Natural Resources, Extractivism, and Sustainable Development – Latin America in Global Context

AUTHOR'S WORKSHOP

22nd – 23rd February 2021, Online

Centro de Estudios Latinoamericanos (*CELA*)
University of Kassel,
www.uni-kassel.de/forschung/cela/

Participants

Hannes Warnecke-Berger (Post-doctoral researcher, University of Kassel)
Jan Ickler (Doctoral Researcher, University of Kassel)
Organizers

Kristina Dietz (Substitute professor for International Relations, University of Kassel)
Extractivism and land-based class relations in the countryside, the example of coal mining in Colombia

Stefan Peters (Professor for Peace Research, University of Gießen)
Analyzing Rentier Societies: The Case of Venezuela

Rachid Ouaissa (Professor for Politics of the Near and Middle East, University of Marburg)
Why didn't MENA achieve capitalism?

Heiko Pleines (Professor for Politics and Economics, University of Bremen)
Raw Material Boom and Social Policy in Authoritarian Regimes. Castles in the air, consolidation of power or sustainable welfare?

Sebastian Hoppe (Doctoral Researcher, Free University of Berlin)
Resource dependence, patronal pyramids and regional development. Exploring the rent management of Russia's 'turn to the East'

Lars Buur (Associate Professor, Roskilde University, Denmark)
African trajectories of success and failure in natural resource investments

Julian Friesinger (Doctoral Researcher, University of Bremen)
Uganda's state class and the politics of oil

Ludwig Hehl (Doctoral Researcher, University of Kassel)
How broad redistributive Coalitions fail. The Turkish Middle Class and the Prevalence of Rentiers in Turkey.

Kristina Großmann (Professor for Anthropology of Southeast Asia, University of Bonn)
'Neo-extractivism', patronage networks and the hope for a better future in Indonesia – or why the remaining coal in Central Kalimantan will be extracted

Hartmut Elsenhans (Professor emeritus of International Relations, University of Leipzig)
Capitalism and Rent: A Destructive Relationship

Program

Monday, Feb 22nd : 9h – 16h	
9h-10h	**Introduction** Hannes Warnecke-Berger (Kassel) & Jan Ickler (Kassel)
10-12h	**Session 1** Hartmut Elsenhans (Leipzig) ○ *Capitalism and Rent: A Destructive Relationship* Heiko Pleines (Bremen) ○ *Raw Material Boom and Social Policy in Authoritarian Regimes. Castles in the air, consolidation of power or sustainable welfare?* Lars Buur (Roskilde) ○ *African trajectories of success and failure in natural resource investments*
12h-13h	Break
13h-16h	Session 2 Kristina Großmann (Bonn) ○ *'Neo-extractivism', patronage networks and the hope for a better future in Indonesia* Kristina Dietz (Berlin/Kassel) ○ *Extractivism and land-based class relations in the countryside, the example of coal mining in Colombia* Julian Friesinger (Bremen) ○ *Uganda's state class and the politics of oil* Stefan Peters (Gießen/Bogotá) ○ *Analyzing Rentier Societies: The Case of Venezuela*
Tuesday, Feb 23rd : 10-15h	
10-12h	**Session 3** Sebastian Hoppe (Berlin) ○ *Resource dependence, patronal pyramids and regional development. Exploring the rent management of Russia's 'turn to the East'* Rachid Ouaissa (Marburg) ○ *Why didn't MENA achieve capitalism?* Ludwig Hehl (Kassel) ○ *How Broad Redistributive Coalitions fail. The Turkish Middle Class and the Prevalence of Rentiers in Turkey.*
12-13h	Break

13-15h	Conclusion

Titles and Short Abstracts

Kristina Dietz (Kassel/Berlin): Extractivism and land-based class relations in the countryside, the example of coal mining in Colombia

Commented by Kristina Großmann / Ludwig Hehl

This paper asks how mining affects land-based social relations and the extent to which this has repercussions for rural class relations. The main argument in this paper is that mining influences the emergence and consolidation of modern landed property as a dominant social form of landownership, in which land is transformed from productive to unproductive purposes and the landowning class is strengthened vis-à-vis other classes of land users. The key analytical terms used are landowner class, landed property and rent, which are taken from debates within critical agrarian studies. Empirically, the paper focuses on coal mining in the northern Colombian province of Cesar. In the analytical section, institutional and political economic factors that influence the relations between mining and land, and the mechanisms by which land is appropriated by the landlord class and transformed into rentier capital, are identified.

Stefan Peters (Gießen/Bogotá): Analyzing Rentier Societies: The Case of Venezuela

Commented by Rachid Ouaissa / Sebastian Hoppe

Large parts of the Global South are natural resource dependent. The long-term dependence on commodity rents has far-reaching impacts on economic, social, political and cultural structures. The

paper aims to contribute to the theoretical-conceptual debate by introducing the concept of rentier societies as a major innovation for the analysis of natural-resource-dependent societies and applying it to the case study of Venezuela. Venezuela has been characterized by a strong dependence on oil for about 100 years. Although, the country has seen numerous efforts to overcome its dependence on raw materials by means of various diversification strategies, it has not been able to achieve a sustainable reduction of its dependence on oil. Despite, the dramatic collapse of oil extraction in the current crisis, there is still no sign of a departure from the oil-based development model. On the contrary: the government and opposition coincide in the trust in an oil-based recovery strategy. Yet, the focus of the paper is less on economic fluctuations than on the development of rentier structures, which are hardly changed even by far-reaching political changes. The paper is based on empirical data from a large number of field research stays and presents partial results of my habilitation thesis.

Rachid Ouaissa (Uni Marburg): Why didn't MENA Region not achieve capitalism?

Commented by Julian Friesinger / Kristina Großmann

The paper discusses the political and economic developments in the Middle East and North Africa starting from the Tanzimat reforms in the Ottoman Empire until the emergence of new states and the establishment of dictatorships throughout the region. It draws on the discussion of rents and rentier states: The rent-seeking approach and the theorem of rentier states is established as a stimulating theoretical approach for the analysis of social, political and economic processes and structures in the Middle East and North Africa. Back in the 1960s, critical scholars of imperialism already attributed the phenomenon of underdevelopment to the exploitation and thus ultimately to the reduction of rents. At the same time, the North American rent-seeking school regarded rents as an obstacle to development. Since the 1980s, the concept of the rentier state serves to explain and understand the political structures and behaviors of both the political elite and societies of the Middle East. For example, the relationship between rentier economy and authoritarianism or the lack of democracy such as the nature of the state and clientelist relations between state and society are examined.

The present paper argues that rents hinder the emergence of capitalist structures, which in turn are a prerequisite for the emergence of political countervailing power in the sense of democratic structures. This paper claims that rent economy hinders the emergence of capitalist structures. However, capitalist structures are necessary for the establishment of social and political counter power and the formation of democratic structures. The paper therefore exemplifies that especially in fragmented societies, the struggles for control and use of rents lead to a growing political power of the central apparatus and to the creation of oligarchic or patrimonial state structures or to military conflicts within different segments of the society.

Heiko Pleines (Bremen): Raw Material Boom and Social Policy in Authoritarian Regimes. Castles in the air, consolidation of power or sustainable welfare?

Commented by Lars Buur / Ludwig Hehl

Es gibt eine umfangreiche Literatur zu den Folgen eines Exportbooms bei Rohstoffen für die Förderländer. Zentral ist dabei nicht die absolute Menge der Exporte, sondern ihre relative Bedeutung für die Volkswirtschaft (IMF: Rohstoffe ≥ 25% der Exporte). Unter den Begriffen „Rohstoff-Fluch (resource curse)“ oder auch „Paradox des Reichtums (paradox of plenty“) werden einem Rohstoffboom viele negative Folgen zugeschrieben, die im Wesentlichen auf dem massiven Zufluss von US-Dollar, der Währung im globalen Rohstoffhandel, basieren. Im Bereich der Wirtschaft belastet vor allem der Wirkungskomplex von Wechselkursanpassungen, verschlechterten Terms of Trade und Deindustrialisierung. Zusätzlich wird der Zufluss von „Petro-Dollars“ als Ursache oder Verstärker von

Korruption und damit von schlechter Governance wahrgenommen. Den Einfluss eines Rohstoffbooms auf das politische System beschreibt das Konzept des „rentier state“. Da die Förderung von Rohstoffen in der Regel keine größeren Investitionen erfordert, erhalten die exportierenden Staaten eine „Rente“, die sie nutzen können, um Zustimmung zu ihrer Herrschaft im wörtlichen Sinne durch Verzicht auf Steuerforderungen und großzügige staatliche Projekte zu kaufen. Ein Problem für diese Form der Herrschaftssicherung sind die starken Preisschwankungen auf den globalen Rohstoffmärkten, die zu einem plötzlichen drastischen Einbruch der Staatseinnahmen führen können.

Die oben beschriebenen Tendenzen werden durch einen Rohstoffboom grundsätzlich provoziert. Staaten mit ausgeprägten und stabilen Governance-Kapazitäten können die entsprechenden Herausforderungen aber meistern und den Rohstoffboom für gesamtgesellschaftliche Entwicklung nutzen. Ein klassisches Beispiel ist Norwegen. Staaten mit schwächeren Governance-Strukturen oder mit solchen autoritären Herrschern, die kein Interesse an gesellschaftlicher Entwicklung haben, zeigen regelmäßig die mit „resource curse“ und „rentier state“ beschriebenen Entwicklungen. In diesem Zusammenhang wollen wir die Bedeutung eines Rohstoffbooms für Deckungsgrad und Generosität staatlicher Sozialpolitik in autoritären Regimen untersuchen. Das Konzept des „rentier state“ betont vor allem den Verzicht auf Steuern und die Kooptation eines engen Elitenzirkels sowie der Sicherheitskräfte über Korruption. Die Bedeutung von Sozialpolitik ist bisher in der Forschung weitgehend ignoriert worden. Es ist aber offensichtlich, dass die Expansion staatlicher Sozialpolitik auch zur Legitimation autoritärer Herrschaft benutzt werden kann.

Sebastian Hoppe (Berlin): Resource dependence, patronal pyramids and regional development. Exploring the rent management of Russia’s ‘turn to the East’

Commented by Stefan Peters / Hartmut Elsenhans

Among the strategic initiatives set off by the Russian state in the Asia-Pacific region (APR), the establishment of the Zvezda shipbuilding yard stands out as one of the flagship projects. The large-scale facility is part of a reinvigorated interest in the Russian Far East (RFE) unfolding since the end of the 2000s. Russia’s attempted re-balancing of geoeconomic orientation has been discussed as ‘turn to the East’ (povorot na Vostok) and elicited a set of intertwined developmental and foreign economic strategies aimed at uplifting and integrating the RFE into the political economies of Asia. This paper draws on an extensive analysis of Russian-language media reports, official documents and statistics, qualitative interviews, and secondary literature to reconstruct and contextualize the actors and their strategies around the building and commissioning of the Zvezda shipbuilding yard. The project exemplifies the interrelation of Russia’s resource-dependent political economy and the peculiar geopolitical and macroeconomic challenges regional development agendas for the RFE have been facing. Moreover, it illustrates the contradictions inherent in the two-sided developmental strategy for the RFE, which seeks to align a top-down and allocative approach of project funding and planning with a free-market agenda of attracting domestic and foreign investment by improving the region’s overall business climate. These contradictions precipitate numerous conflicts between individual and collective actors on the access to and control of funding, infrastructures and markets. The Zvezda project thus allows for an investigation into the architecture of the rent management behind the strategies comprising the ‘turn to the East’.

Building on the conceptual registers of patron-client relations, the paper shows that actors rooted in Russia’s extractive industries, particularly in oil and gas businesses, occupy a pivotal role in the patronal pyramids steering Zvezda’s implementation process. However, the analysis indicates that it is not resource extraction per se, but the power constellations and material exchange relations among patronal and clientelistic actors in Russia’s political economy that shape the outcomes and

beneficiaries of its state-induced regional development strategies. Therefore, the paper argues that the internal structures of patron-client pyramids and their relations to the macroeconomic and geopolitical context are crucial in understanding the reproduction, but also the potential overcoming of Russia's resource dependence. By disaggregating a monolithic perspective on resource-dependent development, the paper's findings thus expand extant scholarship that emphasizes Russia's ostensibly ever-reproducing dependence on natural resources as well as its neopatrimonial institutional setting.

Lars Buur: African trajectories of success and failure in natural resource investments

Commented by Kristina Dietz / Rachid Ouissa

This paper discusses why natural resource investments succeed and fail based on research on East Africa. Over the past decade and a half, large-scale investments in natural resources have increased and become more important for sub-Saharan African economies. We argue that the significance of natural resource investment is intimately related to regimes dependent on: 1) rents and revenues for ruling elites' own survival; 2) The international imperative to achieve economic growth for access to support, loans and aid; and 3) the ideological or ideational importance of natural resources as part of national imaginaries of progress and their importance for electoral strategies. Despite the preoccupation with supporting natural resource investments, surprisingly, when we include agriculture in samples of natural resource investments, we find that many investments fail to be implemented or fall through during implementation. In this paper, based on the theoretical approach we have developed elsewhere (see Buur et al. 2020), which focuses on the three-way relationship between investors, local populations and ruling elites and the wider political-economy context in which these relations are embedded, we discuss the evidence from ten cases of investment in eastern Africa.

Julian Friesinger (Bremen): Uganda's state class and the politics of oil

Commented by Sebastian Hoppe / Stefan Peters

Shortly after being sworn in as Ugandan president in 1986, Yoweri Museveni, the former leftist revolutionary leader of the National Revolutionary Army, quickly departed from his early transformative ideas and soon embraced neoliberal liberalization policies proposed by the World Bank and the International Monetary Fund. As a former political science student at the University of Dar es Salaam, the then hotbed of African Marxist scholarship, he had been trained in the Mozambican civil war by the Marxist *Frente de Libertação de Moçambique* (Museveni, 1991). In an essay, Museveni reflected on the necessity of liberation from the former colonial powers in line with Fanon's proposition (Museveni, 1971), outlined in his seminal book *The Wretched of the Earth*. Museveni's u-turn in the late 1980s from a radical leftist to a moderate conservative statesman arguing in favor of a lean state made him a donor's darling.

However, to-date Uganda has only seen modest socio-economic progress since Museveni came to power in 1986. Since mid-2000, a vibrant opposition has put the government under pressure to legitimize its continued rule. In turn, the ruling party in Uganda, the National Liberation Movement, has tried to stave off oppositional success via repressive means but also through a more active developmental state. Although not as significant as Angola's or Nigeria's deposits, recent oil discoveries in Uganda have seen the state re-enter the economy (Hickey & Izama, 2017).

This contribution provides an analysis of Uganda's recent efforts to appropriate these newly discovered rents and the ensuing conflicts these resource discoveries gave rise to. My analysis builds on the theory of state classes (Elsenhans, 1981; Ouaissa, 2005) to better understand and trace this shift in re-activating the state in Uganda. Against the long-standing use of the paradigm of neo-

patrimonialism within Africanist scholarship, a critical literature has pointed to several shortcomings of this theoretical proposition. Since the emergence of more development-minded governments such as Rwanda and Ethiopia and their considerable successes since early 2000 (as well as Botswana already since independence), several studies contradict the neo-patrimonialism approach and find that economic transformation is feasible despite neo-patrimonial structures (Mkandawire, 2001; Pitcher et al., 2009; Khan, 2010; Mkandawire, 2015). The theory of state classes (Elsenhans, 1981; Ouaissa, 2005) provides me with a useful analytic lens that allows me to understand the dynamics of the elite through the concept of rents. State classes are bound to a divergent logic of two key constraints: on the one hand, legitimizing its rule and on the other hand the tendency to self-privileging. Rents are ambivalent, in the sense that they can be used for economic transformation but also simply be squandered. In times of rent abundance, the state class can expand, while during scarcity the rivalry between different segments of the state classes increases, but also makes way for a more rigorous discussion of how to use rents generally.

I argue that Uganda's efforts to appropriate these resources rents reflect a broader dynamic in Africa, where governments' efforts in driving economic transformation have increased. Due to the only modest developmental success in vast parts of Africa and increasing domestic dissatisfaction expressed in heightened mobilization through protests (Branch & Mampilly, 2015; Mueller, 2018), ruling elites face increased pressure to legitimize their rule. The appropriation of these rents – through strategies such as resource nationalism – provides leeway for the ruling elites as they promise to put them to productive use for the greater public good (Jacob & Pedersen, 2018). Due to the ambivalence of rents and the lack of a clear vision of how to use these rents efficiently to restructure the domestic economy, the developmental outcomes of this shift can be expected to be moderate to insignificant.

A note on case selection and methodology is in order. Uganda's oil fields have only been explored and developed over the last decade and a half (Vokes, 2012) and oil production is due to start by 2022 due to various issues concerning the processing and transport of Uganda's crude oil (Reuters, 2019). Although Uganda's oil deposits are much smaller than those of Nigeria and Angola, the estimated production capacity of its oil fields would make it the fifth largest oil producer in sub-Saharan Africa and has already given rise to quarrels within Museveni's inner elite but also with local government bodies and former kingdoms over the use of these riches (Vokes, 2012). As a deviant case, Uganda offers nevertheless an interesting opportunity to study the dynamics and conflicts within the elite but also within society. The paper not only analyses recent internal tensions of the state class, but also sheds light on the state class' vision to put these rents to use.

The article offers a descriptive account of recent developments in Uganda by using various primary and secondary sources. It mainly builds on Ugandan and international newspaper articles, but also makes use of the related grey literature, such as NGO reports. Although the topic of oil in Uganda has only recently been discovered by scholars, there are nevertheless several informative secondary sources that this article also uses. Moreover, the manuscript is informed by ethnographic data gathered during a two-month long field trip to Uganda in early 2020. The fieldwork touched upon government-opposition relations as part of my PhD dissertation. However, it provided insights on the constitution of the elite in Uganda that are to a large part the focus of this paper. Information obtained through discussions with scholars who have conducted interviews with key personnel of Uganda's oil sector in late 2019 will equally be used as background knowledge for this article. These sources will be triangulated in order to give a detailed account of the politics of oil in Uganda.

Ludwig Hehl (Kassel): How broad redistributive coalitions fail. The Turkish Middle Class and the Prevalence of Rentiers in Turkey.

Comented by Julian Friesinger / Heiko Pleines

Rather functionalist class models analysing the origins of capitalism argue, that capitalist growth is essentially the result of a power shift from traditional rent oriented elites (rent as the dominance of revenue allocation according to political power, not of economic efficiency) towards a rising (national) bourgeoisie who implements the efficiency based profit mechanism and emancipates itself politically (as happened in western Europe and the USA) (Alnasseri 2011). Based on the assumption that the Bourgeoisie autonomy is based on lower class empowerment (as allies against traditional elites) (Elsenhans 2014), the research question asks, if the there is a connection of failed lower class empowerment, to the recent authoritarian drift of the AKP. Already the Latin American Structuralists argued, that the Bourgeoisie is not able to emancipate itself from the traditional rentier elites, if the local 'comprador bourgeoisie' remains dependent on agrarian and resource rents, largely controlled by traditional elites. (Cardoso; Faletto 1979) The Latin American bourgeoisie remained dependent on Rentiers and politically separated from the (rural) lower classes, the potential allies for a demand led growth model, as the accumulation model was based on high land concentration and environmental degradation. The highly clientelist ISI policies even enforced the rent political structure (despite limited industrialization successes) by increasing inequality (Williamson 2015). In contrast, Turkey has been presented as a case, where despite the also high land concentration and clientelistic ISI policies in favor of the rent dependent Kemalist bourgeoisie, an 'Anatolian tigers' national bourgeoisie emerged (Duzgun 2012). This was partly explained as result of the declining integrative power of the Kemalist rentier forces, when 'geopolitical rents' from the USA decreased, and with this, the Kemalists hold over the Bourgeoisie. The AKP became Turkey's first 'catch all party', marking for some scholars the end of Islamism in

Turkey (Sisman 2013), as it reflected a very broad coalition of parts of the old Kemalist bourgeoisie and rural and urban lower (middle) classes (Önis 2013). But although the AKP made some significant political and economic successes in its early 2000s 'golden years', it failed to fundamentally alter the class structure through redistribution and full employment, in order to sustainably decrease the influence of rentiers on the middle and lower classes. The underlying economic assumption is, that only the economic empowerment through supply side industrial policy and demand side employment and social policy, creates the political- economic basis for the middle-lower class autonomy from traditional rent controlling elites. Methodologically, it will therefore be analyzed, if there is a link of between prevailing rentier interest and failed industrial and social policies in Turkey during the AKP era. The dominance of those extractive interests could be observed, when the AKP`s welfare state expansion was accompanied by a massive strengthening of financial and oligopoly interests (Dorlach 2016). The AKP's highly corrupt liquidation of the state-owned enterprises and the further concentration of land in alliance with global agribusiness, led to a further concentration of power around the AKP crownies, and to the drainage of surpluses into to the pockets of rentiers (Akcay 2018). The result was not only power concentration and weakened labor- but affecting the supply side, those patronage networks prevented any effective industrial policy. Not only would an active industrial policy have threatened the interests of those dominant conglomerates, concentrated along rent extracting sectors, as performance standards would have threatened their unconditional access to rents (Similar Constraints on active industrial policy can be found in many Middle Income Countries (Doner; Schneider 2016)). Additionally, the non-monopolistic parts of the Bourgeoisie, the SME's, were critical towards a 'picking winners' industrial policy, as they expected those Western Turkish conglomerates to benefit the most from such policies (Güven 2016). In addition to failed industrial policy, Erdogans social compromise disintegrated after the Syrian Civil War broke out, and Erdogans highly fragile center-left Majority broke down. His peace process in the Kurdish regions, once

celebrated for his granting of limited cultural autonomy and welfare state policies (which left the central problem of high land concentration and unemployment untouched), were abolished as he sought to replace the Kurdish voters lost to the HDP with an alliance to the ultranationalist MHP. The AKP`s policies led to a `swallowing` of the Turkish lower middle class by the rent oriented upper middle class through neoliberal populism (decrease of organized labor power through liberalization but increase of clientelist social policy), not to demand triggered industrialization. The marginalized (especially Kurdish) lower classes are still excluded and not a source for a domestic demand let growth regime. So coming back to the research question, The AKP turned increasingly authoritarian when its center left majority vanished, the party uses nationalist anti-kurdish domestic policy combined with 'neo-ottoman' foreign policy in Syria, Libya, Cyprus and Karabakh to rally right winged support on ideological issues (comparable to the origins of the German pre WWI imperialism as a result of a 'primat der innenpolitk').

This answers the question of the relation of failed lower class empowerment and a dependent middle class, but its origins can neither be fully deduced from the polarizing effects of the capitalist world system (as assumed by the Latin American structuralists), nor can it be stated that the Turkey didn't faced 'negative externalities' on lower-middle class coalitions. Such as high inequality enforced by a neoliberal global trade and financial framework, which rather strengthened the rentier forces. Nevertheless, negative externalities, cannot fully explain the AKP's failure to fundamentally replace rentier-oriented and identarian with egalitarian polices, especially since the AKP had rather favorable conditions to relocate the high inequality pathway during its 'golden years' of exclusive rule (even after Kurdish voters switched, the AKP could have chosen an alliance with the HDP vs. right wingers). The case of the AKP shows, agency matters: even a rather inclusive broad coalition fails to change the extractive character of the economy, if policy is mainly related to 'trickling down' some rents but not solving the fundamental problem of unemployment, maldistribution and low productivity (which was also the origin of the failed lower class empowerment during the Pink tide Governments in Latin America (Vergara Camus; Kay 2017)). Only a close examination of the interacting socio-cultural and political-economic factors shaping Turkeys class relations, can shade some light on the continued dominance of rentier-extractivist interests in Turkey. Turkey therefore lends strong arguments to a multidimensional path dependent analysis (Haggard 2018), where a combination of internal and external factors influence what reproduces and what could dislocate the path but where the shifting power dynamics, embodied in the transformation of institutional functioning, ultimately depend on agency and political mobilization (Scherrer 2005).

Kristina Großmann (Bonn): 'Neo-extractivism', patronage networks and the hope for a better future in Indonesia – or why the remaining coal in Central Kalimantan will be extracted

Commented by Hartmut Elsenhans / Kristina Dietz

The Indonesian government since decades has enforced an authoritarian development regime based on the extraction of natural resources on peripheral islands such as Kalimantan. By drawing on the case study of the mega-mining project Adaro Met Coal I argue that Indonesia will not shift its policy from a resource-driven development to a non-extractivist self-sustaining development model. Main reasons are a 'neo-extractivist' approach, patronage networks and the hope for a better future by mining communities. Discourses about climate change initiated the discussions of an energy transition process in Indonesia which however remains a lip service. Fossil fuels such as coal still wins in the competition on the market of Indonesia's low carbon future due to its low price.

Since the Reform Era after the fall of the former authoritarian president Suharto in 1998, one strategy adopted by governments is to enhance democratic control over the use of land and resources of

indigenous groups. Indigeneity and customary or adat rights have become battle cries in the struggles by indigenous groups to defend and recover their rights of access to land and resources against state and corporate claims. The neo-extractivism in Indonesia by the government of the current president Joko Widodo (since 2014) entails the claim of balancing the extreme levels of inequality and exclusions in the country, however with mixed results as the example of the district of Murung Raya in Central Kalimantan shows. Especially in the coal-rich district the slow progress towards improvements to infrastructure, basic income, education and health service is manifest.

The mega-mining project Adaro Met Coal, which covers 350,000 hectares and should deliver 20 million tons of coal in the next years is situated in the district of Murung Raya. Mining communities are confronted with rising pollution, intransparency and lacking compensations in the frame of large-scale mining. Moreover, they and company representatives are entangled in patronage networks what entail extreme power asymmetries and exclusions. Corrupt members of the apparatus desa and dysfunctional state structures generate and elevate the company as the 'steward of good growth' who is providing not only labor opportunities but also infrastructure, education and social security. Despite all these negative aspects however, most miners appreciate the expansion of coal mining, work at one of the mining companies and connect mining to the betterment of their lives.

Hartmut Elsenhans: Capitalism and Rent: A Destructive Relationship

Commented by Heiko Pleines / Lars Buur

Capitalism develops in the presence of rent-based structures. Capitalism can push back rent if profit prevails. Profit depends on net investment spending and because of the Bortkiewicz criterion on rising consumption demand, and because of the Luxembourg argument about capitalists being unable to independently raise their consumption, on rising mass incomes. In pushing back rent, capitalism creates newly emerging rents. The paper focus therefore on the following arguments:

- Rising surplus leads to rising rent, if Labour is not empowered. There is no automatically transition to capitalism based on increased availability of surplus.
- Capitalism is expansive, but not contagious. The introduction of capitalist mechanisms of regulation increases rent but not profit establishing internal demand.
- External demand can trigger net investment and therefore profit, but normally strengthens rent.
- Rent is increased if there is transmission of the world market price system on economies, which lack differently behind the price determining systems.
- State led attempts to development based on rent fails regularly because of their lack of the necessity of launching the market by increasing mass incomes.
- Export oriented manufacturing is an efficient channelling of rent on the basis of currency devaluation and the finance of the livelihoods of an increasing number of export workers from own local resources, especially an agricultural surplus.
- By channelling world demand to export oriented industrialising countries, there is replacement of well-paid job by poorly paid jobs. An increase in productivity in relation to costs and therefore a heightened availability of surplus is appropriated as rent, as leading capitalist economies try to avoid competitiveness of the new global South by "modernisation". There is a parallel globalisation of rent.
- Industrial policy for promoting or defending competitiveness leads to international system favourable to rent appropriation.

- There is a danger of globalisation of rent where standard economic theory supposes globalisation of capitalism.
- Capitalism is permanently threatened apparent and saved from the threat by the unruliness of labour. This mechanism appears to be threatened under the conditions of new technologies, partial saturation of mass consumption needs, and the further and increasing dominance of neoliberal economics and their exclusive focus on microeconomics.