

Social Power in the South to bring about a change to economic rationality

Wim Dierckxsens

With our twenty-first century depression in full swing we are entering into a prolonged and widespread crisis of legitimacy at the global level. Sooner or later this is going to lead to social and political upheavals together with the collapse of the infrastructure support upon which billions depend for their survival. It might be called a political awakening and a universal "conscience awareness". With this our so called "Western Civilization." may itself be at stake. The current threat of nuclear war is nothing more than a symptom of such decadence. We would like to examine here two lines of thought by which the current "economic rationality" could be changed "from the South".

As the global economy hits the bottom limits of debt and natural resources, more and more central countries respond by trying to save what are in reality their most dispensable elements – their corrupt and insolvent banks and swollen military budgets. At the same time they are leaving the majority of their populations to suffer in "austerity". The year 2011 heralded in the beginning of a new era of rebellions and revolutions, similar to what occurred in Europe beginning with 1848. What is happening this time is not simply a rebellion in one country or region such as the "Arabic Spring" or the "Indignant Movement" in Spain, the student revolts in Chile, or the "Occupy Wall Street" movements in the U.S.A. What is ready to burst is really much larger and world-wide. With our twenty-first century depression in full swing we are entering into a prolonged and widespread crisis of legitimacy at the global level. Sooner or later this is going to lead to social and political upheavals together with the collapse of the infrastructure support upon which billions depend for their survival. It might be called a political awakening and a universal "conscience awareness". With this our so called "Western Civilization." may itself be at stake. The current threat of nuclear war is nothing more than a symptom of such decadence. We would like to examine here two lines of thought by which the current "economic rationality" could be changed "from the South".

The struggle for sovereignty over lands puts "the people" back on stage

"Land sovereignty" aims at "food sovereignty", ie, the right of peoples to produce and consume in their territory or close to it, foods that are healthy and secure. Land sovereignty has been lost through the massive hoarding of lands in the South in order to produce agro-fuels for the North. This endangers alimentary security. It is inevitable that faced with this, sooner or later there will be struggles for repossession

of the land. Land Sovereignty is a counter-discourse replying to massive land hoarding. "Land governance" is a vision and initiative coming "from above". Governments are key players in counter-comprehensive land hoarding. As we say, the fight for Land Sovereignty will put the "People back on stage". The data presented by the Network for a GMO-Free Latin America in its Bulletin No. 460 of February 1, 2012, revealed that in peripheral countries 227 million hectares of land were purchased, handed over as grants or leased since 2001, mostly in the year of famines 2008. 70% of hoarded lands are found in sub-Saharan Africa. Also being affected by land hoarding are Southeast Asia and Latin America especially in countries like Peru, Ecuador, Colombia and Paraguay.

The principle land-grabbers were foreign investors. Nevertheless the number of international foreign land shareholders in Latin America, is not as high as in Africa and the Eurasia of the former Soviet Union. The circumstances of Latin America and the Caribbean are similar to the case of South-East Asia dominated by intra-regional investments. Transnational corporations in Latin America come from countries like the USA, Canada, Spain, Portugal and Italy among others, and always make substantial investments in the land. Brazil intervenes in crossborder land investment and at the same time, receives much foreign land investment. There are 10 countries suffering from substantial land hoarding: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guatemala, Paraguay, Peru and Uruguay. With the exception of Guatemala all these are in South America. The scale of land dispossession by displacement in Latin America and the Caribbean has been relatively low keyed so far, especially when compared to the process of dispossession in Africa, South-East Asia, China and India during the times of "national land hoarding" by means of rarely reported but increasingly numerous popular movements. There was large-scale land-hoarding in Latin America and the Caribbean, but this did not cause any mass dispossession of the 23 magnitude that has occurred in many parts of Africa and Asia. In this context Colombia is the exception.

In Africa, local communities are usually displaced or re-located, and this involves different forms of violence. This not only disrupts livelihoods, but destroys subsistence food production for whole populations. And of course then come the famines. Even in the driest areas of Africa there is land hoarding for agro-fuels. Some 19 million hectares in Africa are producing jatropha, with major concessions won by countries like China and also Brazil. Jatropha is a fuel-oil extracted mainly from a plant not suitable for agriculture, native to Central America which grows easily in arid parts of the planet. Its seeds contain a type of oil which is used to produce a clean

diesel fuel, “green petroleum”. Principally because of jatropha, production of food fell 50% in Chad and 27% in Nigeria. Famine immediately steps in. Jatropha affects not only displaced farmers but entire peoples. The Horn of Africa is one of the most turbulent regions in the world and today it is joined by the African Sahel.

Africa is a time bomb and this time bomb will blow up with all its violence when famine becomes generalized. José Saramago claimed that Africa is a “daily apocalypse.” Nothing is more commonplace today in Africa than civil wars, coups, famines and thousands of refugees moving, fleeing from one border to another. Lately on March 29, 2012 the Director of Operations for the United Nations Office for the Coordination of Humanitarian Affairs, warned the international community of a “race against time” to avoid a food crisis in the Sahel region. Countries with the greatest risk would be Mali, Burkina Faso, Chad, Mauritania, Niger, Cameroon, Nigeria and Senegal.

The flame of the Arab Spring is setting fire among African Islamists, according to Laszlo Trankovits. After the coup in Mali the UN Security Council warned that the unstable political and the dire humanitarian situation in the Sahel region of Africa could become fertile grounds for other rebellions. The cost of living itself created a climate of insurrection before the political coup. It may be just a matter of time before the Tuareg rebellion expands into Niger and the vast Sahel region composed of Senegal, Mauritania, Mali, Burkina Faso, Niger, Nigeria, Chad, Sudan and South Sudan. Or put another way, the coup in Mali could trigger the detonation of a major conflict throughout the region.

The change of economic rationality and the struggle for strategic natural resources
Contrasting with the low rate of profit and stagnation of economic growth in the central countries we see the rise of the emerging countries with high and sustained economic growth rates. We are talking about China, Russia, India, Brazil and South Africa, the so-called BRICS. These countries although heterogeneous in many aspects have shown - with China leading the way - rates of very strong economic growth since a good many years. These are countries where the ability to replace its labor force is high and consequently the wages are lower. This is a relatively long term perspective due to their demographic size. The low cost of labor however, is not the only factor in their growth.

The presence of relatively extensive strategic natural resources in these countries plays an important role. The “economic rationality” of capital has led to over-exploitation not only of non- renewable energies such as petroleum but also

metals and minerals. Today, there is in sight a relative scarcity of certain metals and minerals usually concentrated in the South and especially in these emerging countries. The West is increasingly more dependent of the South not only for energy (petroleum) but also in general for minerals and metals especially the most strategic ones. With all this, we observe the objective conditions for new relations of power being established.

While the supply of natural resources was abundant and came from many countries, prices of these metals and minerals were very low. The so-called “terms of trade” were very unfavorable for developing countries.

The logic of capital is to grow with rapidly increasing accumulation. The same value is sold quicker and so the same profit is achieved in reduced time. As the rotation of capital increases there is a process of relative de-materialization. Products demand less material as they become more disposable. In this way greater volumes are sold in a period of a year. The economy grows in value terms in the central countries. However in the peripheral countries natural resources are extracted with increasing speed in terms of use ie, they suffer above all an absolute de-materialization. If past crises were characterized by over production in exchange-values, the current crisis is 24 characterized by a “sub-production” in use-value for having exhausted the stock of natural resources.

Of the 15 countries endowed with minerals and metals, the BRICS generally occupy privileged places. First is South Africa, second is Russia, Brazil fifth, sixth China, and eleventh India. With only this information the strategic position of the BRICS countries on possession of metals and minerals is clear. [See, Jeremy Grantham, Fifteen countries sitting on a fortune of metals and minerals, www.bussnessinsider.com]. Also Latin America has a special place that could be exploited in the future. Among the 15 with most metals and minerals there are four Latin-Americans: in order of importance we have Brazil, Chile, Peru and Mexico. It's one thing, however to have mineral reserves in general but it's another thing to have those resources that are relatively scarce.

A study by the British Geological Society (Rarest metals on earth, www.ecoapuntes.com.ar, September 2011) showed that of the 52 metals on the list, 60% (i.e, 31) have an index risk of 5 or higher, where 1 indicates a potential for low supply and 5 a high supply risk. The shortage can be divided into three dimensions: physical, economic (price increase) and geopolitical (political boundaries). BGS list shows that China leads the global production of almost all the elements on the list,

and it is also responsible for the extraction of half of them. Given the relative scarcity of natural strategic resources, producer countries are beginning to protect their interests. China imposes taxes on exports, especially on metals and minerals of high innovative value. This country has also imposed other trade barriers on some metals, such as quotas and even an export ban. It does this to protect its own industries (cf., Writing Economics and Finance, Geopolitics: Is it possible to continue to progress with the shortage of scarce materials?, Buenos Aires, 23 December 2011).

Here we would like to stress the importance of the relative scarcity of materials used in emerging “green technologies”. A report by the European Commission and by PriceWaterhouseCoopers (PWC) has identified 14 scarce strategic materials used in emerging green technologies. As their importance increases for the future economy the risk of future shortages also increases. The report takes them in alphabetical order and in order of importance: antimony produced in China, South Africa, Bolivia and Mexico; beryllium produced in the U.S. of North America, Russia and China; cobalt 90% produced in the Democratic Republic of the Congo, and also in Zambia; fluorite produced in China, Mexico and Mongolia; germanium a sub-product of zinc is obtained almost exclusively in China and Russia; indium is produced mostly in China, Korea and Japan; 85% of lithium reserves are in the Latin American countries of Bolivia, Chile and Argentina; graphite is produced in China, Korea and India; magnesium in the U.S. of North America, China and Canada; niobium in Australia, Brazil and Canada; there is the Platinum Group in South Africa and Russia; the so called “rare earths”- neodymium, tantalum and tungsten are obtained almost exclusively in China.

On the list of 14 resources mentioned, China occurs 8 times. No wonder, since China produces about 50% of the world’s scarce strategic metal and about 97% of the rare earths. There is no doubt that China is the emerging country par excellence. South Africa, Russia, Bolivia, Mexico, South Korea, USA and Canada are each mentioned twice. The greater economic integration of Russia (largest producer of gas and oil) with China is stimulated by the threat of the West on the Middle East in general and on Iran in particular.

We are facing the real threat of Eurasia becoming transformed into the power block of the future which would thus represent a threat to the West and precisely that’s the reason for the nuclear attack on Iran. Not only the great majority of strategic materials and rare earth minerals in particular are extracted in China, but the country has managed to achieve that more and more of them get processed there. The

motto is: "If the West wants access to these materials which are so scarce and strategic, then let them install their factories in China". The country not only requires the installation of factories to develop these materials in the country, but also requires the transfer of technology.

In September of 2010, the Chinese government restricted the exportation of neodymium which was being earmarked for China's own wind-power projects. On two occasions, the World Trade Organization (OMC) has opened expedients against China for interfering in the exportation of rare earths. A good number of 25 official reports by both of U.S. and European governments have expressed the warning that the future of renewable energy is endangered by this extreme dependence (cf. Michael Angel Criado: The West depends on some minerals it does not have, January 6, 2012).

Other equally strategic materials and those which are expected to become critical as their demand increases are tellurium, gallium, indium or lithium. Lithium is only considered as such in the U.S.A.

report. Although it has had other uses in the past, its main function today is in all types of batteries, especially for the development of Aeolian energy and the electric car (cf., Miguel Angel Criado, *ibid.*). Lithium is considered a relatively strategic resource and is scarce considering the demands by Aeolian energy and the electric auto. It is a fact that Bolivia has more than 50% of world lithium reserves. All together Bolivia, Chile and Argentina have 85% of world reserves of this mineral. Together they could regulate prices. The press in Buenos Aires and Santiago has already suggested the possibility of creating an "Organization of Countries Producing Lithium" (OPPL) formed by Argentina, Bolivia, Chile, Australia and China.

More important than controlling the price by an «OPPL» would be to condition the production of batteries and electric cars within the lithium producing countries. An even more strategic alternative for their own development would be the production of buses, since their use is a collective value. The goal would be to condition the exchange of this resource upon the transfer of technology. Presently Bolivia is not in the same situation as China to bring this about. But the South-South union of the strategic and scarce metal-producing countries, sooner or later, will make it possible to invert the power relations of negotiation.

From the South it would be possible to influence a change in worldwide economic rationality. The increasing scarcity of strategic natural resources in the West, would

force them not only to re-cycle these scarce resources but would also inevitably lead to prolonging the lifetime of their end products and/or the increased use of more communal consumer goods. This leads to economic decline in terms of value. A negative economic growth does not permit sustainable accumulation. It would announce a new era: one of de-accumulation in terms of value. As the average life-time of products is prolonged and products take on a collective instead of an individual character, labor productivity decreases in value-terms, but increases in use-terms in so far as the products are more durable and their use more collective.

This issue brings us to the possibility and necessity of a transition to a post-capitalist economy where the value-in-use will override the value-in-exchange. Peripheral countries still have some room to grow under the old rationality, but the central countries have more hemming situations. However in the South, countries will also be faced with the growing power of large environmental organizations opposed to unlimited exploitation of natural resources. At the same time indigenous peoples and rural populations are fighting land-grabbers and hoarders of their lands.

The social struggles in Bolivia and Ecuador are clear witness to this reality. The more strategic a particular land is for exploitation of a rare metal, the more effective will be the social struggle against such land-grabbing/hoarding in and will stifle from the South the present world-wide economic rationality. Social power in the South is presently stronger than ever to bring about a change in present economic rationality and push towards that "other possible civilization".