund (IMF), the World Bank, the Asian Development Bank (ADB), and various Western government-supported bilateral and multilateral aid agencies, which promoted foreign direct investment and export oriented economic development based on market principles." (Baird, 2011). These reforms opened up the way for mining and agriculture corporations. In the 1990s the first company's where beginning to show interest in Laos. First in the easily reachable places. Now the place far from the central government are claimed with concessions. These lands were now big rubber plantations are were acquire by big corporations from the common lands and private lands of indigenous people (Baird, 2011). Baird (2011) article tells about that in some villages the agricultural lands were bulldozed away by night without warning. In some cases 83% of the agricultural land of the indigenous villages was lost to rubber plantations (Obien, 2007). Most of the people have to relocate because of lack of livelihood. These family's move to large rubber plantation developed settlements. Near to the rubber plantations. Where the problem of lost income is 'solved' because the people can work at these plantations (Baird, 2011). Accumulation by dispossession is in this case a good concept to elucidate the 'development' that is happening in the area's around rubber-plantations. The 'wealth' and production assets (land) of the indigenous people living in these regions is privatized or nationalized. There after control over this land is acquired by corporations to accumulate more profits.

#### **1.3.2 Philippines**

Another example of accumulation by dispossession can be found in the Philippines. The Philippines have a long history of mining. This mining was done by the indigenous people using primitive technologies (Hilson and Yakovleva 2007).

'By the dawn of the twenty first century, most untapped gold, copper, iron, bauxite, nickel and diamonds had been identified as effectively indigenous "property"' this is said by Moody (2007).

In the 1990's the use of mining industry as a motor of economic growth became seen as underutilized (Holden and Jacobson 2007). At the same time the Asian Development bank and the World Bank started to call for mining law liberalizations (Holden and Ingelson 2007). And opening up of the domestic market to foreign direct investments, in short opening up for foreign mining corporations.

Due to historical reasons most of the indigenous people live in the mountains of the Philippines. Also in the mountains located are the deposits of minerals rich enough for extraction by the mining corporations (Holden et al, 2011).

The right of the people to live on these lands is protected by the Philippines law and

justice system. But the mining industry also has a right to mine in these locations (Holden et al, 2011). This is the reason for conflict between the mining corporations and the indigenous people of the Philippines.

The mining corporations who want to gain access to these deposits of profitable minerals. Holden et al (2011), points out that mining corporation displace the indigenous people. Either by fraudulent use of the law created to protect the indigenous people against such displacements out of their ancestral lands. Fake council's of elders or misuse of signature's, by physical displacements of families, destruction of sacred sights and the degradation of their home environment. The indigenous people of the Philippines practice a animistic religion. The indigenous people have a spiritual connection to the land where they live on. Physical displacement can be devastating for these people (Tauli-Corpuz 1996). So the after effects when the mining corporations have got all the minerals they wanted is the 'etnocide' of a entire culture (Holden et al, 2011). This by destroying the very grounds the culture of the indigenous people of the Philippines is based on, through accumulation by dispossession.

### **1.3.3 Bolivia**

#### **1.3.3.1 Dispossession of natural gas reserves**

The last example on accumulation by dispossession country is Bolivia. Bolivia is a country with population of which 62% indigenous. In Bolivia there has over the last decade been a lot of struggles between the central government and local population. At the core of these struggles was the privatization of natural oil and gas fields Bolivia has. Bolivia is has the largest gas fields in south America (Sponk & Webber, 2007). And with the growing economies in the developing countries surrounding Bolivia the demand of gas has risen a lot. At the moment that the national gas company almost had a contract, to build a pipeline to the Brazilian market, the company was privatized. This pipeline would be highly profitable for the Bolivian government. But the national gas company got privatized. In this strange turn of events it got acquired by private firms who then through a new law had to pay less royalties over the gas profits, from 50% to 18% (Sponk & Webber, 2007). This in turn drained the budget of the Bolivian government. Who had to borrow more money from the IMF and the World Bank. These institutions due to the decrease in budget, demanded less social spending and an increase in regressive taxes. The poor in Bolivia where hit the most by these changes (Sponk & Webber, 2007). In this example the accumulation by dispossession takes place on a large-scale here all the poor people in Bolivia are effected. This through the dispossession of natural resources first owned by the Bolivian government and now by private firms. With as a result the overall decrease in social security and income.

#### **1.3.3.2 Dispossession of land through accumulation of heavy metal**

Another example in Bolivia is: the accumulation by dispossession in the Huanuni River Valley. In the region around the Huanuni river live are a lot of indigenous campesino communities (Perreault, 2012).

The region is famous for the fast amounts of minerals in the mountains. This is the reason why the government started mining operations in the area. The nationalized mining operation where privatized during the 1980's. And an investor was attracted in the lat 1990's. With the reopening of the mine in private hands the amount of ore dug up as increased substantially. In 2002 the mine was nationalized again. Since the privatization the amount of ore dug up per day has increased from 400 to 1000 tons per day (Perreault, 2012). This ore is processed in two nearby concentrating plants. The wastewater from the mining and concentration processes requirer a lot of water. And after the process this water is highly contaminated with heavy metals and toxins so it needs to be treated. This is not happening instead at the operation near in

Huanuni, the water is being dumped directly into the river.

This directly influences the indigenous people living downstream. The water is so toxic that it can no longer be used for consumption and irrigation. Although not physically displaced by the mining corporation. "The accumulation of contaminants in water and soil, together with the spatial expansion of the mine and its impacts, conspire to dispossess indigenous campesino communities of their lands, water and livelihoods." (Perreault, 2012). Although this form of accumulation is different from the ones discussed before in the sense that the freed up land downriver is not used by the mining corporations to gain profit. However not cleansing the water from contaminants does result in to more accumulation, by lowering the cost of production of the mining. And increases the accumulation of contaminants in soil and water and hereby dispossessing the indigenous people of their land and water resources (Perreault, 2012).

#### **1.4 Accumulation by dispossession as a explanatory concept of variation in development.**

Accumulation by dispossession can be used as a concept to explain the variations in development in regions. These regions can be on local, regional, national and in some cases, though not discussed in this essay, international scale. In resource rich regions in the global south, as demonstrated above, it is not uncommon that governments or corporations lay claim on area's inhabited or in use by the local indigenous people. The reason they lay claim these area's is that these are rich with certain natural resources. Which are profitable enough for extraction for trade on the global market. This form of primary economic development in the region is seen by neo-liberalist as way for further development. The government of the region also sees benefits in the attraction of big multinational corporation. Because they have more knowledge to extract the natural resources. And it also gives the country growth in the economy. This is true but there would be more economic growth if the capital that was made with the sale of these natural resources was directly reinvested in the region of extraction and in to the further development of the country's economy. However most of the time this is not the case.

The capital that accumulates in these regions flows away to the corporations or national government. And the local people don't see any positive changes because of the 'development' that has taken place. In the case of Laos new settlements were build for the indigenous people who dispossessed of their land and home. And near the settlements job opportunities were created which partly compensated for the loss of income as a result of the losing of land (Baird, 2011) but only partly. This is still better than what happened to the indigenous people of the Philippines, where people were dislocated and left to their faith (Holden et al. 2011). But still in both cases there was no consent of the people to be relocated.

An whole other example of accumulation by dispossession is the way how accumulation off toxins due to the mining of tin dispossessed people's land downstream in Bolivia. This accumulation by dispossession maybe is unintended but the phenomenon and that the indigenous people are suffering downstream is well documented and well known by the Bolivian government. Yet nothing is done to help them or reimburse them for the income loss due to toxification of the soil and of water supplies. So it is a way to accumulate capital by dispossessing land and water from the indigenous people living downstream (Perreault, 2007).

In the case of the Philippines not only were they dispossessed of their land, but also dispossessed of their religious connection to their ancestral lands were they had lived on for many generations (Baird, 2011).

When helping indigenous people to develop. Development organizations should watch out for accumulation by dispossession. Honest deals should be made between the

indigenous people living in these regions. With an independent organization to make sure no fraud is used to gain excess to the resources. Like fraud in consent signature's, the dislocation of people with force or other means. Honest compensation for land used by the corporations. And The way people lose their land rights, or the use of their lands due to the progress of development of the primary economy in the regions where they live. A part of the money that is being made with the raw recourses extracted from these regions should be used to finance the development of a sustainable regional economy. This to make sure that when the resources in these area's are depleted development still can continue. So in this case And people are not left to their faith but have something to build further.

### **1.5 Conclusion**

Accumulation by dispossession can take place in many different ways not only through the way Harvey, D (2009) described it. Where first excess is created by hedge funds through inflicting a crisis with surplus capital that has over accumulated in the core regions. Secondly the market is opened for foreign companies and firms through liberalizations demanded by global financial institutions, like the IMF or World Bank. Which is already dispossession of the public companies of all the people in these countries. Then the corporations move in to extract the natural resources in the process the land of indigenous people can be dispossessed (Baird, 2011).

Indigenous peoples lands can also be dispossessed through negative side effect of for example the mining in the Huanuni River Valley (Perreault, 2012). Even the religion can be dispossessed through accumulation. Like in the Philippines where sacred sites of the indigenous people where destroyed in the process of extracting minerals (Holden et al, 2011).

After the dispossessing of peoples lands, they often are left to their faith. And most of them move to other places to find work so they can feed their family's (Holden et al, 2011).

Accumulation by dispossession is a concept that shows us that the overaccumulation of capital needs a spatial-fix in places where there is a lack of capital. In the process it can destroy communities of indigenous people. The lack of power they have is a serious problem and further research in a way to increase the bargaining power of indigenous people should be done. Also research in to protecting indigenous communities form accumulation by dispossession should be prioritized.

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