CHAPTER 2

Extractive Imperialism in Historical Perspective

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When Columbus landed in the Caribbean he thanked God and enquired urgently after gold. Nowadays the investors arrive by jet clipper. They thank the Minister of Pioneer Industries and enquire after bauxite (Lloyd Best, *Independent Thought and Caribbean Freedom,* 1997)

As the quotation suggests, the history of Extractive Imperialism (EI) in the Caribbean, and more generally in the Americas, shows both continuity and change. My purpose here is to reflect on the question: what lessons can we draw from this history? To this end I distinguish five broad historical periods since Europeans arrived in the Americas: the age of conquest and colonisation; the age of commercial capitalism; the first industrial revolution; the emergence of monopoly capitalism; and the contemporary age of global finance capitalism. My analytical scheme focuses on seven factors that assume particular characteristics in each age: (i) key resource commodities; (ii) labour; (iii) capital; (iv) the state; (v) ideology; (vi) resource rents; and (vii) contradictions

The first six factors, taken as a whole, constitute a kind of 'regime' that corresponds to each historical period—a regime of power, ideology and distribution of resource rents. The seventh relates to the nature of contradictions that result in changes over time. The changes occur within an existing regime; and, less frequently, they replace one regime with another—regime change.

Conquest and Colonisation (c. 1500–1700)

When Columbus enquired urgently after gold and looked with growing excitement at the evidence of its use made by the Taíno people, the encounter dramatized a fundamental difference in the role of the metal in the two cultures. Arguably, this was to lead to one of the first instances on a massive scale in human history; of a clash between the 'use value' of a thing and its 'exchange value'—or more precisely, its value as an element in a system of economy in which relationships of market exchange predominate. The Taínos and other First Peoples of the Americas used gold and silver to create objects of adornment, status and beauty; and especially of religious and spiritual significance. In the Europe of emerging capitalism, these metals were assuming the functions of money in an exchange economy—i.e. a means of exchange, a measure

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of value and a store of wealth. The First People probably never fully understood the greed, lust and ruthlessness with which the newcomers pursued the metals, it must have seemed to be a strange form of mental disorder. Yet in the end whole civilizations were destroyed, and their populations decimated, by the madness. It's been conservatively estimated that the demographic shock in the Americas amounted to a ninety percent decline in the aboriginal population in the first two centuries following the Conquest. This was undoubtedly due mainly to the impact of epidemics of unfamiliar diseases; but massacres, suicides, infanticide, and accelerated mortality due to starvation and general social disorganisation were significant contributors to the virtual elimination of the Taíno peoples from the islands of the Greater Antilles.

The labour regime and the ideological system instituted for the purpose was anticipated by Columbus when he wrote in his Diary that the people he encountered in October 1492 'ought to make good and skilled servants, for they repeat very quickly whatever we say to them. I think they can very easily be made Christians, for they seem to have no religion. If it pleases our Lord, I will take six of them to Your Highnesses when I depart, in order that they may learn our language'.[1] He added that 'I could conquer the whole of them with 50 men, and govern them as I pleased' (Fusion, 1992). Hence the key features would be subjugation by force, enslavement, abduction, transmission of language and religious indoctrination. The initial methods of extraction were taxation and extortion from the indigenous people, which developed into alluvial (gold) and underground (silver) mining by enslaved or semi-enslaved indigenous and African labourers.

Columbus' expedition had been outfitted courtesy of Italian investors and by the sovereigns of Aragon and Castile. The condition was that, if his trip succeeded, Columbus would be entitled to one-tenth of the revenues from new lands, one-eighth of the profits from associated commercial ventures, and an assortment of titles. Hence the role of the state and of private capital, the distribution of risk, and the division of the rents from initial resource extraction in the Americas were all negotiated before Columbus even set sail. The rule that was eventually establishment was that 20 percent of the booty of Conquest went to the Crown—the quintetwith the rest divided mainly between conquistadors, *encomenderos,* settlers, the Church, the shippers and the merchants.

Do we see here certain historical precedents for the subsequent evolution of the role of foreign capital and the colonial or imperialist state in the

1 Wikipedia, http://en.wikipedia.org/wiki/Population_history_of_indigenous_peoples_of_the_Americas.

hemisphere? Arguably, the 'original sin' of EI was set in the summer of 1491 in the Court of Ferdinand and Isabella—a place far removed from the object of the enterprise; and at a time when neither perpetrator nor victim even knew of each other's existence. It's also of interest that the battles over the spoils of EI were present from the outset. Columbus and his royal sponsors had a falling out and his descendants reportedly carried on their legal battles with the Spanish crown over their entitlements for centuries. There were also many contradictions: between Crown and colonists; between colonists and governors; between governors and contrabandists eager to circumvent imperial monopoly; between pirates and the Spanish Empire; and between the enslaved and their oppressors.

It is estimated that over a 300-year period 2.5 billion pesos (Pieces of Eight, 25 grams) of silver were shipped to Europe from America; and another 1.1 million pesos shipped to Asia (Walton, 2002). There can be little doubt that by enormously increasing the supply of precious metals used for coinage, the specie of the Americas fertilised and accelerated the transition to full-blown commercial capitalism in Europe. Paradoxically, it was not the Spanish economy that ultimately reaped the benefits of this bonanza of monetary wealth. The vast inflow of specie fuelled inflation at home; financed huge trade deficits with the rest of Europe and with Asia; and encouraged Spanish monarchs to over-borrow and foreign creditors to over-lend. Spanish extractive capitalism retained the backward character of an essentially tributary system, with the atrophy of its basic agricultural and industrial development; showing symptoms not unlike the latter-day Dutch disease. The complacency and extravagance of the Hapsburgs who ruled Spain in the 16–17th centuries were to become legendary.

Commercial Capitalism (c. 1650–1850)

The nations that came to dominate the Atlantic mercantile economy that flourished in the 17–18th centuries were those that specialised in trade, production and naval warfare. France, the Netherlands and England became the centre of the new Imperial Europe. National wealth was still equated with possession of specie; but this was to be accumulated by means of a surplus on the balance of trade. The key commodities in the trade were tropical products and the slaves used in their production in the plantations of Middle America. At the centre of the trade was sugar, a luxury good in scarce supply and commanding premium prices. Was this Extractive Imperialism or not? This is a matter of definition, but arguably it satisfied several of the criteria. It extracted wealth from a particular kind of natural resource that only occurred in certain localities and was the object of violent rivalries; and the land and labour required for turning it into profit were, from an economic point of view, wasting assets. Slaves were worked to death; land was worked to the point of exhaustion. Fresh supplies of slaves were continually imported to replace those who died; fresh land was brought into cultivation.

> The average survival rate of a mining slave during the great 18th-century gold rush in Minas Gerais, Brazil, was no more than two years; the survival rate of a field hand in the sugar plantations of northeastern Brazil was only about seven years. Prior to 1800, slave-mortality rates in the Portuguese, British, French and Dutch colonies of Latin America and the Caribbean were so high that only the continued importation of more and more Africans kept the colonial economies thriving.
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> MORGANTHAU, 1991

The Caribbean islands were cleared of valuable forest cover and strenuous efforts had to be maintained over time to sustain the productivity of the soil. Extension of the land frontier within and between islands led to the pattern of 'shifting terrain' noted in the theory of Plantation Economy by Lloyd Best and Kari Polanyi Levitt (Best & Kari Polanyi Levitt, 2009). The model addresses the questions of agency and of distribution of the surplus. The surplus was divided between Crown, merchant capitalist and planter; but the strategic position of the merchant capitalist as provider of supplies and credit and as handler of final sale meant that he was able to 'recover his costs and claim his share of the surplus, leaving the planter to bear the full risk of the enterprise' (p.16). As the authors note, the state is in a similar position today vis-à-vis the multinational corporation (MNC) in a resource industry; which can manipulate transfer pricing, management and marketing contracts and financing arrangements to secure assured returns; while government revenues fluctuate.

The ideology that underpinned racial chattel slavery was the doctrine of white and European superiority and of black and African inferiority (Girvan, 1976). It was as a direct consequence of this that the 'white' and 'negro' races were invented, arguably around the 17th century (Perry, 2013). The social consequences of 400 years of racial slavery outlived the formal system and endure to this day in the disadvantaged condition of African-descendants in American societies.

Local economic development, as we now understand the term, was an alien concept in mercantile plantation economy. The purpose of the system was to enrich the dominant and emerging classes in the metropolis. As far as Africa was concerned, the system was disastrous. Walter Rodney's classic *How Europe Underdeveloped Africa* tells the story of depopulation, fratricidal wars, destruction of indigenous agriculture and handicrafts, and social and political disorganisation consequent on slave trading. These consequences were anticipated in a famous letter written in 1526 by the King of Dahomey, a Catholic convert, to his fellow Catholic sovereign the King of Portugal as follows:

> Each day the traders are kidnapping our people and children of this country, sons of our nobles and vassals, even people of our own family. This corruption and depravity are so widespread that our land is entirely depopulated. We need in this kingdom only priests and schoolteachers, and no merchandise, unless it is wine and flour for Mass. It is our wish that this Kingdom not be a place for the trade or transport of slaves.
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> Many of our subjects eagerly lust after Portuguese merchandise that your subjects have brought into our domains. To satisfy this inordinate appetite, they seize many of our black free subjects.... They sell them. After having taken these prisoners [to the coast] secretly or at night.... As soon as the captives are in the hands of white men they are branded with a red-hot iron.[2]

Here again, the words of a contemporary sum up the principal features of the relationships that were to be established: external agency, local intermediation, asymmetrical power relations, imported culture of consumption, social disorganisation and human degradation.

First Industrial Revolution and Free Trade Imperialism (c. 1800–1914)

The plantations of Brazil and the French and British West Indies generated huge profits for their owners and stimulated shipping and allied industries, helping to lay the basis of the First Industrial Revolution. For the most part, this was based on resource commodities endogenous to the early industrializers—coal and iron. With the onset of Free Trade Imperialism in the second half of the 19th century, the resources of Latin America was increasingly brought into play to help feed and clothe the growing urban populations of industrial Europe and to supply its factories. Wheat and other cereals,

2 http://www.sources.com/SSR/Docs/SSRW-Atlantic_Slave_Trade.htm.

coffee, tea, cotton, wool, rubber and palm oil, were some of the commodities in demand. Production of tropical resource commodities was organised by local landowning elites; with infrastructure financed by foreign—mainly British—capital and transported in the merchant marine of the leading European powers. In the last half-century before the First World War, Britain's earnings on foreign investment and services more than financed its deficit on merchandise trade. It was another kind of tributary system; one based on debt.

On the ground in the Americas, a new round of accumulation by dispossession began, most notably in the temperate zones; where First People and mestizos lost ground to European and Asian immigrants. According to Arthur Lewis, wage rates in the export sector were kept low by the low productivity and earnings of labour in the traditional agricultural sector (Lewis, 1978). But this was not because of the impersonal logic of the market. Landowners controlled the state; they ensured that peasants were deprived of good land, credit, and technology. They made good money even if the international terms of trade turned against the products they exported to Europe. The main beneficiaries, however, were the traders, shippers and especially the financiers of Britain and the other Western European nations.

Spanish American elites had to throw off the Spanish yoke in order to negotiate the new dispensation with European capital. In Africa, the opposite happened: local resistance had to be overcome to open up the resources of the continent needed for European industry. Colonisation of Africa followed hard on the heels of decolonisation in Spanish America. Samir Amin has shown that colonial economic structures in Black Africa took three main forms (Amin, 1973). Resource extraction was the essential goal of all three, but different forms of labour exploitation were devised according to the particularities of the geo-demographic structure in different regions and the kind of resource products desired.

In the first, the 'Africa of the colonial economy' including most of West Africa; the game was about tropical agricultural commodities and the forms were mainly establishment of monopsonistic relations with peasant farmers by means of colonial trading companies. In the second, the 'Africa of the Concession-owing companies', which is the area surrounding the Congo River Basin, the goal was to secure mineral commodities and the resources of the forest. Mines using African wage labour were established; and in other instances, notably King Leopold's Congo, Africans were made to deliver commodities (rubber) harvested from the wild on pain of whipping, maiming and death. The human death toll of King Leopold's project of extractive imperialism in the Congo between 1884 and 1908 is normally estimated to be at least 10 million; Leopold himself amassed a personal fortune worth over $1 billion in today's terms.[3] The third macro-region is mainly eastern and southern Africa, the 'Africa of the labour reserves'. Africans were dispossessed of their land and made to work for European settlers, European plantations and European-owned mines. Amin's point is that, whatever the form, returns to labour remained low and stagnating, laying the basis of contemporary African underdevelopment.

The Scramble for Africa took place in the last quarter of the 19th century. The way was paved by the monstrous firepower of the Gatling machine gun, first employed in the American Civil War. In a bizarre example of doublespeak, the barbarity of European imperialism was cloaked in the language of Civilizing Mission and White Man's Burden (on the other side of the Atlantic, the American ruling class was discovering its 'Manifest Destiny'). The doctrine of racial superiority was given a pseudo-scientific status by the new science of evolutionary biology. In 1853–1855 the French writer Joseph Arthur Comte de Gobineau published his *Essay on the Inequality of the Human Races,* to critical acclaim, a book proclaiming the inherent superiority of the 'white' race, with the 'Aryans' at the top of the pile. The Haitian writer Anténor Firmin trashed Gatineau's theories in his 1885 book *The Equality of the Races*; followed by many others since; but the thinking continued to influence dominant Western cosmologies. As pointed out by Aimé Césaire in his *Discourse on Colonialism* (1955), the road to the Holocaust in Nazi Germany originated with the thinking and the practices of the European imperialist project in Africa.

With the Imperialist states as their agents and the colonial and neocolonial states as their servants, Extractive Capital secured concessions in the peripheries of world capitalism that assured them of the lion's share of the rents derived from the exploitation of the resource commodities associated with the massive expansion of international trade in the late 19th century. The pattern continued with the new resource commodities demanded by the so-called 'Second Industrial Revolution'—commodities like petroleum, petrochemicals and metallic minerals including copper, bauxite and aluminium, lead, zinc and uranium. From 1870 to 1945 virtually all of what is now called the Global South fell victim to this predatory form of capitalism. Workers were paid the barest minimum, trade unions were banned, social benefits were minimal, racism was rampant; linkages with the domestic economy were practically non-existent and surpluses were repatriated to foreign shareholders instead of being invested in the all-round development of the local economy. The inevitable consequence was the rise of national liberation and socialist movements

3 King Leopold II and the Congo; http://www.enotes.com/king-leopold-ii-congo-reference/king-leopold-ii-congo.

in the Global South; fed also by the two great intra-imperialist wars of the first half of the 20th century and the great capitalist crisis of the 1930s.

Monopoly Capitalism (c. 1870–1980)

The transition from competitive capitalism to monopoly capitalism coincides with the era of Free Trade Imperialism and the Second Industrial Revolution. Vertically integrated monopolies or oligopolies emerged and spread to become multinational oligopolies, prefigured by the organisation of Rockefeller's Standard Oil in the 1870s, predecessor of Exxon Mobil. This in turn led to the transnational conglomerate, vertically integrated from raw material to finished product and horizontally integrated across several lines of business. Approximately 95 of the world's 150 largest entities today are corporations; 55 are countries. The purpose of the transnational mega-corporation is to replace the market with internalised transactions across national boundaries and to deploy oligopolistic and oligopsonistic power against employees, suppliers, customers, regulators and governments. Direct ownership of operations can be supplemented, or even replaced, with outsourcing relations through global commodity chains in which suppliers assume the risk and the corporations garner the benefits.

Most important of all, the rise of finance capital to dominance over productive capital originally flagged by Lenin a century ago, has become the dominant feature of contemporary capitalism. Ever-increasing sums of money have to be mobilised in order to finance resource investments, due to resource depletion and the need to extract and process lower grades of raw material, the increasing scale of operation and the increasing complexity of technology. Financial consortia mobilise huge amounts of money, while spreading the sovereign debt risk and relying on the IMF to ensure repayment; and shifting the business risk to the peripheral state via the TNCS responsible for resource development.

After World War II the balance of bargaining power in resource industries shifted to the newly independent states; which found in the spirit of Bandung and in prevailing developmentalist thinking the rationale for policies of resource nationalism; buttressed by the existence of the Soviet Union. Led by OPEC and a series of oil nationalisations in the 1960s and 1970s, the new thinking was that surpluses from resource commodities should be put to the service of national economic development. The high point was reached in the early 1970s with the OPEC price hikes and the UN Declarations on the Establishment of the New International Economic Order and the Economic Rights and Duties of States. Nationalisations and increased taxes on profits almost certainly shifted the distribution of resource rents to the resource exporting states in the 1970s.

Global Finance Capitalism (c. 1980-Present)

The new dispensation was not to last. Recycling of petrodollars by Western banks to much of the Global South led to a steep increase in indebtedness. The emergence of stagflation in the North helped to discredit Keynesianism and to create the climate for growing acceptance among policy elites of the neoliberal ideology that had been systematically promoted by Hayek and his allies in the Mont Pelerin society since the 1940s (Polanyi Levitt, 2013). This was backed by big money doled out to think tanks, intellectuals, politicians, journalists and others in the policy elites. The Volker interest rate shock of 1982 ultimately precipitated the Third World debt crisis and brought the IMF and the World Bank into the driver's seat of policymaking in most of the Global South. The Empire had struck back. The Washington Doctrine—misrepresented as a 'Consensus'—privileged concessions to foreign investors as part of the package of liberalisation, deregulation and privatisation.

The WTO agreement, NAFTA, the US-Central America Free Trade Agreement (CAFTA-DR), the EU's Economic Partnership Agreements, bilateral FTAs and bilateral investment agreements all operate to limit the policy space of the peripheral states of Latin America, the Caribbean and Africa for policies to foster national agricultural and industrial development and to regulate foreign investors in the interest of local businesses and local consumers. In sub-Saharan Africa, thirteen countries in IMF programmes at the end of the 1990s had an average of 114 policy and governance conditionalities per programme. Three Latin American countries had an average of 78; and four East Asian countries had an average of 84.[4] Approximately 3000 Bilateral Investment Treaties are now in existence involving more than 170 countries; generally these limit government regulation and allow foreign direct investors access to international investor-state arbitration to settle disputes before using national courts. US and EU Bilateral Free Trade Agreements with developing countries customarily cover services, capital flows, investment, government

4 'The average number of (IMF) conditions rose from about six in the 1970s to ten in the 1980s. In the (case of the World Bank) the average number of conditions rose from thirty two in 1980–3 to fifty six by the decade's end' (Kapur & Webb, 2000: 3–4; Table 5). *See also* Buira (2003).

procurement, economic structures (competition policy) and regulations, labour and environment policies; the US has now signed ten of these globally and the EU 21 (Bilaterals.org).

The effect of all this is to create a framework of conditioned policies and of international treaty law and a set of accepted 'best practices' that is mutually reinforcing; and reproduces many of the features of the previously existing colonial set-up. In place of direct colonial administration we now have the discipline of the threat of financial blockade and of trade sanctions. The government of a peripheral state that defies the system runs the risk of being economically—and hence politically—undermined within its own domestic space. In addition, buttressed by the fall of the Soviet Union and the subsequent ideological offensive accompanying neoliberal globalisation, the Washington doctrine captured the policy elites of much of the Global North and South in the 1980–1990s. Its influence became especially strong in central banks, finance ministries, trade ministries, development agencies and the business pages of the mainstream media. University Economics departments trashed Development Economics; and a whole generation of policy functionaries came of age trained in economic abstractions devoid of historical and institutional context and innocent of their countries own intellectual history. As Columbus had hinted in his journal entry 500 years ago, once the language is properly taught; the rest will follow.

Furthermore, resort to direct military force always remained within the policy arsenal of the core imperialist states. Errant regimes are often destabilised and overthrown by means of the promotion of coups d'état and direct military action under the cloak of humanitarian intervention and the newly invented doctrine of responsibility to protect. Witness the cases of Venezuela 2002, Honduras 2009, the first and second wars against Iraq, and Libya 2011. The so-called wars on terror and on drugs serve as covers for security agreements that give the core states access to the physical territory, intelligence and security personnel of the peripheral countries, ready to be mobilised at a moment's notice.

However, the shift to neoliberal orthodoxy of the 1980s–1990s was not sustainable. The Washington Doctrine had held that foreign acquisition of state-owned enterprises would reduce the debt burden, cut the fiscal deficit, and power a new round of export expansion. In fact, it served to power a round of reprimarisation and of renewed denationalisation over much of Latin America and of Africa; with the bulk of resource rents at the margin going to the multinationals. Latin Americans had been promised dramatic growth and poverty reduction to accompany the fall of military dictatorships in the 1980s and their embrace of outward-looking, market-friendly policies. Instead growth was modest, poverty continued to increase and distribution of income worsened in many countries.

The backlash came in the 1990s, led by the dramatic rise in anti-globalisation social movements in the continent and internationally. Beginning with Venezuela in 1998, progressive governments have been elected over much of the continent prioritising policies of income redistribution and the assertion of national sovereignty vis-à-vis foreign investors. Venezuela and Bolivia have nationalised hydrocarbons and used the rents to fund social programmes. Ecuador has sought to increase the take from its petroleum industry. Argentina and Brazil privilege state-owned enterprises in their hydrocarbons industries. The new approach has not yet reached the countries of the Caricom Caribbean. In Jamaica, for instance, the take from the bauxite industry is a fraction of what it was during the resource nationalism years of the 1970s. At the same time, the rise of what is called the New Extractivism has brought many 'progressive regimes' into conflict with local communities which have traditional land rights in areas wanted for mineral industry development. In each of these countries, the class character of the state varies from case to case; as does the constellation of political forces that underpins the relation of the state with transnational capital and the imperialist states.

China has become a new player in extractive industry in Latin America and in Africa. To the extent that Chinese SOEs in extractive industry investments behave like Western capitalist enterprises, then they are becoming part of the general phenomenon of extractive imperialism. This would be the case, for instance, if Chinese SOEs extract raw materials for processing in China; engage in minimal technology transfer; generate few local linkages and garner the bulk of resource rents. Further research remains to be done on this.

The contemporary setting for Extractive Imperialism involves several actors and overlapping processes: the ideological framework, the core states, the military, China, finance capital, the transnational resource corporations, international law, debt dependency, the IFIs, the peripheral states, local elites, local communities; and the associated the division of resource rents and its uses.

Conclusion

What then, can we learn from history? First, the drive for resource commodities under EI and resulting conflicts with local/ communities is a particular manifestation of a general *contradiction between use value and exchange value* in the development of capitalism. The contradiction which was dramatized from the first encounters of Columbus with the Taínos is arguably manifested today as the state, acting on behalf of extractive capitalism, which demands access to mineral resources in the subsoil of land wanted for 'development'.

Secondly, *class matters*. The relations involved in Extractive Imperialism are not adequately captured by a straightforward extractive capital/peripheral state frame of analytical reference. This tends to overlook the specificities of class and group make-up of the elites controlling the state; and that of the other local groups and class forces involved in contestations for state power and policy influence. The extension of class analysis and elite analysis—the two are not necessarily the same to the relationships involved within the sphere of extractive imperialism will also be necessary to explain the particularities of the relationship assumed in any particular setting. In particular, *extractive imperialism cannot function, and has never functioned, without the presence of a local intermediary class or group whose role is to organise and facilitate access to resources.* Whereas agency in EI is always external, by definition, agency often represents itself as a local force in the form of the local state and its agencies, and/or a local elite or even a national bourgeoisie.

Third, *state violence is integral to EI.* From an historical point of view, the use of state violence has more often than not set the basic political, social and legal framework within which relationships for resource access are played out. In relations between technologically advanced and less advanced societies, instances of peaceful negotiation for provision of initial access to resources are nowhere to be found. One reason for this is that this is the stage where the clash between exchange values and use values is sharpest; with the balance of military power lying always with the society in which exchange values have become firmly implanted.

Fourth *ideology is power.* Ideology conditions the behaviour, attitudes and assumptions of the major players in resource political economy. Historically, it has rationalised racial and class-based hierarchies of power and prescribed the roles and responsibilities of different groups to ensure the stability of relations initially instituted by violence. Contemporaneously, it prescribes what is acceptable and what is not, what is seen as feasible or unfeasible; and what is established as a commonly accepted guide to good practice within which negotiations over the division of resource rents take place. The role of the committed scholar therefore becomes very important, as s/he is uniquely placed to investigate underlying ontologies, epistemologies and cosmologies that condition approaches to resource use and the associated interplay of class relations.

Fifth, *law and institutions are established within specific political and ideological parameters*. Constitutions, laws, international treaties and trade agreements set the stage within which state-state, state-MNC and intra-state class relations are played out; but behind these lie a structure that is almost always set by violence and is buttressed by a specific ideological framework. Over time within any given regime of EI, there is a tendency for increased reliance on ideology, law and institutions; while reliance on violence is relaxed and less frequent. Crucially, class power is obscured by ideology, law and institutions, while the claims of use value are dismissed as 'archaic' and 'anti-developmental'.

Sixth, *money talks*, meaning that the role of finance capital is crucial to understanding where power lies; in identifying the distribution of risks and explaining the distribution of resource rents. Decomposition and analysis of the specific arrangements made for the financing of resource projects and related infrastructure is vital.

Seventh, the peripheral state is *an arena of contestation* among elites over the distribution of resource rents. Contestation takes place within the ruling elites; between them and extractive capital; between elites and the core imperialist states that act on behalf of extractive capital; and between the elites and local communities with claims to the resources.

Eighth, *watch technology*. Technological changes render resources obsolete in terms of exchange values, or valuable; they change the relative attractiveness of different physical locations; they create new possibilities for use values of known and unknown resources. A peripheral state needs therefore to develop its technological capabilities to monitor global trends and to create new use values. It must seek always to stay on top in terms of knowledge.

A ninth lesson concerns the question of whether resource-based development is, or can be, an 'alternative' to neoliberalism. The lesson is that this is not a useful way to pose the question. In short, whether resources are part of an alternative development depends on the context. We need to examine the ideological framework, the national development strategy and constellation of national political forces, including class forces, within which resource-based development takes place. The key questions are therefore, the division of resource rents, the use of resource rents domestically, and relations established with local communities with traditional claims to the land.