Appropriation by Coloniality

TNCs, Land, Hegemony and Resistance

The Case of Botnia/UPM in Uruguay

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For my children

Micaela, Lucas and Nicolas

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I. FRAMEWORK

1. Introduction

On 30 April 2005, 40,000 people gathered at the international Libertador General San Martin bridge, which connects the countries of Argentina and Uruguay as well as the Argentinean city of Gualeguaychú and the Uruguayan city of Fray Bentos, to protest the planned construction of two pulp mills in Free Trade Zones (FTZs) on the Uruguayan shore of the Uruguay River. Most of the protesters were residents of the city of Gualeguaychú and Fray Bentos, while others were mobilized by social and environmental groups from the area. The protest was targeted against the Finnish corporation Botnia (Metsä-Botnia AB), the Spanish corporation Ence (this corporation did not continue with the construction plan due to internal corporate issues), the International Finance Corporation (IFC—a member of the World Bank Group), and the Uruguayan government of Tabare Vazquez from the left-wing party *Frente Amplio,* which had recently come to power after decades of right-wing governments.

The protesters had one key slogan: "Fuera Botnia, Go Home!" ("Get out Botnia, go home!"). The demand revolved round one central issue: the mill's negative environmental impact in the region. To support this demand, protesters began permanently blockading the bridge in order to force the governments of the two countries into negotiations over the pulp mill's construction. This was also a means of putting pressure on Botnia regarding easy access over the bridge to Argentina. Additionally, it also had repercussions for regional socio-economic relations and mutual environmental concerns. In this thesis, I use this case as a starting point for interpreting some of the dynamics of direct investments, its socio-economic, political, and environmental consequences, and the consequent transformations of places and spaces.

Aims and research questions

The overall aim of this thesis is to analyse the social consequences of a transnational corporation (TNC) from the global North investing capital in the global South, and the communal processes that evolve in response. The study also aims to highlight the TNC's construction of leadership and domination in the areas in which it settles, as well as the forces of popular resistance to the TNC's exploitation of the region's natural resources and the resulting socio-environmental conditions. Additionally, the purpose is also to contribute to updating dependency theory and theories of internal colonialism with respect to the contemporary theoretical needs with which we are confronted today by advances in capitalism. Finally, I hope this study contributes to an

epistemology of the (anti-imperial) South.[1] More specifically, this thesis will address the following sets of research questions:

— The first set of questions involves the introduction of the TNC in the region, and will be dealt with in chapter 6: How does regional history influence the ways in which the TNC is understood in the context in which it arrives? In what ways have previous economic conditions shaped the social, cultural, and economic circumstances in which this conflict plays out? How, in this particular case, did the collective memory of locals in the Fray Bentos/Gualeguaychú region shape discourse on the establishment of the Botnia/UPM pulp mill?

— The second set of questions is a continuation of the first and deals with the discursive aspect of how the TNC and the pulp mill have become a key part of the local community. Issues relating to this theme will be dealt with in chapter 7: Which discursive strategies were used to depict the TNC as responsible for important parts of social leadership in the region? How does this discourse lead to acceptance and/or resistance by various actors in the community? How are the social responsibility and the powerful social position of the TNC discussed? How is the corporation questioned by locals?

— A third set of questions, analysed in chapter 8, relates to the impact of the TNC on the economic and social life of the local community. In what ways has it transformed the local economy, and how has the discourse on these transformations been articulated? Have hegemonic understandings of the presence of the TNC been formulated and, if so, how have they been expressed? How has the social unrest arising from the arrival of the TNC been understood and talked about by various actors? What role has the appropriation of space had in this process?

— The fourth set of research questions is about the relation between this conflict and the colonial histories of Uruguay and Argentina. These issues are dealt with in chapter 9: How does the history of global capitalist expansion and coloniality play into the discourse in which the positions in today's conflict can be understood? How can the positions that are defined through this discourse contribute to an understanding of the conditions under which those opposing the TNC create spaces, produce knowledge, and mobilize politically? How does the clash between capitalist expansion and the geopolitics of coloniality on the

[1] de Sousa Santos, Boaventura (2009a). Una Epistemología del Sur. CLACSO. Buenos Aires: siglo XXI editores s.a.

one hand, and attempts to resist these processes on the other, find expression in ethnographic material?

— A fifth set of questions, analyzed and discussed in chapter 10, relates to the consequences of the process of afforestation set in motion by the TNC. How does this process, as well as the foreignised concentration of land, impact the rural space, its residents, small producers, etc.? Furthermore, how are labour relations and the environment (social and natural) affected? In what ways has the process of afforestation developed labour in the rural areas? What are the impacts of afforestation on water supplies and overall in the rural environment? What are the labour rights and rights to organise among forestry workers? Generally, what social conditions function as the basis for the TNC's profit making?

— The sixth and final set of questions, which is at the centre of chapter 11, deals with the formation and mobilization of resistance in relation to the changed social and economic conditions brought on by the arrival of the TNC. At the discursive level, what type of "normality" is constructed through the communicative strategies of the TNC and its collaborators and supporters? What types of social positions does this create, and what characterizes the tensions that arise?

Background to the case

As this thesis is a case study of social processes surrounding the Finnish corporation Botnia's work, starting in 2003, to establish a pulp mill on the shores of the Uruguay River in the Uruguayan province of Rio Negro, attention will now be devoted to outlining the context and conflict.

The Finnish corporation Metsä-Botnia AB[2] (Botnia) is the second largest producer of pulp in Europe[3], and owns Forestal Oriental, with over 100,000 hectares of planted forest in Uruguay (as of 2003). As part of an investment

[2] Oy Metsä-Botnia AB, or Botnia under its marketing name, is jointly owned by the Metsäliitto Group (53%) and UPM-Kymmene Corporation (47%). The company was founded in 1973. It is owned by M-real Oyj, Metsäliitto Osuuskunta and UPM- Kymmene Oyj. Botnia has locations in Joutseno, Kemi, Rauma, Äänekoski, and Fray Bentos, Uruguay. Botnia's pulp has been ranked as some of the best in the world. The yearly production of pulp, across all these factories combined, extends up to 3.5 million tons of ECF and TCF bleached pulp. 75 per cent of the production is sold to Botnia's own firms and 25 per cent goes primarily to the European market. The total labour force of the company reaches 1,800 employees. See: www.metsabotnia.com.

[3] See: www.metsabotnia.com (all web addresses in this thesis were accessed during the period 2010-2012).

project worth 1.2 billion USD, it presented a request to the Uruguayan state in October 2003 to construct a pulp mill in the province of Rio Negro. This would be the largest investment in Uruguay and the biggest pulp mill in the world, with a capacity to produce one million tons of pulp per year from 3.5 million cubic metres of wood (eucalyptus). The project suggested a reactivation of the regional economy through growing demand for wood and the activation of forestation plans. It also suggested that it would create as many as 5,000 job opportunities and, from 2008 onward, it would stabilise employment in this sector with between 8,000 and 9,000 jobs.[4] However, the number of employees in the mill under Botnia was around 300. Later, under joint management by Botnia and UPM, the number of workers declined to 200.[5]

The Uruguayan National Office of the Environment (DINAMA),[6] anticipating the mill's impact on the regional environment, requested that Botnia present a study on the environmental impact of the project. Botnia agreed and in December 2004 presented a report—Informe Ambiental[7]—on the environmental and social impact, as well as on the management and control of the plant in the Fray Bentos region. In this report, the Botnia corporation promised to use the Best Available Technology (BAT) and implement worker training, better operation control, and prevention policies that would guarantee a "non-negative impact on the biological environment…or the ecosystem of the river".[8] To summarise:

> In short, we consider the balance of the impacts of the Botnia plant to be strongly positive. It may prove that the new plant operation will trigger a process of economic growth in the area and also create a basis for new investment.[9]

In February 2005, DINAMA approved the environmental report presented by Botnia to establish a pulp mill (The Orion mill) for the production of bleached cellulose pulp in an FTZ on the shore of the Uruguay River in the Rio Negro

[4] This information was taken from the corporation's website (www.metsabotnia.com) during my research in 2009. Now Botnia has sold this pulp mill to another corporation within its own group: UPM. This is also the reason I have written Botnia/UPM, which I do only to clarify that this is the same pulp mill. In fact, it is no longer owned by Botnia, but UPM. However, I will continue to write Botnia or Botnia/UPM in this study.
[5] See: "UPM's Fray Bentos pulp mill in Uruguay" (http://w3.upm-kymmene.com).
[6] Direccion Nacional de Medio Ambiente. The office is part of the Ministry of Housing, Territorial Legislation, and the Environment—Ministerio de Vivienda, Ordenamiento Territorial y Medio Ambiente—in Uruguay.
[7] Informe Ambiental—Botnia. Expediente 2004/14001/1/01177. Carlos Faroppa & Kaisu Annala. Botnia. 2 December 2004. See: www.metsabotnia.com.
[8] Ibid., p. 44.
[9] Ibid., p. 102.

province.[10] The location of the mill is near the Uruguayan cities of Fray Bentos (7 km) and Mercedes (30 km) and 35 kilometres from the Argentinean city of Gualeguaychú on the other side of the Uruguay River.

Map of the area.

The full backing of the Uruguayan state authorising the construction of the pulp mill here and the firm opposition of the Argentinean state to the enterprise constitute the core of this conflict at different levels—international, regional, and local. At the international level, Argentina took legal action against Uruguay after a year of political discussions between the two governments, accusing it of violating the Statute of the Uruguay River (1975) and not

[10] Ministerio de vivienda, ordenamiento territorial y medio ambiente: Expediente 2004/1177, R.M.63/2005. Montevideo, Uruguay.

providing CARU[11] with enough information about Botnia's settlement and the environmental impact.

In 2005, a diplomatic disagreement broke out between Argentina and Uruguay regarding the pulp mills of Ence and Botnia and the Uruguayan government's authorisation to start the construction of the mills. These corporations would together invest over two billion USD in Uruguay, making this one of the county's largest industrial foreign investments. For Finland, this was also a major private investment abroad.[12]

Social movements in Argentina and Uruguay have been protesting against the pulp mill for several years. In 2005, 40,000 people demonstrated against the construction of the pulp mill and in 2007, when Botnia started its production, almost 130,000 people participated in one of the largest environmental demonstrations in the world,[13] often, as mentioned above, on the international bridge Libertador General San Martin. The protests on the bridge took the form of a blockade, stopping any transit and accessibility between the two countries between 2005 and 2010.

The argument of the people of Gualeguaychú, represented by the Gualeguaychú Assembly was that the construction of pulp mills in the city of Fray Bentos was damaging the environment of the area and the economy of the region, as well as the lives of future generations in the whole region.[14] Joining them were critics of the Finnish investment from other sectors of civil society, including various university researchers, local and national politicians, and other environmental groups from Uruguay and Argentina, as well as international NGOs.[15] Most

[11] Comisión Administradora del Rio Uruguay (Uruguay River's administrative commission) is a bilateral organization created by Argentina and Uruguay to have a common administration of the river regarding its different uses—navigation, fishing, layers, and subsoils. The commission was constituted under El Estatuto del Rio Uruguay (The Statute of the Uruguay River of 1975), which is based on El Tratado de Limites del Rio Uruguay (The Treaty of Borders for the Uruguay River of 1961).

[12] Dossier Botnia S.A.: Redes, Tribunal de los Pueblos a las Transnacionales Europeas y su accionar en America Latina y el Caribe. May 2008—Lima.

[13] Pulp Mill Watch: www.pulpmillwatch.org/countries/uruguay.

[14] The city of Gualeguachu is a very well-known resort in Argentina due to its carnival, fishing facilities, and landscapes. The construction of the mills is visible from Gualeguaychú and, depending on the wind, the odor of the mill is noticeable in the city. One of the arguments is that such an enterprise would decrease Gualeguaychú's tourism. But the main argument, according to the people I talked to during my fieldwork in Gualeguaychú, is that the mill is polluting the city and damaging its people as well as its future generations.

[15] To name just a few of the most involved players from civil society: In the area of science: In Uruguay: Universidad de la República Oriental del Uruguay: Facultad de Ciencias: Report: "Síntesis de los efectos ambientales de las plantas de celulosa y del modelo forestal del Uruguay" (2006); Facultad de Agronomía, "Creación de la Tecnicatura en Forestación" (2006); Facultad de

critics pointed to the impact of such an enterprise (the plant and the monoculture) on the air, water and soil, as well as how the commerce, local industries and tourism will be affected. According to Carlos Pérez Arrarte, a Professor in Ecologic Economy from the Faculty of Science at the University of Uruguay:

> The plant will send into the atmosphere 14 million cubic meters of greenhouse gases and pour 200 tonnes of nitrogen and 20 tonnes of phosphorus into the river, equivalent to three times the load of sewage from the city. Be warned that the river already has pollution levels above the maximum permissible due to intensive use of nitrogen and phosphorus fertilizers in plantations in the region and urban waste from many cities without adequate treatment. Botnia SA uses 86 million liters of water daily, equivalent to 4,300 tanks of 20,000 liters. 80% of that volume will return to the river with pollutants that affect the ecosystem, the water purification plants for human consumption on both sides of river, and the water for irrigation of crops and livestock supply. In economic terms, it has been noted that the plant has only created several hundred new and genuinely stable

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Ingeniería, "Creación de la carrera Ingeniero en producción de celulosa" (2006); Facultad de Humanidades y Ciencias de la Educación, "Convenio con la empresa Ence para estudios de prospección y rescate arqueológico en Punta Pereira", (2007); Colegio de Licenciados en Relaciones Internacionales del Uruguay "Informe sobre el conflicto Argentino-Uruguayo por las plantas procesadoras de pasta de celulosa" (Mayo de 2006). In Argentina: Universidad Nacional de Córdoba de la República Argentina, Facultad de Ciencias Exactas, Físicas y Naturales. Cátedra de obras hidráulicas. Cátedra de Ingeniería Ambiental. Informe de la Universidad de Córdoba; Universidad Nacional del Litoral; Universidad de Buenos Aires;Universidad de la Plata. Social movements and NGOs in Uruguay: Accionar entre Mujeres – Guyunusa, AFESSOR (Asociación de Funcionarios de Enceñanza Secundaria de SORIANO), APODU (Asociación de Productores Orgánicos de Uruguay), Asamblea Ambiental del Callejón de la Universidad, Asociación Agropecuaria de Tarariras (Colonia), Asociación Civil La Cotorra (Radio La Cotorra FM.), Casa Pueblo Arcoiris -Tarariras (Colonia), CAX Tierra, Charrúas de ATALA, Comisión de Productores y Vecinos de Conchillas, Comisión Nacional en Defensa del Agua y la Vida, Coordinadora Mercedes contra las Plantas de celulosa y los Monocultivos forestales, Grupo Eco-Tacuarembó, Grupo Guayubira, Grupo Pirí, Iniciativa Nacional por la Suspensión de la Forestación, Movimiento de Chacreros del Ejido de Mercedes, Movimiento de Productores de Colonia, MOVITDES (Movimiento Vida, Trabajo y Desarrollo Sustentable), Plataforma DESCAM – Uruguay, PIT-CNT (Plenario Intersindical de Trabajadores-Confederacion Nacional de Trabajadores), Plenario de Cooperativas de Viviendas de Propietarios y Conjuntos Habitacionales (COVIPRO-CH), Primer Centro de la Ecología, Rapal-Uruguay (Red de Acción en Plaguicidas en América Latina), Red Alternativas y Solidaridad, Red Uruguaya de ONGs Ambientalistas, REDES-Amigos de la Tierra Uruguay, REL-UITA (Regional Latinoamericana de la Unión Internacional de Trabajadores de la Alimentación), SERPAJ Uruguay, Sociedad Ecológica San Gabriel (Colonia), SOVICAR – Sindicato de Obreros Vitivinicultores de Carmelo (Colonia), Uruguay Natural Multiproductivo (UNAMU) (Colonia). NGOs and social movements in Argentina: Asamblea Ciudadana Ambiental de Gualeguaychú (ACAG), Asociación de vecinos de La Boca, Asamblea permanente de los espacios verdes urbanos, Asamblea de auto convocados de Calingasta (San Juan), Asamblea de Concepción del Uruguay, Asamblea de la ruta 135 (de Colón), Asamblea de Chubut, Auto convocados Famatina (La Rioja), Vecinos auto convocados de González Catán, la Asamblea de San Telmo, Asambleas: de Santa Fe, de Esquel, de Santa Cruz, de Defensa del Río de la Plata, del Delta, de los lagos de Palermo, varios foros de vecinos contra la contaminación en localidades con presencia del CEAMSE, los foros de la zona mesopotámica, el movimiento Cromañón, el Polo Obrero, la Corriente Clasista y Combativa, la CTA. (This list has been assembled by Gilardoni, Leda Chopitea (2008) Conflicto en el Rio Uruguay. Un abordaje etnografico. Universidad de la Republica Oriental del Uruguay.)

> jobs, the company (based in its own Free Trade Zone) will not pay taxes, 80% of the capital inputs are imported, the company's own port terminals will not have significant links with other local industries, the profits will go outside the country, and in addition it will be a "productive and technological oasis" with little local economic interaction. Fishing, sport fishing and navigation, tourism and local beekeeping will also be strongly affected.[16]

The conflict led to a claim led by the Argentinean state on 4 May 2006 against Uruguay at the International Court of Justice (ICJ) in The Hague, the principal judicial organ of the United Nations. The International Court of Justice ruled against Argentina in 2006, declaring that the construction of the factory had not cause any pollution of the river and would not do so until it had started production. Since 2006, the Gualeguaychú's Assembly has permanently blockaded the road leading to the international bridge. During this period, the government of Uruguay sent police to break up protests outside the Botnia plant, and army forces to the borders of the international bridge, creating more tensions between the two countries.[17] Botnia continued construction and started production of pulp in 2007. Between 14 September and 2 October 2009, representatives of Argentina and Uruguay again presented their cases at the ICJ, expecting a verdict by 2010.

On 6 September 2009, there was another demonstration at the General San Martin bridge in support of the demand and the court process in The Hague. Expectations surrounding the ICJ have been massive in the city of Gualeguaychú. On 20 April 2010, ICJ presented its final statement:

> The Court finds that Uruguay has breached its procedural obligations to co-operate with Argentina and the Administrative Commission of the River Uruguay (CARU) during the development of plans for the CMB (Ence) and Orion (Botnia) pulp mills.
>
> The Court declares that Uruguay has not breached its substantive obligations for the protection of the environment provided for by the Statute of the River

[16] Quoted in: Graña, Fancois (2006). Gobernanza y discurso de los actores. El caso de la polémica en torno a la instalacion de las plantas de celulosa sobre el Rio Uruguay. V Jornada de Investigación Científica. Facultad de Ciencias Sociales, Universidad de la Republica. Montevideo, 28, 29 and 30 August 2006., p. 5.

[17] According to a Wikileaks cable, and subsequently corroborated by the Uruguayan newspaper "El Observador" (11-10-2011), the former president of Uruguay – Tabaré Vázquez – from the left wing party Frente Amplio, asked the Bush administration (USA) for political support in case of an armed conflict with Argentina due to the case of the pulp mills in Fray Bentos. Vázquez, in the published article of "El Observador", confirmed this and even made public that he shared this possible activity with the principal military staff: "I met the three commanders in chief and explained this scenario, and they said: Well, we can undertake guerrilla warfare".
(http://www.elobservador.com.uy/noticia/211096/vazquez-pidio-apoyo-a-bush-en-caso-de-conflicto-belico-con-argentina/) (my translation).

> Uruguay by authorizing the construction and commissioning of the Orion (Botnia) mill.[18]

The governments of Uruguay and Argentina saw the decision of the ICJ as the end of in the conflict over the pulp mills. However, the Gualeguaychú Assembly did not accept the resolution of the ICJ and decided to continue the blockade of the international bridge for as long as the mill of Botnia stays.[19] But this kind of protest and demonstration was no longer possible. The Argentinian government had to break up the blockade following the ICJ's resolution. In a meeting following the decision, the Gualeguaychú Assembly, which included people from other places along the Uruguay River, decided to continue with short and unexpected blockades on the other two international bridges up north—Concordia/Salto and Colon/Paysandú.[20] Many people expressed the view that the blockade was not only a protest against one pulp mill, but also against a global political and economic system. This kind of argument against toxic industries is part of the discussions taking place in the Gualeguaychú Assembly. One of the protesters and a coordinator of this movement declared:

> Arroyo Verde* is the blockade and not a road blockade, a poor definition of which no one understands or wants to understand… It's a blockade against a monstrous imposition of a collapsing capitalist system, a blockade against wild consumerism, and against negotiations behind the backs of the people, against the corruption and power abuse, against the loss of values and basic principles; a blockade against individualism and indifference.[21]

I believe that this background and the social actors I have outlined here are a useful starting point for interpreting some of the dynamics of capital and its socio-economic, political and environmental consequences and transformations of places and spaces. The fact that a protest of such magnitude can be a reaction to a political and economic decision made by the few, socially, economically, politically and environmentally influencing the population of a region, helps frame this case study within the intrinsic relational character of capital and capitalist production. But this capital and capitalist production is not taking place within a social, cultural, or historical vacuum. The protest also

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[18] International Court of Justice, The Hague, Netherlands: Press Release, Pulp Mills on the River Uruguay (Argentina v. Uruguay), 20 April 2010.
[19] See article on the Gualeguaychu radio channel: http://www.maximaonline.com.ar/nota.php?inot=21022
[20] The meeting was held in a baseball arena in the city of Gualeguaychú on 13 May 2010. See: http://www.maximaonline.com.ar/nota.php?inot=21022
[21] The citation is taken from: http://www.maximaonline.com.ar/nota.php?inot=21022 (my translation)
*Arroyo Verde is the place where the blockade had settled, around one kilometre before entering the bridge on the Argentinean side.

articulates a North-South relationship through the demand of "Go Home", underlining the historical relationship of Latin America with Europe and the USA: a history of colonialism and imperialism. Although colonialism has formally ended, the social, cultural, and political legacies have not.[22] These legacies are re-articulated in global capitalist practices, unevenly distributing "environmental degradation and social dislocations".[23] The reason for using this case study is that, because of its highly fractious nature, an abundance of social conflicts and social actors stand out in sharp relief and can be studied in depth.

Aerial view of the bridge General San Martin connecting the cities
of Fray Bentos in Uruguay and Gualeguaychú in Argentina
(Source: http://www.noalaspapeleras.com.ar).

While this section has provided a brief overview of the case and the conflict to be analysed, chapter 5 will provide a more comprehensive background to the wider historical context, the issues of land, the pulp industry, legislative changes of importance, etc.

[22] de Sousa Santos, B. (2009a). Op. Cit., p.12.
[23] Harvey, David (2006a). Spaces of global capitalism—towards a theory of uneven geographical development. London: Verso.; p. 71.

Disposition of the thesis

Following this introductory chapter, chapter 2 of this thesis introduces the theoretical framework of the study. After that, chapter 3 gives an overview of previous research on this topic, while chapter 4 introduces the method of analysis and the data used in this study. Chapter 5 provides a wider, but necessary, background to the land question, the pulp industry and legislative changes in Uruguay. The empirical part of the thesis follows, where chapters 6 through 11 deal with a set of analytical themes in the ethnographic case study. The conclusion is divided into two chapters. In chapter 12, I summarize and discuss the findings in the case study, and in chapter 13, I present a conceptual discussion that points to further analyses of social consequences of foreign direct investments.

2. Theoretical framework

This chapter presents the key concepts and perspectives of this thesis. These are: first, the concept of coloniality of power as theorised by Aníbal Quijano and Walter Mignolo; second, theories of space as formulated by David Harvey; third, Harvey's notions of a web of socio-ecological life, and accumulation by dispossession; fourth, dependency theory; and finally theories of internal colonialism as developed by Fernando Enrique Cardoso, Enzo Faletto, Andre Gunder Frank and others. In the concluding section of this chapter, I will try to integrate these perspectives in a coherent framework, in which Antonio Gramsci's concept of hegemony plays an important part.

Coloniality of power

Anibál Quijano introduced the concept of "coloniality of power" to highlight the process of "social and universal classification of world's population based around the idea of 'race'"[24], as one of the founding elements of the current patterns of global power. It originated already through the constitution of the "Americas", the European colonial expansion and the establishment of capitalism as a system of social relations. Since then, according to Quijano (2000a), "the current global pattern of power has permeated every area of social existence and constitutes the most profound and effective form of social domination both material and intersubjective".[25] These areas of social existence are spaces of relatedness, constructed by relations of power (as he says: material and intersubjective) that historically have been articulated around struggles of control over the means of existence. These spaces of struggle, according to Quijano, are: (1) labour and its products; (2) depending on the latter, "nature" and its resources of production; (3) sex/gender, its products and the reproduction of the species; (4) subjectivity and its products, both material and intersubjective, including knowledge; (5) authority and its instruments, in particular of coercion, to secure the reproduction of this pattern of social relations and regulate its transformations.[26]

Power, according to Quijano, does not just exist in itself. It is a space constituted by conflict, and a network of social relations and interactions

[24] Quijano, Aníbal (2000a). "Colonialidad del poder, globalización y democracia". Umbral, Lima, diciembre del 2000.; p. 2. (my translation)
[25] Idem.
[26] Quijano, Aníbal (2000b) "Colonialidad del Poder y Clasificacion Social", Journal of World-Systems research, Special Issue: Festschrift for Immanuel Wallerstein, Part I; VI, 2, Summer/Fall 2000, pp. 345.

between exploitation, domination, and conflict articulated around three patterns: labour, race, and sex. These elements are part of and influence the five areas, mentioned above as spaces of struggle, and produce the process of social classification, de-classification, and re-classification of a population.

One of the fundamental consolidations of classification was the idea of race. "Race" as a social classification was introduced in the Americas by the Spanish *conquistadores* as a way to legitimise and structure the relations of domination/exploitation/conflict imposed by them. It functioned as a mechanism of control by Europeans over the behaviour of non-Europeans, i.e.: Indians, blacks, and mestizos. This means that it created these categories as well as the category of "European" as the identity of the dominant subject; all the others social categories were related to the "Europeans" as subordinate and dominated.[27]

Quijano also argues that, through this, "race" became "the first fundamental criteria for the distribution of the world's population in the ranks, places and roles within the structures of power of the new society".[28] The coercive imposition of this social relation was not only for the purpose of domination as a psychological phenomenon, but also a means of legitimising the acquisition of land, cheap labour power, gold, silver, natural resources, etc. through coercive methods. In Marx's words, it can be designated as a "primitive accumulation" of capital.[29] The economic perspective of the European conquest over the Americas also launched possibilities of powerful political and economic groups in Europe to accumulate wealth from a new kind of division of labour.

For Quijano, capitalism entered the labour relationship space in the Americas through race relations. It then gave place to a *racialised division of labour* as a fundamental labour mode of control based around two processes: the concentration of capital and waged labour waged in Western Europe and the concentration of a wage system among whites in the colonies.[30] As such, Europe became the centre for capitalist development and, with it, white Europeans became constructed as "the developed subject", producing periods

[27] Zorzoli, Facundo (2011). "Desarrollo y Colonialidad: vigencia estructural de la colonialidad en el discurso del desarrollo". Grupo de Trabalho: "Abordajes antropologicos en torno a la Economia Social y Solidaria: perspectivas de la Antropología del Desarrollo". IX Reinião de Antropologia do Mercosul, 10 to 13 July 2011 – Curitiba-PR., p. 9.
[28] Quijano, Aníbal (2003). "Colonialidad del poder, eurocentrismo y America Latina", in Lander, Edgardo (compilador)(2003). La colonialidad del saber: eurocentrismo y ciencias sociales – Perspectivas latinoamericanas. Buenos Aires: CLACSO., p. 202. (my translation)
[29] See the section eight: "So-Called Primitive Accumulation" of Marx, Karl (edition 1990). Capital. Volume I. London: Penguin Books.
[30] Zorzoli, F. Op. Cit., p. 10.

of late Renaissance, Enlightenment, and Modernity (in the imperial nations). Coloniality of power then, in Quijano's own words:

> is one of the constitutive elements of the global pattern of capitalist power. It is found in the imposition of a racial/ethnic classification of the population of the world as a cornerstone of such patterns of power, and operates in each of the plans, areas and dimensions, in materials and subjective daily lives and in the social ladder. It originates and globalises from America. With the establishment of (Latin) America at the same time and in the same historical movement, the emerging capitalist power becomes global, its hegemonic centres are located in areas on the Atlantic, which are then identified as Europe, and coloniality and modernity are also established as central to the new pattern of domination.[31]

It is interesting to note what Rosa Luxemburg wrote in 1913 about it:

> Since capitalist production can develop fully only with complete access to all territories and climes, it can no more confine itself to the natural resources and productive forces of the temperate zone than it can manage with white labour alone. Capital needs *other races* to exploit territories where the white man cannot work. It must be able to mobilise world labour power without restriction in order to utilise all productive forces of the globe—up to the limits imposed by a system of producing surplus value.[32]

Luxemburg is very aware in this quotation that capitalism was launched in Europe and has been the system imposed by white Europeans of a certain class on the rest of the world. Class, as a particular social relationship, was not enough for capitalist expansion as a relationship for the purpose of accumulation. It needed other kinds of social relations to expand. *Other races*, in this quotation, also means other consolidations of social relations based on domination through phenotype differences and presented as natural or God given. Within the context of capitalism, this kind of relationship can explain certain forms of control over labour relations articulated by the patterns of power Quijano reflects on. To summarise, Quijano conceptualises coloniality of power in relation to capitalism and its consolidation in Europe, in which institutional arrangements were decisive for the construction of classificatory apparatus and the production of knowledge that would allow the necessary conditions of foundations for the *rights of supremacy* over the rest of the world

[31] Quijano, A. (2000b). Op.Cit., p. 342. (my translation)
[32] Luxemburg, Rosa (1913/2003). The Accumulation of Capital. London: Routledge, p. 343. (my italics).

and its subjects.[33] Or, in the words of Gramsci, for "the realization of a hegemonic apparatus".[34] Coloniality of power requires then:

1. The classification and reclassification of the planet population—the concept of "culture" becomes crucial in this task of classifying and reclassifying.
2. An institutional structure functional to articulate and manage such classification (state apparatus, universities, church, etc.).
3. The definition of spaces appropriate to such goals.
4. An epistemological perspective from which to articulate the meaning and profile of the new matrix of power and from which the new production of knowledge could be channelled.[35]

In this regard, the process of colonialism, as an economic, political and military project, establishes the foundations of coloniality to survive beyond, without being limited to, the formal historical period of colonialism. However, its main carrier beyond formal colonialism are the social relations of capitalism, through its logics, epistemologies and practices. Walter Mignolo argues that coloniality of power refers to a complex pattern of power that is supported by two fundamental pillars: the epistemological (the knowing) and the hermeneutical (understanding or comprehending), on the one hand, and on the other, the aesthesis, which is the area of feelings, senses and sensations.[36] On these two pillars are based the control of economics and politics as well as the other five spaces of struggle mentioned above.

In other words, coloniality is a central pattern of power that through global capitalism and the historical social relationship of the idea of race designs, the production of knowledge, intersubjectivity, life experiences and, as consequence, the ontological formation of "Being" in the geopolitical cartography of the (post)colonial history. It designs the subalterns or, in the words of Frantz Fanon, *the damnés* (the wretched) of the earth.[37] But it also

[33] I draw this point about "the rights of supremacy" from Gramsci's writings on Risorgimento, in which he shows the dynamic tensions of hegemony between domination and "intellectual and moral" leadership (consensus). The supremacy of a social group means dominance and leadership, which is hegemony. The rights on which supremacy is consolidated in a social field, must be acquired by coercion and simultaneously institutionalised in the political and juridical fields, in order to transcend any political threat to the established status quo.
[34] Gramsci, Antonio (edited by David Forgacs, 2000). The Antonio Gramsci Reader: Selected writings 1916-1935. New York: New York University Press., p. 192.
[35] Mignolo, Walter (2000). Local Histories/Global Designs—Coloniality, Subaltern Knowledges, and Border Thinking. New Jersey: Princeton University Press, p. 17.
[36] Idem.
[37] See: Fanon, Frantz (1961/2001). The Wretched of the Earth. London: Penguin Books.

designs the subject of supremacy—*the Imperial Other*—by the very foundations of the Imperial European philosophy of Being.[38]

Finally, and according to Mignolo, coloniality of power is "a network of beliefs on which one acts and rationalizes the action, one takes advantage of it or suffers the consequences".[39] As coloniality is a central pattern of power, organizing and conditioning human activities and practices, it is therefore important to also explore conceptualisations of space.

Absolute, relative, and relational space

David Harvey's approach to developing a theory of uneven geographical development of capitalism (see below) also has to do with the question of space. Harvey draws on the fundamental concepts of use value, exchange value, and value in Marx's *Capital* to conceptualise them as the process of the constitution of space through the capitalist system of social relations.[40] Space for him can be categorised in three different ways: absolute, relative, and relational.

The absolute space is fixed and has its limits and frames. It is the space of individuation where a body can only occupy that specific space (two bodies cannot occupy the same space at the same time); it is the space where boundaries and frames are fixed as an area, independently from any other. Socially, it will be allocated to the space of the private property of an individual, the state, or other administrative units. This concept of space is connected to jurisdiction, laws, rules, rights etc. It is the demarcation of conquest over that space, its subjects and objects. This conceptualisation of space allows it to fix its content, to categorise and delegate positions, to standardise measurements,

[38] See the article about "the coloniality of Being" in: Maldonado-Torres, Nelson (2007). "Sobre la Colonialidad del Ser: Contribuciones al Desarrollo de un Concepto", in Castro-Gomez, Santiago y Grosfoguel, Ramón (Eds.)(2007). El giro decolonial – Reflexiones para una diversidad epistémica más allá del capitalism global. Bogotá: Siglo del Hobre Editores.
[39] Mignolo, Walter (2010). Desobediencia Epistémica: Retórica de la modernidad, lógica de la colonialidad y gramática de la descolonialidad. Buenos Aires: Ediciones del Signo, p. 12.
[40] Harvey's work on spaces is based on Henri Lefebvre's conceptualisation of the three different types of space: the physical space (nature and the cosmos), the mental space (abstraction) and the social spaces (there is no one social space but plural different social spaces). In the production of space, Lefebvre points also to the different forms of praxis these spaces consolidate: spatial praxis, representation of space and representational space. His argument is that space is a social product, a continuing construction of values and meanings that affects social practices and perceptions. However, Lefebvre argues that "space is a product… the space thus produced also serves as a tool of thought and of action… being a means of production it is also a means of control, and hence of domination and power". (Lefebvre, Henri (1974/1991). The Production of Space. London: Blackwell., p. 26.).

and to tell the single story—that of the conqueror, whether private individual or the state.

The relative space can be understood as a "relationship between objects which exist only because objects exist and relate to each other".[41] It is relative because, on the one hand, the relationship between objects or subjects has different perspectives from which to choose, and on the other hand, the spatial frame where these relations are produced depends upon who relativises what, what is relativized, and creating the meanings of spatial frames.[42] The concept of relative space does not mean that everything is relative, but that this relativeness, which is created between point A and B and so on, is understood according to the chosen analytical measurement or control instruments to secure or try to fixate the meanings for different reasons and purposes.

The relational space is the space constructed or created by processes of interrelations. It means that space cannot be seen in isolation, as it is with an absolute concept of space, rather it must be conceptualised according to the relationality of space and time. What is happening at a certain moment in space, i.e. an event, cannot be understood in isolation, but rather as the result of processes depending "upon everything else going on around it".[43] The past, present, and future in this conceptualisation of space bring focus to disparate influences, accumulating at specific points and producing, altering, changing, or cementing different varieties of human practices., i.e. the act of thinking (as a collective process and product). They define the results at these specific points, but at the same time they also throw them into the process of spatiality. It is, at this point and in these two parallel ongoing dimensions, where power and resistance have a say. This means on the one hand fixing meanings—which is the purpose of discourse and hegemonic power—and on the other hand, as Massey (2005) stresses in her book *For space*[44], it

> implies that the nature of that spatiality should be a crucial avenue of enquiry and political engagement [...] In other words, to push the point further, the full recognition of contemporaneity implies a spatiality which is a multiplicity of stories-so-far. Space as coeval becomings.[45]

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[41] Harvey, David (1973). Social Justice and the City. London: Edward Arnold; p. 13; cited in Harvey, D. (2006a). Op.Cit.; p. 121.
[42] Ibid; p. 122.
[43] Ibid; p. 124.
[44] For Massey, space is not static. Rather, it must be understood "as an open ongoing production", and to do this, one must focus on the relational character of space rather than on an idea of fragmented singularities. (Massey, Doreen (2005). For space. London: Sage., p. 53).
[45] Massey, D. Op.Cit.; p. 189.

This is the avenue of telling stories other than the hegemonic ones (the colonial, imperialist, capitalist, or Western), as the Nigerian novelist Chimamanda Adichie explains about "the danger of a single story"[46] or as Quijano and Mignolo emphasise, the dangers of a single universal episteme.[47] It is then through this conceptualisation of space that it is possible to understand the political role of collective memories, not only in what Harvey focuses on in his studies—urban processes—but also in the process of colonialisation and imperial politics that introduced other kinds of relationships in the South. These relationships have been adjusted, naturally taken and used during centuries for the global capitalist system of social relations and its expansionary necessity for the accumulation of capital.[48] According to Harvey, the question of what space is should be replaced by: "how is it that different human practices create and make use of different conceptualizations of space?".[49] For him, it is more interesting "to keep the three concepts in dialectical tension with each other and to constantly think through the interplay among them".[50] Capital is value in motion and as such creates its own relations through time: class relations. Capital internalises, in its own process, class relations. But it also creates spaces—significant for capitalism—out of other (spatio-temporal) social relations, of unequal character, as race/sex/gender relations, through concrete labour and sexual reproduction under the guise of *uni*versal knowledge production (i.e. the neoliberal, the capitalist, the colonial etc.) and its authorities and control apparatus (i.e. the state, corporations, the church, the military, the banks, the media etc.) "to secure the reproduction of that pattern of social relations and regulate its transformations".[51]

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[46] See: http://www.ted.com/talks/lang/spa/chimamanda_adichie_the_danger_of_a_single_story.html

[47] Mignolo, Walter (2010) Desobediencia Epistémica: Retórica de la modernidad, lógica de la colonialidad y gramática de la descolonialidad. Buenos Aires: Ediciones del Signo, p. 16-17.

[48] Idem.; see also: Galeano, Eduardo (1971/2009). Las venas abiertas de América Latina. Montevideo: América Latina. An understanding of space in relational terms makes visible its implications in the outcomes of those relations for interconnections of practices, trajectories and voices. But this understanding also makes *the lack* of them visible. It is then that the question – "What kinds of relationships are being constructed?" – leaves the political potential for asking further questions about: What kind of relationships are being denied for construction and why? Why and how are some relationships constructed in negative and positive poles? Whose practices have been obliterated and whose have not? Or, whose voices are being heard and whose are not, but also how are they heard (or not) and why?

[49] Harvey, D. (2006a). Op.Cit., p. 126. The question of space has also been tackled by Maurice Merleau-Ponty in his book *Phenomenology of Perception* where he also discusses space as relational: "Space is not the setting (real or logical) in which things are arranged, but the means whereby the position of things become possible. The means that instead of imagining it as a sort of ether in which all things float, or conceiving it abstractly as a characteristic that they have in common, we must think of it as the universal power enabling them to be connected". (Merleau-Ponty, Maurice (1945/2003). Phenomenology of Perception. London: Routledge Classics, p. 284.)

[50] Harvey, D. (2006a). Op.Cit.

[51] I have derived this point from Quijano's arguments on spaces of struggle. See: Quijano, A. (2000b). Op.Cit., p.345. (my translation)

One of the features that have characterised capitalism is its flexibility and ability to adapt to new conditions and new social practices. Capitalism constructs class relations internally, but it also constructs them out of, or utilising, other social spheres of relations of domination: race and sex/gender. It means that capitalism, as a flexible system, uses the logics of coloniality and the reproductive and emotional forces of sex/gender—and the practicalities of kinship relations to dispose of them according to the needs of the circulation of capital and capital accumulation. The capitalist system of social relations creates value, not only in commodities, but also through the geographical and geo-political relations of capital and labour constituted through history, a history of coloniality and uneven outcomes. This kind of unevenness is often politically synthesised in the metaphors of the First World-Third World, Developed-Underdeveloped World, Centre-Periphery, Metropolis-Periphery, and North-South. These metaphors are outcomes of social relations, of practical actions that have produced (and still do) history in geography. This history is the history of colonialism and the geography of colonial subjects—both the coloniser and the colonised—[52], or in the words of Massey (2005): "the geography of identity construction".[53] It is the interrelation between the outcomes of colonialism and the processes of capitalism, constructing social relations and spaces for socio-political identities to emerge from and into relations of power. I find it useful, at this point, to cite Boaventura de Sousa Santos's definition of the metaphor of North-South:

> The South is, therefore, used here as a metaphor for the human suffering systematically caused by colonialism and capitalism. It's a South that also exists in the geographical global North, the so-called internal Third World of the hegemonic countries. In turn, the geographical global South not only contains systematic suffering within itself caused by colonialism and global capitalism, but also the local practices of complicity with them. Such practices constitute the imperial South. The South of the epistemology of the South is the anti-imperial South. [54]

This is the approach I will come back to later as I apply it to Harvey's theory of the uneven geographical development of capitalism.

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[52] I derive this point from Frantz Fanon's view on colonial power that maintains both the colonised and coloniser in a system of contrast delineated by the rules of thoughts imposed by the logics of coloniality, the rhetoric of modernity and race, and the colonial matrix of power. See for example: Fanon, Frantz (1952/2000). Black Skin, White Masks. London: Pluto Press; or, Fanon, Frantz (1961/2009) Los condenados de la tierra. Buenos Aires: Fondo de Cultura Económica. See also the texts of Aimée Césaire and Albert Memmi for further discussions on this matter.
[53] Massey, D. *Op.Cit.*, p.194.
[54] de Sousa Santos, B. (2009a). Op.Cit., p.12. (my translation).

Uneven geographical development of capitalism

The theory of uneven geographical development of capitalism is, according to Harvey (2006a), under construction and needs to be developed.[55] He calls it instead "notes toward a theory of uneven geographical development". His methodological point of departure is dialectical and he uses the three concepts of space dialectically, negotiating the relation between the particular and the universal, between the abstract and the concrete".[56] For him, it is a way to avoid reductionist and mechanical versions of the tension between the macro and the micro, individual agency and social structures, and to approach case studies theoretically in an open way. As he states:

> The problem is to find a way to make sense of diverse, particular, and often quite idiosyncratic geographical variations in relation to a more general process of capital accumulation, social struggle, and environmental transformation. This means integrating particular studies into some general theory of the uneven geographical development of capitalism.[57]

Harvey constructs his suggestion for a theory of uneven geographical development around four conditionalities: (1) The material embedding of capital accumulation processes within the web of socio-ecological life; (2) Accumulation by dispossession; (3) The law-like character of capital accumulation in space and time; and (4) Political, social, and "class" struggles on a variety of geographical scales.[58] Due to the extensive theoretical work of Harvey on these four conditionalities, I will focus here mainly on the second one, since this is the point that most clearly can help to conceptualize this case study, that is, to understand the relational character of the case of Botnia/UPM, its settings in terms of North-South relations, its socio-environmental transformations, and the socio-political sparks that were generated. However, in order to help to conceptualize and frame "accumulation by dispossession", some points should be made about the first conditionality. The third and fourth conditionalities will be integrated in the main argument.

The web of socio-ecological life

This section consists of outlining some points of departure to understand the process of capital accumulation as an epistemological activity that materially influences the mode in which social groups socialise and understand their part

[55] Harvey, D. (2006a). Op.Cit., p. 71.
[56] Ibid., p. 76.
[57] Ibid., p.78.
[58] Ibid., p.75.

in what Harvey calls "the web of life" or an "evolving socio-ecological system". This means social life as part of an ecological system integrated into the everyday life of living organisms (humans or non-humans). The question of how the process of capital accumulation shapes our understanding and sociability is part of this theoretical section. Harvey points out some questions that relate to these processes of capital accumulation. However, he uses two key concepts to understand these processes.

The concept of "embeddedness" is central to the understanding of uneven geographical development. It is important because it points directly to the process of internalisation that capitalist epistemology has on the way people understand and perform their life socially (social action). The other concept is not explicitly outlined, and Harvey names it in Marx's terms: "elastic powers of capital",[59] referring to the way capitalism and its agents modify, "within certain limits, a field of action independent of its own magnitude".[60] Capitalism is characterised by its flexibility to adapt to new or different conditions without losing its aim, which is the search for surplus. What Harvey wants to highlight through these two concepts is the integration of daily life and the life world into the circulation of capital.[61]

Harvey describes this legitimacy of support for the function of capitalism in the "web of life" by connecting it to the conception of "common sense" and the question of "nature". The evolving process of capitalism produces a variety of institutional arrangements where the production of discourses generates, at least for a limited period of time, some understandings of social activity as well as some blurry abstract concepts, i.e. the financial system with all its concepts and rules that, in the end, control our loans, wages, pensions, etc. Harvey refers to Antonio Gramsci's (2000) concept of "common sense" to point to the way the rules and laws of capital accumulation enter into the "web of life" as natural components. "Common sense" for Gramsci varies according to the surroundings and what people experience.[62]

Harvey relates this concept to the fetishistic conduct of capitalism and the opacities it generates in the process of capital accumulation and circulation. The regulation of the conduct of daily life that takes the form of "common sense" is also supported by daily routines in which capitalism is embedded. However, these "common senses" also depend on the idiosyncrasies of

[59] Marx, K. (edition 1990). Op.Cit., p. 758.
[60] Idem.
[61] Harvey, D. (2006a). Op.Cit., p. 82.
[62] Gramsci, A. (2000). Op.Cit., p. 344.

geographical localities and their "social and cultural position" (of the subjects) at certain times, where the formations of capitalist spaces are shaped. This means that there are innumerable ways in which "common sense" integrates and rearranges and conceptualises spaces. It is the way people in different geographical locations interpret the rules and controls of capitalism and embed them into the "web of life". This is what Harvey notes as "the geography of 'common sense".[63]

Accumulation by dispossession

Harvey's approach to the question of "accumulation by dispossession" could be regarded as a reloaded version of Marx's "primitive accumulation" and Luxemburg's argument on imperialist expansion, as "the historical method for prolonging the career of capitalism".[64] Harvey highlights specific theoretical points around the methods of accumulation by dispossession that, in Luxemburg's terms, were changing the course of "accumulation into appropriation".[65] There is, however, a differential approach to the concepts of Marx's primitive accumulation and Harvey's accumulation by dispossession that is worth highlighting.

To Marx, primitive accumulation was a transitory stage in the development of capitalism. It was needed as a starting point for the formation of capital, and therefore also for the creation of the industrial working class and its reserve of "free workers".[66] What Harvey does with the concept of primitive accumulation is to re-read it through the lenses of relational space as part of the ongoing development of capitalism. It occurs in the constant process of capitalism when it searches for new domains (natural resources, markets) for capital accumulation. Approaching the concept as an analytical tool, Harvey contributes to understanding an important feature of the capitalist methodology by claiming that it can no longer be seen as historically linear, but rather as cyclical and embedded in its own logics.

Harvey argues that all societies in history have depended on the generation of surplus, but that it is only under the capitalist system that surpluses are appropriated, treated as private property and thrown into circulation for the search of more surpluses.[67] Under this process, roles and social relations were constituted through the labour wages system, the form of employment and its

[63] Harvey, D. (2006a). Op.Cit., 85.
[64] Luxemburg, R. Op.Cit., p. 426.
[65] Ibid., p. 432.
[66] Marx, K. (edition 1999), Op.Cit., p. 875.
[67] Harvey, D. (2006a). Op.Cit., p. 90.

rules. But this was not enough to consolidate the capitalist system of social relations, especially in Europe.[68] It had to gain political power.

It did so in Europe as the struggles against the monarchies and the feudal system that had control over surpluses. The bourgeoisie became the ruling force and capitalism the dominant social system. Capitalist class power then had to gain access to new territories; domains were surplus and assets were not part of the circulation of capital. As Luxemburg (1913/2003) insists throughout her book: "Capitalism arises and develops historically amidst a non-capitalist society".[69] This is of importance for Harvey for two reasons. On the one hand, it points to the historical geography of capitalist development, and on the other, it helps him outline central methodological aspects of "accumulation by dispossession". One of the fundamental targets for the production of surpluses is "natural resources".

Natural resources of high quality come in different forms and are geographically differentiated. Open access and control over these resources are required in order to produce a surplus. The constant search for natural resources has always been at the core of the historical geography of capitalist development. Land, gold, silver, copper, water, oil, timber, rubber etc. are natural resources that have been, and still are, historical targets for "spatial strategies to gain access to and command over them".[70] However, it is not only natural resources that are appropriated. Labour powers, money, commodities, and intellectual rights are targets for appropriation. The appropriation occurs through dispossession.

Dispossession, according to Harvey, occurs in different ways. He outlines two forms here: external and internal coercion. External coercion means a superior power taking over (militarily, economically, and/or politically) geographical territories, assets, natural resources, or a pre-existing social order for appropriation, use, and control. Superior power can be states, colonial powers, imperial politics, transnational corporations, powerful banks, and so on. But as

[68] I mean "especially Europe" because the struggles against the monarchy and the feudal system, until the French revolution, were in part to gain access and control over the routes of commerce to the colonies, the tax system, as well as the colonies (as assets: land, natural resources, cheap and slave labour power) for the bourgeois class. For example, the Spanish and Portuguese states had only financed very few conquistadores, the most known being: Cristobal Colombus and Ferdinand Magellan. All the others were financed whether by themselves or private banks/families and had to pay to the crown the imposed taxes and some revenue of gold and silver, as well as slaves, taken from (Latin) America to Europe. To seize power over the state was also to control all of these assets. For a more detailed description see: Galeano, E. Op.Cit. pp. 43-51.
[69] Luxemburg, R., Op.Cit., p. 348.
[70] Harvey, D. (2006a). Op.Cit, p. 92.

history demonstrates, this is not the only means of appropriation. Subordinated groups within global relations of power, in order to gain power in their own society, have taken part in collaboration with external capitalist powers, in order to control some parts of the internal means of production. This is the other form of dispossession: internal coercion.

Internal coercion means that "ambitious factions, often working at the local level, can extract surpluses (sometimes through vicious means) at the expense of fellow citizens as part of a strategy of self-insertion into the world market".[71] For Harvey, the capitalist system can only gain a level of stability as long as "accumulation by dispossession" is maintained. There is, however, a third component in his notes of "accumulation by dispossession" that is important to point out. The appropriation of assets (land, money, industries, commodities etc.) means not only the power to produce surpluses and to put them into circulation, it also means the power to destroy these assets; to do whatever is necessary for capitalist groups (transnational corporations, states, powerful banks) to push rivals out of the "game" through commercial competition, political manoeuvres, or, if all this does not work, military interventions.[72] The destruction of assets also means diminishing the value of these assets.

Capitalist crisis appears when assets get devaluated (whether some assets are destroyed or have their value diminished) and it is during devaluation or capitalist crisis that opportunities open up for those with power to acquire assets at a better price (land, industries, even labour power etc.) and to ride out the crisis with greater wealth. Nevertheless, Harvey points out that global scale devaluation is place-specific and most of the time the impacts of devaluation are confined to "the places of others", as has been experienced in the economic

[71] Ibid., p. 93.
[72] This process is very well described with different case examples in John Perkins' book Confessions of an economic hit-man. Perkins describes the imperialist interventions in a process of three stages: First stage: the utilisation of international financial organisations to foment economic conditions in order to subordinate different countries to big loans and the arrival of TNCs and their conditions. If this is unsuccessful, the second stage is put into practice. Second stage: to destabilise or remove the political impediments in the countries which do not follow stage number one by infiltrating instigators, financing political groups or people, or processing political accidents/assassinations in order to agitate the social and political order. If this stage does not succeed, military intervention is put into practice as the last stage of this process. According to Perkins, this system is driven by what he calls "corporatocracy", which consists of three social and political interrelated pillars: big corporations, international banks, and governments, which nevertheless do not operate as a kind of conspiracy, but "its members do endorse common values and goals. One of corporatocracy's most important functions is to perpetuate and continually expand and strengthen the system. The lives of those who 'make it', and their accouterments—their mansions, yachts, and private jets—are presented as models to inspire us all to consume, consume, consume". (Perkins, John (2005). Confessions of an economic hit-man. London: Ebury Press. p.xiii.)

history of the South.[73] In order to keep the economic system of global capitalism going, financial power and control over assets and debts have been one of the main mechanisms in "accommodating" devaluation in different places. The role of the International Monetary Fund (IMF) and its "adjustments programs" has not been to find the places of devaluation, but to serve as a mediator or as "international alibi" for those that hold financial power. It is interesting to note what George (1990) argues about this kind of "alibi", but more important is to think about it in relation to what Harvey denotes as dispossession's external and internal coercion:

> As alibi, it allows the major industrialized countries and their banks to off-load the consequences of their own shortsighted policies and financial recklessness on the Fund's shoulders. The IMF helps them to consolidate their power over poor nations. At the same time, and in exchange for co-operation, it generally allows the elites of these same nations to maintain their affluence and perks at the expenses of the majority of their fellow citizens. The IMF is a sort of Godfather figure—it makes countries offers they can't refuse.[74]

The irregularly geographic effects of devaluation, as well as the concentration of wealth and poverty in different regions or countries, are part of the uneven geographical development of capitalism, driven by accumulation through dispossession. The dynamics and contradictions, as well as the social formation of alliances, exclusionary processes, and the systemic crisis of capital accumulation have impacts on people's life and conditions. Socio-political struggles are very much connected to the way the capitalist system arranges lives and living conditions. Social struggles over land, water, forest, energy etc. are likely to be part of a provoked process of accumulation by dispossession. The struggles over dignity, recognition, respect, and so on also have to do with the dispossession of rights, and to being recognised with one's own rights within a territorial unit.

Accumulation by dispossession is not only about the dispossession of natural resources, but also about the rights of equal recognition regarding different social and political spaces where there are exclusionary practices. Although the question of dispossession is clear, it is a bit more difficult to understand the way in which the accumulation process is part of it. However, if some people are dispossessed, it is because other groups are gaining from this in both money and privilege.

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[73] Harvey, D. (2006a). Op.Cit., p. 94.
[74] George, Susan (1990). A Fate Worse than Debt. London: Penguin Books., p. 48.

Political struggles over liberation and occupation are very well known, i.e. the Palestinian struggle, the Iraq occupation, or the European colonial expansion, to name a few, are part of the historical geography of capitalism and very much connected to the dynamics of capital and its logics about natural resources, labour power, and military industry. Conflicts around the expanded reproduction of capital, as Harvey argues, relate to different spheres of social conflict. The most well known is the imminent conflict between labour and capital. Wage rates, living standards, labour conditions, labour time, etc. are issues that relate to the capitalist system and have overspill effects on the state and its domestic politics. Struggles also appear in different geographies of infrastructures, which regionalise different kinds of investments.

These geographies of infrastructure, as Harvey names them, also become foci or spaces for struggles over administrative power, natural resources, class alliance formations, and geopolitical advantages. Competition with other regions is also part of the endemic conflictual nature of capital accumulation. One investment in one region can have negative effects on other investment somewhere else, with social, economic and political consequences on people's life. Harvey—influenced by Polanyi—discusses the way in which capitalism treats the fundamental elements of life (the labourer and land) as commodities, by writing about effects on capitalism on "the web of life". He argues that free market capitalism presses the level of commodification to the point of annihilating both the labourer and land as its prime sources of wealth. Under these kinds of pressures, people (individually or collectively) try to protect themselves and their nearest and dearest in different ways while using different tactics.

These conditionalities cover many aspects of the way capitalism works through uneven geographical development. There are, however, two further points I think are important to highlight. I want to point out these two questions, not because Harvey misses them, but because he does not explicitly show them and does not stress the importance of these points.

The first one has to do with the legacies of colonialism (as the starting point of primitive accumulation or in his own words: accumulation by dispossession) in the social relations of Latin America and how it consolidated the social relations of race internally and externally in order to set up the social, cultural, political, and economic conditions for the continuation of foreign companies to accumulate capital through the extraction of natural resources and the exploitation of its labour powers. Although Harvey talks about the conceptualisation of "diverse, particular, idiosyncratic geographical variations",

he does not emphasise the point of the historical colonial relations that shaped the actual form of this "idiosyncratic geographical variation" in the geopolitics of North-South. The second point has to do with the absence of the concept of hegemony in his conceptualisation of "embeddedness". I will return to both these points later on.

Dependency theory

Dependency theory is a theoretical answer elaborated by Latin-American social scientists that highlights the unequal and damaging consequences of the world economy on the peripheries, while producing economic development in North.

The relationship between the centre and periphery is key to understanding dependency theory. It elaborates the relational character of capital in world affairs and sees the integration of the Latin America economy as a requirement in the capitalist circulation of the industrialised countries and settlement on the world market.[75] The Argentinian economist Raul Prebisch, who headed (1950-1963) the United Nations' Economic Commission for Latin America (ECLA), and his colleagues were concerned about the issue of international trade and that economic development of the advanced economic countries did not directly lead to economic growth in the less advanced or underdeveloped countries. The inequalities between the centre and periphery lie in the unequal exchange of international trade and as such must be framed within a global economy and politics.[76] Prebisch and his colleagues could be said to be seeking to counteract this unequal exchange and the economic consequences it had for developing countries of Latin America. They favoured national industrialisation, taxes on imports substitutes as well as allowing labour unions in the export sector to elevate salaries to reduce or eliminate the protectionism of the developed economies.[77]

Prebisch was also concerned about the international redistribution of "the fruits of technical advance" from which the centre was gaining productivity and as a result, raising salaries and profits to strengthen the centre's trade unions and consume power. At the same time, the opposite was happening in the peripheries due to weakened or non-existent trade unions, especially in the export sectors, and the competition that many national industries were facing

[75] Marini, Ruy Mauro (1973). Dialéctica de la Dependencia. Mexico: Ediciones Era., p. 15.
[76] The issue of unequal exchange is extensively discussed and developed in 1962 by: Arghiri, Emmanuel (1962). Unequal exchange: A study of the imperialist trade. London: New Left Books.
[77] Kay, Cristóbal (1991). Teorias latinoamericanas de desarrollo. Nueva Sociedad, No. 113, May – June 1991, pp. 101-113; p. 104.

in terms of international trade. Although Prebisch and colleagues pointed to the problems of unequal exchange and trying to solve this through different economic and political policies to even out the relationships between economic development and underdevelopment between the nations of the North and South, it was a perspective that did not stress the capitalist system as such, but rather strived to equalise economic and political relations between the North and South (this is why they are called developmentalists—'desarrollistas'), and as a result, they paved the way for other Latin American thinkers to deepen the theories of dependency.

It could be argued that, within the dependency school, there are two main streams: the reformist and the Marxist.[78] Although it is a very simplistic way to categorise different authors, some tendencies can be allocated to them depending on the way in which these authors confront the question of dependency. The reformists follow the lines of ECLA, reformulating some ideas in the crisis of substitute industrialisation. The Marxists, on the other hand, question progressive capitalism in the peripheries as a process of centre-periphery relationships that have increased dependency on foreign capital. Although there are several disagreements within this school, it is possible to identify some common points within them. A definition of dependency within a historic perspective that can outline the thoughts of the dependency school is given by Theotonio dos Santos:

> [Dependency is] an historical condition which shapes a certain structure of the world economy such that it favours some countries to the detriment of others and limits the development possibilities of the subordinate economics...a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected.[79]

For most of the dependency school, the question of external influence on the political, economic, and cultural dimensions in the peripheries is part of the forms of dependency, as Osvaldo Sunkel defines.[80] These external influences come through TNCs, foreign assistance, international division of labour,

[78] Within the reformist perspective on dependency can be named: Aníbal Pinto, Osvaldo Sunkel, Fernando Enrique Cardoso, Celso Furtado, Helio Jaguaribe, Aldo Ferrer. And within the Marxist perspective can be named: André Gunter Frank, Ruy Mauro Marini, Theotonio dos Santos, Aníbal Quijano, Oscar Braun, Vania Bambirra, Edelberto Torres Rivas, Alonso Aguilar, Amadeo Vasconi, Antonio García, etc. (Ibid., p. 109).
[79] dos Santos, Theotonio (1971). "The Structure of Dependence," in Fann, K.T. and Hodges, Donald C. (eds.), Readings in U.S. Imperialism. Boston: Porter Sargent; p. 226.
[80] Sunkel, Osvaldo (1969) "National Development Policy and External Dependence in Latin America," The Journal of Development Studies, Vol. 6, no. 1, October 1969, p. 23

exchange markets etc. Another common point is the view of the characteristics of the international political economic system constituted as a centre and periphery or as dominant and dependent, that it is based on the history of colonialism and capitalism. And a third point is the dynamics of this relationship between centre and periphery that rearticulates the forms of domination and dependency according to structural changes in domestic and world markets and affairs. This kind of dynamics is the ongoing process of dependency and uneven economic development. It is, however, important to highlight the differences between Marxist theory and *dependentistas*. While Marxist theory explains imperialism as part of the expansion of the dominant capitalist states, the *dependentistas* explain the way underdevelopment takes place through the forces of this expansion. The latter explain the consequences of imperialism, while the former explain the reasons.

There are two central works within this school of thought that are important to highlight because of their theoretical contribution in understanding the dynamics of capitalism, dependency, and underdevelopment in the Latin American context and in relation to foreign capital. These are the works of Fernando Enrique Cardoso and Enzo Faletto—*Dependency and Development in Latin America*—and the work of Andre Gunder Frank—*Capitalism and Underdevelopment in Latin America*.

Dependency and development

Cardoso and Faletto (1971/1979) analyse the changing relations in capitalist modes of production between internal and external factors of capital expansion in the capitalist development of Latin America. To do this, they analyse different forms of dependency, "the diversity of classes, fractions of classes, groups, organizations, and political and ideological movements which form, in a lively and dynamic way, the history of capitalist expansion in Latin America".[81] An important task in their work was to explain the different articulations of capitalism in the history of the continent since the mercantilist form of economy driven by colonial enterprises, and how this economy led to "the creation in several parts of Latin America of slave 'capitalist' economies, in other parts to the exploitation of indigenous populations, and in some regions, as in southern parts of the continent, to an economy based on wage earners".[82]

[81] Cardoso, Fernando Enrique & Faletto, Enzo (1971/1979). Dependency and development in Latin America. Berkeley: University of California Press., p. xx.
[82] Ibid., p. xv.

Thus, they refer to the idea of dependency, underdevelopment, and centre-periphery as follows:

> The idea of dependency refers to the conditions under which alone the economic and political system can exist and function in its connections with the world productive structure. The idea of underdevelopment refers to the degree of diversification of the productive system without emphasizing the patterns of control of decisions on production and consumption, whether internal (socialism, capitalism, etc.) or external (colonialism, periphery of the world market, etc.). The idea of 'center' and 'periphery' stress the functions that underdeveloped economies perform in the world market, but overlook the socio-political factors involved in the situation of dependency.[83]

They understand dependency, not as a category or theory, but as contextual, i.e. as *situations of dependency*. They describe two main situations of dependency: *nationally controlled in domestic production*, and enclave situations led by foreign capital/investment. As part of the national controlled production by the local bourgeoisie, the invested capital is the result of the appropriation of natural resources and the exploitation of the local labour force by the same local group. In this situation, as they remark, "the starting point of capital accumulation is thus internal" and the value of capital takes form in the internal market, as long as it is products (like food) that are already within the circuit of the international market.[84] The second situation they call *enclave situations* and refer to foreign investment where capital "originates in the exterior". This capital is then "thrown" at and integrated into local productive processes and as such becomes wages and taxes. The value of this capital growth is through the use of local labour power, which transforms natural resources and produces commodities that enter the circulation of capital when this merchandise is sold on the external market. This last situation, according to the authors, brings different consequences to "the formation, role, and political influence of social classes".[85]

However, Cardoso and Faletto started to see a third situation of dependency when they wrote this work, and later on, in their post script, they corroborate this as a new tendency: foreign direct investment (FDI) by TNCs produces an enclave economy situation but some of its production is internalised in the local market, while the rest is sold in the external market. They give as an example foreign-owned automobile production in Mexico and Brazil. They regard this

[83] Ibid., p. 18.
[84] Ibid., p. xix.
[85] Idem.

situation as part of years of combinations of governments that were politically and economically dependent on international economic organisations that opened up the market to FDI and laid the foundations for alliances between the local bourgeoisie sector, TNCs and the productive sector of the state.

Thus, they conclude by saying that this situation brings a certain kind of economic development, but at the same time increases the dependency situation on external capital, and new forms of political alliances/struggles, thereby creating different kinds of class formations. Nevertheless, their conclusion is based on the first two situations. To understand the Latin American situation of countries that are becoming industrialised, but dependent, it is necessary to analyse "the increasing control over the economic system of nations by large multinational corporations", as well as the internal sector producing for the domestic market that involves "political alliances supported by urban population".[86] This formulation is the strength of this analysis, where they can incorporate a social and political frame into the economic process. The dynamic movement of capitalism and how it is related to the social and the political is captured by the way the authors perceive the antagonistic forces of capitalism, and the basic sources of their "existence, continuity, and change".[87]

Development of underdevelopment

André Gunder Frank's study (1967) is important for two main reasons. The first is that Frank does not use the term dependency as an analytical tool, and instead uses the concept of development of underdevelopment. The second reason is that he works with the question of colonialism as an integral part of his analysis of capitalism in Latin America. His central thesis is grounded in three contradictions of capitalism: the contradiction of metropolis-satellite polarisation, the contradiction of the expropriation/appropriation of economic surplus of the satellite by the metropolis, and the contradiction of continuity and change. He writes:

> My thesis is that these capitalist contradictions and the historical development of the capitalist system have generated underdevelopment in the peripheral satellites whose economic surplus was expropriated, while generating economic development in the metropolitan centers which appropriate that surplus—and, further, that this process still continues.[88]

[86] Ibid., 174-175.
[87] Ibid., xiii.
[88] Frank, André Gunder (1967). Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil. London: Modern Reader Paperbacks, p. 3.

These contradictions, he argues, have characterised Latin America since the European conquest in the 16th century and the colonialisation of its people.[89] In this colonial design, the capitalist system has enforced an international division of labour that has characterised underdevelopment, as well as poverty, in different areas of the world. This division of labour is characterised by the fact that some areas of the world where underdevelopment has lasted for centuries supply natural resources (i.e. cotton, sugar, minerals, coffee, etc.), cheap labour, agricultural commodities, etc., but the allocation and the level of intensity in the production is determined by the economic interests of the metropolises/centres.

However, Frank is not only pointing to the "external" imposition of underdevelopment (the First World dictates the economic rules in the Third World and makes them dependent), but also to the way the capitalist system works, repeating the same structural form of global metropolis-satellite polarisation in the underdeveloped world creating an "internal" structure of underdevelopment.[90] In this way, Frank explains how capitalism has generated a relational space (in Harvey's terms) where development and underdevelopment are caused by and are dependent on their relationships to each other.

Internal colonialism

The social relations of colonial design related to the history of class formations in Latin America were conceptualised in early works such as that by José Carlos Mariátegui in the 1920s.[91] Mariátegui places the Indian in the political cartography of Latin America during the 19th century as the historical subject and opens the possibilities for analysing the effects of economic colonialism and colonial capitalism in relation to subjectivity and social hierarchies in a historical context.

Internal colonialism—a theory that initially developed in the works of Rodolfo Stavenhagen and Pablo Gonzáles Casanova in the mid-1960s—points to the period in Latin America (and other third world countries) after the national liberation processes and decolonisation from the European administration and

[89] Ibid., p. 20.
[90] Ibid., p. 10-11.
[91] See: Mariátegui, José Carlos (1928). 7 Ensayos de Interpretación de la Realidad Peruana. Mexico: Editores Independientes.; and even, Haya de la Torre, Victor Raúl (1927). Por la emancipación de America Latina. Buenos Aires: Gleizer.

military that, after more than three centuries, left behind the structures of the colonial classification of the population in terms of race and social power where property rights on land and labour were concerned.

The independence period in Latin America during the 19th century was not exclusively against the "external enemy". It was also a time when the criollos[92] and their ideologues began to establish the idea of "national belonging" in accordance with Europeans parameters of the modern state and national progress. To do this, it was necessary to reorganise a "second emancipation", this time against all those who did not have a place in the creation of the modern state and national progress, and which they called "the internal enemy".[93] This internal enemy, as Beigel (2006) explains, was the totality of

> [...] the collective habits and customs 'against progress'. These enemies were among the masses who were always confined to the poles of 'barbaric' and 'uncivilised'. Against these 'diseases', the elites applied two measures that were supposedly 'emancipatory': repressive education and the annihilation of large segments of the population.[94]

The ideas of progress, the modern state, and national development were important ideological bases for internal politics and military interventions, but they also represented an important ideological connection with political and economic elites in (the white) Europe. In this regard, Quijano (2000c) stresses the point that it was not about a process of subordination to the European bourgeoisies, but rather it was about the creation of a community of interests based on the coloniality of power within global capitalism. The subordination of the Latin American ruling elites came much later as a consequence of the penetration of international loans, commerce, exchanges, and productions, and not least the dependent industrialisation through import substitutions.[95]

During this period the process of national liberation driven by the elite of white *criollos* defeated the colonial enterprise of European states in Latin America. It was a shift of power that changed the access of this elite to the means of production of local activities, labour, resources, monopoly on coercive power etc. It was a change of power for this white elite (the *criollos*) that settled the

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[92] Generations of white Europeans born in Latin America. Although white, they were ranked, as class, below the Spanish-born settlers.
[93] Beigel, Fernanda (2006) "Vida, muerte y resurrección de las 'teorias de la dependencia'", in Beigel, Fernanda (ed.)(2006). Critica y teoria en el pensamiento social latinoamericano. Buenos Aires: CLACSO., p. 291.
[94] Ibid., p. 291-292. (my translation).
[95] Quijano, Anibal (2000c). El Fantasma del Desarrollo en América Latina. Revista Venezolana de Economia y Ciencias Sociales, 2000, Vol. 6 No 2 (mayo-agosto), p. 86.

conditions to consolidate independent nation-states. However, the exploitation of Indians and the Afro population, as well as the conquest and expropriation of Indian territories continued, not now by European colonial settlers, but by the new administration of the new nation represented by the structures of race and class. The same kind of administration imposed by European colonialism on the colony and its subjects was imposed later on by white nationals on the Indian and Afro population. Stavenhagen considers this stage a second form of colonialism or internal colonialism:

> Indians of traditional communities found themselves once again in the role of a colonized people: they lost their lands, were forced to work for the "strangers", were integrated against their will to a new monetary economy, and fell under new forms of political domination. This time, colonial society was national society itself, which progressively extended its control over its own territory. Now there were not only isolated Indians who, abandoning their communities, joined the national society; but the Indian communities themselves as a group, were progressively incorporated to expanding regional economic systems. To the extent to which national society extended its control, and capitalist economy dominated the area, relations between colonizer and colonized, between Ladino and Indian, were transformed into class relationships.[96]

However, Stavenhagen does not imply that class relations ended colonial relations. He rather stresses the fact that, during the course of the economic development of underdevelopment in a colonial economy, different social classes emerged but were still determined by colonial relationships.

The expansion of capitalist economy as well as the ideology of liberal economy during the 19th century and the mass migration of white Europeans to (Latin) America at the end of the century also produced a shift in the quality of race relations (or in Stavenhagen's term: inter-ethnic relations) between criollos/ladinos/mestizos (the differentiation of people within the categorisation of whiteness, i.e. the mixing of other "races" with whites) and Indians and former African slaves. The model of colonial domination and exploitation shifted, under the capitalist form of social relations, towards class relations impregnated by colonial designs. The formation of classes in a formal postcolonial economy positions the subjugated in different situations of domination and forms of exploitation. Depending on the relational character of the situation, the subjects find themselves in relations of contradiction. As Stavenhagen explains:

[96] Stavenhagen, Rodolfo (1965). Classes, colonialism, and acculturation. Studies in Comparative International Development, Vol. 1, No. 6, p. 71-72.

> The Indian thus finds himself in the midst of diverse and contradicting situations: at times he is "colonized", and at times he is a member of a class (in the sense that he is a typical *class situation*). In other words, not only does the Indian perform various roles (as everybody else), but he also participates in *dichotomized role systems*, which are historically and structurally conflicting. Nor does the Ladino escape ambiguity: at times he is a "colonizer", at times bearer of "national culture" and a member of "national society", and at the same time he finds himself in most diverse class situations, in confrontation with Indians and other Ladinos.[97]

Class relations contribute to separating the racialised subject from his/her community by reinserting him/her through capitalist wage labour, not only in the spaces of race and class, but also from now on in the realm of collectivity and individuality. Both class and race are categories related to the group's formations, but since class has been constructed under capitalist social relations and liberal doctrines of private property, trade and labour, it is the only category that shows possibilities of mobility within it, but only to "individuals". It only *shows* them as opportunities to break through subjugation and dependency.

The category of race, on the other hand, does not allow for possibilities of mobility within its system due to its connotation with a "collective" physical type demarcation. And if it does allow them, the only possibilities to move have historically been through the class system (wealth, marriage into "white families"). The construction of race has been based on physical features organising the structures of colonial economics and politics implemented over centuries, and forming its connotations around racialised group belonging. Thus, criollos, ladinos, and mestizos could affirm their "whiteness" and "European blood" in contrast to the darker Indians and the Afro population. That is to say, they related to *the rights of supremacy* in the colonial matrix, which already allowed social entry to spaces where political and economic power could be achieved, i.e. through the creation of laws for private and land ownership, which transformed the collective lands of the Indian communities into private hands by deprivation and conquest.

Theoretical synthesis

In this concluding section of the theoretical chapter, I will try to integrate the perspectives discussed above in a coherent framework. This will be done under two headings: *Accumulation by dispossession through coloniality of power* and *Hegemony by (logics of) coloniality*.

[97] Ibid., p.73. (italics in original)

Accumulation by dispossession through coloniality of power

Land is a resource that has been one of the main targets for appropriation and dispossession in colonialism, capitalist advancement, and imperial politics. The appropriation, conquest, or transferring to private ownership of land has historically, in the words of Harvey, taken place through "appropriation by dispossession". During the wave of colonial European expansion in Latin America in the 16th century, private ownership of land was introduced by the Spaniards to "legally" consolidate the appropriation of space and its subjects (Indians). The system was called *encomiendas*, which were pieces of land or territories given in favour by the Spanish crown to a Spanish subject. In return, this Spanish subject was to collect tributes that the Indians were obligated to give to the crown in return for "spiritual and earthly" protection by the *encomendero* (the Spanish subject). Since 1536, the *encomiendas* were conferred together with Indians, including their next generation. Later on, these *encomiendas* could be sold with the Indians on them.[98]

However, this system was used to control and dominate spaces, its subjects, natural resources, and enslaved labour forces of Indians and, later on, of African slaves. But it was also used to convert and "civilize" the racialised natives in accordance with European "civilisation". The idea of protection was transformed into exploitation and abuse against the Indians to the point where the Indian population was reduced by such a magnitude that the Spanish crown was obligated to change the rules of this system during 17th century, though without much success.[99] This system was abolished in 1791 along with the political transformations in Europe and the rise of liberal reforms. Although the abolition of this system came at the end of the 18th century, the selling of *encomiendas* to private owners started much earlier. The privatisation of land as regulation of the absolute conceptualisation of space that establishes exclusive and monopoly powers on private individuals (which can be extended to states or administrative units) was significant in the transformation of the socio-economic landscape.

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[98] Galeano, E., Op.Cit., p. 71.

[99] According to Darcy Ribeiro, Galeano writes: "The Indians of the Americas accounted for no less than seventy million, and perhaps more, when the foreign conquerors appeared on the horizon; a century and a half later, they had been reduced to a total of just three million. According to the Marquis de Barinas, between Lima and Paita, where more than two million Indians had lived, there were no more than four thousand indigenous families left in 1658." (Ribeiro, Darcy (1969). Las Américas y la civilización, vol. I: La civilización occidental y nosotros. Los pueblos testimonio, Buenos Aires, in Galeano, E., Op.Cit., p. 66-67) (my translation).

The enormous amount of territory, the weakened Indian population, the subjugation of African slaves, a weakened Spanish crown, few Spanish settlers and the formation of colonial commercial centres in the colonies were important factors for the commercialisation of Latin American land and its agricultural exploitation. These vast privatised territories were called *latifundios*. Large segments of land were sold into private hands by the colonial administrations, but they were also given as concessions within the ruling elite of these commercial centres. At the same time, European demand for "exotic" products reorganised the production of agricultural goods in Latin America. And, in doing so, it also reorganised the life of its labour force.

The exploitation was no longer so much about paying tributes to the landowners, as it was about the system of the *encomiendas*. Now the landless Indian or peasant had to pay with labour or money for the right to live in these *latifundios*. Agricultural production was imposed on these territories for the production of "exotic" goods to be exported to Europe or consumed by the elites of the domestic colonial centres, and the peasants had to undertake labour wherever it was arranged. This system created some structural changes in the economic landscape: peasant and Indian families were split due to a need to find labour elsewhere; it also created jornaleros (day labourers), usually men working in the fields while women and children migrated to more populated areas to find work in the service sector, if they were lucky; and, as a result, it created big segments of poverty. Galeano (1971) describes it in the following way:

> From the colonial plantation, subordinated to the foreign needs and founded in many cases from abroad, comes in a straight line the latifundios of our days. This is one of the bottlenecks that choke the economic development of Latin America and one of the primary factors of marginalization and poverty of the Latin American masses. The current Latifundios, mechanized in necessary extension to multiply the surplus of labour, has abundant reserves of cheap labour. It no longer depends on the importation of African slaves or the Indian "encomienda". The latifundio needs only to pay ridiculous day-wages, a remuneration of services in spices or free labour in exchange for use of a piece of land, and is nourished by the proliferation of minifundios, a result of its own expansion, and the continued internal migration of legions of workers who move, pushed by hunger, to the pace of successive harvests.[100]

Private ownership of land means not only the commodification of it and its possible commercialisation, but also the "legal" rights to dispose of the land's natural resources and space in any way. Apart from the extensive territories of

[100] Galeano, E., Op.Cit., p. 98. (my translation)

latifundios in the 19th century, there were also large territories where different communities of Indians used the land collectively as consumption goods (in contrast to investment, i.e. capital).[101] During the process of the "second emancipation" of national liberation, many Indians were killed, their lands conquered and the Afro population were either sent to war against the Indians or confined to servitude for the ruling elites. The 19th century's liberal reforms also forced different Indians communities to transform communal lands into private property. This process had the consequence that many communities lost their land.[102]

Stavenhagen (1965) points out that in this process, the organisation of class (through private ownership) and race (the ruling elite in terms of whiteness such as criollos, ladinos, mestizos) began to change some of its features. It was no longer explicitly about race relations as under the European crowns' command, but now race relations became implicitly integrated in the new national commercial-capitalist system. In an example from Mexico, Stavenhagen shows that: "In the Indian area, the private property of land has stimulated Ladino penetration. First attracted by the new coffee crop, during the past century, they later took to other kinds of commercial agriculture. Freeing the land in fact accelerated the expansion of the national commercial-capitalist system".[103]

Nevertheless, the structure of power has been, and still is, organised around a colonial axis, which has been central for the construction of the modern nation-state in the Latin American countries.[104] There are, however, differences among the Latin American countries' nationalisation projects, with their own historical trajectories and ideological articulations, but their differences lie more in the method of covering colonial race relations with homogenisation politics and the creation of national identities rather than disarticulating the colonial axis of power. It became instead a re-articulation of coloniality on a new institutional basis. The colonial axis was crucial for capitalisation and the formation of the dominant class in the modern nation-state, but was also central for the process of dispossession and privatisation of land during that period.

It was critical during this period for the "white" elites to construct the national identity of the population within the territories through social and historical images, memories, and symbols, which could also mask the inner racial/ethnic

[101] Stavenhagen, R., Op.Cit., p. 59.
[102] Idem.
[103] Ibid., p. 60.
[104] Quijano, A. (2003). Ibid., p. 237.

conflicts and hierarchies.[105] During this period, the idea of "empty territories"—*campo vacio*—where many Indian communities lived, first legitimised the occupation and control of space through race, followed by the process of nationalisation (the political process of gathering different ethnic groups and classes into a nation) of territories, and finishing creating laws to "legally" legitimise private property. Stavenhagen observes that:

> This brief analysis has shown that the private ownership of land has different economic and social functions among the Indians and the Ladinos. It is a social institution linked to the capitalist development of the region. But it primarily benefits the Ladino group, and it is used by them as an instrument of exploitation of the Indians. The private ownership of land, introduced by the liberal regimes who, ironically, wanted the greatest good for the greatest number, has only served to dispossess the Indians of their lands, thus forcing them to go in search of wage work. The private ownership of land thus constitutes one more element for the differentiation of the social classes of the region".[106]

Thus, the instruments of control, exploitation, and domination that have characterised colonial relations resembles the grounds on which the capitalist system is based, creating a juridical apparatus to "peacefully" legitimise control, exploitation, and domination of spaces, resources, and subjects. Gonzales Casanova (1965) argues that the difference between colonial and class relations is distinguished in the fact that colonialism or internal colonialism "is not only a relation of exploitation of the workers by the owners of raw materials or of production and their collaborators, but also a relation of domination and exploitation of a total population (with its distinct classes, proprietors, workers) by another population which also has distinct classes (proprietors, workers). Internal colonialism reveals many differences with the structure of classes, and sufficient differences with the city-country structure to be used as an analytical instrument".[107] Internal colonialism appears on the Latin American scene as

[105] Quijano argues that there are four fundamental historical trajectories in Latin America that can outline the way "race" was tackled. First, in nations like Bolivia, Mexico, and Cuba, the process of decolonialisation and democratisation through radical revolutions, and assimilatory identity politics for many of their ethnic groups were real but unconcluded. Second, a limited and incomplete but real process of colonial racial homogenisation in the southern cone (Argentina, Uruguay, Chile) by a massive annihilation of the indigenous and Afro population, accompanied by policies that favoured European mass-immigration. Third, a frustrated intention to culturally homogenise Indians, Afro descendants and mestizos in Peru, Ecuador, Guatemala, and Nicaragua, provoking violent political and identity conflicts, especially between criollos and Indians. And fourth, the imposition of the ideology of "racial democracy" in Brazil, Colombia, and Venezuela that masks real discrimination and colonial domination of the Afro population. (Quijano, A. (2003). Ibid., p. 237).

[106] Stavenhagen, R., Ibid., p. 61-62.

[107] Gonzales Casanova, Pablo (1965). Internal Colonialism and National Development., Studies in Comparative International Development; April 1, 1965., p. 33.

part of a continuation of a politico-economic project driven by *the rights of supremacy* of the European epistemologies of race, development, progress, and modernity, and ideologically executed by white elites in the construction of Latin American nation-states. But, as Gonzales Casanova argues:

> With *political* independence the notion of an integral independence and of a neo-colonialism slowly arises. With the creation of the nation-State as a motor of development and the disappearance of the "imperialistic ogre", there appears a need for technicians and professionals, for contractors and capital. With the disappearance of direct domination of foreigners over natives, the notion of domination and exploitation of natives by natives emerges…Interestingly, the exploitation of the Indians continues, having the same characteristics it had before independence.[108]

It is under these characteristics of race and class relations that links can be made with the development-underdevelopment structural dichotomy of the dependency school. The introduction of race formations on the Latin American continent and the expansion of capital have characterised the formation of classes through private ownership of land and natural resources. The laws of the market maintain the *dynamics of inequality*, and the development-underdevelopment dichotomy of colonial design is still exploited by foreign corporations today and supported by the internal interests of the ruling classes. Internal colonialism can then be explained as part of Harvey's "internal coercion" of accumulation by dispossession, and as an important aspect in the uneven geographical development of capitalism.

In the above sections, I have highlighted some of the most important features and authors of dependency theory and internal colonialism. It is worth to noting, as Beigel (2006) points out, that the dependentistas did not analyse reality through isolated economic variables, but that they struggled to unveil the fabric of social relations that constructed such data.[109] This assumption was one of the features of their epistemological position. Another was to analyse the effects and not only the causes of capitalism through a relational understanding of space and power. However, they had another position in their theorisation of reality, which depended on their geopolitical place of enunciation. They talked and wrote from a critical Latin American perspective of a historicity and geo-economic politics on which colonialism has been constructed and on which capitalism relies.

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[108] Ibid., p. 27. (Italics in original)
[109] Beigel, F. Ibid., p. 319.

It was, as de Sousa Santos (2009a) says, not only a perspective from the South, but from the anti-imperial South. It was an answer to, but also a position against, the epistemology of the North—from its theoretical and political constructions of civilised and primitive, progress and backwardness, modern and traditional, development and underdevelopment etc. It was not that these dichotomies were contested on the grounds of being "constructed" concepts, but the aim was to situate them, under critical relational scrutiny, in the world's political and economic histories. The aim was to take an epistemological position against the proclamation of Western social sciences on universality and the progress of humanity. As a very well-known dependentista Sergio Bagú has insisted, Western European social sciences are much less universal than they claim: "While they claim to be the 'cradle of progress and universal rights', no culture other than the western has been constructed on such scandalous polarization, slavery, servitude, and poverty".[110] What dependency theory does is to question the western proclamation of "universal laws" and to contextualise knowledge, or as Haraway (1988) argued several years later, knowledge must be seen as embodied, as situated.[111]

This epistemological position was what made it possible to methodologically target important sociological questions, and what still makes it important even today to recover some of these suggestions. For example, the way they highlighted the interconnection between the political and the economic, its consequences and the social aspect; the way of analysing dependency as being situated and relational; the emphasis on the historicity of underdevelopment; and not least the very conceptualisation of the centre and periphery. Moreover, the emphasis that both theoretical frameworks (dependency and internal colonialism) gave in response to the question of colonialism and the imposition of a social relation of domination—race/coloniality—as a pattern of power in the capitalist system, allowed further analysis of the control of labour, forms of domination, politics of private property, unpaid wages and salaried wages, the role of the state, and social relations.

The approach offered here, as Quijano (2003) suggests, must be expanded to other areas of social existence, sex/gender relations, "nature" and its production, knowledge production and, of course, labour. It is important because this pattern of power has been regulating every form of control of social relations in each of these areas. As Quijano puts it:

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[110] Bagú, Sergio (2003/1970). Tiempo, realidad social y conocimiento. Mexico DF: Siglo XXI, p. 70, quoted in Beigel, F. Ibid., p. 320.
[111] Haraway, Donna (1988) Situated Knowledges: The Science Question in Feminism and the Privilege of Partial Perspective. Feminist Studies, Vol. 14, No. 3. (Autumn), p. 581.

> Thus, in control of labour, of its resources and its products, it is the capitalist enterprise; in control of sex, its resources and products, the bourgeois family; in control of the authority, its resources and products, the nation-state; in control of intersubjectivity, eurocentrism.[112]

These forms of control are conceived as institutions that are in relation to each other. They even depend on each other to survive and therefore form a system that, according to Quijano, is the first to cover the planet and thus, become global.[113] The formation of these institutions and their control apparatus is what constitutes hegemonic fields that, according to Quijano, are related to three central elements that affect big segments of the world population: coloniality of power, capitalism, and eurocentrism.[114] I have already outlined through theoretical frameworks and methodological instances how it can be argued that accumulation by dispossession (in Latin America), in Harvey's terms, has been conducted through a specific pattern of power which Quijano calls *coloniality of power*. Nevertheless, the question of eurocentrism in the production of knowledge and its regulation of social relations embedded in capitalist forms of colonial design is part of the conceptualisation of the *hegemony by (logics of) coloniality*, the second point of my argument and the theme of the next section.

Hegemony by (logics of) coloniality

To the arguments presented in the preceding sections, I would like to relate Gramsci's theoretical-practical principle of hegemony. Gramsci wrote the following in the section on "Structure and superstructure" in his *Philosophy of Praxis*:

> The proposition contained in the "Preface to a 'Contribution to a Critique of Political Economy'"* to the effect that men acquire consciousness of structural conflicts on the level of ideologies should be considered as an affirmation of epistemological and not simply psychological and moral value. From this, it follows that theoretical-practical principle of hegemony has also epistemological significance [...].[115]

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[112] Quijano, A. (2003), Ibid., p. 214. (my translation).
[113] Idem.
[114] Idem.
* Gramsci is referring to the following paragraph of Marx's text: "In considering such [revolutionary] transformations, a distinction should always be made between the material transformation of the economic conditions of production, which can be determined with the precision of natural science, and the legal, political, religious, aesthetic, or philosophic – in short, ideological forms in which men become conscious of this conflict and fight it out". This is quoted in

I begin this section with a quote that can introduce the main point of argument. Although I have already mentioned the construction of a classificatory apparatus that would allow the insertion of a new social relationship during the European colonial expansion, hegemony and its epistemological significance is still a question to be discussed in relation to capitalist social relations of colonial design, and to theoretically frame what Cardoso and Faletto have mentioned as the antagonistic forces of capitalism and the basic sources of existence, continuity, and change. The practical-theoretical principle of the hegemonic apparatus that the colonial system has constructed, established the necessary conditions for capital accumulation. Coloniality of power, then, is a concept that can help understanding the formation of hegemony in the realm of North-South conceptualisation, its practicalities and theorisations, and the significance of knowledge production to maintain an ethico-political order that allows and facilitates capital accumulation under the gaze of colonial designs.

The formation of a hegemonic apparatus is the production of knowledge under a specific axis of power, that is, from the standpoint of the powerful/dominant who have already established the conditions for the means of their own production of knowledge. Supremacy is then "legitimised" by the dominant subject's conceptualisation of "reality" and its inscribed logics and value-orientations. This "legitimation" of power is then institutionalised through i.e. the educational system (schools, universities, sciences) and cultural activities (art, media, literature, films, radio, etc.), which influence, or distort, the subordinated classes/groups.[116] Gramsci writes:

> The realization of a hegemonic apparatus, in so far as it creates a new ideological terrain, determines a reform of consciousness and of methods of knowledge: it is a fact of knowledge, a philosophical fact. In Crocean terms: when one succeeds in

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Gramsci's paragraph and can be found in: Marx, Karl: Preface to "A Contribution to the Critique of Political Economy", in Collected Works, Volume 29, p. 263.

[115] Gramsci, Antonio (edited by Quintin Hoare and Geoffrey Nowell Smith, 1971). Selections from the Prison Notebooks of Antonio Gramsci. London: Lawrence and Wishart., p. 365.

[116] Gramsci argues about the realisation of hegemony as "essential to its conception of the state and to the 'accrediting' of the cultural fact, of cultural activity, of a cultural front as necessary alongside the merely economic and political ones". (Gramsci, Antonio (edited by David Forgacs, 2000). The Antonio Gramsci Reader: Selected writings 1916-1935. New York: New York University Press., p. 194). According to Louis Althusser, the function of ideology is a crucial part in society's social conditions of production. He points to several "specialised institutions" such as the family, the church, the school, trade unions, the law and political system, culture (i.e. literature, art, sport etc.). Althusser calls them Ideological State Apparatuses and their purposes are to reproduce society's social conditions of production that sustain the dominance and leadership of the class/group in power and this group's ideological order. (Althusser, Louis (1971) "Ideology and Ideological State Apparatuses", in Althusser, Louis (1971). Essays on Ideology. London: Verso., p. 17).

> introducing a new morality in conformity with a new conception of the world, one finishes by introducing the conception as well; in other words, one determines a reform of the whole philosophy.[117]

A decisive realisation of a hegemonic apparatus has been established under colonial activity since 1492, throughout the Americas, by violence and economic interests, on the one hand, and on the other hand, by the process of categorisation in terms of "race/culture" and different systems of labour forms and projects of wealth accumulation by the colonisers and dominant groups. The existence and continuation of all these processes over the centuries allowed their institutionalisation in sciences and their continuation through a chain of associations within politics, morals, and social practices. The process of categorisation is indeed multiplied in space and time.

This means that "race/culture" not only represented a phenotypic difference, but that these differences were also hierarchised in time: progress-backwardness, developed-underdeveloped, modern-traditional etc. The past, present, and future were designated to different "races/cultures" as part of their hierarchical scale. This is a point that has been central to the discourse of development and progress within nation-states politics and international relations as well as within science as part of the production of knowledge.

Quijano's concept of the coloniality of power, as discussed above, therefore presents some of the elements in the realisation of a hegemonic apparatus. However, there is an element which is decisive for the securing of this apparatus's "existence, continuity, and change", and which is introduced by capitalist epistemology, breaking up the collective into individuals. This breaking up of the collective into the realm of "individuals" is what produces an instrument for what Gramsci mentions in this paragraph as the "methods of knowledge" which are related to the ideological terrain that a hegemonic apparatus creates.[118] In Harvey's terms, it is possible to argue that a specific

[117] Gramsci, A. (2000). Op.Cit., p. 192. It is important here to highlight that Gramsci's analysis is not only about the strategies of the dominant classes, but also a suggestion to the subordinated classes to create counter-hegemony.

[118] Frantz Fanon, in his studies on violence and the liberation process in the colonial system, observed that: "The native intellectual had learned from his masters that the individual ought to express himself fully. The colonialist bourgeoisie had hammered into the native's mind the idea of a society of individuals where each person shuts himself up in his own subjectivity, and whose only wealth is individual thought. Now the native who has the opportunity to return to the people during the struggle for freedom will discover the falseness of this theory. The very forms of organisation of the struggle will suggest to him a different vocabulary. Brother, sister, comrade—these are words outlawed by the colonialist bourgeoisie because, for them, my sister is my purse, my comrade, my buddy and part of my scheme for getting by". (Fanon, F. (1961/2009). Los Condenados de la Tierra. Buenos Aires: Fondos de Cultura Economica., p. 41). (my translation)

form of conceptualisation of space was introduced—that of absolute space. The absolute space is conceived not only as a static object, i.e. that of private property, or the legacies of the Westphalia system of nation-states, or the different "races/cultures", or the individual as a point of departure. This conceptualisation has also been used as an instrument of a method of knowledge and its institutionalisation in sciences and politics. The problem is not the "individual" per se, but the dynamic parallel process of separation and reinsertion between "individual" and "collective" according to the needs of capital accumulation, the methodological needs of a specific knowledge production within sciences, and its instrumentalisation in politics.

Hall (1985), in his reading of Althusser, describes the necessity for capital of creating not only a competent labour force but also one willing to subordinate itself to the logics of capital.[119]

> Schools, universities, training boards, and research centers reproduce the technical competence of the labor required by advanced systems of capitalist production. But Althusser reminds us that a technically competent but politically insubordinate labor force is not labor force at all for capital. Therefore, the more important task is cultivating that kind of labor which is able and willing, morally and politically, to be subordinated to the discipline, the logic, the culture and compulsion of the economic mode of production of capitalist development, at whatever stage it has arrived; that is, labor which can be subjected to the dominant system ad infinitum. Consequently, what ideology does, through the various ideological apparatuses, is to reproduce the social relations of production in this larger sense.[120]

This point should be read as part of the production of knowledge inserted not only in the logics of capital, but also into the logics in which capital has been historically contextualised. That is, first, the insertion of the social relations of "race" which capital has relied upon; and second, the institutions created for the production of knowledge and their epistemological use of this categorisation system as part of the ideological state apparatuses in accordance with the needs of the capitalist mode of production and accumulation; and not to forget, framed within the geopolitical histories of North-South. Let me very briefly mention Wallerstein's (2004) accounts on the way science has historically been structured by colonial designs:

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[119] For Althusser, in the capitalist system of social relations, "labour is not reproduced inside the social relations of production themselves but outside of them", that is through the Ideological State Apparatuses. (Hall, Stuart (1985) Signification, Representation, Ideology: Althusser and the Post-Structuralist Debates. Critical Studies in Mass Communication, Vol. 2, No. 2, p. 98.).
[120] Hall, S., Idem.

> In the second half of the nineteenth century and the first half of the twenty century, as we have argued, six names had been widely accepted as those treating social reality—history, economics, political science, sociology, anthropology, and Oriental studies. The underlying logic of the six names, and therefore the division of labor in the study of social reality, derived from the world social situation of the nineteenth century. There were three lines of cleavage. The first was between the study of the Western "civilized" world and the study of the non-modern world. The second distinction was that made within the Western world between the study of the past and the study of the present. And third was that made within the Western present between what liberal ideology had designated as the three separate arenas of modern, civilized social life: the market, the state, and the civil society. [...] what happened in fact was that the three studies of the Western present (economics, political science, and sociology) largely moved into the scientistic camp and deemed themselves nomothetic disciplines. The other three disciplines—history, anthropology, and Oriental studies—resisted this siren call and tended to consider themselves humanistic or idiographic disciplines.[121]

This reflects the division of labour within the system of knowledge production during a period in which the West dominated over the "rest". However, as Wallerstein points out, the political impact of 1968 on issues of race and sexuality in the West changed the way knowledge production and political discourses were structured around them. During this period, the world-economy was entering into stagnation, and the centre-right forces promoted several political and economic reforms, i.e. lowering taxation, externalising production, and lowering remuneration. These two parallels reforms, in the realm of subjectivity and the realm of political economy, led to a change in the ideological terrain, but a change that it was necessary for the hegemonic powers to tackle in order to stay in power as the dominant and leadership class but also as a race, and, as such, a change which was also reflected in the areas of knowledge production. It was a transformation of the ideological terrain where the emphasis was placed more on the individual and his/her economic "freedoms"[122] and in doing so, collectivity was repressed (the separation of the collective into the realm of individuality).

Ideology, as Hall explained, functions as "the frameworks of thinking and calculation about the world—the 'ideas' which people use to figure out how the

[121] Wallerstein, Immanuel (2004). World-System Analysis: An Introduction. Durkham: Duke University Press., p. 75.
[122] The idea of economic freedoms is part of the neoliberal ideology where a person is imagined to be not dependent on the help of his/her community or the state. However, this "freedom" is imagined when the community is transformed into an individual dependency on the banks and the financial system, i.e. the pension systems are no longer wholly guaranteed by the state, but rather by your own personal ability to choose (risky) funds.

social world works, what their place is in it and what they ought to do".[123] Althusser emphasises these actions and the practising of ideas, and sees them as social phenomena that function through language and rituals, and practices of social action or behaviour. Hall points out: "Language and behaviour are the media, so to speak, of the material registration of ideology, the modality and its functioning. These rituals and practices always occur in social sites, linked with social apparatuses".[124] Ideologies operate through chains of associations, discursive formations and symbolic fields forming systems of representations that can be materialised in practices. A fundamental system of representation is the dichotomist system of difference and similarity, which has been, and still is, at the very core of the construction of race, class and gender through political discourse on inclusion-exclusion. These systems of representation and chain of associations are, in other words, logics which are linked to social and political institutions.

According to Glynos and Howarth (2007), "the logic of a practice comprises the rules or grammar of the practice, as well as the conditions which make the practice both possible and vulnerable".[125] Thus, a particular context or field—or terrain in Gramsci's terms—comprises a specific set of grammar and rules that establishes the arrangements of subject positions and their negotiation meanings. Positions are adopted or imposed through the field's institutional arrangements that fixate practices and discourses.

The fixation is political and ideological, and has consequences for social relations and formations. Logics, as Glynos and Howarth stress, "aim to capture the conditions that make possible the continued operation of a particular… practice, as well as its potential vulnerability".[126] Hence, logics are dynamic conceptualisations through a set of grammar and rules of institutional arrangements (family, church, trade unions, capital, colonial administration) and within an ideological terrain. However, ideology operates by closing the possibility of transgressing its own sets of logics, which ensures that radical contingency of social relations remains in the background.

These elements act as a basic grounding for common social relations, but also as a realm of intersubjectivity that establishes a central sphere of value-orientations and conceptualisations, which elaborates certain intellectual

[123] Hall, S. Op. Cit., p. 99.
[124] Idem.
[125] Glynos, Jason and Howarth, David (2007). Logics of Critical Explanation in Social and Political Theory. London: Routledge., p. 136.
[126] Idem.

processes and thereby produces knowledge. Under these geopolitical manifestations of capital and coloniality on the ideological terrain, and their institutionalisation in the production of knowledge with rules and grammar, a specific form of knowledge has been produced which comprises its logics: Eurocentrism. It has been established as a hegemonic perspective based on the experiences of the European white bourgeois subjects and born of a need for economic expansion by any means around the world, and from the need to politically legitimise their *rights of supremacy* also by any means.[127]

Apart from its hegemonic capacity to override or co-opt other forms of knowledge, it is important to stress that this is a specific, and therefore not a general, form of rationality that has been at the core of the politics of colonialism, capital expansion, and the history of social and natural sciences.[128] Thus, the production of Western scientific knowledge has been part of the politics of colonial and capitalist enterprises over several centuries, and therefore it must be taken into account when it comes to understanding the conditions it institutionalises for discourses and social practices to become hegemonic, but also the logics inscribed in these institutional arraignments, in the areas of (inter)subjectivity and the political economy of capital.[129] Let's now turn to Gramsci's definition of hegemony.

Hegemony, for Gramsci is, "characterized by the combination of force and consent, variously balancing one another"[130] and is identified with the

[127] Quijano, A. (2003). Ibid., p. 218.
[128] For a more detailed debate about eurocentrism in the social sciences, see: Wallerstein, Immanuel, et.al (1996) Open the Social Sciences – Report of the Gulbenkian Commission on the Restructuring of the Social Sciences. Stanford University.
[129] It is important to stress that Eurocentrism is just a form of rationality and logics sets among a variety of experiences and production of knowledge in the West. The important and interesting thing about Eurocentrism is its achievement in suppressing, forgetting and/or marginalising other forms of knowing/knowledge and experiences within (and outside of) the geographical West. Eurocentrism succeeded in conforming to the objectives of imperialism, colonialism and orientalism by constructing internal institutional arrangements to canonise its own epistemological production, institutionalisation and professionalisation of science during the process of capitalist expansion in the colonial times, the modern times and the times of "globalisation". It is therefore important, as de Sousa Santos argues, to "identify the West's internal relativity, that is to say, the infinity diversity of western experiences and the continuity or discontinuity among those that succeeded and ended up being identified as specific of the West, and those that were abandoned, suppressed or simple forgotten. Either of these paths is legitimate. However, since either of them can be pursued ad infinitum, the global history or sociology to which either of them leads will always be partial. In spite of this, or perhaps because of this, it is worth pursuing both with equal perseverance." (de Sousa Santos, Boaventura (2009b). A Non-Occidentalist West? Learned Ignorance and Ecology of Knowledge, in Theory, Culture & Society, 2009, London: SAGE, Vol. 26(7-8): 103-125, p. 105.
[130] Gramsci, A. (2000). Op.Cit., p. 261.

formation of "new ideological terrain", with cultural, political, and moral leadership and with consent.[131] Gramsci stresses that hegemony

> presupposes that account be taken of the interests and the tendencies of the group over which hegemony is exercised, and that a certain compromise equilibrium should be formed—in other words, that the leading group should make sacrifices of an economic-corporate kind. But there is also no doubt that such sacrifices, and such a compromise cannot touch the essential; for though hegemony is ethico-political, it must also be economic, must necessarily be based on the decisive function exercised by the leading group in the decisive nucleus of economic activity.[132]

This is of importance because it presupposes the active acceptance and practical involvement of the subordinated groups. For Gramsci, the concept of hegemony is related both to civil society and a wider understanding of the state. The state in this regard is not narrowed to the government's administrative powers, but includes the foundations of the political structure in civil society, i.e., political parties, the church, media, educational system, trade unions, etc.; in other words, institutions that can provide people with certain conceptualisations and value-orientations and, hence, creating modes of behaviour and expectations in accordance with the hegemonic social order.[133]

Hegemony is the capacity to lead and dominate, intellectually, morally, and coercively, as long as its political, ideological, and cultural actions can maintain different unified heterogeneous and contradicting social blocks under consensus.[134] It is the capacity to create alliances as long as this facilitates the dominant group staying in economic and political power. The limit of this consensus is the existence and activity of the repressive state apparatus. It is important to stress then that it is not only domination but also leadership under a channelled consensus through institutions in civil society. However, this also means the act of supremacy and the "right" to make it socially acceptable through institutions.

> the supremacy of a social group manifests itself in two ways, as 'domination' (*dominio*) and as 'intellectual and moral leadership' (*direzione*). A social group dominates antagonistic groups, which it tends to 'liquidate', or to subjugate perhaps even by armed force; it leads kindred and allied groups. A social group

[131] Ibid., p. 423.
[132] Ibid., p. 211.
[133] Cox, Robert (1983) Gramsci, Hegemony and International Relations: An Essay in Method. Millennium – Journal of International Studies, N 12, p. 164.
[134] Gruppi, Luciano (1978) El concepto de Hegemonía en Gramsci. Mexico: Ediciones de Cultura Popular. (www.gramsci.org.ar/12/gruppi_heg_en_gramsci.htm) (source visited in summer 2011).

> can, and indeed must, already exercise 'leadership' before winning governmental power (this is one of the principal conditions for the winning of such power); it subsequently becomes dominant when it exercises power, but even if it holds it firmly in its grasp, it must continue to 'lead' as well.[135]

Taking into account the historical constitution of institutions for the production of knowledge in the West, the historical and political economic system of capitalism in which accumulation by dispossession through the coloniality of power has been key to the current politico-economic world system, and the international economic, political, and social institutions that can perform an ideological role and maintain the system as such, it is then possible to argue that hegemony (leadership and domination) is still under the logics of coloniality; that is, under the consensus of a system of capitalism by colonial designs. Cox (1983) argues that world hegemony is, in fact, an extension of specific internal national hegemonic economic and political groups, that could channel values, morals, and norms as universals and as such could make alliances with other groups in other countries.[136]

In this regard, it is possible to link the theoretical frameworks of dependency theories, such that they sustain the importance of alliances between the bourgeois classes within Latin America's economic and political system and in relation to external capital.[137] It points as well to the question of domination of the economic sphere and the dependency it creates in certain situations. This domination is not only of class, as I have already argued, but also of race. As Quijano emphasises, domination is the *sine qua non* of exploitation, and race has been the categorisation used as a universal axis for the current pattern of the capitalist model.[138] Hegemony at a global level functions only in accordance with the logics of exploitation and consent along the lines of the logics of coloniality. In accordance with the relations of institutions in each of the realms of social existence—family, labour, gender/sex, knowledge production, "nature", authority, subjectivity—it is possible to argue that hegemonic fields are constructed as interdependent on one another, arranging social relations that can reproduce conditions of production and subjectivity. However, radical contingency is always part of the conditions of subjectivity and as such it always integrates the possibility of resistance, whether with voices telling other stories (producing counter-hegemonic knowledge and liberating political discourse)

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[135] Gramsci, A. (2000). Op.Cit., p. 249. (italics in original)
[136] Cox, Robert (1983) Gramsci, Hegemony and International Relations: An Essay in Method. Millennium – Journal of International Studies, No. 12, p. 171.
[137] Beigel, F. Ibid., 320.
[138] Quijano, A. (2003). Ibid., p. 241.

and/or *poniendo el cuerpo* (putting the body), that is, to put the body in the spaces of struggle against the impositions of the powerful.[139]

[139] See: Sutton, Barbara (2007). Poner el Cuerpo: Women's Embodiment and Political Resistance in Argentina. Latin American Politics & Society 49:3 (2007) 129-162.

3. Previous research

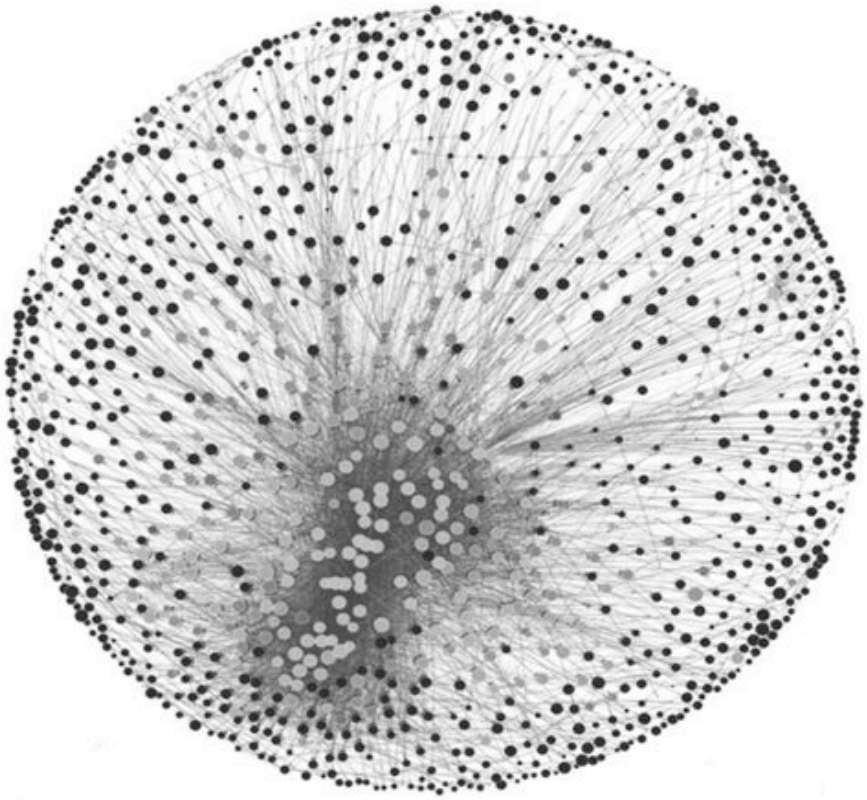
This chapter deals with previous studies on the formation and role of TNCs in the world economy; TNCs and FDI in general and in Latin America in particular; and on transnational corporations and so called "green investments". Work on the foreignisation of land is presented as well as previous research on the effects of afforestation in Uruguay. Finally, I discuss previous studies made on the consequences of FDI by Botnia/UPM in terms of labour conditions in Uruguay.

The role of TNCs in the world economy

According to the *World Investment Report 2011* of the United Conference of Trade and Development (UNCTAD), TNCs control at least one quarter of the total world GDP[140]. The 1998 report from the same organisation declared that there were at least "53,000 TNCs compared to 7,000 in the early 1970s; two-thirds of them are based in 14 industrialised countries. These TNCs have over 450,000 foreign affiliates worldwide".[141] The FDI of these TNCs in 1997 went up to 3.5 trillion USD and generated sales worth 9.5 trillion USD. In 2009, there were some 82,000 TNCs in the world, with 810,000 foreign affiliates[142], and in 2011 the total value of sales generated by these TNCs increased to 16 trillion USD.[143]

A recent study on *the network of corporate control* states that today there are 147 transnational corporations holding 40 per cent of the financial and economic assets of all transnational corporations around the world. The study even points out that this network of corporations is centred on 50 central mega-corporations as top control-holders that do not work in isolation from each other but "are tied together in an extremely entangled web of control".[144] Most of these 50 corporations' home countries are based in Western Europe and North America (not Mexico) and only two are from Japan and one from China.

[140] UNCTAD World Investment Report 2011, p. xiii.
[141] Madeley, John (1999). Big Business, Poor Peoples: The Impact of Transnational Corporations on the World's Poor. London: Zed Books., p. 2.
[142] UNCTAD, World Investment Report 2009, p. 8.
[143] UNCTAD, World Investment Report 2011, Ibid.
[144] Vitali, Stefania, Glattfelder, James B. and Battiston, Stefano (2011). The network of global corporate control, p. 32. Cornell University Library: http://arxiv.org/abs/1107.5728 (downloaded during the spring of 2011).



Vitali, Stefania, Glattfelder, James B. and Battiston, Stefano (2011). *The network of global corporate control*. Cornell University Library: http://arxiv.org/abs/1107.5728. The 1318 transnational corporations that form the core of the economy. Superconnected companies are light grey, very connected companies are black. The size of the dots represents revenue.

Mostly based in Western countries, they are important players in the Western economies. The main sectors for non-financial TNCs are the energy, oil, telecommunications, steel, and automobile industries. The corporations behind these leading industries include General Electric, which holds 401 billon USD in foreign assets (half of its total assets). Vodafone and British Telecom hold more than 90 per cent of their assets abroad. The oil and power industries account for six of the top ten largest transnational corporations in the world and Toyota is the biggest in the automobile industry.[145]

Greer and Singh (2000) outline the technical definition of a TNC as, first of all, a profit-making enterprise that can start or settle business in any country or

[145] The Economist (jul 29th 2010) "Biggest Transnational Companies". http://www.economist.com/node/16702193

region of the world, and that has three basic characteristics: "1) it engages in sufficient business activities—including sales, distribution, extraction, manufacturing, and research and development; 2) it is based outside of its country of origin so that it is dependent financially on operations in two or more countries; and 3) its management decisions are made based on regional or global alternatives".[146] Since the 1980s there has been a significant transformation regarding the way Multinational Corporations (MNC) became Transnational. During this period, global economic policy allowed the de-linking of capital/business from home nation's policies. Hirst and Thompson point out that the idea was that "The companies would not be any longer based on a predominant national location (as with the MNC) but would service global markets through global operations. Thus the TNC, unlike the MNC, could no longer be controlled or even constrained by policies of particular national states".[147] The TNCs would instead follow the policies of enforced international regulatory standards and the new global economic policy led by (powerful states and corporations through) the IMF, the World Bank (WB) and the General Agreement on Tariffs and Trade (GATT) of the World Trade Organization (WTO).

TNCs' operations span the globe in different countries and for different purposes; i.e., for market studies, exploration of resources, exploitation of resources, market activities, production, and administration. These corporations can be situated in different parts of the world and, at the same time, have an organised connection between them, unifying them in a single business under their corporation name. General Motors, Exon Mobil Corp., Cargill Inc., Pfizer Inc., Time Warner, etc. are transnational corporations owned by shareholders in different countries as well as their Boards of Directors, which include people from different nationalities. The main goal of these boards is to arrange the strategies needed to generate as much profit as possible. Although they operate in different economies (Western and Third World countries), the economic power of TNCs entering South-based economies has an important impact on the political, economic, social, cultural, and legal activities and on sectors of these countries, their people, and the environment. Madeley (1999) shows that when they operate in the South, their economic power and technological innovations give them disproportionate

[146] Greer, Jed and Singh, Kavaljit (2000) A Brief History of Transnational Corporations. Corporate Watch., p. 1.
[147] Hirst, Paul & Thompson, Grahame (1996) Globalization in Question. Cambridge: Polity Press., p. 11.

powers and "rights" to negotiate labour power, natural resources, and, in some cases, national laws regarding a vast spectrum of property rights.[148]

This powerful position must be not only framed within the impact of the historical process of capitalism with colonial designs, but also in terms of the recent history of debt in countries in the South dating from the 1970s and 1980s, which forced these countries to open up their assets (labour, natural resources, laws) to neo-liberal reforms (privatisation) during the 1990s following negotiations with the IMF and the World Bank. The South's governments often try to attract TNCs in order to activate short periods of economic development, lowering the unemployment rate and stabilising their currency, which allows governments to survive politically during the mandate period. At the same time, social movements and NGOs see the impact of these TNCs on people and the environment as producing social and political tensions.[149]

TNCs operate through investments in foreign assets, whether public or private. FDI was settled as a concept during the first half of the 20th century when US-based corporations and the state were involved in movements of funds to Europe. This took off much more intensively after the Second World War and especially during the Marshall plan. In a study of international business, Dunning (1993) declares that the success of modern international corporations in the globalisation of business "is increasingly determined by the ability to organize natural resources, information, money, and people across national boundaries, both within, and between organizations [...] to be able to exploit technological advances and learning experiences to their own benefits; to adapt their strategic postures and ownership patterns to meet competitive pressures; to manage diversity and environmental turbulence; and to identify and seize new economic opportunities".[150]

Recent analyses by UNCTAD show how "Investment activity by the 100 largest TNCs in the world has now shifted decidedly towards developing and transition economies"[151], and the main mode of targetting new investments is through FDI. In this regard, the same report suggest that, "The FDI pattern in LDCs [Less Developed Countries] is also evident from the expanding presence of the largest TNCs, whose presence in LDCs doubled over the past decade", and that

[148] Madeley, John (1999). Big Business, Poor Peoples: The Impact of Transnational Corporations on the World's Poor. London: Zed Books., p. 1-2.
[149] Idem.
[150] Dunning, John H. (1993). The Globalization of business: The Challenge of the 1990s. London: Routledge, p. 5.
[151] UNCTAD World Investment Report 2011, p. 26.

"As of 2010, judging by FDI project data (cross-border M&A and greenfield investment projects), European companies accounted for the largest share of FDI flows from developed countries to LDCs, with over 36 per cent of the world total".[152] The opportunity of many corporations from the North to conquer other markets and to lower the cost of production, obtain cheaper access to agricultural products and natural resources, access cheap labour and earn higher profit through the importation of these products served as a solid basis for the accumulation of capital and the continuation of historical economic dependency relations between many countries in the South and major industrialised countries in the North.

This trend is confirmed in the UNCTAD's report *World Investment Prospects Survey 2009-2011*, "TNCs continue to give developing countries high priority for FDI"[153], and growing interest for developing countries has become a trend and a priority. The main regions of priority for TNCs are East, South and South-East Asia, Latin America, and West Asia. However, despite a low increase in the regions of North Africa and sub-Saharan Africa, they "are likely to remain at the bottom of the list"[154]. One of the questions in this survey was: what makes them attractive to FDI?

> Comparing this year's country rankings with last year's, few changes have been observed. Brazil, the Russian federation, India and China (BRIC countries) are in the list of the top five countries for FDI. TNCs considered market growth, followed by the availability of cheap labour, and, in some cases, to natural resources, to be some of the major location assets of developing countries. They mentioned the quality of the business environment and market size as the main strengths of the most developed economies.[155]

The attractiveness of countries in the South in terms of cheaper labour and access to natural resources is not just part of capitalist expansion and the accumulation of capital. The model North-South, in which colonial cartographies or, in other words, the historical legacies of colonial geopolitics, still allows a form of capital accumulation that resembles the times in which expansion took place as colonial and imperial enterprises. The next section discusses studies on the historical legacy and role of TNCs in Latin America, in particular in relation to natural resources.

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[152] Ibid., p. 100.
[153] United Nations Conference on Trade and Development (2009). World Investment Prospects Survey 2009-2011. New York and Geneva, 2009: United Nations.; p. 48.
[154] Idem.
[155] United Nations Conference on Trade and Development; Ibid.; p. 53.

TNC investments and natural resources in Latin America

Although economies in Europe and the United States are the favourite recipient regions for FDI by TNCs due to their market size and business environment, there has been an increase of FDI in the "developing regions", including Latin America. After the decrease of FDI in Latin America after the 2008 crises, the inflow of FDI into the region has been increasing again. South America, with Brazil alone, has increased its FDI inflow by 56 % since 2009, although this figure is not as high as before the crises.[156] According to the Economic Commission for Latin America and the Caribbean (ECLAC) reports for 2009 and 2010, the destinations of FDI varied by sector and sub-region. There are three main sectors where TNCs invest (FDI) in Latin America: the service sector, natural resources and the manufacturing sector. South America is still a very important subject for FDI in the area of natural resources and the service sector, drawing its largest shares in 2010 with 43% and 30% respectively in comparison with the figures of 2009.

The manufacturing sector is more intense in Central America, the Caribbean, and Mexico (54%) and for service sector (41%).[157] The main TNC and investor countries for FDI flows are the United States, accounting for 17%, followed by the Netherlands with 13%, China with 9%, and Spain, Canada, and United Kingdom with 4% each. This means that 51% of FDI comes from these countries, while FDI between Latin American countries (called trans-Latin) accounts for 8% (2006-2009), with an increase to 10% in 2010. The main countries for FDI in South America are Brazil, Argentina, Chile, and Colombia, and the main trans-Latin investor countries in the region are Mexico, Brazil, and Chile.[158] The FDI received in the region in 2010 "exceeded the annual average for the decade and maintained an upward trend", according to the 2010 ECLAC report. The report adds that this reflects "the region's solid position as an investment destination and location choice for transnational companies".[159]

Argentina, Chile and Uruguay form the sub-region of the southern cone of Latin America. Historically, these countries have mainly been targets of FDI in the sector of natural resources. The latest ECLAC report shows that the main area of FDI in Chile is the mining sector with major investments by US based TNCs, while in the service sector, a second area for FDI is covered by TNCs

[156] Ibid., p. 59.
[157] ECLAC, Foreign Direct Investment in Latin America and the Caribbean 2010, p. 9.
[158] Idem.
[159] Ibid., p. 7.

from United Kingdom, Canada, and Spain.[160] In Argentina, for many years, the main targets of FDI in natural resources have been within the oil and gas sector as well as electricity and water. TNCs from China have recently been acquiring these assets, but the United States and the United Kingdom are still very important economic players. In the area of services, TNCs from the United Kingdom and Spain are very well represented.[161]

FDI in Uruguay has been rising during the first decade of the 21st century. Between the year 2000 and 2005, FDI encompassed an average of 390 million USD and climbed sharply during the second half of the decade to 1.5 billon USD. The main targets are forestry and pulp mill construction for the production of cellulose. During the first decade of the 21st century, there were two TNC investments in the area of forestry and cellulose production. One of the TNCs was Ence from Spain, which abandoned its project due to social protests and a lack of funds; and the other one was Botnia, from Finland, which continued its project of the pulp mill construction and production. In 2011, an agreement was announced as the largest FDI in the history of Uruguay. The TNC is a Swedish-Finnish TNC Stora Enso that, together with the Chilean TNC Arauco, is going to set the record for the largest investment in the country, at 1.9 billon USD, with the construction of a new pulp mill. Other targets for FDI in Uruguay have been several mining projects, in particular iron ore and granite.[162]

The question of the environment and foreign investment in Latin American countries has created a series of social movements against the exploitation of natural resources and labour by TNCs. Latin America's natural resources have always been the main target for the presence of foreign activities. Since the Spanish *conquistadores* and their search for gold and silver, the search for other natural resources by foreign corporations (and some domestic elites) has continued until now. According to Michael Mortimore (2003) who was Head of the United Nations' Unit on Investment and Corporate Strategies for the Latin America and the Caribbean, in the 20th century:

> FDI by TNCs following natural resource seeking strategies was the principal kind of FDI in the region. This kind of investment was typically an enclave type of activity characterized by "extract and export" operations with little local processing. It took place wherever the natural resources were found. The TNC usually captured the lion's share of the benefits outside of the host country. In terms of national benefits, usually they did not extend much beyond the

[160] Ibid., p. 44.
[161] Ibid. p. 46.
[162] Idem.

> Government's take from royalties and export taxes and the relatively high wages of the "labor aristocracy" linked to the extraction process itself. This situation led to a wave of nationalizations/expropriations in the petroleum (Peru, Venezuela, Ecuador) and mining (Chile) sectors during 1968-76. In the last quarter century, FDI has been focused mainly on the new access to petroleum and natural gas fields in the Andean countries and Argentina, and the big mineral projects in Chile, Argentina and Peru. Governments now tend to capture a larger share of the benefits from FDI in petroleum and natural gas operations due to new modalities (i.e. association contracts, etc.). [163]

The impact of a major investment in this region of Latin America where the capitalist mode of production and accumulation have not been developed on such a broad scale has also had effects on the social relations of the population, transforming old social alliances into new social fractures, expanding regional problems into nationalist interests, making the social homeostasis of non-capitalist environments an arena for ideological struggles and social division and, as Harvey (2006b) remarks about the neoliberal model, creating "conditions for capitalist class consolidations".[164]

An example Harvey refers to is the case of the IMF's structural adjustment programs (SAPs) in Latin America. The SAPs of the 80s in Latin America were related to its big debt from the 70s (military juntas had its apogee in Latin America during this decade) and the removal of political barriers to international trade through deals such as the GATT by the WTO required the Latin American states to open up to privatisation of the countries' social services and natural resources and as a consequence to become more dependent on FDI. This kind of adjustment has been the political economy of Latin America since the 70s, and, as Harvey (2005) notes, was aimed at the restoration of class power during that period when the power of the upper classes was threatened.[165] According to Duménil and Lévy (2004), "the structural crisis of the 1970s, with rates of interest hardly superior to inflation rates, low dividend payout by corporations, and depressed stock markets, further encroached on the income and wealth of the wealthiest"[166]. This was a global financial problem and, as such, it was handled according to the power relations of the political geographies of the North and South. Several researchers have argued that while neoliberalism was introduced through the

[163] Mortimore, Michael (2003). "The Impact of TNC Strategies on Development in Latin America and the Caribbean". Overseas Development Institute (UK). 23 September 2003, p. 7.
[164] Harvey, David (2006b). The Limits to Capital. London: Verso, p.xiii.
[165] Harvey, David (2005). Spaces of neoliberalization: Towards a theory of uneven geographical development. Munich: Franz Steiner Verlag.; p. 10.
[166] Duménil, G. and Lévy, D. (2004). "Neo-Liberal Dynamics: A New Phase?" Unpublished MS, p.4. Cited in Harvey, D., Idem.

construction of consent in the global North, violence was the method for adjustment in the South, i.e., through the financing and logistical support of military juntas in Latin America, Africa, and Asia.[167]

TNCs and the "green" paradigm

At least since the publication of the book *The Limits to Growth* (1972), there has been a debate about the hazardous impact of human activities, especially those on a large scale, i.e. the impact of industrial production on the environment.[168] The UN Conference on Human Environment held in Stockholm in 1972 was the first attempt to place the relationship between economic development and environmental degradation on the international agenda and since then, the offsetting of the United Nations Environmental Program (UNEP) has functioned as "a global catalyst for action to protect the environment".[169] In the following years, very little was achieved in terms of integrating environmental concerns into national economic developments. In 1983, the UN set up the World Commission on Environment and Development led by Gro Harlem Brundtland of Norway. The Commission presented a report in 1987, *Our Common Future*, known as the Brundtland report, on the relationship between economic growth and environmental impact.

The report put forward the concept of "sustainable development", defining it as economic growth that "meets the needs of the present without compromising the ability of future generations to meet their own needs".[170] The report led to the organisation of the UN Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992. The Rio Earth Summit might be seen as a sign that political leaders around the world started to take that debate seriously and were willing to institutionalise measures on a global scale. The main goals of this conference were to come to an understanding of the concept of development that would integrate economic growth with the prevention of environmental deterioration, and create the basis for a global partnership between the industrialised countries of the North and the less industrialised and countries of the South.

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[167] See: Harvey, David (2005). Spaces of neoliberalization: Towards a theory of uneven geographical development. Munich: Franz Steiner Verlag.; Harvey, David (2007). A brief history of Neoliberalism. Oxford: Oxford University Press.; Boron, Atilio (2008). Socialismo Siglo XXI – Hay una vida despues del neoliberalismo?. Buenos Aires: Ediciones Luxemburg.; Klein, Naomi (2007). The Shock Doctrine. New York: Penguin Books.
[168] See: Meadows, Donella H. (1972). The Limits to Growth: a report for the club of Rome's project on the predicament of mankind. London: Earth Island Limited.
[169] Earth Summit, page 2: www.un.org/geninfo/bp/envirp2.html
[170] Ibid.

The Rio Summit adopted three main agreements aimed at changing the traditional conceptualisation of development. *Agenda 21*, a program for global action in all areas of sustainable development; *The Rio Declaration on Environment and Development*, a declaration of principles defining the rights and responsibilities of states; and *The Statement of Forest Principles*, which is a non-legally binding statement of principles for the sustainable management of forests.[171] In this last point, the main requirements were "that all countries, notably developed countries, should make an effort to 'green the world' through reforestation and forest conservation" and that "the States have a right to develop forest according to socioeconomic needs, in keeping with national sustainable development policies".[172]

One of the main points in the Rio Summit, as well as the other Conferences and reports, was to lay a foundation of common interest and mutual needs for all the nations in the world that would ensure a common path for a healthier planet. However charming these words and actions were, the hegemonic history of an unbalanced political economy in North-South relationships was playing its part in a context where neoliberal policies were notorious. According to Graf (1992), these kinds of agreements and reports

> [...] take what is essentially a dialectical situation of interrelated and multitiered antagonisms between 'North' and 'South' and transform it into a 'plural', conflict-free and consensual 'gentlemen's agreement'. The special ideological quality of these expressions of global hegemony is their ability to hold out the prospect of gains for all parties—the 'partners in development' of Pearson, the 'mutual interests' of Brandt, the 'common security' of Palme, the 'sustainable development' of Brundtland—if only they will concede the superiority of the North Western political, economic and social order. All Southern demands and aspirations are thus realizable within the framework of the international status quo; and only those countries subscribing to the development strategies of the dominant powers can participate. Those who challenge this order in any substantial way—the communists, the anti-imperialists, the mavericks—are ideologically excluded or at least isolated and marginalized.[173]

Although Graf highlights the North-South relationship and its ideological expressions in the offsetting of "green global politics", these agreements and principles cannot be understood outside the realm of a global capitalist system, especially during the neoliberal turn of the 1980s and 1990s. One of the points

[171] Ibid.
[172] Ibid.
[173] Graf, William (1992). Sustainable Ideologies and Interests: Beyond Brundtland. Third World Quarterly, Vol. 13, No. 3, p. 553.

made at the Rio Summit was to enable the less industrialised countries in the South to avoid the same mistakes made by the industrialised North.

This co-operation would help the less industrialised countries move towards "sustainable development" with help of the advanced technologies of the North. The main players in this kind of "developmental change" were industries and in particular TNCs.[174] However, the documents signed in Rio did not propose the international regulation or control of the activities of TNCs to ensure the reduction of damage they can cause to the environment, health, and development. According to Third World Network, the Rio Summit and the fact that TNCs have had environmental implications in their activities around the globe:

> [The] processes have failed to resolve the development and social aspects of sustainable development, the record in relation to the environment is also very disappointing. The major reason for this is that the powerful commercial and financial interests have succeeded in pushing liberalisation and the 'free market' approach to be the overriding priority in the policies and policy framework of most governments. Environmental concerns, together with social and development concerns, fell several notches in the political agenda, internationally and nationally.[175]

The suggestions were that TNCs would develop and transfer the necessary technologies to enable a move towards "sustainable development" in the countries where they were to relocate or open up their industries. According to Clapp (1998), very little has been done since then to reduce the hazardous waste generation and the transferrence of clean production technologies to the South "via voluntary industry-based initiatives".[176] She further argues that there had been a growing incidence of FDI and double standards practised by TNCs in hazardous industries in the South during the 90s:

> Recent voluntary environmental initiatives on the part of the global industry do not seem to have changed the situation. Instead, there seems to be a growing concentration of so-called 'green' investment in clean-up, rather than clean technologies. Though such technologies may help to remediate contaminated sites and provide a place to put hazardous wastes produced in developing

[174] Clapp, Jennifer (1998). Foreign Direct Investment in Hazardous Industries in Developing Countries: Rethinking the Debate. Environmental Politics, Vol.7, No. 4, Winter 1998, p. 93.
[175] Third World Network (TWN) is an independent non-profit network of organizations and individuals involved in issues relating to development, Third World and North-South affairs: www.twnside.org.sg/title/pri-cn.htm
[176] Clapp, J. Op.Cit., p. 105.

> countries, they do not do much to help to avoid the generation of hazardous wastes in the first place. [177]

A contradiction Clapp found was that, while there has been little change in the reduction of hazardous waste by TNCs in the global South, there is a growing interest in "green investments" by TNCs in the global South at the same time. She argues that this contradiction is actually the way "green technology" is understood. There seems to be less investment in "clean-production technologies" than there is in clean up technologies:

> The reason appears to be that the latter, particularly in the case of hazardous industry, are more profitable than the former. But the transfer primarily of clean-up technologies (as opposed to clean production technologies) tends to perpetuate the problem of 'double standards' by placing emphasis on the continuation of hazardous waste generation, rather than on transferring technologies to eliminate it or substantially reduce it. The continued generation of hazardous waste in the South provides a market for the increasingly global 'clean-up' industries, which are now investing in developing countries under the label of 'environmental technologies'. [178]

Karliner (1994) argues that this kind of "environment industry" investing in clean up technologies and carried out by TNCs is eager to ensure that governments from countries in the South follow the legislative path taken by the industrialised countries of the North in reducing environmental damage rather that eliminating it.[179] This means that the demand for such technologies, rather than clean production technologies, creates a highly competitive industry, especially in regions where the hazardous industries of the TNCs are invested.

In sum, the role of TNCs as important global players is doubtless central for world economy in its capitalist form. Numerous studies show that although these TNCs are not new in history as economic enterprises, over the last few decades they have been operating under new rules, guidelines, and regulations that benefit them in the international arena. These sets of regulations, which are promoted by the WTO, IMF and WB, still operate under the logic of development and promoting free access to capital and property rights of whatever kind, i.e., intellectual, land, natural resources, life forms, etc. The arena is still the colonial cartography on which TNCs benefit from the

[177] Ibid., p. 92.
[178] Ibid., p. 105.
[179] Karliner, Joshua (1994). The environmental industry – profiting from pollution. Ecologist. Vil. 24, No. 2, p.59.

unevenness of technological advances and capital accumulation through the exploitation of natural resources and cheap labour. The significant changeover during the last decades to a neoliberal political economy is that these legal regulations are now globally institutionalised and promoted through economic organisations that rely on complex juridical apparatus.

Gambina and Estay (2009) argue that this restructuration of capitalism allows capital to be more offensive within global labour relations and in its eagerness to reduce costs and increment profits, it expands to administrate, appropriate, and dominate natural resources.[180] The impact is seen, for instance, in the area of disputes about land and its natural resources: oil, gas, mines, water, wood, biodiversity etc. It's about the intensive exploitation of natural resources affecting life quality and environmental changes. The vast areas of "free" and cheap land in relation to the economic (and political) power of these TNCs are mostly found in the South, and as Gambina (2009) declares, it is worrying to note the increased association of Latin American governments with TNC strategies as promoted by Western states or even by other countries in the South.[181]

Ornelas (2006) concludes that the vast richness of natural resources in Latin America is a strategic field of social conflict where the disputes and struggles over dispossession and appropriation first articulate the competition between powerful capitals over the leadership in global economies; second, it implies internal negotiations/struggles between capitals and states in order to control the spaces (absolute, relational, and relative) of capitalist production; and third, in these kind of struggles/negotiations over space, territories, and their natural resources, for people and their communities these resources become the limits to defend against expropriation, domination and exploitation.[182] The absolute space taken up by private property in relation to the vast territories and the exploitation of natural resources is already creating setting for TNCs (or other economic powerful players) to "legally" legitimise their position in social struggles as *hegemons*. Hence, the social struggles over territories and natural resources become a struggle between the dominant and subordinate over the settings of relational and relative space—i.e. labour relations, relationships between the environment and communities, measurement of environmental degradation, policies of labour and the environment, policies

[180] Gambina, Julio C. and Estay, Jaime (ed.) (2009). Economía Mundial, Corporaciones Transnacionalesy Economías Nacionales. Buenos Aires: CLACSO., p. 42.
[181] Ibid., p. 43.
[182] Ornelas, Raúl (2006). Saberes de la dominación. Panorama de las empresas transnacionales en América Latina – Agenda de Investigación. Biblioteca Virtual: clacso.org.ar, p. 142.

over land, etc.—that challenge the "moral and intellectual leadership" of the hegemon, and as a result, its existence as such. In the next section, I will discuss research on TNCs in relation to land and afforestation, especially related to what is commonly termed in Latin America la *extranjerización de tierras* or the foreignisation of land.

The foreignisation of land

The foreignisation of land, as a concept, has a specific meaning regarding capitalist expansion by colonial designs through the rights of private property that is important to highlight. This is often called in English *land grabbing* and refers to the buying or renting of large areas of farmland carried out by TNCs or foreign states in foreign countries on a long-term basis in order to export the production.[183] For international research, NGOs, and the media, this often refers to the production of food crops for export, especially in the aftermath of the 2007-2008 food crises in countries in the South. In her article *Globalization and the foreignization of space*, Zoomers (2010) argues that the phenomenon of land grabbing is much broader and deeper than was assumed. According to Zoomers, the liberalisation of trade and investments promoted by the economic juridical organisations—the neoliberal politics of the powerful states through the World Bank, IMF, and WTO—and what she calls "globalisation"—contributed to the possibility for TNCs and other economic powers to invest in land acquisitions in order to control basic resources, i.e., food crops, forestry, tourism, natural reserves, etc. She identifies seven processes that contribute to the foreignisation of space, and concludes:

> There is evidence that the large-scale acquisition of land often poses considerable risks, which include the displacement of local populations, the undermining or negating of existing of rights, corruption, food insecurity, local and global environmental damage, the loss of livelihoods, nutritional deprivation, social polarisation and political instability.[184]

[183] GRAIN (2011) "Land grabbing?", in: http://www.grain.org/article/entries/4164-land-grabbing-and-the-global-food-crisis-presentation . GRAIN is an international non-profit organisation supporting farmers and social movements in the struggle over their environmental food systems. According to their definition of "land grabbing", the large areas of acquisition using foreign capitals must be of at least 10,000 hectares and have a long-term contract period of between 30 and 99 years.

[184] Zoomers, Annelies (2010). Globalization and the foreignization of space: seven processes driving the current global land grab. The Journal of Peasant Studies, Vol. 37, No. 2, April 2010; p. 443. The seven processes Zoomers identified are: 1) Offshore farming: FDI in food production; 2) FDI in non-food agricultural commodities and biofuels; 3) Development of protected areas, nature reserves, ecotourism and hideaways; 4) Special Economic Zones (SEZs), large-scale infrastructure works, urban extensions; 5) Large-scale tourist complex; 6) Retirement and residential migration; and 7) Land purchases by migrants in their countries of origin.

This article is important for two reasons. First, it broadens the conceptualisation of land grabbing, pointing to seven different areas of capitalist exploitation where land is needed as a basic space for economic activity, i.e. food, minerals and water production, tourism, tax heavens etc. during a global period of unrest regarding financial economic crises in the North, geopolitical wars, control over water supplies, food crises, global political and economic instability etc. And second, it shows that land grabbing is much more serious that has been assumed until now, especially in the regions of Africa, Latin America and Asia, in other words, the geographical South. However, there are two main critical points I want to highlight as regards her writings.

One is the use of the term "land grabbing" and "foreignisation of space" as synonymous terms. There is no distinction between these terms in the article, and the term "foreignisation of space" is almost only used in titles. The second point is the concept of space, while possible to discern its use, is not explicitly outlined. This last point is not crucial in such important theoretical intervention, but it has importance regarding my first point. The term land grabbing is, in its etymology, a concept that can mean different actions if it is not followed by a strict definition, like the one Zoomers gives. Land grabbing can be open to different interpretations such as to grab land from a neighbour, to occupy land by people who do not have the resources to survive, or to take land for construction or whatever other project, no matter what the subject's position in the contextual structures of power relations. Land grabbing functions then as a euphemistic conceptual variation on the appropriation of land in countries in the South by foreign economic powers (TNCs, foreign states, or other forms of capital). It means that the conceptualisation of space in its relational form of North-South relations are not directly exposed in the term land grabbing.[185]

The term *foreignisation of land* is a direct translation (la extranjerización de tierras) from the Latin American historical conditions of "dealing" with colonial and/or capitalist foreign powers in their search to access the prime resources, and from the social conditions it constructed for the formation of classes, i.e. latifundistas, estancieros, the oligarchy. It is not uncommon to find the term

[185] These kinds of euphemisms are part of the imagined "neutral" concepts so much desired by hegemonic discourses in social sciences (and used within liberal politics) in their search for universal objectivity, in which the main ideological practice is to disarticulate, constrain, or minimalise power relations. The most common examples are: The use of "globalisation" to talk about global capitalism or even new imperialism; the use of "diversity", to talk of genderised race relations; and the eloquent Swedish term, "främlingsfientlighet" (hostility against – non-white and non-Christian – strangers), instead of racism.

foreignisation of land together with the term *concentration of land* (la concentración de tierras), which means large expanses of land in the hands of a few private owners. This syntax connection, between foreignisation and concentration of land, can reveal a transformation of private land ownership during a period of time. While these two aspects have been separate processes in the private ownership of land and property relations, i.e., private national owners of large segments of land, state owned land, and land owned by foreign capital, the tendency over the last decade has shown a dramatic change in the private ownership of land in Latin America.

According to the latest Food and Agricultural Organization (FAO) report (2011), there have been "intense processes of concentration and foreignization of land in Latin America and the Caribbean"[186] since the beginning of the 21st century. Although the most extensive areas of foreignised land are still some areas of Africa, the foreignisation of land in Latin America and the Caribbean has been highly intensified during this period to such a point that even the FAO explicitly describes this as "a motive of concern".[187] The report, based on studies of 17 countries in the region, argues that the acquisition of big expanses of land for agriculture and forestry production by TNCs, foreign states, or other economic organizations is increasing across the whole region, but especially in Argentina, Brazil, and Uruguay.[188] The report shows that concentration and foreignisation of land on the Latin American continent is merging and increasing, and concludes that:

> The information presented suggests that the levels of concentration and foreign ownership of land are substantially higher than that previously existed and that the characteristics of it are different from those observed in the past.[189]

The different characteristics point to the forms of production and use of the land. Therefore, it is not only the question of who owns the land (a foreign TNC,

[186] FAO (2011) "Estudio de la FAO halla intensos procesos de concentracion y extranjerización de tierras en America Latína y el Caribe", in: http://www.rlc.fao.org/es/prensa/noticias/estudio-de-la-fao-halla-intensos-procesos-de-concentracion-y-extranjerizacion-de-tierras-en-america-latina-y-el-caribe/

[187] FAO, Departamento de desarrollo Económico y Social, "Del acaparamiento de tierras al ganar-ganar", in: http://www.fao.org/economic/es-policybriefs/detalle/es/?uid=21523

[188] FAO (2001) "Estudio de la FAO halla intensos procesos de concentracion y extranjerización de tierras en America Latína y el Caribe", in: http://www.rlc.fao.org/es/prensa/noticias/estudio-de-la-fao-halla-intensos-procesos-de-concentracion-y-extranjerizacion-de-tierras-en-america-latina-y-el-caribe/

[189] This document takes the studies carried out in 17 countries in Latin America and merges them to analyse the current situation and development of foreignisation and concentration of land on the continent. FAO (2011). Reflexiones sobre la dinámica reciente del mercado de la tierrra en América Latina y el Caribe. Conslutor Sergio Gómez E. Santiago de Chile, October 2011, p. 21. (my translation)

a national corporation, a trans-Latin corporation, or an economic private investor) that designates the phenomenon as foreignised land or not, but which forms of production, ownership, acquisition, labour relations, and which environmental and social impacts, that can allow us to understand the processes of foreignisation of space through land. It becomes a restructuring of the spaces of communities and the environment under the logics of capital and speculation.

The restructuring consists of objectifying the elements (i.e., land, water), the practices (i.e., labour) and the relationships (i.e., capitalist wage labour) by making them external or alienated to any integral socioeconomic-environmental life system based on solidarity and redistribution among non-capitalist forms (i.e., no speculative forms of owning and using the land) of organisation for production and consumption. The conceptualisation of space is key to understanding the processes of transformation of land use and the term *foreignisation of land*, in the sense that it highlights the relationships constructed and imposed between global or national powerful economic players and local communities that live and try to survive through the use of land, water, rural labour etc.

Foreignisation is, in other words, dispossession and transformation of the methods and conditions of space for the benefit of powerful economic speculative capital. It means the power to regulate access to resources, not only life and material resources but also epistemological, in order to condition and shape them under the norms of speculative capital for the sake of capital accumulation. Under such conditions and methods, the land, its use and production, as well as the epistemologies constructed under such social relations, are no longer accessible to the common people but instead used for the benefits of corporative agents. Let's see in what way these transformations have taken place in Latin America.

According to the FAO report, there are some primary areas of the production transformation process that can be identified: 1) Within the concentration and foreignisation of land in Latin America, it is the processes of modernisation of the rural production, i.e. monocultures (of different kinds, soya, corn, eucalyptus), transgenic crop plants, fertilisers, agrochemicals, etc., that have been called into question due to their environmental and social impact, such as soil erosion, transformation of the local biological ecology, subterranean water consumption, and the process of social exclusion it produces. 2) The use of fertile land for agricultural products and cattle for the production of agro-diesel. 3) The industrial afforestation (monoculture) in areas of fertile land and

natural forest. 4) The process of privatisation driven by state politics and international economic organisations consolidated during the 1990s and supported by the latter during the first decade of the 21st century. 5) From monosectorial to multisectorial investments, while the concentration of land had its own sector of production in the past, now the private capital is invested in different sectors, with particular attention given today to the forestry sector and soya. 6) The processes of formalisation and integration by private corporations (TNCs, national corporations, trans-Latin corporations) into national and intra-regional societies through the programs of social responsibility.[190]

In another report that brings an international perspective to this study of 17 countries in Latin America, it states that the changes over the last 50 years in the expansion of agricultural soil in the world has increased the area from 1.360 million hectares in 1961 to 1,500 million hectares in 2007. As documented by Borras Jr. et al. (2011) in Latin America, the expansion was from 103 million hectares to 168 million hectares during the same period.[191] This escalation has been rationalised mainly in two ways among international economic organisations: the increasing world population and the subsequent lack of food.

However, a tendency this report highlights, not just in Latin America but also in the rest of the world, is the increasing use of land for the production of non-food products. Hence, the report points out that the analysis of contemporary appropriation of land (by big capitals) that is centred on food crises is mistaken.[192] This report also points to the different conditions and tendencies in the concentration and foreignisation of land in Latin America, and identifies the food-cattle-biofuel sector, and the capitalisation of land for the non-food sector in terms of afforestation, forest conservation on large scale, mine projects, the UN's REDD+ project (a program to reduce emissions from deforestation and forest degradation), and other activities.[193] From a North-South perspective, the report states:

> While the phenomenon is not new in the region, context, condition, direction and the range of key participants in contemporary land grabbing are radically different compared to previous episodes. On the one hand, the way the region and each country were inserted into the first and second food regime, established by the empires on both sides of the North Atlantic, differs from their

[190] FAO, Ibid., p. 22-23.
[191] Borras Jr., Saturnino M., Franco, Jennifer C., Kay, Cristobal & Spoor, Max (2011). El acaparamiento de tierras en América Latina y el Caribe visto desde una perspectiva internacional más amplia. FAO, 20 October 2011., p.17.
[192] Ibid., p.16.
[193] Ibid., p. 18.

> incorporation into the current global energy-food regime, which apparently boasts a polycentric configuration and a multidirectional flow of food products. However, the region has in common with other regions in the world a context of neoliberal globalisation, and several key guidelines, such as the imperative public policy of the North to blend biofuels with other fuels that triggered speculation about a massive market for biofuels, particularly in Europe, fuelling the fever for land grabbing [in the South]. [194]

Although there is a range of players involved in the processes of foreignisation of land in Latin America, this also differs from other regions like Africa, Asia, and Eastern Europe where there are not only TNCs acquiring land but also governmental dealings under different treaties between countries.[195] Latin America is the region with most TNCs investing in land acquisition (which also means renting). The most prominent TNC countries of origin are the USA, Canada, several Europeans countries, Japan, and South Korea. These TNCs are related to the food-fuel-forestry production. However, there are other investors more directly related to acquiring land for reasons other than food-fuel-forestry production.[196]

The insertion of Latin America into world economy through the acquisition of land for fuel-food-forestry production for global demands, mainly in the fuel-energy sector, is important for two reasons. On the one hand, the foreignisation of land and space means also the grabbing of prime materials by TNCs that can gain major profits from the chain of production and value.[197] On the other hand, it produces social unrest in the places of operation and as such contributes to the emerging of social protests and conflicts that, consequently, put pressure on local and national governments. This point is obviously a concern for these TNCs, which try to appease the locals through programs of social responsibility. This is a tendency that is important to highlight due to experiences from the neoliberal politics in the 1990s and the arrival of international NGOs that, by helping the poor populations, contributed to deactivating major unifications of peasants, indigenous groups, rural workers,

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[194] Idem. (my translation).
[195] Ibid., p. 26.
[196] There have been many foreign rich families and private investors buying land in the region. In this regard, it is interesting to quote the example from Annelies Zoomers about the region of Patagonia: "The Benetton family owns 1 million ha (currently in use as a sheep farm); Douglas Tompkins (the owner of North Face, Espirit, and other companies) owned 900,000 ha, which he decided to turn into a nature reserve and thus make a positive contribution to nature conservation. Other big names – such as Ted Turner (the founder of CNN) and the owner of Lays (potato chips) – bought large areas of land to convert into golf courses or hunting grounds". (Zoomers, A. Op.Cit., p. 437.).
[197] Borras Jr., Saturnino M., Franco, Jennifer C., Kay, Cristobal & Spoor, Max. Op.Cit., p. 27.

etc. against the outcomes of neoliberal policies. In this regard, Petras and Veltmeyer (2011) argue that:

> In this context, the NGO-connected advocates of the "new Left" referred to the forces for progressive change as the "new social movements", which in theory served to press for progressive change but in practice worked to undermine the emerging class-based anti-imperialist movements of the indigenous communities, peasants, landless workers, and unemployed workers. These class-based mass movements emerged in response to the imperial pillage of their natural resources and naked land grabs by powerful elites in the agromineral export sectors with the full support of voracious neoliberal regimes.[198]

This means that, while in the 1990s the disarticulation of resistance groups was executed by NGOs, the first decade of the 2000s reveals a transformation in the players involved to undermine social change, i.e. the TNCs and their programs of social responsibility. To summarise, there are major transformations among the conditions and players within the economic, political and social fields of Latin America that are connected to the question of land and its use, i.e. new class players, the revitalisation of class sectors, the formation of social movements and the supporting of left-wing governments and politics. Under such conditions, the use of the term *foreignisation of land* by my respondents and other sources focussing on these transformations, must be understood as a concept from the epistemologies of the South in search of social and epistemological emancipation from the hegemonic knowledge and practices of the North, wherever it may be geographically. In the next section, I will discuss research that has looked more closely at the consequences of afforestation and FDI by Botnia/UPM in Uruguay.

The impacts of afforestation in Uruguay

Carámbula and Piñeiro (2006) have studied the demographic changes in three small localities in Uruguay between 1963 and 2004, two in the areas where there is afforestation and one where agricultural/cattle production has been the main source of labour. In the two localities with afforestation, there has been a slight increase in the young population, depending on the working seasons. In the locality where the main source is agricultural/cattle production, the population is stable, but it has an older population and children.

The authors suggest that the process of afforestation does generate labour. However, they point out that, although it generates labour in the localities

[198] Petras, James and Veltmeyer, Henry (2011). Social Movements in Latin America: Neoliberalism and Popular Resistance. New York: Palgrave Macmillan.p. 23.

where afforestation is intense, the quality and conditions of labour related to afforestation are very precarious and that these localities reveal high levels of poverty, more than in the agricultural/cattle locality.[199] These results show the mobility of the rural population according to labour opportunities, especially the young population in the areas of afforestation. However, it also suggests that the link between mobility and precarious jobs results in the displacement of the younger generation into precarious conditions in terms of seasonal labour and standards of living.

A similar result was shown in another quantitative study conducted by Romero and Tubio (2004) in which they compare the social characteristics between agricultural/cattle workers and forestry workers. Their results show clear differences between these two groups in several areas related to labour and living standards. For example, there is a strong masculinisation of labour in these two groups, especially in the area of cattle production and in felling trees. While in the agricultural/cattle group, the average worker is married and middle aged, in the forestry sector, the worker is often a young single person. In the area of health care, the cattle/agricultural workers have better coverage than the forestry workers.

The workers in the forestry sector present a higher level of unstable residency than the other group. The level of education in the two groups is very similar, but there is a tendency for a slightly higher level of education among the forestry workers (at least starting secondary school). In the area of labour, the majority of the agricultural/cattle workers have regular salaries, while the forestry workers depend on the season, climate (if it rains, labour is suspended without payment), and other circumstances. In order to measure the conditions of the workers' living standards, the authors use a national index—*Necesidades Básicas Insatisfechas* (NBI), Unsatisfactory Basic Needs.[200] They conclude that the forestry workers present a higher level of poverty in relation to the agricultural/cattle workers, and point out that:

> The quality of living conditions of the forest workers is worse than that of the agricultural/livestock employees although the latter are traditionally considered one of the most deprived social groups in rural society. This means that, in the last thirty years, a social group has emerged that is even poorer than the

[199] Carámbula, M. y Piñeiro, D. (2006). La Forestación en Uruguay: Cambio demográfico y empleo en tres localidades. Agrociencia, (2006) Vol. X, No. 2, p. 71-72.
[200] Romero, Juan y Tubio, Mauricio (2004). Caracterización Social de los Trabajadores Asalariados de la Fase Agraria del Complejo Forestal. Montevideo: Centro de Información de Estudios del Uruguay, November 2004, Uruguay, p. 29-30.

> traditional agricultural/livestock social group, but in a context of modernisation of production and integration into the global market for commodities.[201]

It is already possible to discern the impact afforestation has on the environment, labour conditions, marginalisation of small producers and the threat to living standards for non-powerful people in the rural area. Further research by Contreras (2005) has analysed these consequences in the rural areas of Uruguay. In her article *Semi-slave jobs of the afforestation*—she features a series of interviews with different forestry workers. She describes them and their situation as follows:

> Recruited from small towns, in taverns, in the estancias where they work as unskilled labourers, through word of mouth, forestry workers often face having to work without sufficient training or adequate basic protection. The need to work takes them to this point, plus the fact that many are unaware of their rights (a low or zero level of education is a common factor), are afraid it will end up in dismissal if they make a claim, or are underage makes them accept the terms offered to them without protest. However, work in afforestation is one of the highest-paid rural jobs.[202]

According to Contreras, it is almost impossible to know precisely the number of jobs the afforestation generates. What it is known is the demographic changes I have already pointed out. She also argues that, based on her interviews, irregular jobs (so-called "black labour") are very high in the forestry sector, and the forestry TNCs that operate in the country usually have their workers working below regular conditions, which means would provide better labour conditions, pensions, health care, etc., as well as require tax payment on their wages. However, these TNC workers are very few and the demand for timber for the pulp mills is very high. Therefore the TNCs employ subcontractors, other firms or "business men" that supply timber, and that have most of their workers working under more irregular and unequal conditions than the TNCs. A report by the International Union for Agricultural Workers (UITA) and the Action Network for Insecticide and its Alternatives in Latin America (RAPAL) on the situation of workers in the greenhouses (where they clone and grow small eucalyptus trees before they are planted in the fields) exposed to agrochemicals states that in this employment section only 23 per cent of the staff working in the greenhouses are contracted by Forestal Oriental (owned by Botnia/UPM).

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[201] Ibid., p.31. (my translation)
[202] Contreras, Mariana (2005). "Empleos semiesclavos de la forestación", in Ortiz, Maria Selva (et.al.) (2005). Entre el desierto verde y el país productivo. El modelo forestal en Uruguay y el Cono Sur. Montevideo: Edición Casa Bertolt Bretch y REDES-Amigos de la Tierra, p. 80. (my translation).

The rest of the workers come from outsourced firms and depend on seasonal work.[203] In this employment section of the forestry industry, women are most able to be contracted. However, the report emphasises that although the studied TNCs (Forestal Oriental (Botnia/UPM) and Eufores (Ence)) had been undertaking marketing regarding their policies to employ women in their chains of production, and which claim a high percentage of women in the greenhouses, almost all of them had wage labour outside their homes before starting work for these TNCs. These TNCs pay better, but these women are contracted as "unskilled labourers", which means that there are no possibilities of getting a better salary or a better position in the hierarchical scale of the work place.

Moreover, due to the labour conditions in the greenhouses, high temperature levels and the use of agrotoxics, pregnant women are forced to stop working between the fourth and sixth month of pregnancy instead of at the seven and a half month point which is the standard in labour policies of the country. Due to this system of contracting people via sub-contractors, the conditions of labour become the responsibility of the contractor and not of the TNCs.[204] The 23 per cent of the workers contracted by these TNCs means a majority of workers in the greenhouses are sub-contracted.

Botnia/UPM and labour conditions

In the extensive study carried out by the research group of Riella et.al. (2007), specifically focused on the rural labour of the TNC Botnia/UPM (Forestal Oriental) in 2007, they discovered that Forestal Oriental employed 3,112 workers (in 2007) of which 87.9 per cent (2734 workers) were contracted by subcontractors. Only 12.1 per cent of the workers (378) were employed directly by Forestal Oriental. Of this 12.1 per cent, 7.3 per cent are day-workers (228) and only the 4.8 per cent (150) are contracted monthly. The number of outsourcing firms that Forestal Oriental was working with during the study was 159, covering the production chain, which means transport and loading (47 per cent), followed by forestry labour and land preparation (16 per cent), planting

[203] Union Internacional de Trabajadores Agricolas (UITA) y Red de Acción en Plaguicidas y sus Alternativas para América Latina (RAPAL) (2007). Condiciones de Trabajo y uso de agrotoxicos en viveros de Eufores (Ence) y FOSA (Botnia), Trabajo encomendado por el Grupo Guayubira. Agosto de 2007. It can be downloaded at:
http://www.rapaluruguay.org/agrotoxicos/Uruguay/Viveros_Fosa_Eufores.html
[204] Idem.

(13 per cent), infrastructure and other activities (14 per cent), greenhouses (3 per cent), grazing (3 per cent) and storing (1 per cent). [205]

Although the transport and loading have the highest number of contracts, this is the part of the production chain with lower than average numbers of workers. The sectors with a higher than average number of workers are forestry labour and land preparation with a 36.15 per cent of the total number of workers.[206] As a result, this means that Forestal Oriental works mainly with subcontractors, outsourcing firms that keep part of the salary of the forestry workers for whom the quality of labour conditions are very poor in all the sectors of the production of timber. In their report of 2009, Riella and Mascheroni conclude that if comparing the workers directly contracted by Forestal Oriental with the rest of the workers across the whole forestry sector, those at Forestal Oriental have slightly better working conditions than the rest in regard to access to clean water, toilets, job training, health cover, social security and salaries.

However, they emphasise that "the workers at Forestal Oriental are relatively better off in terms of the selected indicators, although the difference with the rest of the workers is not very great".[207] This means that although the workers at Forestal Oriental have slightly better conditions, the quality of the conditions for the forestry work is still very low.[208] This system allows the Forestal Oriental company to keep a good image and have testimonies about following state regulations and national laws, being just to its workers, having policies for gender equality, etc., and at the same time to derive almost 90 per cent of the labour power in the forestry sector from outsourcing firms, "business men", and other forms of working groups that keep workers under very precarious conditions. The TNCs transfer risks and costs to the subcontractors, not only to keep a good image but also to cut costs. According to Contreras, the risks and costs:

> are those which many confront by ignoring all the written regulations about forestry labour; by making use and abuse of their employees, exploiting them to a maximum; by paying them ridiculous salaries; by charging them for the tools that the employer should provide; by charging them for the food at excessive prices, forcing them to working days of 14, 16 or even more hours; by

[205] Riella, Alberto, Tubío, Mauricio, Mascheroni, Paola y Ramírez, Jessica (2007). El Empleo Rural en la Empresa Metsä-Botnia. Montevideo: Departamento de Sociología, Facultad de Ciencias Sociales, Universidad de la republica del Uruguay, p. 10-11.

[206] Idem.

[207] Riella, Alberto y Mascheroni, Paola (2009). Explorando la calidad del empleo en la forestación – Un studio de caso. Montevideo: Departamento de Sociología, Facultad de Ciencias Sociales, Universidad de la republica del Uruguay, p. 100. (my translation)

[208] Ibid., p. 101.

> accommodating them in humiliating conditions; in summary, by leading the worker to almost—or perhaps without the 'almost'—the condition of a slave.[209]

To this list, however, the use of agrochemicals in the fields, and the exposure to these of the labour force, should also be added. RAPAL Uruguay and Rel-UITA's study on the application of agrotoxics at the plantations of Forestal Oriental in 2010[210] points out that the chemical substances used at the plantations to kill ants or other insects or plants that threaten the eucalyptus at all its stages, despite being authorised by the Agricultural Ministry of Uruguay and certified by the Forest Stewardship Council (FSC), are still highly toxic both for the environment and the workers who handle them. The study shows that all the substances are carcinogenic, and that there are alternative non-toxic substances that don't affect either the worker or the environment, but that these are not used due to the high cost.[211] The work at the plantations with these agrochemicals is unhealthy and it is qualified as specialised.

However, the workers are placed as common "unskilled workers" and they do piecework, which means that they get paid according to the quantity of unit areas they cover during a day. Consequently, the workers must cover as many area units as possible with a full tank of herbicide or insecticide on his/her back weighing around 20 kilograms and with the danger that the contents of these tanks could spill over their backs.[212]

As the study points out, it is in practice young men, physically strong and resistant to exposure from these agrotoxics who work under these conditions. The study also shows that the training course that Forestal Oriental is supposed to give to the applicants is usually given some time after (even years after) the workers start these jobs. Therefore the workers start to use these chemicals without any knowledge about the health risks of these agrotoxics. They point out also the lack of masks among the workers in this area, something that is part of the policy of Forestal Oriental. Water supplies for showering after the application of agrochemicals are not always accessible or under the necessary hygienic conditions. Workers do not get another job opportunity if it is raining or windy, which means workers don't get paid. The transport time for workers

[209] Contreras, M., Op.Cit., p. 79.
[210] Cárcamo, María Isabel (2010). Uruguay: Trabajo y agrotóxicos en la forestación. Investigación sobre aplicadores de agrotóxicos en plantaciones de FOSA. Montevideo: Regional Latinoamericana de la Unión Internacional de Trabajadores Agricolas (Rel-UITA; Latin American Regional of the International Union of agricultural workers) y Red de Acción en Plaguicidas y sus Alternativas para América Latina (RAPAL; Action Network for Insecticide and its Alternatives in Latin America).
[211] Ibid., p. 28.
[212] Ibid., p. 20.

to the different fields are not paid either. Cárcamo (2010) concludes that the model of outsourcing places the worker in a situation in which he/she must deal directly with the company, often isolated in the fields or rural areas, where unionisation becomes more a problem—when dealing directly and individually in the fields—than a solution for the day-workers in need for jobs from the outsourcing firms that condition the labour at daily basis on regular and unregular wage.[213]

Research on foreign direct investments in other scientific fields

This thesis uses a certain method (as outlined in chapter 4) and performs its analyses from a specific theoretical perspective (as discussed in chapter 2). But of course, studies on the consequences of foreign direct investments of TNCs have been carried out in a number of other fields such as business economics, international relations, public administration, law, etc.

In a much-cited article, Aitken & Harrison (1999), basing their research on panel data from a Venezuelan example, argued that foreign equity participation was positively correlated with the level of productivity displayed in factories that the TNCs owned themselves.[214] When it came to domestically owned plants however, foreign investment was shown to negatively affect the productivity. At the aggregated level, they therefore showed that, because of these offsetting effects, productivity levels were not significantly altered. Joint ventures, they claimed, tended to be the most successful at gaining from foreign investments. This last result was also confirmed in a study by Javorcik (2004).[215]

Borensztein et al (1998) looked at foreign direct investment flows from industrial countries to 69 developing countries over a 20-year period, and argued that the investments are an important vehicle for transferring technology, and that they contributed more to growth than domestic investments. However, they argued, these higher productivity levels hold only when there is a minimum level of human capital, that can “absorb” the

[213] Ibid., p. 29-30.
[214] Aitken, B. J., & Harrison, A. E. (1999). Do Domestic Firms Benefit from Direct Foreign Investment? Evidence from Venezuela. The American Economic Review, 605-618.
[215] Javorcik, B. S. (2004). Does Foreign Direct Investment Increase the Productivity of Domestic Firms? In Search of Spillovers through Backward Linkages. The American Economic Review, 94(3), 605-627.

technology, in the host country.[216] Likewise, Haddad & Harrison (1993) had previously argued, using a Morroccan case, that dispersion of productivity was in fact smaller in sectors with more foreign firms. They therefore rejected the hypothesis that foreign presence accelerated productivity growth.[217]

Furthermore, Dunning (1998) has illustrated how results of direct investments are becoming more complex, and harder to interpret, as TNCs are increasingly spread across national borders so that firm-specific assets are mobile and no longer emanating from one clearly identifiable core or center.[218]

Other studies, like the one of Wei (2000)—to give a few more examples—have shown how the level of corruption in a host country negatively influences the willingness of TNCs to invest,[219] or as Madhok (1997) has shown, that different strategies for entering a foreign market can be more or less economically successful.[220] When it comes to consequences for workers, Feenstra and Hanson (1997) argued that in the Mexican setting rising wage inequalities were linked to foreign capital inflows, as skilled labour wages increased.[221]

These types of economic measurements, however, generally aim to identify preferable versus non-preferable ownership models and entry strategies, or to validate or falsify hypotheses on technology-transfers, wage levels, and various spillover effects. While in some cases contributing to a backdrop against which the ethnographic study presented in this thesis can be seen, it must be stressed that I have a different approach to this entire field. As argued by economic geographers Murphy and Schindler (2011), it is critical to recognize production network diversities, discontinuities, and differences.[222] Furthermore, Jakobsen et al (2005) have shown, with Norwegian data, that foreign direct investments can trigger dependency when dominated by economic capital, and development when it manages to balance economic capital, social networks, and

[216] Borensztein, E., De Gregorio, J., & Lee, J. W. (1998). How Does Foreign Direct Investment Affect Economic Growth? Journal of International Economics, 45(1), 115-135.
[217] Haddad, M., & Harrison, A. (1993). Are There Positive Spillovers from Direct Foreign Investment?: Evidence from Panel Data for Morocco. Journal of Development Economics, 42(1), 51-74.
[218] Dunning, J. H. (1998). Location and the Multinational Enterprise: A Neglected Factor? Journal of International Business Studies, 45-66.
[219] Wei, S. J. (2000). Local Corruption and Global Capital Flows. Brookings Papers on Economic Activity, 2000(2), 303-346.
[220] Madhok, A. (1997). Cost, Value and Foreign Market Entry Mode: The Transaction and the Firm. Strategic Management Journal, 18(1), 39-61.
[221] Feenstra, R. C., & Hanson, G. H. (1997). Foreign Direct Investment and Relative Wages: Evidence from Mexico's Maquiladoras. Journal of international Economics, 42(3-4), 371-393.
[222] Murphy, J. T., & Schindler, S. (2011). Globalizing Development in Bolivia? Alternative Networks and Value-Capture Challenges in the Wood Products Industry. Journal of Economic Geography, 11(1), 61-85.

knowledge.[223] What it is possible to learn from results like these, and from the large number of studies trying to measure effects of FDI—which must be said to be quite inconclusive—is that we are dealing with highly complex subject matter.

This thesis takes Marxist perspectives, as well as perspectives from dependency theory, race critical theory and Latin American decolonial and critical thought, as a starting point for looking at ethnographic (micro-level) data in order to critically and qualitatively analyze social consequences and processes set in motion in a community in the South as a TNC from the North invests capital and enters the context.

[223] Jakobsen, S. E., Rusten, G., & Fløysand, A. (2005). How Green Is the Valley? Foreign Direct Investment in Two Norwegian Industrial Towns. The Canadian Geographer/Le Géographe Canadien, 49(3), 244-259

4. Methodological considerations

In this section of the thesis, I discuss the questions of methodology, epistemology, data collection and analysis. In general terms, I understand methodology as the way the researcher confronts the "theoretical and practical aspects of the conduct of the research".[224] In more specific terms, I understand methodology as what integrates the practicalities I conducted in (this case) my research project with the perspectives through which I understand social reality and the "world" in general.

According to Haraway (1991), knowledge is *situated* rather than universal.[225] The perspectives and understandings I have regarding social reality are situated according to the social conditions in which my being has been historically processed and constantly constructed. It is important to acknowledge my position in the social space where I am writing (the academy in Sweden), as well as my position in the social space in which I conducted the fieldwork (Uruguay). The knowledge I produce writing this thesis is connected to the positions I live within the Swedish social context, a position that changed in the fieldwork situations in different ways. This will be discussed in the section where I focus on the interviews. Now, let me frame the methodology and the thesis in the paradigm I am working in.

Methodological flexibility

Since the late 1990s, a sociological tradition has reappeared that had been absent since the introduction of military regimes in the Latin American continent and the imposition of neoliberal rules and its civilisatory models during three decades—from the 1970s to the end of the 1990s. A growing number of researchers in the Latin American context have since then reclaimed a vision of critical inquiry, readings, and writings of the dependency school, internal colonialism, and sciences of liberation (sociology of liberation, philosophy of liberation, ethics of liberation, politics of liberation, theology of liberation) under the "guidance" of, among others, Enrique Dussel.[226]

This perspective departs from an ethical and political commitment with the excluded, or in Gramscian terms, the social block of the oppressed. Because of

[224] Oliver, Paul (2008). Writing Your Thesis. (second edition)London: Sage Study Skills, p. 103.
[225] See: Haraway, Donna (1991). Simians, Cyborgs and Women: The Reinvention of Nature. New York: Routledge.
[226] Se for example: Ardiles, Osvaldo, et.al. (1973). Hacia una filosofia de la liberacion latinoamericana. Buenos Aires: Editorial BONUM.

this, a methodological flexibility is needed in order to follow an ethical principle of decolonization concerning the episteme, the subjectivity, the object of analysis, and not least the researcher her/him self. An important feature in Latin American critical thought is that while it belongs to the realm of sociological tradition, it "[does] not come from fundamentalist opposition but rather from the acquisition of scientific certainty on the basis of critical analysis".[227]

Aligning my study with this perspective means that I see knowledge as socially constructed, and because of this any study of reality involves the action of the researcher, the participants, the spaces under construction, and the social systems containing the mediations of social practices, logics, and value-orientations. It entails a focus on the relationship between power and history, on the production of subjects and subjectivity, and the commitment as a social scientist to honestly understand for whom "I" am doing research.

This new lineage of critical thought aligns itself in the development of democratic process of power emerging from the struggles of social movements of different kinds.[228] It also argues for an epistemic turn:

> the *epistemic turn*, the paradigm shift is necessary, but what is at stake is not only its denunciation or activist content but the alteration in the ways in which scientific knowledge in the social sciences is produced, as well as the individual collective intellectual praxis. This is why a mutation in the epistemic basis of the scientific paradigm is necessary. The transfer of knowledge (the trickling down from the intellectual elite) seems to have reached its limit. The social actors become authors, we see them taking part in national and international meetings, making their influence felt against institutional barriers, fighting to participate. This is a new intellectual sovereignty and a renewed creative autonomy.[229]

Having presented the paradigm in which this thesis is situated, the methodology of this study is also inspired by Wanda Pillow's *Race-Based methodologies*,[230] Linda Tuhiwai Smith's *Decoloniazing methodologies*,[231] and Julia Suárez-Krabbe's *decolonial research methodologies*.[232] This work

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[227] Bialakowsky, Alberto L. and et.al (editors) (2012). Latin American Critical Thought. Theory and Practice. Buenos Aires: CLACSO., p. 9.
[228] Ibid., p. 10.
[229] Ibid., p. 11.
[230] Pillow, Wanda (2003). "Race-Based Methodologies: Multicultural Methods or Epistemological Shifts?", in López, Gerardo R. & Parker, Laurence (ed.) (2003). Interrogating Racism in Qualitative Research Methodology. New York: Peter Lang.
[231] Tuhiwai Smith, Linda (2012). Decolonizing Methodologies. London: Zed Books.
[232] Suárez-Krabbe, Julia (2011). En la realidad. Hacia metodologías de investigación descoloniales. Tabula Rasa, Bogota – Colombia, No.14: 183-204, enero-junio 2011.

proposes "research 'for'—that is, research that is useful and accountable to research subjects as opposed to providing or answering to our institutions".[233] I have also been influenced by the method of dialectics in David Harvey's account on uneven geographical development.

In the following section, I will describe my research interest, the collection of data, the way I introduced myself in the fieldwork, the way I was confronted by it, and the form of data analysis that was used.

The position of the researcher

Choosing to work on a sociological (or any other) basis, particularly on a specific case over a period of four years as a PhD student, is not an easy task and the reasons for doing so can be many. I can recall at least three inter-linking reasons that made me want to engage in this research project about the settlement of a Finnish pulp mill on the Uruguayan shores of the Uruguay River. The main reason is that I became a PhD student as part of the research project on "Trade unions facing the dual challenge of globalising work division and globalising environmental degradation—An interdisciplinary comparative case study".

This was in June 2008. In 2007, I had spent several months in the city of Buenos Aires, the place and region where I was born and raised. During that time, the case of the pulp mill was heavily discussed in the Argentinian media and I followed the controversies of this "Conflict over the Botnia pulp mill". At that time then, I was acquainted with this "conflict", although I did not know that it would become the focus of my attention and energy during a period of four years.

A few months after my arrival in Sweden, I was given the opportunity to meet with friends and colleagues and discuss my own research project ideas for the PhD period that could meet some of the aims of the project I was employed in. "The conflict over the Botnia pulp mill" suited some of these purposes, as well as the possibilities for practical implementation of the research. I was not only familiar with the subject, I also had some advantages in terms of my language, contacts, and understanding of the Argentinian and Uruguayan idiosyncrasies that could provide me with access to the field for the purposes of research.

[233] Pillow, W., Op.Cit., p. 187.

This thesis was initially supposed to be concerned with understanding the role of trade unions in the South in a case where a TNC from the North establishes hazardous industries in the South, initiating a series of conflicts in the region and influencing social relations in particular. I focused of the role of trade unions in Uruguay and Argentina, but the fieldwork and the interviews I conducted with different trade unionists in these countries, as well as the interviews undertaken with some of the protesters in both countries changed this particular focus. The trade unions were important players, but did not appear to be central to the events relating to this "conflict". The more I researched, interviewed, and talked to people, the deeper this "rabbit hole" became. I had to decide whether to incorporate the new facts and understandings by framing this case within a finite project, or to continue digging the hole without knowing where it would take me.

This required me to start investigating other theoretical frameworks and studies in order to make sense of the material I had and the fieldwork surrounding me. I engaged with Marxist perspectives to understand the vicissitudes of capital, its material outcomes, and the construction of conditions for the accumulation of capital. I also had to draw on race studies given the perspectives of North-South, which are historically formed by colonial relations and frame these two perspectives within the theoretical tradition and empirical understandings in a Latin-American context. This required me to understand and integrate theory and history and to merge the construction of class and race in a Latin American historical and social context in order to understand the structure of certain social relations that shape the social and political field in which the case to be analyzed is situated.

It became important for me to understand the construction of leadership in order to identify the way in which TNCs based in southern countries legitimise their presence, their means of dominating by dividing certain areas of the social and the political domain, and how these TNCs and their local practices of complicity engage in the production of knowledge to justify their operations. It became of key importance to understand the socio-political division that TNCs create in areas such as Fray Bentos and Gualeguaychú, the groups of resistance emerging in these situations, and their forms of struggle against these powerful economic agents.

The need to go further into the "hole" took me to the wood industry and the production of pulp. It meant exploring land ownership relations, their history in capital accumulation, and specifically the way they have been created in the

Latin-American context with a focus on Uruguay. This opened up the research field to encompass the industrial chain of production for timber, its labour relations, and the role of trade unions, socio-environmental conditions, social outcomes, class formations, etc.

This study has been based on ethnographic fieldwork. However, I have not followed a strict form of ethnography in which every little form of action is collected or written down. What I did follow was what ethnographic methods offer: a process for understanding the fieldwork by being part of it.

Kincheloe and McLaren (2003) frame this type of understanding as critical hermeneutics that "although there are many moments within the process of researching when the critical dynamic of critical theory-informed research appears, there is none more important than the moment(s) of interpretation".[234]

This approach contributes to a flexible position confronting your own ideas, theories, and assumptions about the way the study is going to be executed. As Hammersley and Atkinson (1983) argue about this kind of ethnographic work:

> Ethnographic research has a characteristic 'funnel' structure, being progressively focused over its course. Progressive focusing has two analytically distinct components. First, over time the research problem is developed or transformed, and eventually its scope is clarified and delimited and its internal structure explored. In this sense, it is frequently only over the course of the research that one discovers what the research is really 'about', and it is not uncommon for it to turn out to be about something quite remote from the initially foreshadowed problems.[235]

The method I decided to use to enter the field was interviews and the collecting of documents of different kinds.

Entering the field

When I started the preparations for the thesis and tried to specify the main purpose of the project, I started to ask some of the people I know in Sweden who are connected to, or working in, the trade unions. The trade unions in the

[234] Kincheloe, Joe L. and McLaren, Peter (2003). "Rethinking Critical Theory and Qualitative Research", in Denzin, Norman K. & Lincoln, Yvonnas S. (editors, second edition)(2003). The Landscape of Qualitative Research. Theories and Issues. London: SAGE Publications., p. 443.
[235] Hammersley, Martyn and Atkinson, Paul (1983). Ethnography: Principles in Practice. London: Tavistock., p. 175.

case of Botnia were an important actor that I had to get to, but I did not want to call the paper directly union in Uruguay. The reason for this was that, due to my experience, it is often better to have a contact that can get you through. In the summer of 2009, I got a contact through a Swedish paper unionist who recommended a colleague in the Finnish paper union in Finland. I needed someone that could inform me about the position of not only the paper union in Finland, but also, and mainly, the position of the paper union in Uruguay and how it was understood by the Finnish colleagues.

When I contacted this person in Finland by telephone, I presented myself as a doctoral student doing research about the "conflict of Botnia". He asked me if he could have some days to prepare himself before saying anything. We agreed on that and I called him some days later. When we started to talk, I realized that he had been preparing very carefully. He told me that he had several issues that he wanted to tell me about. I did not interpret it as something that he wanted to avoid, but rather that he described these points in a very "correct" way. It did not feel as a dialogue. He told me that he was only a worker and that he wanted to tell me a story that he was involved in some years back. He told me that he had participated in the process of Botnia to construct a pulp mill at the shores of the Uruguay River in Uruguay. However, for him the conflict was not a conflict but "a misunderstanding" from the Argentinian side.

The interview was done by telephone and it lasted around one hour. My purpose in conducting this interview was to get to know the positions of the unions regarding the question of labour and environment in relation to pulp mills (in general); but also to start to get some other contacts in the paper trade union in Uruguay. I did get some names to follow up. As a reflection then, this first attempt to introduce myself to the field and to engage in dialogues with informants, gave me an understanding of the position I had as a PhD student. I suddenly realized that I belonged to another social strata than the worker and as such I had to take into account the possibilities to be seen in similar ways in the coming interviews. It became a concern for me to enter the field under the title of PhD student, or as most of the times I was seen, as a researcher. My idea was always to make the people I interviewed comfortable and to be able to keep conversations flowing without pushing the questions or answers. The first interview with the paper unionist in Finland opened up to several questions regarding the power relations in which the informant and the researcher can be framed.[236]

[236] See: Mulinari, Diana (2005). "Forskarens biografi och situerad kunskapsproducktion", in Möller, Annika och Wettermark, Hanna (2005). Att utmana vetandets gränser: En bok om metod, metodologi och epistemologi. Malmö: Liber.

The other point I want to make out of this experience is that I was corrected by the paper unionist in Finland about the term "the conflict of Botnia". For him, it was "a misunderstanding" on the Argentinian side. He commented several times during the interview that the pulp mill at the shores of the Uruguay River had the best technology available today, and that there was not any environmental risk or impact that this mill could trigger. It signalled a different position from the ones I had gotten from the news in Argentina, the newspapers in Uruguay, and some research articles I read about the case. This became a point of departure in understanding the field that I was getting into: the positions and interpretations of different actors in this case.

This position of seeing the case of Botnia, not as a conflict, but as a misunderstanding on the Argentinian side was confirmed once again when I was in Fray Bentos and I called the pulp mill to get some interviews with both the union of the mill and some of the supervisors representing the position of Botnia. In my call to the mill, I talked to one of the supervisors and presented myself and the reason I was studying this case. They were very polite and I tried to explain that my questions were about the organization of the unions in the mill, the organization of the mill's production, but also about "the conflict". This mention of the conflict triggered a distance, which was translated into a request to write down the purpose of my visit and research and send it in an e-mail to them.

The telephone conversation then became more of a formal request to visit the pulp mill, and that, once the lawyers of the company accepted my letter of presentation, I could then get a time for the interview. Five days later, I got an e-mail back saying that I was very welcome to visit the mill and to have time for the interviews, but only under the condition that I could not talk or ask about "the conflict". I agreed and they decided the time and day of the interview. They sent a taxi that took me to the mill and I was expected at the entrance. The interview was first done with a supervisor/manager of one of the sections of the mill. He turned up together with a secretary and we started to talk. I decided before to focus the interview on the organization of the mill's production and the way they see the production of pulp. This allowed the conversation to start in a more relaxed way.

When I introduced myself again, I did it as a PhD student from Sweden, as well as an Argentinian living in Sweden. They said that they knew, and that was part of why I was accepted to conduct the interviews in the mill. Several times during the interview, it was mentioned how lucky I was living in such a

developed country and many times I was referred as "you the Swedes". This was the only time and place I was referred as such—both in the fieldwork and in Sweden. This was a point of concern during my interview with the supervisors because they mentioned several times the developed culture I was so lucky to be part of. I did not say much about it, but I realize that they sympathised with me because they saw me as a "developed person" coming from Sweden and having a lot in common with their work which was part of the Scandinavian way of working and organising. I did not say much about that, but this positioning—as an Argentinian living in Sweden—in this situation gave me the possibility to relax the conversation within a constructed space of "belonging" or sharing common denominators to a "superior culture, country, or region" in which they also saw themselves as part due to their work in a European/Scandinavian/Finnish corporation.

This frame allowed me to have some more information about what they had said they did not want to talk about: "the conflict". Jacqueline Watts calls this positioning "the outsider within", an outsider having insider knowledges.[237] As a researcher, I could participate in the splitting of my positions between being a researcher, an Argentinian speaking Spanish in a context where Spanish is the native language, and as a person living in a country seen as a "developed culture" by the informants. It was a kind of "in-between" where I was both seen as part of the context due to my talking to the informants in their own language but I was also allowed entry to the Botnia pulp mill due to my "living in Scandinavia". In other spaces in the fieldwork, i.e. when I conducted my interviews with the resistance of Gualeguaychú in the Argentinian side, I was Argentinian and researcher, and my living in Sweden was not more than an anecdote for them. Although I respected the requirement of the Botnia managers to not ask about the conflict, I wanted to close in on the issue by asking other things concerning the path that was blockaded at the bridge, as i.e. In what way has the blockade of the bridge affected the mill?

My reflection about these positions of the researcher in the fieldwork, being first a researcher and then a researcher from a "developed country", as well as being part of the region where I conduct my research allows me to take part in different contexts that can facilitate, sometimes to get informants and information about. However, these tensions between different positions and representations and what could be talked about and what must be avoided was important to get to know during the interviews, but also as part of an

[237] Watts, Jacqueline (2006). 'The outsider within': dilemmas of qualitative feminist research within a culture of resistance. Qualitative Research, SAGE 2006 6:385, p.399.

understanding of the way the field is constructed; the way people in the field see you and what they talked about also outside the moment of interviews.

All this has been of importance for my introduction to the fieldwork. I used to listen to what people—from waiters in the coffee shops, to the people in the hotel I was living in, to the guide at the tourist information office, etc.—had to say about the case I was studying: How people framed their knowledge about the case: Is it a conflict? A misunderstanding? Is it legal or not? Does the mill pollute or not?

These kinds of questions were also important to reflect on: Who are my informants talking to when I am asking questions or having a conversation? For me, it has been important to be sensible to all these unmentioned questions, that during the interview were in one way or another, guiding my questions and the topics I wanted to get into in order to get information.

However, I always tried to be polite, presenting myself first and then my research, and following the ethics of research: anonymity and the informants' rights to end the interview at any time. They often wanted to know more about what I was doing and how it was to live in Sweden, if I missed my hometown Buenos Aires and if I would return. Part of the fieldwork also becomes you telling your own stories to the informants.[238] This led to a more relaxed dialogue and also to me giving more knowledge to the informants about me, which decreased in some aspects the tensions that can be created through the power relations between researchers and informants.

Doing the field work

From Sweden, I contacted the president of the paper and cellulose union in Uruguay. In Argentina, I carried out only two interviews. One of the interviews was with the President of the Paper and Cellulose Union in Argentina, who was also the President of the paper and cellulose unions of MERCOSUR.[239] He was an important source of information and through him I could start to understand more, not only about the different positions of the unions in MERCOSUR, but also about the problem that connected them politically to the question of environmental concerns. I also had another earlier interview in Buenos Aires with the director of *Periodismo Sindical Internacional*

[238] See: Portelli, Alessandro (1997). The Battle of Valle Giulia: Oral History and the Art of Dialogue. Wisconsin: The University of Wisconsin.

[239] Mercado Comun del Sur (Southern Common Market).

(International Labour Journalism), which was the one that later got me the interview with the president of the paper and cellulose union in Argentina and MERCOSUR. In Montevideo, I interviewed two people in the Federation of paper and cellulose in Uruguay that gave me further information on possible contacts in the city of Fray Bentos and also in the pulp mill. They also gave me information about some studies done in Uruguay about the Botnia case.

I spent a couple of weeks in Montevideo mainly for three reasons: to interview my contacts at the different unions, to get some other contacts to interview further, to get written information (theses, documents, scientific and newspaper articles) and also to listen to whoever had an opinion about the case of Botnia, the conflict, labour, and the environment. It helped me to be, at least a little bit, part of the culture. My role was then as an observer and participant in the social field of urban events that gave possibilities to conduct field notes. Some of them had to do with different social movements and political activities in the city of Montevideo. During "Dia de la raza" ("the race day", which is the day Columbus came to America in 1492 and it is still celebrated as the day Columbus "discovered" America, although there are many struggles throughout the American continent against this celebration), I was in Montevideo. The indigenous movements were manifesting against it, arguing about the continuation of colonialism but nowadays via capitalist European TNCs as Botnia and other TNCs connected to the forest industry in Uruguay and other Latin American countries.

I then travelled to Fray Bentos (350 km from Montevideo) where the pulp mill is situated. I stayed there for about ten days. I conducted two interviews with the Botnia union and one interview with a manager from Botnia Corporation. All three were done in the mill and on the same day. From the city of Fray Bentos to the mill (which is also a Free Trade Zone) there is a distance of seven kilometres and there is no public transport, only taxis. On that same day, I got the guided tour of the mill, which is not allowed if one comes as tourist. Three days before that, I went to the mill as a tourist with a guided tour and we (the passengers) were not allowed to get out of the bus or take pictures. However, when I came there for the interviews I was very welcome to visit the mill and to take pictures, though under supervision.

In the city of Fray Bentos, I started to get to know some people that put me in contact with people that had been opposed to the settlement of Botnia. I conducted three recorded interviews with those people that had been involved in the opposition to the mill since Botnia announced its construction. They were from the three main organizations in Fray Bentos opposing the Botnia

plan since the first day: Plenario Intersindical de Rio Negro (Interunion Plenary of Rio Negro), Maestros de Rio Negro (Teachers of Rio Negro), and the environmental group MOVITDES (Movimiento por la Vida, el Trabajo y un Desarrollo Sustentable—Movement for life, labour and sustainable development—in Fray Bentos).

In the beginning, these three were the ones that started the opposition and the ones that contacted environmentalists in the city of Gualeguaychú, Argentina. Gualeguaychú in Argentina and Fray Bentos in Uruguay are connected through a bridge—the General San Martin. After the initiative taken by these three groups in Fray Bentos, the Asamblea de Gualeguaychú (the Gualeguaychú Assembly) had been blockading the bridge. During different periods between 2003 and 2006, the bridge had been closed or open depending on the process of the conflict. Since 2006, the bridge has been closed permanently.

I also conducted two interviews in this city with people that were supporting Botnia: one with the Mayor of Rio Negro (the province where Fray Bentos is located) and the other one with a journalist in Fray Bentos. This journalist has a weekly newspaper and both a TV and radio program. My purpose in Fray Bentos was to get to know what people had to say about Botnia, the conflict and the question of environment. I wanted to know what kind of social and political activities there were in the city. At the time I was in Uruguay, there were presidential elections. After ten days and having interviews done with different parts and positions regarding Botnia, I decided to go to the blockade on the Argentinean side of the bridge. To do that I had to contact some people before the trip over there.

Thanks to the opposition in Fray Bentos, I got some telephone numbers. I did not know if it was possible to cross the international bridge, which had been closed since 2006. The buses in Fray Bentos were not driving anymore to Gualeguaychú as they used to. I had to take a taxi from the city of Fray Bentos to the blockade, which is around 30 km. After being stopped by migration officers, I arrived at the blockade 10 minutes later. The taxi stopped at the barrier and I had to walk through. I conducted an interview at the barrier with three activists during an hour. They invited me to participate in the Assembly's meeting three days after.

"I have said NO! to Botnia". At the blockade in Arroyo Verde
by the bridge General San Martin (photo by the author).

After that interview, I went to the city of Gualeguaychú, which is located around 20 km from the blockade. The people I had interviewed got me into the van of the Direccion Nacional Ambiental de Gualeguaychú (The National Environmental Directory of Gualeguaychú)[240] that was going to the city of Gualeguaychú. I did an interview with them as well. Some days later, I went to the meeting of Gualeguaychú's Assembly that was held at the blockade every Wednesday and Sunday. There, I got to know the coordinators, with whom I also had two interviews. I did not stay any longer in Gualeguaychú. The reason for that is that my time was running out and I had to get back to Buenos Aires to take my plane to Sweden. However, the stay in Gualeguaychú was very intensive and interesting. The aim was to get to know how the social activities around the conflict of Botnia were talked about in the city, and to get some interviews with the Gualeguaychú Assembly.

Back in Sweden, I started to analyse the data I had collected in order to see what the main issues were. I soon realized that I had to go back for some further questions and to collect some more documents that I needed in order to

[240] It is part of the state and takes samples of the environment of the river three times a day. This started when the international conflict broke out in 2005.

have a fuller picture, not anymore in the understanding of the case, but now to get more specific information needed to complement my data. I then travelled again during 2010 and did four more interviews with specific actors in the unions.

Before my arrival to Montevideo, in Buenos Aires, my backpack was stolen and with it all my fieldwork notes from the last trip together with my information about my informants. It took time and energy to find out their telephone numbers and contact information again. However, I could continue with my fieldwork. Already in Montevideo, I conducted a focus-group interview with representatives from the paper union, the chemical union, and the construction union. This was and interview with four persons and we talked about some specific issues regarding the political positioning of the unions and their view on environment and foreign investments. I also conducted an interview with the representative of the wood union (SOIMA), who gave me a particular understanding, not only of the corporation Botnia in the afforestation process, but he gave further information about what was going on in the field of monocultures regarding labour and social conditions.

Due to the short time I had in Uruguay, I could not visit any monoculture, and therefore I had to rely on his narration and some other data collection (documentaries, research, interviews, etc.) in order to get a broader picture of the situation in the eucalyptus monocultures. I conducted an interview with the Grupo Guayubira, which is an environmental NGO very much concerned with the rural space and the problems its people have regarding the effects of the changing conditions of land ownership relations in Uruguay, environmental damage of TNCs, and the question of afforestation. My last interview was done with a journalist who had extensively researched the question of paper industry in Uruguay.

In sum, my idea was to include, as much as possible, different voices from different positions in order to broaden the understanding of the field. The organisations and the quantity of interviews (recorded and not recorded) are listed below.

Trade Unions

- Paperliitto (The Finnish Paper Workers' Union): one interview.
- F.O.E.I.P.C. y Q. (Federation of Workers and Employees of the Paper Industry, Carton and Chemicals in Argentina): one interview.
- Sindicato Botnia (Botnia's Trade Union in Uruguay): one interview with two representatives.

- SOIMA (Labour Union of the Wood Industry and Annexes in Uruguay): one interview.
- FOPCU (Federation of Paper and Carton Workers of Uruguay): two interviews.
- PIT (Plenary of Workers Interunion in Uruguay): one interview.
- FOPCU and SOIMA: one interview with four representatives.
- Periodismo Sindical (journalist from the trade unions journal in Argentina): one interview.

In Fray Bentos

- Organizacíon de Maestros de Rio Negro (Organisation of Teachers of Rio Negro): one interview.
- MOVITDES (Movement for life, labour and sustainable development): two interviews.
- The Mayor of Rio Negro: one interview.
- Journalist: one interview.
- Tourist guide: one interview.

In Gualeguaychú

- Asamblea de Gualeguaychú (Gualeguaychú's Assembly in Argentina): one interview with a coordinator and one interview with three activists.
- Direccion Nacional Ambiental de Gualeguaychú (The National Environmental Directory of Gualeguaychú): one interview.

In Montevideo

- Journalist: one interview.
- Grupo Guayubira: one interview.

Botnia

- Worker: one interview.
- Manager: one interview with two representatives.

The data material

The first interview was done with the Finnish paper trade unionist. This interview was done by telephone from Sweden to Finland. It was not recorded, but notes were taken during the conversation. I travelled to Uruguay two times. The first time was at the end of September 2009 and the last one was a year later in September 2010. The first time, I conducted 13 recorded interviews in Uruguay and one in Argentina about the case. The second time I collected four

more. I travelled the second time to get more specific information that I was looking for after my reading of the transcribed interviews from the journey of 2009.

However, these were the recorded ones. Besides the telephone interview with the Finnish unionist, I also conducted another interview in Fray Bentos which was not recorded. This was done with the guide that took visitors once a week to the pulp mill. This interview was the first I did in Fray Bentos and it served as a guide for the coming recorded interviews there. There was also another non-recorded interview at the blockade with the National Environmental Directory of Gualeguaychú. In sum, this study uses 19 recorded interviews and three non-recorded interviews, making up a total of 22 interviews. Each interview lasted between 60 and 90 minutes.

All the interviews were semi-structured. The idea was to get people to talk freely, but within a thematic framework. I had some main themes that I was interested to know more about depending on the person I was interviewing. I did have the idea that even if the thematic emphases were dependent on the interviewees' activities and position in the case, i.e., if they were protesters in Gualeguaychú or Fray Bentos, people working with NGOs in Montevideo, or supervisors at the Botnia pulp mill or others, I always had questions concerning other positions in the case. This allowed me to understand the way actors see themselves through the other part in the conflict and reflect about their own positions, whether it is in opposition or in alliance or outside the realm of the "for or against".

Most respondents did not have any problem in giving their name and allowing me to write it in the dissertation. I have still followed the code of conduct within academia, and this is the reason why there are no names mentioned in the thesis. A problem arises when I have to mention what kind of position interviewees have or what their affiliation is in order to make a point in the study. I have tried to solve this by not giving too much information about the person, but instead what the position means in the field. I also did more interviews than the ones I recorded. That happened on some occasions when the situation did not facilitate the recording or I felt that it was not appropriate in the context to take out my recorder. However, I did write down and made some notes from those interviews afterwards.

I also collected different documents in Uruguay that allowed me to understand the field. I went to the university library in Montevideo to see what has been done as regards science about the question of TNCs, plantations, labour

relations in the rural space, environmental concerns regarding population from industries in Uruguay, and about the case of Botnia in particular. Most of the people I have interviewed also gave me other documents, i.e. some unionists gave some reports they had done about their concern on environmental problems and the new transnational actors (TNCs); the NGOs and the social movements in Fray Bentos and Gualeguaychú handed me other documents done by them, as well as documentaries, films, and recordings about the case of Botnia.

At the end of my trip, I had a large number of documents to go through. I divided them between those documents that had to do with unions, with afforestation and environment and those with foreign capital. I also continued to search the Internet for other more specific studies or articles in international and Uruguayan newspapers about the case of Botnia, TNCs, and afforestation and land ownership relations in the South. All these documents I read and I tried to process, linking common features with what I had got from my interviews.

In this way, I could get a better picture of the context and of what people were concerned about. I have also tried to go beyond those pictures in order to understand in what ways these relations were constructed, how the context was constructed, who the actors were and how power relations were constructed, performed, and reproduced.

Method of analysis

Once I had the interviews, it was time to start processing them in order to analyse them in relation to my readings of the fieldwork, documentation and theoretical views. With processing I mean the reading, sorting and coding of the interviews and other documents that can be part of this process, i.e. interviews in video-documentaries. It must be clarified that all my interviews were conducted in Spanish, and the processing of this data was also done in this language. I only translated the parts that I needed after the processing. This means that I had to translate quotations and parts of interviews. This was time consuming and in many times demanded in my analysis to focus on translation rather than on the argument.

In the process of sorting and coding the interviews, I used the program MAXQDA, which is a computer program for qualitative analysis. First, I created different clusters to which I assigned the different actors and their interviews:

interviews with unions; interviews with protesters in Gualeguaychú; interviews with Botnia representatives; interviews with the resistance in Fray Bentos; interviews with NGOs and journalists; and, interviews with pro-Botnia people in Fray Bentos. As a second step, I started to code each of these clusters. The coding was done by reading every interview and identifying and naming the different themes that came out.

The first time I did the process of coding, a large number of codes were created. Therefore as a third step, I started to tie these preliminary codes to different frames of reference. This means trying to understand the connections between the themes, the importance of these themes for the people interviewed, and to link it to the understanding I was getting as a researcher about the issue. These frames of reference became the final codes and were grouped in: foreign capital, labour, North-South relations, environment, land and afforestation, forms and organization of resistances, changing economic conditions, and Botnia's social responsibility and friends. These codes are roughly mirrored in the themes I discuss in the empirical parts of the thesis.

The selection of the different quotations from the interviews and documents has been made due to their significance for the interpretations in my analysis of the case. These are quotations that exemplify key characteristics of the spaces analyzed and the actors involved in them. It is important, therefore, to make clear the point that I am not conducting an analysis of different individual points of view, but instead trying to capture the ideological discourses that sustain the logics of capital, the coloniality of power, and forms of resistance.

As a final reflection, I would like to quote Fars Borda's (2009) argument about the question of method and sociological work:

> In general, it is important to look for the qualitative and the meaning of things and processes, with a global and historical vision, but without rejecting the measurable or despising the sectorial. It's not about going back, to the elemental sociology of 20 years ago (which Gonzáles Casanova is right about) and neither to the essay-ism without rigor from past times. What it is necessary is to continue forward in the technics, constructing upon what has been achieved, that in many parts are not despicable. It is important that the numbers and series [of studies] have meaning and transcend the whole; that the micro-studies acquire a temporal perspective and be placed in a general framework; that the technics do not become a mere amusement or intellectual exercise; that the field notes return to become the basic instrument for the sociologist, and that show that the best equipment for a researcher is her/his mind and not of the computer.[241]

[241] Fals Borda, Orlando (2009). Una sociología sentipensante para América Latina. Bogota: Siglo del Hombre Editores y CLACSO, p. 236. (my translation).

It is against the background of these methodological considerations that I now move on to introduce the wider context of the conflict, thereafter moving on to the empirical case study.

5. Botnia/UPM and the land question in Uruguay

The background of capitalist expansion in Latin America

The historical development of capitalism has been characterised by unequal geographical development on a global scale. Of course, it can be argued that world history has always revealed the unevenness of development in different regions. But as Amin (1997) clearly points out, "it is only in the modern era that polarization has become the immanent by-product of the integration of the entire planet into the capitalist system".[242]. Europe's colonial expansion during the 16th century not only introduced the mercantile form of a pre-capitalist system[243], but more importantly, it established grounds for the creation of centres and peripheral zones of commerce and exchange as well as the exploitation of humans and natural resources according to the logics of the accumulation of capital and the logics of coloniality. The consolidation of domination over other regions and peoples in the peripheral zones (the Americas, Africa, and Asia), especially organised under the logics of race, was crucial in the vicissitudes of the European industrial revolution of the 18th century. Thus, to describe the modern world that has appeared since the European "discovery" of the Americas is to indicate that the colonial enterprise is constitutive to modern Europe and its ideological process of modernisation. With this aspect in mind, Mignolo (2005) argues in his book *The Idea of Latin America* that:

> The "Americas" are the consequence of early European commercial expansion and the motor of capitalism, as we know it today. The "discovery" of America and the genocide of Indians and African slaves are the very foundation of "modernity", more so than the French or American revolutions. Better yet, they constitute the darker and hidden face of modernity, "coloniality". Thus, to

[242] Amin, Samir (1997). Capitalism in the Age of Globalization. London: Zed Books.; p.xiii.
[243] Karl Polanyi suggests that, during this period in history, neither the local markets nor external trade were competitive. They were more complementary instead: "Trade of this type is rightly described as complementary. Local exchange between town and countryside, foreign trade between different climatic zones are based on this principle. Such trade need not involve competition, and if competition would tend to disorganize trade, there is no contradiction in eliminating it." (Polanyi, Karl (1944/2001) The Great Transformation: The Political and Economic origins of Our Time. Boston: Beacon Press, p.63.). However, as Ellen Meiksins Wood sharply comments, this "'complementary' was distorted by unequal power relations" (Meiksins Wood, Ellen (1999) The Origin of Capitalism. New York: Monthly Review, p.21.).

> excavate the "idea of Latin America" is really, to understand how the West was born and how the modern world order was founded.[244]

The industrial revolution was aimed at the centres of the hegemonic powers in the transatlantic area, and it could be said, defined the modern form of capitalism.[245] It defines it along with the Enlightenment, because these "are derivative historical moments consisting in the transformation of the colonial matrix of power".[246] Thus, the relationship to the peripheries was important when it came to the extraction of natural resources—i.e., rubber, sugar, cocoa, timber, gold and silver, etc.—and slaves were used as labour power in the colonies or shipped to Europe or the Americas. In this regard, pointing especially to colonial expansion, Luxemburg (1913/2003) has noted that the progressive breakdown of non-capitalist environments and their labour force into the process of capitalist modes of production and wage labour systems has been important for the historical conditions of capital accumulation in Europe and the United States.[247]

This stage in the development of capitalism also introduced an important articulation of the notion of modernisation and development through the logics of race and class: their relation to the colonial geopolitics of capitalist modes of production.[248] According to Amin, the integration of the colonised peripheries into the capitalist mode of production, as a consequence of colonialism and the need to channel over-accumulation of capital from the centres, in part involved maintaining them "rural, non-industrialized, and as a result their participation in the world division of labour took place via agriculture and mineral production".[249] Moreover, Amin points to a second feature in the polarisation of geographies that gave rise to the ideologies of modernisation and development in capitalist terms: "the crystallization of core industrial systems which paralleled the construction of the national bourgeois states".[250]

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[244] Mignolo, Walter (2005). The Idea of Latin America. Oxford: Blackwell Publishing; p. xiii.
[245] Meiksins Wood, E. (1999) Op.Cit.; p. 3.
[246] Mignolo, W. Op.Cit.
[247] Luxemburg, R. Op.Cit., p 343.
[248] In this regard, it is important to highlight what Meiksins Wood argues on the conflation of modernity with capitalism and its relation to the Enlightenment: "There are, then, many reasons, intellectual and political, for separating out the Enlightenment project from those aspects of our current condition that overwhelmingly belong not to the "project of modernity" but to capitalism." (Meiksins Wood, 1999:113). Although I think that she has a point in distinguishing these aspects, the political and economic order imposed by European capitalists enterprises in the peripheries during the colonial period grounded the epistemological foundations of modernity which were, already embedded in capitalist logics in these regions; especially among settlers and the ruling elites concerned with the acquisition of land and its natural resources.
[249] Amin, S. Op.Cit.
[250] Idem.

These features challenged the colonial world system at the end of 18th century with the ideology of national liberation in the colonies, as a response to this polarisation. The relational process of race and class in the colonies of the Americas had created powerful groups that demanded independence from the cores of European colonial power.[251] The road to development was inspired by the nation-state's model of the colonial core and its industrialisation as a form of modernisation. The 19th century and the first half of the 20th century were a period of anti-colonial projects for the peripheries inspired by national liberation movements doing their best to gain political autonomy and to "catch up" with what modernisation had proposed to create: development. The capitalist centres of the former colonial powers of Europe were meanwhile administrating the fortunes created by centuries of colonial and economic expansion and exploitation, but this administration was also challenged by the same logics of capitalism.[252]

Polanyi (1944/2001) argues in his book *The Great Transformation* that, since the beginning of capitalism in England and in part in Europe, societies had done whatever was possible to hold back the politics of the markets. In early societies, according to Polanyi, economic practices were part of or integrated into non-economic forms of social relations as kinship, politics, or religion.[253] The idea of a free market was not only unthinkable but also was seen as risky and dangerous for the social and political life of society. However, the political and economic controls created by these societies to restrain the politics of a free market were debilitated at the end of the 19th century with the triumph of

[251] The racialisation of national liberation in Latin America can be traced back to different groups demanding liberation: the slaves of African origin used in the sugar plantations under European administration, as in the Haitian revolution of 1791; and on the other hand the demand of the criollos (generations of white Europeans settlers born in Latin America) that constituted the ruling families of the "new society" constructed under the hierarchy of race and class during the 19th century. While the first insurrection by African slaves and their descendants was a direct struggle against racialised domination and exploitation by white European colonialism, the other insurrection by los criollos was aimed at gaining independence from Europe's colonial administration and economic exploitation of land and resources, while retaining the hierarchy of race and class of the former colonial system in the new national states. The narrative I'm conducting about this point in the main text is about the insurrection by the criollos, which has shaped most of the Latin American countries since the 19th century. This means shaping Latin American socio-political and socio-economic history by race and class.

[252] A shift of power over the control of world territories occurred between Europe and the United States during the 19th century with the proclamation of the Monroe doctrine in the United States. The doctrine claimed that Europeans countries could no longer colonialise the Americas and that any attempt to do so would be taken as a proclamation of war against the United States. This doctrine, launched by United States President James Monroe in 1823, was issued during the period when Latin American countries were seeking independence from the Spanish and Portuguese crowns as well as the cases of the French, British, and Dutch colonies of Guyana and Surinam. The famous Monroe phrase—"America for the Americans"—synthesises the geo-political transformation of Latin America's European colonial period into the period of American imperialism.

[253] Meiksins Wood, E. (1999). Op. Cit., p. 20.

liberalism.[254] The modern form of society would be the market society where "instead of an economy embedded in social relations, social relations are embedded in society".[255]

These are social relations regulated by the market economy. In spite of this situation, the economic liberalisation was framed within stark political models with authoritarian characteristics that culminated in the middle of the 20th century with two world war's atrocities, an outcome of a bipolar world political system immersed in its cold war, and a blind belief in the international Bretton Woods financial arrangements that finally collapsed in 1973 with the onset of an oil embargo, an over-accumulation of "petrodollars", worldwide property crashes, several collapsed financial institutions, and the US-influenced political economic experiment—neoliberalism—installed in Chile in the wake of Pinochet's military coup against the democratically elected President Allende.[256]

Until the 1970s, the national industrialisation of the peripheral economies, especially in Asia and Latin America, was accompanied by national liberation political movements.[257] Good or bad, or at different paces, these economies were pointing to national productions. Although capitalism was very much alive during this period, the ruling economic elite—"la burguesia nacional" (the national bourgeoisie)—was part of political national projects. From the 1950s until the military coup in Chile 1973, especially in the southern cone of Latin America (Chile, Argentina, Uruguay, and parts of Brazil), the breach between the classes started to narrow. Strong unions, a higher rate of literacy, eight hours' work and paid vacations, and public schools, and universities made this part of Latin America look like the Keynesianism and social democratic countries of Europe during that time. In this regard, Klein notes that:

> During this dizzying period of expansion, the Southern Cone began to look more like Europe and North America than the rest of Latin America or other parts of the Third World. The workers in the new factories formed powerful unions that negotiated middle-class salaries, and their children were sent off to study at newly built public universities. The yawning gap between the region's polo-club elite and its peasant masses began to narrow. By the 1950s, Argentina had the largest middle class on the continent, and next-door Uruguay had a literacy rate of 95 percent and offered free health care for all citizens.[258]

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[254] Polanyi, K. Op.Cit. p. 141.
[255] Meiksins Wood, E. (1999). Op.Cit. p. 21.
[256] Boron, A. Op.Cit. p. 46.; Harvey, D. (2006b). Op.Cit., p. x.; Klein, N. Op.Cit., p. 70-71.
[257] Amin, S. Op.Cit. p. 2.
[258] Klein, N. Op.Cit., p. 55.

This was also a time when dependency school or developmentalism, with figures such as Raul Prebisch became important sources of practical policies in many Third World countries. During this period, national industrialisation, public financing of infrastructure projects, the state's subsidies to small enterprises, and high tariffs on the import of foreign goods were important to narrow class divisions and to limit the forces of capitalism. But this was only possible under the political and economic situation of a Europe and a United States emerging from a period of two world wars. However, one of the important dates in Latin American political history during the 20th century is 1954. It is in this year that the USA orchestrated the *coup d'etat* of Castillo Armas in Guatemala against the democratically elected Jacobo Árbenz. This event can be said to represent the beginning of the Latin American era of dependency on the political economy of the United States and its foreign policy against socialism and communism.[259] The 60s mark a period of world political polarisation between the United States and the Soviet Union, structuring the world under its cold war. The USA's political and economic intervention in Latin America was intensified during this period with the excuse of combating socialism and communism, and direct American military intervention took place openly in Latin America, as in the case of Panama in 1989.

During the 70s, the military coups in Latin America, supported by the Washington consensus[260], dismantled the national centred political economy in favour of goods imports and opening up the countries' natural resources and public services to privatisation, whether to the national oligarchy or foreign corporations. However, some important public services, land and other natural resources, as well as some social services and protectionist policies of trade, taxation and government expenditure, were kept national (for the oligarchy)

[259] For the militarisation of the USA's foreign policy under the doctrine of national security, in the Latin American continent, see: Tapia Valdés, Jorge A. (1980). El terrorismo de Estado: La Doctrina de la Seguridad Nacional en el Cono Sur. Mexico: Editorial Nueva Imagen, S.A.

[260] Although this term was not coined until 1989 by the north-American economist John Williamson in his paper "What Washington Means by Policy Reform" where he presented ten points for economic policy prescriptions in Latin America, it is possible to argue that the consensus among Washington based institutions (IMF, World Bank and US Treasury Department) was already settled through the political and military intelligence support of anti-socialist struggles in Latin America (under the doctrine of national security) as well as the loans given to Latin American countries during that decade. Williamson's prescriptions were no more than a set of politico-economic policies that would open up the Latin American market (natural resources, social services, infrastructures, etc.) to private investment (specially FDI) as well as changing and monitoring national fiscal policies (government expenditures and taxation) and exchange rates and introducing a policy of deregulation (specially for FDI) and trade-liberalisation across the continent. See: Williamson, John (1989) (ed.). Latin American Readjustment: How Much has Happened. Washington: Institute for International Economics.

during the military juntas.[261] The case of Chile, and thereafter many other countries in Latin America, followed the path of those known as the "Chicago boys" whose policy lines were based on the theories of Milton Friedman.[262] The free-market political economy secured the repatriation of profits made by transnational corporations at the same time that the military juntas were cracking down on social movements, trade unions, and important left-wing intellectuals with persecutions, violence, unemployment, and death. The free-market political economy, however, did not contribute to the benefits of the majority of these countries' populations. Class divisions increased during the following decades, generating a spiral of pauperism at one end and an accumulation of wealth on the other.[263] It appears as though Marx's words were anticipating the apogee of neoliberal capitalism and are more relevant than ever:

> Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, the torment of labour, slavery, ignorance, brutalization and moral degradation at the opposite pole.[264]

The Latin America of the 80s is marked as the democratisation period, but also under the gaze of the "Washington consensus" and the IMF's structural adjustment programs sought to put pressure on countries to start paying back decades of loans and interests. This period is marked as well as by a new transformation within the political economy dictated by the international organisations the IMF, WB, and WTO. The preparation of neoliberal reforms in Latin America under the politics of the "Washington consensus" during the end of the 80s was the perfect time for this kind of politics. The region was emerging from military juntas that weakened political participation, social movements, trade unions, and several other freedoms of the population.

The privatisation reforms sought by these economic international organisations were ideologically presented by the North's liberal and conservatives think-

[261] For an extended analysis, see the case of Argentina's political economy and economic model of the military juntas during the 70s in: Rapoport, Mario & Spiguel Claudio (2003). "Modelos económicos, regimenes politicos y politica exterior argentina", in Sombra Saraiva, Jose Flavio (2003) (ed.). Foreign Policy and Political Regime. Brasília: Instituto Brasileiro de Relacões Internacionais (IBRI).
[262] A group of Chilean economists who studied at the University of Chicago in the USA were called to present policy lines for the reconstruction of Chilean economy after the coup. They were called as such because their economic policy lines were attached to the theories of Milton Friedman from the Chicago University in USA. (Harvey, David (2006) Spaces of Global Capitalism – Towards a theory of uneven geographical development. London: Verso, p. 12; Klein, N. Op.Cit. p. 71).
[263] Harvey, D. (2006b). Op.Cit. p. 13
[264] Marx, Karl (edition 1990). Op. Cit., p.799.

tanks as “the new world order” and later on as “globalisation” and were very well accepted by their homologues in Latin America.[265] The legal and political settings were then in place to facilitate the de-nationalisation of public and natural resources during the 1990s. The 90s in Latin America is the apogee of an unleashed neoliberalism where almost every corner of public services, fertile land, and natural resources were privatised, and FDI was intensified.

One of the main points to be highlighted in this neoliberal process is that it debilitated the link between the accumulation of capital and the political and social arena at a local level and transferred it, or recomposed it, at a level of international trade and finances. As Amin explains:

> This period was simultaneously, however, one of the progressive dismantling of autocentric national production systems and their recomposition as constitutive elements of an integrated world production system. This double erosion was the new manifestation of the deepening of globalization.[266]

The deepening of globalisation that Amin observes during this period can be the transposition or transformation of national capitalist class to what Sklair (2001) calls the transnational capitalist class and its mode of production.[267] Once society’s political and social barriers against the free-market are lifted or debilitated, class positions are also divided in space, allowing a capitalist class to emerge unrelated to local, regional, or national labour. Most of the time, labour is local and stays local or regional, while capitalist enterprises and their class formation can become global with no social attachments to their labour power. However, in peripheral countries, the role of the industrial class has been almost reduced to subcontracting companies of transnational corporations. The deepening of globalisation that Amin argues about can be traced through the dislocation of certain class relations and new forms of polarisation.

> What results is a new hierarchy, more unequal than ever before, in the distribution of income on a world scale, subordinating the industries of the peripheries and reducing them to the role of subcontracting.[268]

Labour rights in Latin America during the 1990s were under attack. Several legal reforms were passed to deregulate the labour market and facilitate privatisation, which led to creation of big pockets and belts of poverty in the

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[265] Petras, James and Veltmeyer, Henry (2011). Social Movements in Latin America: Neoliberalism and Popular Resistance. New York: Palgrave Macmillan., p. 22.
[266] Amin, S. Op.Cit. p. 2
[267] Sklair, Leslie (2001) The Transnational capitalist Class. Oxford: Blackwell Publishers Ltd.
[268] Amin, S. Op.Cit. p. 5.

cities and in rural areas, unemployment, a debilitation of the middle class, and the rise of the new rich.[269] These socioeconomic and policy changes led to the growth of new sociopolitical movements during this decade. According to Petras and Veltmeyer (2011), these movements were organised first of all "within and on the basis of indigenous communities that understood capitalism as imperialism, an uninterrupted process of more than 500 years of exploitation, oppression and genocidal subjection".[270] In this context, they add, the retreat of the neoliberal state from welfare, labour rights, and the economic support for local NGOs gave rise to the emerging of NGOs financed by private foundations that joined forces with the project of "international cooperation". In this regard, Petras and Veltmeyer argue:

> The World Bank and US and EU overseas agencies viewed the NGOs as integral not only to their development strategy (to alleviate excessive poverty) but also to the counterinsurgency strategy—as strategic partners in the fight against international communism and the forces of social revolution. A substantial number (by no means all) of the social activists who were embedded in the NGO-funded feminist, ecology, self-help groups, and the development NGOs, collude with the agents of a more inclusive and sustainable form of development in opposing the demand of the social movements for structural change in the direction of "another world" of communalism and radical egalitarianism if not socialism. At issue in this collaboration is a coincidence of interest in a nonconfrontational approach to social change—to bring about a better world without the agency of class struggle and a violent confrontation with the agents of imperial power and class rule.[271]

Nevertheless, the economic and political situation of neoliberal doctrines throughout Latin America had its limits. At the end of the 1990s, significant amounts of money were taken from the region to multinational bank accounts in tax havens.[272] This pillage led to economic crises in different regions of Latin America. At the same time, the political situation in Latin America started to change slowly in 1999 with the democratically elected Hugo Chavez in Venezuela, Evo Morales in Bolivia, Nestor Kirchner in Argentina, and subsequently Rafael Correa in Ecuador, Pepe Mujica in Uruguay, and many others from centre-left parties in other Latin America countries. In contrast, the violent apogee of neoliberal capitalism during the 1970s in the peripheries took place parallel to the development of consensus in the political economy of the North during the 1980s with the arrival of political figures such as Margaret Thatcher in the United Kingdom and Ronald Reagan in the United States.

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[269] Boron, A. Op. Cit., p. 62-63.
[270] Petras, J. and Veltmeyer, H., Op.Cit., p. 23.
[271] Idem.
[272] Idem.

The land question in Uruguay

In order to make clear the processes which link capital, land, and logics of coloniality within the social relations of land ownership it is important to adopt a historical approach to the way land property relations in Uruguay have been constructed, consolidated, and challenged. In this section, I will discuss the processes that facilitated the contemporary settings for capital (accumulation) in Uruguay through the land's property relations—from its consolidation as a nation-state to the arrival of the TNC Botnia/UPM as a player in land acquisition and afforestation and a regulator of rural labour, but also other TNCs that contributed to the development of contemporary forms of the foreignisation of the land.

The privatisation of land and the free market are not recent processes in Uruguay and in the rest of Latin America, but have been established through colonialism and the liberal doctrines of the national independence of Latin American countries in the 19th century. The transition from the formal Spanish/Portuguese colonial regime to the creation of independent nation states in the first 30 years of the 19th century had a determining effect for the new ruling classes: the access, administration, and exploitation of land and its natural resources paralleled the introduction of the system of private property and wage labour.[273]

The social system of race relations was also a decisive basis for the creation of the local ruling elite of criollos and their "legal" tenancy of the land. According to Vescovi (2011), the crises of the European colonies in Uruguay (as well as in Argentina and Paraguay) created the settings for different projects for independence from Spain and Portugal. He argues that these ruling elites were internally divided between the *latifundistas*—powerful families owning large extensions of land—and urban bourgeoisies and that their ideological division was mainly based on the way these groups handled the Indians in their projects of independence: respectful towards the Indians or genocide, slave system or abolition.[274] For the Afro population that constituted one quarter of Uruguay´s population at the end of the 18th century[275], the conditions established by the independence movement were almost the same. The difference was that while

[273] Vescovi, Rodrigo (2011). 200 años de dominio en la Banda Oriental del Uruguay. Revista Anthropos: Huellas del conocimiento, No. 232, p. 118.
[274] Idem.
[275] Montevideo became during the 17th century an important port for slave trade going to Buenos Aires, other parts in Argentina, Chile and Peru. See: Piñeiro, Diego y Cardeillac Gulla, Joaquín (2011). Los afrodescendientes en el campo uruguayo. Trabajo presentado en las X Jornadas de Investigacion de la Facultad de Ciencias Sociales, UdelaR, Montevideo, 13-14 September 2011, p. 3.

the Indians were seen as a problem for the acquisition of land by the upper class *latifundistas*, the Afro population was seen as a threat for the maintenance of a class system of the urban elite constituted by race (whiteness).[276]

However, none of these groups of the ruling elite rejected the grounds of the European liberal doctrine of wage labour or private property, and as such created inequalities on the basis of race and class.[277] This was an internal struggle between two factions of the ruling classes that merged forces against the external enemy, but were divided regarding what kind of rights the non-white population—the Indian and Afro population—would acquire in the formation of the citizenship of the new nation. This point was crucial for the internal struggle of these factions due to property rights on land and access to natural resources. In Uruguay and Argentina, there was no existing aristocracy, as there was in Chile and Peru, but there were powerful families linked to the military and civil service of the colonies who were granted big expansions of land with no fences but with natural borders—*latifundios*.[278]

While the *criollo* elites were seeking independence from the colonial administration and military, the pivot of the internal struggle focused on the rights and regulations of land ownership based on race relations. The differentiation in their struggles was that, while these groups—latifundistas and urban bourgeois *criollos*—were organising their independence from the European crowns and were identified as revolutionaries, the Indians and Afro population led their own struggles against exploitation, domination and depravation of rights and basic needs through different forms of resistances such as rejecting slave or wage labour, armed rebellions and creating communities (called *quilombos* or *quilombolas)* of *cimarrones* (run-away and rebel Afro slaves) in different parts of the region.[279]

These three parallel processes—the seeking of independence from European crowns, the struggle between the leading classes of criollos, and the struggle for the rights and survival of the Indians and Afro population—were decisive for both the foundation of the nation state of Uruguay and other Latin American countries, but also for the consolidation of European liberal doctrines on the continent that secured capitalist relations of colonial design on the distribution, exploitation, and rights of land and its natural resources. The Indians and the

[276] Vescovi, R., Op.Cit., p. 117.
[277] Ibid., p. 119.
[278] Ibid., p. 118.
[279] Ibid., p. 119; Piñeiro, D. y Cardeillac Gulla, J. Op.Cit., p. 4.

Afro population struggled to survive in the interior of a system of colonial race relations that produced material and collective disadvantages for these groups and were immersed in the struggles to avoid enslavement and death. The criollos, instead, struggled to become politically emancipated from Europe and consequently to become economically liberated from the crowns, i.e. to become economically independent as a class within whiteness, because race for the criollos was already part of their *rights of supremacy*.

The tenancy of land in Uruguay followed the liberal doctrine of private property and distribution after its independence, although the struggle between *latifundistas* and the urban bourgeoisie was in part used to achieve such independence.

The political manifestation of the rights of freedom was central to the process of seeking independence and such factors could mobilise and integrate different groups regarding race and class positions, especially in the struggle against foreign troops. The national hero General Jose Gervasio Artigas became the main figure who could articulate such integrating political discourse for military resistance against Spain and Portugal but also against the politics of the families owning large expansions of land—*latifundistas*. Artigas became a central political figure for the rights of the Indians and the Afro population and as such he had popularity among the progressive urban bourgeoisies and the lower classes. His political articulation was also, in part, important for the *latifundistas* that needed big segments of the lower class population to struggle against Spain and Portugal.

Artigas mobilised politically for a federal pact between different federations in the region of what today is Uruguay, part of Brazil and Argentina, where the Indians and the Afro population could gain civil rights and rights to own land, but also to expropriate land from foreign European tenancy. His main contribution in the regulation of land was the *Reglamento provisorio de la provincia oriental para el fomento de la campaña y seguridad de sus hacendados*[280] in 1815 where he outlined the legitimisation for the distribution of land among Indians, Afro population, and other poor sectors, but also expropriations of large segments of land from foreign tenancy in order to

[280] "Provisional regulation of the eastern province to promote the campaign and safety of its landowners". For a further reading of Artigas' regulation see: Bon Espasandín, Mario (1970). Tenencia, distribución y explotación de la tierra en el Uruguay. Sus implicaciones con el desarrollo. Revista Mexicana de Sociología, Vol.32, No 3, Memorias del IX Congreso Latinoamericano de Sociología, 4 (May-June, 1970), p. 812.

administrate it publically.[281] This was a radical change in the system of *latifundios* and, consequently, for the families owning the big extensions of land in the region. Although Artigas struggled for an independent federation, in which the *latifundistas* had a key interest, Artigas' regulation of land was seen as a threat for the interests of the local upper classes as well as for the foreign interests in the region.

This triggered an alliance of interests between some sectors of the *latifundistas* and the different European crowns involved in the region (Portugal, England, and Spain) that were afraid of not only losing the big expansions of land, but also that Artigas' ideas would start to spread to areas of the Portuguese colonial settlements in Brazil.[282] The Portuguese crown invaded Uruguay with the consensus of some *latifundistas*. Artigas was pushed out of the region of Uruguay in 1820 and lived in exile in Paraguay thereafter.

Land distribution and the consolidation of classes

Artigas' provisional regulation was put in practice for five years (1815-1820), distributing land to the disadvantaged groups. However, after Artigas' defeat, the struggle for independence from the European colonial settlement continued, but the regulation of land was no longer put in practice. The Indians were pushed out or annihilated and the Afro population was recruited in the different wars against the European crowns or put to servitude.[283] Those who acquired land during Artigas' time were bought or occupied by the *latifundios* and became part of the poor agrarian labour force or moved to the surroundings of Montevideo.[284]

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[281] Vescovi, R. Op.Cit, p. 123. Artigas' provisional regulations of land and ownership show the importance that the distribution and tenancy of land had at that time for the different racialised and genderised groups for a vision and outcome—although bourgeois—of equal rights. In the sixth article of the provisional regulations, it states: "Adjudication of land. Scope and addressee. For now on, the Provincial Mayor and other subordinates will devote themselves to encouraging the populations of the campaign with useful arms. For this, they will inspect, each in their respective jurisdictions, available land and the land worthy of this grace, with the purpose that the most unfortunate will be the most privileged. Consequently, the free blacks, the zambos of this kind [racial term used to denote people with mixed African and Indian ancestry], the Indians and poor criollos will be able to be allocated land, if, with their work and good will, this will contribute to their happiness and that of the Province". In the seventh article, it states the right of widows with children to be allocated land, and the twelfth article specifies the expropriation of land from the "bad Europeans and bad Americans" to be distributed according the sixth and seven article. (Bon Espasandín, M. Op.Cit., p. 812), (my translation).

[282] Rama, Carlos (1972). Historia social del pueblo uruguayo. Montevideo: Ediciones Comunidad Sur., p. 33.

[283] Slavery in Uruguay was abolished in 1853.

[284] Vescovi, R. Op.Cit., p. 122.

At the same time, the political incentive to populate this region with white Europeans was intensified. According to Luzuriaga (2010), between 1852 and 1889 the population of Montevideo was multiplied six times over with Italians, and four times over with Spaniards across the whole country.[285] The white criollo elite were able to bring a cultural and physical aspect of the new European population to consolidate a European model of society in Uruguay—as well as in Argentina—and through this, prepare the ideological basis to disseminate their political proposals on the distribution of land and on the basis of the new nation-state's economic system. Under this process of "populating" the "empty" areas and giving land concessions to the newcomers, the creation of the new rural population in terms of whiteness consolidated also the rural wage labourers in terms of class – small white landowners, day workers and peasants. The appropriation of land by the *latifundistas* and other sectors of the bourgeois urban classes continued to consolidate the system of *latifundios* where the estancia (ranch) was the unit to coordinate and organise the rural space with its hierarchy of subjects, labour and exploitation of natural resources. In 1880, this continuing appropriation of land was halted by the introduction of fences that demarcated the expansion and property.[286]

According to Bon Espasandín (1970), the introduction of fences sparked a social process where the poorer classes of the rural population who had food and protection in the estancias were then legally let outside these large properties and came to constitute the Uruguayan rural proletariat.[287] The tendency was then to move to Montevideo or rent parcels of land to produce their own food and labour of agricultural production. This process created a precarious rural population due to the small-scale agricultural production that would cover both the rent of the parcels and their own living. The economic pressure on small farmers contributed to an increasing number of rural wageworkers and a decrease in the rural renter's population during the first half of the 20th century.[288] Moreover, the poor quality of the soil, which the

[285] The population of Montevideo according to the censuses of 1830 was 14,000 people; in 1852, 34,000; in 1860, 58,000; in 1884, 164,000; in 1889, 215,000; and in 1900, 268,000 people. The Uruguayan census of 1884 states that of the total of 73,000 foreigners, 33,000 were Italians and 22,000 were Spaniards. The number of natives born in Montevideo during this year was 91,247 (43,453 men and 47,794 women) and foreign born was 72,781 (45,787 men and 26,994 women). Luzuriaga, Juan Carlos (2010). Los procesos inmigratorios en el Uruguay del siglo XIX: vision de conjunto. Sociedad de Estudios Vascos. XIV Encuentro de Latinoamericanistas Españoles: Congreso internacional, Santiago de Compostela: Espagne (2010), p. 1015.

[286] Bon Espasandín, M. Op.Cit., p. 795.

[287] Idem.

[288] According to the Uruguayan census during the first half of the 20th century, Bon Espasandín's study shows that "In 1930 there were 11,279 rural wageworkers; in 1940 there were 18,099; in 1949 there were 22,761. In the meanwhile, between 1951 and 1956, the rural population [renters or owners of small parcels] declined by 40,000 people. Between 1961 and 1966, there was a decline of

small farmers were able to rent for labour, was another factor that contributed to the increasing number of rural wageworkers.[289]

The production of cattle was also the main economic aspect in the rural regions of Uruguay and the primary production of the larger areas of the *latifundio* occupying the best land in the country. The quality of the soil has also to do with the presence or absence of a water supply, the humidity of the region or the existence of prairies. All these factors contribute to the quality of the soil and the way land has been distributed among the classes that, together with the increasing value of meat on the world market during the first half of the 20th century, defined the Uruguayan class structure: "an upper class formed by the owners of big extensions of land, a middle class without much influence, and a low class constituted by rural wageworkers, peasants, servants, etc.".[290]

The socio-historical process of land ownership, since the beginning of the 20th century, appears to be linked to the constitution of the socio-economic stratification, and therefore a political vehicle and ideological instance of the dominant groups to transfer the tenancy and domination of lands to their descendants. Such reproductive forces linked to land ownership not only reinforced the cultural aspect of class reproduction, but also configured the forms of exploitation on the labour force and natural resources, in other words, it constituted a way of life.[291]

The structure of land ownership in Uruguay was characterised at the beginning of the 20th century by a strong concentration of land among a few families and a much smaller area comprising a high number of small land properties. During the middle of the century, the number of land properties increased, probably as a consequence of divisional heredity from the families with large expanses of land.[292] However, it should be added, this process was accompanied by a period in which industrialisation import substitution and a transformation of

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more than 60,000 people. If there is less [rural] population and more rural wageworkers, it is easy to conclude that such increases relate, in general terms, to the renters converted into rural wageworkers" (Bon Espasandín, M. Op.Cit., p. 797.), (my translation).

[289] Ibid., p. 798.

[290] Ibid., p. 795. (my translation).

[291] Idem.

[292] Piñeiro, Diego E. and Moraes, Maria Inés (2008). "Los cambios en la sociedad rural durante el siglo XX". In: El Uruguay del siglo XX. Departamento de Sociologia, Facultad de Ciencias Sociales. Banda Oriental. Montevideo, p. 110.

the political will to consolidate a welfare state could spark new social policies and keep food prices down for an increasing urban population.[293]

The increasing number of land properties reached its peak in 1956. According to Fernández Aguerre (2002), the amount of properties in Uruguay (of a total area of 17.5 million hectares of which the agricultural area is 16,419,683 hectares[294]), between 1908 and 1956 changed from 40,000 properties to 90,000[295] and started to decrease in number from this year on reaching 57,000 in the year 2000.[296] The small properties of land (minifundios), those from 1 to 99 hectares, changed between 1956 and 1966 from 85,258 to 63,126 properties and were almost three quarters of the total number of properties, but covered only the 9.23 per cent (1,569,000 hectares) of the total area.[297]

On the other side, the areas that covered 2,500 hectares (latifundios) or more were 1150 properties in 1951, that is 1.34 per cent of the total number of properties during that year, and that dominated the 34 per cent of the total area (5,780,000 hectares). In 1966, the number of such properties went up to 1,212 and covered 33.5 per cent of the total area (5,695,000 hectares).[298] This indicates the strong concentration of land among a few individuals/families during this period that continued to increase in the second half of the 20th century. Therefore, as Bon Espasandín argues, it is possible under such conditions to understand that there were no more than 1000 individuals/families owning these large properties, which during that period were used for cattle. As he argues, these private individuals or families who concentrate on large properties, as well as their increase, can be called *geophagous* (earth-eaters).[299]

The period between 1956 and 1970 was characterised by a gradual political change among the two right-wing governments—*Partido Blanco* (white party; 1959-1966) and *Partido Colorado* (red party; 1969-1971)—which left aside the politics of the welfare state and instead drove them to restore and expand class power, i.e., by lowering the taxes on the export of meat and other cattle products, by lowering import tariffs, and by freezing real salaries in order to

[293] Fernández Aguerre, Tabaré (2002). Cambios en la estructura agraria del Uruguay entre 1951 y el 2000: Una aproximación descriptiva desde la distribución de la tierra. Estudios Sociológicos, Mayo-Agosto, año/vol. XX, numero 002, p. 401.
[294] FAO (2011). Acaparamiento de tierras – Estudio de 17 paises de America Latina y el Caribe, p. 523.
[295] Bon Espasandín, M., Op.Cit. in pages 796, 801-802.
[296] Fernández Aguerre, T., Op.Cit., p. 401-402.
[297] Bon Espasandín, M., Op.Cit., p. 801.
[298] Ibid., p. 802.
[299] Ibid., p. 803.

manage inflation.[300] These measures were established on a rural basis, that is, to restore power among the owners of large segments of land and cattle production.

However, it was during the period of the military junta (1973-1985) that economic destabilisation through hyperinflation took place accompanied by a reduction in real salaries. These processes mainly led to two combined economic policies sustained by the Washington consensus, which consisted of trade liberalisation and access to big loans from the IMF. The extreme reduction of custom tariffs, in the policies emanating from trade liberalisation, allowed the import of cereals, wheat, fruits, and other agricultural products, which had a severe impact on the local agricultural producers, most of them being the rural population owning land properties of up to 500 hectares.[301]

The total number of land properties in 1956 was 90,000 units; by 1970, this was 77,163, and by 1980, 68,362. Consequently, the military political economy of the 1970s and half of the 80s left 56,623 land properties for the new democratic period in 1986.[302] This reduction in land properties, at the same time as neoliberal reforms were introduced in Uruguay during this period, was of such magnitude that it re-established the concentration of land to levels very near those of the beginning of the century. However, the impact of such policies not only affected the small producers who had to sell their land to be able to pay for loans, rents, or (imported) food, but it also had an impact—albeit different—on the middle rural classes of producers (those owning land properties of 100 to 999 hectares).

These politico-economic processes of trade liberalisation also came with the liberalisation of exchange (currency), which provoked a devaluation of the Uruguayan peso in 1982 of over 100 per cent in relation to the dollar.[303] Fernández Aguerre points out that "This involved the immediate insolvency of a major proportion of rural producers indebted in dollars ('uncollectable portfolios') and the rescue of bankrupt private banks by the state. The disappearance of land properties is very large and reaches almost 25 per cent of those in 1970".[304] These producers of the rural middle class had slowly increased until the 1960s and declined during the 1970s. However, there were

[300] Fernández Aguerre, T., Op.Cit., p. 403.
[301] Idem.
[302] Ibid., p. 402.
[303] Ibid., p. 403.
[304] Idem. (my translation).

those land property-units of over 1000 hectares that increased during the 1970s and onwards.[305]

The neoliberal project in Uruguay, introduced by the violent civico-military regime as well as in the whole region of Latin America, was exposed through the process of land concentration, legislative modifications that facilitated the entrance of foreign capital, devaluation of the national currency, the weakening of the middle class rural producers, the increasing of day workers in the rural area, the persecution of trade unionists, left-wing politicians and intellectuals and the introduction of some short-term policies to alleviate poverty.[306]

These changing conditions or modifications of the different spaces of social relations are not only part of the systematic process of accumulation by dispossession used in the space of "the Other", but also the basic need for the accumulation of capital as part of the logics of coloniality. The end of the military regime in 1985 did not end the initiated neoliberal process with the arrival of the democratisation period. On the contrary, the first 15 years of democratic governments had a right-wing agenda that would continue to deepen the liberalisation politics of the market. This was accompanied by policies that reduced the import tariffs even more and the elimination of the selective protection on some agricultural products.

Fernández Aguerre's study also shows that, during the second half of the 20th century, the process of land concentration was not only accompanied by the disappearance of small rural family-producers (and those who could survive were controlling fewer land areas) while the concentration of land increased in the hands of the same number of *latifundistas*, but was also accompanied by the diminishing of the number of companies at the same time as there was a stark concentration of land between companies.[307] This indicates an increasing

[305] FAO (2011) Acaparamiento de tierras – Estudio de 17 paises de America Latina y el Caribe, p. 516.
[306] According to Piñeiro and Moraes, in the period of the 1970s and 1980s, the state of Uruguay took over the private organisation MEVIR (Movimiento de Erradicación de la Vivienda Insalubre Rural, in Engl.: Movement for the eradication of rural unhealthy housing) and constructed several small housing areas in order to diminish the rural houses made with clay or adobe. The census of 1996 shows that 90% of the rural housing are made with some kind of concrete and that 74% have electricity and water supplies. However, the construction of these houses did not diminished poverty. Piñeiro and Moraes points out that all the studies on poverty carried out throughout the century show two main tendencies: 1) In the rural areas the proportion of poverty was higher than in the urban areas, and 2) These studies could identify two main concentrations of poverty: families of rural workers living in very poor housing (of concrete), and small rural producers who, although owning their land, they could not escape poverty situations. (Piñeiro, D. y Moraes, M.I., Op.Cit., p. 124.).
[307] Fernández Aguerre, T., Op.Cit., p. 403-406.

concentration of capital in a few hands along with the process of concentration of land ownership as a result of such politico-economic policies.[308] It was, however, during the first years of the democratic government, at the end of the 1980s and beginning of the 90s, that some laws were modified and created to facilitate not only the buying of large segments of land, but also being able to exploit the land according to the "suggestions" made by the WB and IMF.[309]

These policies, introduced during this period, contributed to the penetration of TNCs on the Uruguayan land market, which started to change the way property relations had been known. TNCs of different origin and with different purposes of production started to buy large segments of land, as well as *the Public Limited Companies* (PLC; in Spanish: Sociedades Anonimas, or SA). The latter are going to be discussed later on. Now, I would like to give some approximations of the quantity of land owned by TNCs in Uruguay, in order to give an idea of the scope of one of the models of the foreignisation of land, although the process of foreignisation will not only be understood as land being owned by foreign corporations, but also by the speculative commercialisation of and production of land properties.

The new geophagous

The concentration of land has been part of the rural history of Uruguay and the way it has consolidated racialised class relations since the colonial time. Having this set of social relations as a foundation, the concentration of land has had its historical dynamics throughout the whole 20th century. The concentration of land over several periods has been so predominant that the families or people concentrating on extensive areas of land were, in the 1960s, already called *geophagous* (earth-eaters).[310] Although these *geophagous* were in fact the *latifundistas* that held power over rural properties during the whole 20th century, these groups had the land mostly for cattle production and belonged to the upper class of the Uruguayan class system.

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[308] Fernández Aguerre shows that: "In 50 years [the second half of the 20th century] 23,266 properties disappeared that had an area less than 50 hectares, or in other words, more than 2 out of 3 disappeared land properties were based on family-production. By 2000 there were almost half of family-agricultures left while the latifundistas totalled virtually the same amount. This decrease in absolute terms was accompanied by a relative decline of family-agricultures in the social structure. The comparison of the second indicator (percentage of the total land properties) shows that from being 60% of the agents, they declined to a bit more than half the amount. The evolution of latifundistas, instead, shows that their weight in the social structure increased slightly: from 1.4 to 2.0%". (Fernández Aguerre, T., Op.Cit., p. 404.), (italics in original), (my translation).
[309] See i.e. the paragrah "Forestry law" in this thesis.
[310] Bon Espasandín, M., Op.Cit., p. 803.

However, this situation changed during the first decade of the 21st century where new powerful economic agents—TNCs—entered the Uruguayan land market to buy large expanses of land and invest in forest and agricultural production as part of the policies of the new "emerging markets" within the global chain of production. The lands of Uruguay were not only economically accessible to these TNCs, but were also highly fertile and rich in water supplies. With these advantageous conditions, the land of Uruguay was profitable enough to become the basic means of production for an intense global demand in the agro-forestry-energy sectors.

According to FAO, foreign capitals are marginalising the small farmer producers and buying land from the old *latifundistas*, or in the words of Bon Espasandín, from the old geophagous. Therefore, as the FAO report concludes, this process of foreignisation and concentration of land is affecting the small, middle and big producers of the traditional Uruguayan rural class system, and therefore it is necessary from now on to introduce a new category*: the very big*.[311] I will typify these powerful players as the *new geophagous* who, under the logics of colonial capitalist private enterprises, foreignise the land of South communities/countries/regions in order to accumulate capital, but equally important, to control territories and their natural resources through economic power.

Such control makes them powerful enough to regulate local and even national labour, but also to intervene in regional and national politics to serve their need to gain juridical instruments for the facilitation of capital accumulation. These facilities have been granted globally by the international economic organisations for several decades and backed up by the Washington consensus. Therefore these *new geophagous* are not simple players, but constitute a web of power regulating central social relations according to their needs (labour, socio-environment, knowing) and social and political forms of organisation (democracy, trade unions, national economy, international relations).

Under such conditions it is important to ask: what if we see these players under the eyes of a colonial model that, instead of establishing direct rule on the economic and social life of countries in the South, like the old colonial model, now control specific political institutions, intervene in the legal systems and regulate the economy of these countries with international economic and military organisations that prepare the field for the new *conquistadores* and

[311] FAO (2011) Acaparamiento de tierras – Estudio de 17 paises de America Latina y el Caribe, p. 544.

geophagous—the TNCs—of the global era, which act according to the same colonial methodology and epistemological grounds, and even create economic and, consequently, political dependency? I will come back to this question at the end of this thesis.

Now, let's see the foreign companies that have bought land in Uruguay and the amount of land they possess. To do this, I basically use two different sources that complement each other and can show an approximation of the concentration of this kind of foreignisation in Uruguay, in which Botnia/UPM is one of the main new geophagous. These sources are the FAO report (2011) and the data released by GRAIN this year (2012). However, due to the rapid acquisition of land by these players, I will update some of the numbers from the original data with data I found in my research. The following information can also change due to the fast-changing conditions within the rural real estate. Therefore, it must be taken as an approximation of the quantity and ownership of the players involved.

The corporations shown in the FAO report are: Forestal Atlántico Sur (Chile/Uruguay), 45,000 hectares[312] (forestry); Forestal Tekoayhu (investment fund), 50,000 hectares; GMO Renewable Resources (investment fund), 25,000 hectares (forestry); Grupo Forestal (Chile), 16,000 hectares (forestry); RMK Timberland Group (investment fund, USA and Europe), 60,000 hectares (20,000 hectares of forestry); Weyerhauser S.A (USA), 140,000 hectares; Forestal Oriental (Finland), 225,000 hectares[313] (forestry); Montes del Plata (belongs to Stora Enso, Sweden-Finland), 250,000 hectares[314] (135,000 hectares of forestry); Agronegocio del Plata (Argentina), 100,000 hectares (soya); MSU Agro (Argentina), 16,000 hectares (soya); Ernesto Correa (Brazil), 100,000 hectares; and Calyx Agro (Argentina/France), which in this report from 2011 declared 5000 hectares, while in the GRAIN data from 2012 Calix Agro claimed to have 13,592 hectares (soya and wheat), as well as El Tejar (Argentina/England/USA), which records in the FAO report 130,000 hectares (soya), while in the GRAIN data 160,000 hectares. These last two show the rapid process of foreignisation and acquisition of land within only one year.

Besides the latter, the data from GRAIN include: Hillock Capital Management (based in Argentina by foreign investors), 9,000 hectares (crops); Los Grobo

[312] Agenda Forestal – 2011, Uruguay, p. 55.
[313] See: UPM (2011): "UPM's Forestal oriental increases land ownership in Uruguay", in: http://www.upm.com/EN/MEDIA/All-news/Pages/UPM%27s-Forestal-Oriental-increases-land-ownership-in-Uruguay-002-Thu-31-Mar-2011-15-44.aspx
[314] Agenda Forestal – 2011, Uruguay, p. 62.

(Argentina), 76,300 hectares (soya); Ingleby Company (Denmark), 20,110 hectares (cattle, soya, wheat); Campos Orientales (France), 24,000 hectares (crops); Olam International (Singapore), 34,000 hectares (dairy); Adecoagro (USA), 8,600 hectares (cattle, soya).[315] Other data taken from the yearly report on Forestry in Uruguay shows that a joint venture between Stora Enso and Arauco (Chile/Finland/Sweden) under the name Sierras Calmas owns another 30,000 hectares.[316]

The total amount of land among only these corporations is 1,402,602 hectares (which is only an approximation). The differing data from these sources shows that is very difficult to gain all the information about the exact foreign corporations owning land in Uruguay and that the increasing of land ownership among these players is very dynamic. This total equals 8.54 per cent of the total amount of land for agricultural production, and it is concentrated in 19 corporations. This is only an estimation of the collected data (probably it is higher due to the increasing land acquisition seen over the last few years with the same TNCs), and it doesn't include the properties of the anonymous PLCs. I will come to this point back later on.

To summarise, the distribution and exploitation of land in Uruguay points to a general inequality during the whole of the 20th century, which is historically based on the European colonial economic and epistemological enterprise of the centuries before and has created a social fabric of class exploitation (the dominant class with *latifundistas*, a weakened middle rural class and the rural proletariat) that also has been used by neoliberal policies imposed by the international economic organisations and other imperial interests which prepared the field for the arrival of powerful economic agents—TNCs. Such imposition is part of what Cardozo and Faletto have indicated to be the "existence, continuity, and change" of capitalism, and I will add, with colonial designs. Land distribution during the 20th century in Uruguay shows a high number of small producers who own small areas of land, and a very small number of large properties (over 1,000 hectares) covering most of the land area.

[315] FAO (2011) Acaparamiento de tierras – Estudio de 17 paises de America Latina y el Caribe, p. 528; and GRAIN (2012), data downloaded from their site: http://www.grain.org/article/entries/4479-grain-releases-data-set-with-over-400-global-land-grabs

[316] Agenda Forestal – 2011, Uruguay, p. 65. In this case the total amount of hectares owned by Stora Enso and Stora Enso in a joint venture with Arauco is 280,000, which makes it the largest TNC owner of land in 2012.

There was, however, a change in the conditions of land ownership, distribution and exploitation during the first half of the century that increased the number of owners of small properties until the 1960s but started to decrease in terms of the number and area of property during the last 50 years of the 20th century.[317] These changed conditions of land ownership were also accompanied by different and periodic economic crises in which devaluation of the Uruguayan peso and inflation in basic products were sparks of the political economic reforms that pushed the country into new deals with foreign capital and international organisations such as IMF and the World Bank processing their "adjustment programs".

This processing was in part aimed at reforming national laws that could deregulate the market, or in other words, facilitating the entrance, commercialisation and exploitation of powerful economic players in the global arena to appropriate land, its natural resources and public services. These players are the TNCs that, in order to make production profitable, had been buying large land properties and were becoming a much bigger player in the rural space than the traditional local *latifundistas*. Therefore they can be called the *new geophagous*. By the same token, these policies and the changing property conditions of the rural space minimised the economic and legal possibilities for non-powerful groups to access land and its natural resources, and in doing so made them dependent on these large capitals regarding labour opportunities, living standards (environment, civil and human rights and socioeconomic) and the well-being of the future generations.

As it is possible to note, the enormous amount of land foreignised by Botnia/UPM makes this TNC a major player in the rural space and commercialisation of land and forestry in Uruguay. However, it is important to understand the path taken in the legal systems and how law modifications are necessary instruments for these TNCs to establish control over the production and possibilities to bigger expansion in the world market, in this case cellulose and paper. I will now summarise important modifications in some key laws related to land ownership during the democratisation period (end of the 1980s and the 1990s) that, together with the changed laws on FTZs and forestry in 1987 and the Bilateral Investment Treaty (2002), would facilitate understanding even more of the way TNCs, like Botnia/UPM, enter and insert themselves within the structures of land distribution, appropriation and exploitation in Uruguay in the first decade of the 21st century.

[317] FAO (2011) Acaparamiento de tierras – Estudio de 17 paises de America Latina y el Caribe, p. 520.

Legislative changes related to land, forestry, and investments

I begin with the laws of rural leases and the law of Public Limited Companies. The purpose of these legal changes was to deregulate and liberalise the land market in Uruguay. I subsequently discuss the Bilateral Investment Treaty (2002) and the changed laws on FTZs and forestry in 1987.

The law of rural leasing

The law of rural leasing has a historical trajectory that has varied throughout the whole 20th century depending on the political parties of the different governmental periods. The aim of these laws, in general, was to regulate the use, the periods of time, and the prices of the land renting. The main purpose of these regulations was to protect rural labour and to open up possibilities to produce agricultural products. In 1922, a regulation on rural leases' excessive prices appears in the civil code, and in 1927, norms feature periods of time and the kind of use allowed for the renting of land, which consisted of a period of up to four years and only for agricultural and/or farming exploitation.[318] In 1942, the rural code determined obligations for the landowner regarding housing for the tenants and, specifically, the access to a water supply for the cattle or farm animals; and in 1950, these conditions were extended to the milk producers.[319] Although the 1922 regulation on excessive prices tried to conciliate between the small farmers' earnings through the use of rented land and the owners gaining a profit from the rent, in practice, the deals were often finished beforehand due the impossibility of small producers being able to pay their rent.

The legislation of 1954—the law 12.100 "Rural leases"—tried to cope with this problem by creating a legal minimum period to lease land (five years) with the option for the tenant to extend the time by three more years if the tenant had been paying regularly and taking care of the land. The prices, according to this law, had to be regulated by the state with the possibility of adjusting the price of the rent every two years. Some more obligations for the landowner were also added in order to rent land, i.e., perimeter fences, drinking water, kitchen, rooms, etc. For those properties larger than 5,000 hectares, the owner, in order to rent the property, had to apply for state authorisation.[320] Although this law was legislated in order to prevent a high number of tenant evictions and to

[318] Plottier, Luis y Notario, Jorge (1966). El Arrendamiento Rural en Uruguay. Montevideo: Instituto Interamericano de Ciencias Agricolas de la O.E.A., p. 63.
[319] Idem.
[320] Ley 12.100 "Arrendamientos Rurales". See: http://200.40.229.134/leyes/AccesoTextoLey.asp?Ley=12100&Anchor=

satisfy the owners by modifying the prices of rent according to the value of the market (the prices of land and the main products of export, i.e., meat, cereals, wool, etc.), evictions in high numbers continued.[321]

This law was passed a few years before the entry of England into the European Economic Community (EEC) in 1958, which affected the main trade of Uruguay, and the prices of such products increased during the following period, and as a result the rents also increased. Under the civico-military regime and the introduction of the new neoliberal policies in the 1970s, a reform of the law 12.100 was legislated which created the law of rural leases 14.384 (1975). This law follows practically the same as 12.100, but with two main difference: 1) the state as the main regulator between the landowner and the tenant regarding the prices is minimised and only has a role in the case of any possible disagreements between the parties; 2) the period of minimum time for renting is extended to six years and with a possibility to apply for four more years if the tenant has paid regularly and taken care of the land.[322]

In spite of the reduction of the state's involvement in the framework of economic deals between the tenant and the owner, the second point still offered some protection for the tenants and showed some political will for the protection of rural labour and agricultural production. This legislation (law 14.384) became the main referent of land leasing over the following decades. However, under a continental wave of deregulations and flexibilisation of the market in the1990s, the government of Uruguay (right-wing parties) derogated some articles of this law (1991). The new legislation (law 16.223) derogated the articles about the minimum renting time and the state intervention in any deal of land leasing, even those of larger areas.[323]

This modification to the law of land leasing was accompanied by the agricultural/afforestation projects designed by the IMF and World Bank during that period, in which the main projects for the use of land would be soya and eucalyptus/pine. This tendency is sustained through the exceptions implanted in the civil code (article 1782) where it originally said that the period of leasing couldn't be more than a total of 15 years. The exception comes into effect when land leasing is used for afforestation, according to the law of forestry (law

[321] Plottier, L y Notario, J., Op. Cit., p. 64.
[322] See articles 19 of both laws: Ley 12.100 (http://200.40.229.134/leyes/AccesoTextoLey.asp?Ley=12100&Anchor=) and Ley 14.384 (http://200.40.229.134/leyes/AccesoTextoLey.asp?Ley=14384&Anchor=).
[323] See: Ley 16.223 "Predios Rurales": (http://200.40.229.134/leyes/AccesoTextoLey.asp?Ley=16223&Anchor=).

15.939), and the time extension can be up to a maximum of 30 years.[324] This exception was imposed in 2010 under the left-wing party *Frente Amplio*.

The law of public limited companies (Sociedades Anonimas)

Until 1967, rural property in Uruguay was framed within the rural code originating from 1875 with the aim to legally secure the private properties on land and cattle. It required the landowners to regularise property titles, establish signs for their cattle, and limit property with fences.[325] The property titles were written under the owner's name. It is in 1948 that a Public Limited Company (PLC) with registered shares[326] was constituted and approved by the state to buy rural properties. However, the law of PLC in relation to land ownership was not passed until 1967 (law 13.608 under article 9) where it established a prohibition for PLCs to be able to buy rural properties unless they have registered shares.

This article was derogated in 1999 (law 17.124) allowing PLCs to buy land without any restrictions. According to FAO's report, this legislation promoted the intensification of FDI with agricultural and forestry investments.[327] After the legal allowance of anonymity for the PLCs, the participation of these companies in the rural real estate market increased. In 1994, their participation

[324] FAO (2011) Acaparamiento de tierras – Estudio de 17 paises de America Latina y el Caribe, p. 519.

[325] Along with it, a legal security system was also introduced—private rural police—that could act and watch out for the rights of private ownership against "intruders". The system of fences for the delimitation of private property was, in fact, a delimitation between the big expansions of land and those that did not have any cattle or else had cattle but not enough land to put them to pasture. In other words, it was the first step in the process of class consolidation into juridical terms on the basis of economic polarisation and politics of race projects. Benhamin Nahum (1967) quotes Domingo Ordoña, who was the main ideologue for the creation of the rural association and the main figure behind the legislation of the rural code in 1875: "The considerations we had argued for the prestige of the limitation of property were more of a moral order than a physical order, because with the fencing off of property, there is a well-made division between those who are terratenientes [landowners of latifundios] and those who live under the conditions as paying guests [farmers, day workers etc.], and they are numerous. These people should lose all hope of becoming cattle dealers, or being useful in the cattle industry. And they should bend their heads over the plough that is their life and future". Nahum, Benhamin (1967). La estancia alambrada. Enciclopedia Uruguaya, Fascículo 1967, p. 70. (my translation).

[326] A Public Limited Company (PLC) is "a company which has offered shares to general public and has limited liability. A PLCs stock can be acquired by anyone and holders are only limited to potentially lose the amount paid for the shares". (www.investopedia.com). PLCs in Spanish are known as *sociedades anonimas* which declares that PLC's shareholders are anonymous. The anonymity can be reversed if the legislation or contract adds a condition that the PLCs must have registered shares. Therefore I have translated the Spanish concept *acciones nominativas* into the English concept registered shares. It means that any share (an amount of money) that is part of a PLC is registered under the personal name of the shareholder. PLCs have tax exemptions.

[327] FAO (2011) Acaparamiento de tierras – Estudio de 17 paises de America Latina y el Caribe, p. 518.

in the real estate market was 24.7 per cent (acquiring in total 27,227 hectares). By 2002, this went up to 74.5 per cent (acquiring 77,179 hectares). In 2003, their participation in the market decreased (57.3 per cent), but increased the amount of land commercialised in total (393,796 hectares) and by PLCs (225,473 hectares).[328]

According to Vasallo (2006), the period between 1981 and 2005 can be divided into two different sub-periods that show the increasing concentration of land commercialisation: between 1981 and 2002, the number of operations had an annual average of 46, while between 2003 and 2005 the same annual average was 125 operations. The same goes for the average of area size and price: between 1981 and 2002, the annual average area size commercialised was 95,560 hectares at an average price of 398 USD per hectare, and between 2003 and 2005, the annual average of area size was 311,361 hectares at an average price of 862 USD per hectare.[329] During 2011, according to the principal newspaper of Montevideo—*El País*—the average price per hectare had increased to 3.196 USD and by 2012 in some regions of the country, the prices per hectare had reached 5,946 USD.[330] FAO's report also shows that such increasing commercialisation in rural area size peaked in 2006 at 858,745 hectares that year, and that the total commercialised area size between 2000 and 2010 was 6,268,000 hectares which equals the 38 per cent of the total agricultural area of the whole country (16,419,683 hectares).[331] As part of these transactions, intensification of the PLCs' activity in operations within the rural real estate market after 1999 accompanied the increasing number of operations, area size and prices during the first decade of the 21st century.

This data not only shows the new process of land concentration in Uruguay, where the high prices per hectare for larger areas (over 1,000 hectares) suggest buyers with high economic power, but also that PLCs have been very active in buying large land property areas. Although the areas of less than 100 hectares have represented 60 per cent of all land operations (buy-sale), it equalled only the 9 per cent of all the commercialised rural area between 2000 and 2010.

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[328] Vasallo, Miguel (2006). El mercado de tierra en uruguay. Revista del Plan Agropecuario, setiembre 2006, p. 51.
[329] Ibid., p. 50.
[330] El País, Economia (April 4, 2012). "Mujica insitío en que se revele identidad de dueños de la tierra", Montevideo, Uruguay. (http://www.elpais.com.uy/120404/pecono-634393/economia/Mujica-insistio-en-que-se-revele-identidad-de-duenos-de-la-tierra/)
[331] FAO (2011) Acaparamiento de tierras – Estudio de 17 paises de America Latina y el Caribe, p. 523.

Those areas of more than 2000 hectares represent the 1.6 per cent of the operations, but cover 25 per cent of the commercialised area.[332]

Once again, this data shows the appropriation of large areas of land in a few hands and for purposes of industrial exploitation, but also an intense movement of operations among the smaller land areas. Following the history of land concentration and its repercussions in the social strata, it is then possible to argue that new powerful capitals are marginalising small and medium rural producers. According to FAO's report, the PLCs have gained 96 per cent of the land that was sold by physical persons between 2000 and 2008, which means that the leading player in the rural real estate market and land appropriator has become the PLCs. By the end of 2008, these associations had become the owners of 1,778,000 hectares.[333]

Although it is not possible to know the origin of the shareholders of the PLCs, due to the permitting of anonymity for this kind of association, the perception of the organisations and people I interviewed in my fieldwork as well as the organisations interviewed in the FAO report, and other documents revising land tenancy in Uruguay, suggest that most of the shareholders of the PLCs are foreign investors of various kinds. This indicates that the amount of land owned by foreign capital can be much higher than the total amount owned by the known TNCs shown above, which is 1,402,602 hectares.[334]

If the anonymous PLCs are for the most part based on foreign capital, it is possible to argue that there are at least over 3,000,000 hectares of land foreignised as property and production, which equals 18.27 per cent of the total land for agriculture in the whole country.[335] Under this situation, or maybe due to this situation, the government of the centre-left party *Frente Amplio* tried to derogate the law of 1999 (law 17.124) by re-introducing a new law in 2007 (law 18.092) that would force PLCs to implement registered shares belonging to

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[332] Ibid., p. 525. According to the *Sevicio de prensa forestal* in Uruguay (Forestry Press Service) "the largest number of operations correspond to the sale of land of up to 200 hectares, i.e. 17,622 operations between 2000 and 2009, but ownership changed to 1,024,000 hectares. In those years, the major areas sold were those covering up to 2000 hectares, totalling 4,570,000 hectares", (http://www.iciforestal.com.uy/mas-noticias/uruguay/11755-sociedades-anonimas-concentraron-la-mitad-de-las-tierras-vendidas), (my translation).

[333] FAO (2011) Acaparamiento de tierras – Estudio de 17 paises de America Latina y el Caribe, p. 527.

[334] See the paragraph "The new geophagous" in this thesis.

[335] This approximation is also confirmed by the organisations REDES/Amigos de la Tierra and Via Campesina in their report "Monocultura en la mira de La Vía Campesina! Agronegocio forestal y celulósico: la reorganización del capital", November 2010, p. 9.

physical persons in order to be able to buy land properties.[336] This law has been postponed until 2012 due to the high quantity of exceptions that have been granted, something that social movements have been protesting against.[337] It is important to highlight here certain tendencies in the historical modifications of the laws of rural leasing and PLCs in order to understand the transformations of prioritisation in the rural relational space of labour, capitalist profit, and class power. To do this, I ask the question of who do these laws concern and prioritise? Who benefits from these modifications? And in what way is the fabric of such laws connected to different capitalist interests? These questions are, of course, platforms for an extensive argumentation, but I will try to summarise them in four points:

1. The social and political economy of colonial fabric of Uruguay, and the internal defeat of Artigas and his provisional regulation of land properties, consolidated the continuation of a model of *latifundios* in which social classes were formed according to that system. This was the basis on which laws about land ownership and land leasing were created, integrated, promulgated, and practised during the whole of the 20th century and with an intensification in the first decade of the 21st century. In order to activate rural production and to integrate the rural population into a national economic system, some regulations were imposed during the first half of the 20th century. The policies tried both to make it easy for small farmers to rent land for production and to elevate the standard of living of the rural population. These tendencies can be seen both in the law of land leasing 12.100 by introducing the state as a regulator of deals between the owner and the tenant, periods of minimum leasing for the farmers, and the fact that the number of small land properties increased during that period. Although the number of *latifundios* continued to be stable, class power was narrowed. Such policies of land leasing were targeted at non-powerful economic groups of the rural area. In 1955, there was an economic crisis that started to destabilise the social and political institutions of the country and that continued during the 60s, although it is possible to note that there was a concern about the formations of PLCs.

[336] See: Ley 18.092 "Titularidad del derecho de propiedad sobre inmuebles rurales y explotaciones agropecuarias" article 1, in:
(http://200.40.229.134/leyes/AccesoTextoLey.asp?Ley=18092&Anchor=)
[337] See for example the letter written by REDES/Amigos de la Tierra to the Ministry of Agriculture: REDES/Amigos de la Tierra (November 22nd, 2010). "Pediran información sobre compra de tierras por parte de empresas" (http://www.redes.org.uy/2010/11/22/pediran-informacion-sobre-compra-de-tierras-por-parte-de-empresas/).

2. The civico-military regime during the 1970s introduced the first steps of policies of neoliberal doctrines by minimising the state's involvement in deals of land leasing and property, but due to the domestic problems of land distribution and internal production of agricultural products, it continued to protect rural labour by allocating a minimum of time for land leasing.

3. In the last decade of the 20th century, the different derogations of legal articles where the state had any involvement in framing the prices and conditions of leasing were suppressed. The same happened with the regulation of minimum periods, unlimited use of the land and the forms of deals, and a few restrictions from state institutions for the advantage of owners. At the same time, the forestry law promoted tax exonerations to the forestry companies, which generated an intense demand for land and as a result, the price of land increased.[338] The demand for land became a demand for large-scale expansions and due to this demand, the price increased reciprocally according to land expansion.[339] By adding the elimination of the minimum time for land leasing in the law of 1991 (law 16.223), the tendency became one of an intense increase in demand for land leasing, provoking expensive prices for every hectare.

   The same happened with the introduction of the 1999 law for PLCs' permission to be anonymous, which unleashed an intensification of land commercialisation to such a point that PLCs became the main players in the rural real estate market. On top of that, the forestry law, the bilateral investment treaty and the law of FTZ secured the investment of extensive capital—as Botnia/UPM—to invest without higher risks and introduce new changes in the forms of agriculture—afforestation. This model, instead of protecting the rural labour force and population, invested in larger capital—TNCs—that, in order to secure the investment, had to be able to produce in quantity, and this means the introduction of high technological equipment, agrochemicals, and an enormous consumption of water and soil quality.

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[338] Ibid., p. 521.

[339] According to FAO, between 2000 and 2010: "In the group of 10 to 200 ha, the price is multiplied by 3.8 times. This ratio increases as the area increases in size: 4.1 times for the areas from 200 to 500 ha, 5.5 times for the areas from 500 to 1.000 ha, 7.3 times for the areas from 1,000 to 2,000 ha, and 12 times for properties of more than 2,000 ha. This means that the increase of the analysed prices by area would reflect a greater demand for the operations of larger areas. In other words, over this period, the buyers have been willing to pay a higher unit price, the larger the surface area being traded" (FAO (2011) Acaparamiento de tierras – Estudio de 17 paises de America Latina y el Caribe, p. 527.), (my translation).

The high cost of land based on such a model made land access—whether buying or renting—an almost impossible venture for the rural population and small farmers. On the other hand, the local *latifundistas* had to enter into joint ventures with foreign large capital investors and adapt to the model of the new foreign investments—*the new geophagous*. In this way, land ownership was not only foreignised, but the use of it with technologies securing the mode of production for speculative capital, foreignised the mode of production and labour—and literally also the products—for the local rural population.

4. The tendency of capital and its policies is to become highly embedded in the juridical apparatus and transcend any government regarding political orientation, as is the case of forestry laws, leasing, and property relations carried on during the left-wing party government of *Frente Amplio*.

It is possible to discern in this general view of land leasing, ownership and PLCs that the aim was to facilitate the access of large capital—TNCs—to the appropriation and exploitation of land and its natural resources, mainly in the areas of soya and forestry. However, it shows two important tendencies of capitalism that generate new aspects in the social fabric in Uruguay. The first is the changing conditions of the Uruguayan rural class system in which the very big owners are consolidated, or as I have named them, the *new geophagous*. These are global players who respond to the policies of speculative capital. The second tendency shows the historical trajectory of capitalism with colonial designs continuing its development of accumulation by dispossession, in different spaces of social relations (juridical, economic, political, labour), but now in a more intense form, that is, through the vast appropriation of land by TNCs in the South.

These appropriations of land become significant transformations for the future continuity of the historical trajectory of capitalism, i.e., to re-settle the conditions of private ownership in order to inscribe TNCs as necessary agents for labour opportunities, economic stability, cleaner/"green" technologies, social responsibility and education for countries in the South. Or in other words: to resettle new models of dependency that not only cover the traditional areas of economics and labour, but now environmental treatment, social responsibility, education and information on the bases of capitalist epistemologies with models of colonial practices.

Because, all in all, colonialism is the historical continuity of appropriation; a form, a means of accessing the natural resources of Others and their labour

power. And capitalism is the creation of conditions to exploit them.[340] The foreignised concentration of land with the *new geophagous* means a concentration of capital in the hands of private colonial economic organisations—TNCs—representing the North-South relations much characterised by a colonial history and the imperial politics of the World Bank, IMF and other international economic and juridical organisations that prepare the global field for "growth and development" but only concentrated—and aimed—at a few powerful players/classes.

Bilateral Investment Treaties

Since the neoliberal apogee of the 1990s in Latin America, the introduction of bilateral treaties to secure FDI through international juridical instruments has been central to TNCs. These treaties are signed between two states to agree on the protection of mutual investments.

These agreements are always seen as equal parts agreeing on economic and legal protection for private investments. Nevertheless, critics have argued that the generalisation of these treaties benefit "the most favoured nations", that these treaties' overly broad definitions are biased towards the protection of "private" investors' rights, and on top of this, that the agreement means the possibility—or threat—of suing governments at international tribunals as ICSID (International Centre for Settlement of Investment Disputes) part of the World Bank group.[341] Moreover, some critics even suggest that "such agreements seriously constrain government's policy latitude, and may lead to a virtual

[340] It is even possible to argue about the very moment of conquest in the process of appropriation, as part of the imposition of patriarchy at the moment of creation of colonial relations and capitalist formations. This point is also key to the understanding of coloniality of power, because conquest is an imperial attitude, a kind of imperial cogito in a world made, observed and ruled by it. As Nelson Maldonado-Torres points out: "The war, however, is not only about killing and enslaving the enemy. It includes a particular treatment on feminine sexuality: rape. Coloniality is an order of things that places people of colour under the murderous and rapist observation of a vigilant ego. The privileged object of violation is the woman. But the men of colour are also seen under these lenses. They are feminised and become, for the ego conquiro, fundamentally penetrable subjects" (Maldonado-Torres, N. Op.Cit. p. 138; my translation). I cannot go further in this analysis here due to the necessity of extensive discussions and explanations needed in order to do justice to this point, and it will take my focus away during this pressurised time period.

[341] This is a point of controversy. Although this institution – ICSID – declares itself as autonomous, it was established by the Executive Directors of the International Bank for Reconstruction and Development (the World Bank). It was established by this group to "remove major impediments to the free international flows of private investment" (see: http://icsid.worldbank.org). For critics, see for example: Mann, H. (2001). "Private Rights, Public Problems: A guide to NAFTA's controversial chapter on investor rights". IISD/WWF; and Peterson, L. (2003). "Emerging Bilateral Investment Treaty Arbitration and Sustainable Development", Research Note, International Institute for Sustainable Development, Winnipeg.

freeze on regulation in order to guarantee a stable business environment (and avoid conflicts with investors)".[342]

It can be argued that the initial objectives in the late 1960s and first years of the 70s in Latin America to regulate the entrance and the activities of TNCs through "codes of conduct" have been inverted. The new treaties have adjusted the codes not only in favour of TNCs, but also to discipline the action of the state in relation to the "rights" of these TNCs and their regulation and control by the state. These treaties primarily put emphasis on the rights of investors and the state's obligations, and not much on the investors' obligations to the host country.[343]

In the case of the Uruguay-Finland treaty, which was signed in March 2002, the main points of agreement were: 1) protection against expropriation of investments; 2) compensation of lost investments; 3) free transference of capital and surplus; and 4) non-discriminatory treatment of investors according to minimum standards.[344] These points are subject to obligations that the states of Uruguay and Finland must follow in relation to private investments that guarantee compensation if the parties do not follow the agreement. In this case, there is no specific provision regarding environmental regulations. Therefore, as Chidiak (2008) argues, "the Finnish firm Botnia could, in principle, sue Uruguay if the government established new environmental regulations for the pulp and paper industry (e.g., changing the standards set in the initial operation permits, denying a new permit due to a facility's inability to comply with more stringent environmental regulations, etc.)".[345]

In order to attract foreign investments, the states rely on international "environmental standards", as was the case with Uruguay. In a complex agreement between international institutions, such as the International Finance Corporation (IFC, part of World Bank Group) and the OECD's guidelines on environmental impacts, the requirements placed on TNCs as regards their environmental impacts are to apply the best available technologies (BAT) and to meet national emissions standards. The latter has been regulated by DINAMA (the Uruguayan State's Secretary for the

[342] Chidiak, Martina (2008) Foreign Direct Investment, International Rules and Sustainable Development: Some preliminary lessons from the Uruguayan pulp mills case. Discussion Paper Number 14, The Working Group on Development and Environment in the Americas, p. 4.
[343] Ibid., p. 5.
[344] The treaty between Finland-Uruguay can be downloaded at: http://www.unctad.org/sections/dite/iia/docs/bits/finland_uruguay_sp.pdf
[345] Chidiak, M., Op.Cit. p. 5.

Environment), which follows the international regulations on environmental impact and technical reports completed by these TNCs (Botnia, Ence, etc.) and by the World Bank's reports.[346] This point of contradiction, with national environmental regulations based on the corporation's reports and international standards of the BAT, has been of concern to social movements that have been undertaking their own research on the pulp mills' environmental impact on local nature, economics, and health, which obtained different results from the "official" ones.[347]

To summarise, the treaty of mutual investment protection has affected the state's capability to impose restrictions on the use of natural resources, such as water, air and land. In the case that these restrictions or changes in regulations can affect the plant's productivity or the prime material needed to produce the commodity, the Botnia corporation can sue the state of Uruguay in accordance with the agreement completed by the states of Uruguay and Finland. This is of importance for two reasons: First, that transnational corporations are not de-linked from nation-states as guarantees of private –national—capital during the accumulation and expansion process.

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[346] The resolution of DINAMA to allow the Botnia project has been based on the following report: Faroppa, Carlos & Annala, Kaisu (2004). Informe Ambiental – resumen. Botnia: Expediente 2004/14001/1/01177. See also the reference in DINAMA's resolution no. 63/2005 based on the expedient: 2004/14001/1/01177 – Botnia's report. However, there have been other reports such as the IFC report in 2006 – Cumulative Impact Study: Uruguay Pulp Mills – which was prepared by EcoMetrix (an environmental consultant corporation) (can be downloaded at: http://casopasteras.cedha.net/wp-content/uploads/2011/09/uruguay-cis-part1-09-29-06.pdf). This report was followed by three others: the second report followed the initial phase of the mill and the first six months; the third was prepared during 2008 and focused on the first year of the plant's operation; and the last report followed the second and third year of operation. All reports maintain the project's capability to follow regulations on the plant's environmental impact. It is, however, important to note that one of the institutions financing the project of Botnia in Uruguay is the World Bank Group (according to the non-profit organization Pulpmillwatch, the amount financed by the IFC is 170 million US dollars and 350 million US dollars from the Multilateral Investment Guarantee Agency, also part of the World Bank Group).

[347] Different social movements, NGOs, independent researchers and social organisations have been publishing several studies to show different aspects of these pulp mills' impacts (on regional and local economics, on health, on the environment, on tourism etc). See for example: Asamblea de Gualeguaychú's series of research (undertaken by researchers and professionals in the area of study): "Consideraciones sobre el impacto en la salud de la poblacion vecina a la planta de celulosa Botnia-Fray Bentos"(Area Salud/Health area); "Consideraciones sobre los daños que provocaria el funcionamiento de la planta de celulosa de Botnia en el ecosistema regional" (Area Ciencias Economicas/Economic Science area); "Consideraciones sobre el impacto ambiental que provocaria el funcionamiento de la planta de celulosa de Botnia en el ecosistema regional" (Area de Ciencias Naturales/Natural science area). The environmental NGO Guayubira has also published several studies showing the pulp mills and the monocultures' impact on flora and fauna as well as on people in these areas. Other NGOs, like the Center for Human Rights and Environment, Pulp Mill Watch and the World Rainforest movement, have also published reports on the pulp mill's impact.

As Trias already noticed in 1978, there is no such a thing as "capitalism without national flag".[348] The second point is that these agreements are made in an uneven relationship of economic and political power between the North and South, which "legally" legitimises the process of exploiting the labour force and natural resources that benefits "the most favoured nations". Moreover, it creates a "legal" standard for the development of a *situated dependency* in specific areas of production in North-South economic relations. In this particular case, the production of cellulose, its prime resources are water, air, land, and wood, as well as its labour power, in terms of legal constraints against the nation-state of Uruguay.

Free Trade Zones

Since the 1970s, "developing" countries have been introducing Free Trade Zones in their political economy as part of development strategies, inflows of capital or creation of employment. In 1980, Frobel, Heinrichs, and Kreye looked at the role of FTZs in what they called the "new international division of labour". They defined this as: "sites for industrial exploitation of labour force of developing countries in a global market-oriented production. This exploitation takes place in the factories for the world market".[349] The context in which the authors defined this was the new changing neoliberal political economy of Western countries and international institutions organising juridical settings for flows of FDI in the global economy. During this period, development was a priority and was propagated by international institutions as the main goal for developing countries.

The popularity of FTZs in countries in the South had to do with the idea that, by exempting foreign capital from taxes on imported goods and raw materials or on property, foreign firms would be attracted to invest. It would then stimulate employment and growth.[350] The characteristics of FTZs have been similar in general: modern infrastructure that would allow commerce and transport as well as industrial production, the guarantee of legal exemptions in fiscal and monetary terms, customs duty and possibilities for cheap labour power. These enclaves, spatially delimitated (in absolute terms), have been conceptualised as

[348] Trias, Vivián (1978). Las transnacionales y la influencia de la "Escuela de Chicago" en America Latina. Nueva Sociedad, No. 38, September – October 1978, p. 8.
[349] Frobel, Folker; Heinrichs, Jurgen y Kreye, Otto (1980). La nueva división internacional del trabajo. Paro estructural en los países industrializados e industrialización de los países en desarrollo, Madrid, Siglo XXI editors, p. 415. (my translation).
[350] Miyagiwa, Kaz (1991). The locational choice for free-trade zones. Journal of Development Economics 40, p. 187.

"stimulating investments", allowing particular deals between foreign firms and governments.[351]

In the case of Uruguay, the first initiative to legislate a FTZ was in 1908, which was denied in order to protect national industries. In 1923, two FTZs were granted (Colonia and Nueva Palmira) with substantial limitations in customs duties. Both had to be public and just one of them could be mixed with private companies.[352] It was, however, only commerce with foreign goods that was permitted. This system continued for several decades and slowly changed in character. In 1949, a new law was passed that would allow factories to be installed in FTZs, and in 1976 another law was passed to geographically enlarge these FTZs to "areas adjacent to ports, airports, access to international bridges, and other parts of the country near its borders or paths of great importance".[353]

The last one also extended the tributary exonerations given to firms as well as all the assets coming into the zone. These assets were not only goods as had been the case until then, but also included the capital's assets, prime resources and personal property. There was not much change in these two FTZs during that period. They hardly had any factory space and their activities were more focused on storage and warehouses.

In 1987 a new law was passed that opened the possibilities to create others FTZs in the territory.[354] With a few differences, the new law established that any FTZ was in fact almost not part of the national territory. According to this law (ley 15921), FTZs are defined as: "areas of the national territory, public or private property, fenced off and isolated efficiently... in order to develop them with tax exemptions and other benefits that are outlined in this law, all kinds of industrial, commercial or services".[355] Although it mentions that these zones are part of the national territory, whether private or public, the space of the

[351] Falero, Alfredo (2010) Las nuevas actividades de las zonas francas en uruguay: Insercion global y poder simbolico. Red de Economistas de Izquierda de Uruguay –REDIU, p. 7. (http://www.rediu.org/FALERO.mesa3.pdf)
[352] Arbuet-Vignali, Heber and Barrios, Luis (2006). Chimeneas en Fray Bentos: De un ámbito local a una proyección globalizada. Montevideo: Arca., p. 179.
[353] Uruguayan law of Free Trade Zones of 1976. Quoted in: Arbuet-Vignali, H. and Barrios, L., Ibid., p. 180. (my translation).
[354] The period of the 1980s in Uruguay, and the rest of Latin America, is one of a democratisation process. The military juntas had reduced their political power, and new elected governments started to consolidate democratic systems. In Uruguay, the first democratically elected president after the military was Julio Maria Sanguinetti from the right wing party Partido Colorado, with the support of the second right wing party, Partido Blanco. It is interesting to note that most of the first elected governments in Latin America after the military juntas were right wing. Democracy was then conceptualised as a liberal reform, both in politics and economics.
[355] Ley de Zonas Francas del Uruguay No. 15.921 of 17 December 1987, Article 2. (it can be downloaded at: www.zonafrancalibertad.com.uy/decretos%20web/15921.pdf)

zone is thereafter immediately characterised as “fenced off and isolated efficiently”, an area in which it is possible to undertake any kind of commercial, industrial or service activities. Moreover, they are also isolated from state jurisdiction and fall under the rules of tax exemptions and free circulation of capital, with their own ports and airports.

In its negotiations with the Uruguayan state, the corporation Botnia secured its own FTZ in 2004. It is called the “Zona Franca Botnia Fray Bentos S.A.”. and is the enclave where most of the operation of the factory and its main suppliers are settled. In this area, there are two other companies: Kemira, a Finnish chemical plant supplying chemicals to the pulp mill; and Andritz, an Austrian corporation in charge of supplying maintenance to the factory and the main provider of technological industrial production (BAT) to Botnia/UPM. Labour power is still under state jurisdiction. This means that labour relations are legally treated under Uruguayan law unless there are specific exemptions written in labour contracts. However, the law of labour relations does not specify labour relations in FTZs. This omission, according to Arbuet-Vignali and Barrios (2006), opens up possibilities for corporations to deal with the labour force in different ways—short or longer contracts, outsourcing, day labour etc.—without a rigid state intervention in labour relations.

Generally, in the FTZs of Uruguay and specifically in the case of Botnia, workers have been granted same rights as the workers outside FTZs, in areas concerning contracts, social security and trade union rights.[356] The area of Botnia FTZ covers 458 hectares, including its own maritime port and access to highway transportation. The zone is fenced off and guarded by private security, and to access the zone, a pass or identification and even a prior booking are required.

[356] Arbuet-Vignali, H. And Barrios, L. Op.Cit. p. 183.

View of the Botnia/UPM pulp mill in Fray Bentos from the fence (photo by the author).

At the entrance of the Botnia/UPM pulp mill (photo by the author).

Aerial view of piles of wood at Botnia/UPM (photo by the author).

Aerial view of the pulp mill at the shores of the Uruguay River (photo by the author).

The pulp mill (photo by the author).

View of the pulp mill from the city of Fray Bentos (photo by the author).

During my visit to this area, waiting for the checks to take place, there were trucks loaded with trees coming every five to ten minutes. From the entrance, it is possible to see the river where water is taken to process the cellulose. Botnia FTZ is strategically placed, not only in relation to an enormous resource of water, which is freely included in the FTZ treaty, but also to the prime material: wood. Let's then look at the law of forestry in Uruguay.

Forestry law

In 1951, both the World Bank and FAO made several recommendations about the forestry development in Uruguay (and many other Third World countries), which acted as the basis for the upcoming laws of 1968 and 1987. Some of these recommendations were to promote specific species of trees for the forest industry and to develop private plantations on public land.[357] The first forestry law in Uruguay (law 13.723) dates back to 1968 in order to transform the forestry sector into an economic development model of import substitutions. Promoting national industry was part of the model of many Latin American countries before the 1970s. This law declared: "of national interest the defence, improvement, expansion and creation of forest resources and the development of forest industries and, in general, of the forest economy".[358]

According to Gonzáles Gervasio (1992), this law was created as a consequence of internal and external factors. The internal factor is part of the model of national economic development of that time, and the external factor, has to do with: a) the limitation of wood supplies of long growth species from traditional producers in the North hemisphere (Scandinavian countries, Germany, the United States, Canada, Japan); b) the increasing consumption in forestry

[357] World Rainforest Movement (2004) "Uruguay: Either with the people or with pulp mills and tree plantations". World Rainforest Movement Bulletin no. 83, June 2004 (http://www.wrm.org.uy/bulletin/83/Uruguay.html). The World Bank recommendations in areas of forestry are still predominant. In the 2008 Forest Sourcebook: Practical guidance for sustaining forests in development cooperation the recommendations are directed at promoting private investment on public land, to encourage governments to enable forestry policies that can allow private investment and plantations of certain kind etc. Here is a citation from these recommendations: "In countries and zones where public land ownership is dominant, it is important to place plantation development within the framework of a transparent, accountable, and consultative land-use plan that specifies the extent of the permanent forest estate and locates land available for planted forest. Good governance and an enabling policy environment are necessary to ensure private investment in plantation development, which can be initially motivated by the World Bank's initiative support." (p.120).

[358] Ley N° 13.723 de la Republica Oriental del Uruguay (http://www0.parlamento.gub.uy/leyes/AccesoTextoLey.asp?Ley=13723&Anchor=)

products on a global scale; c) the existence of legislation on afforestation in the neighbouring countries (Chile, Argentina and Brazil).[359]

At the end of the 1980s, several changes had taken place in Uruguayan laws regarding exemptions and facilities to invest, settle and buy land for forestry production. During the same year as the new FTZ law was introduced in Uruguay (1987), and during the same period of time when the Shell/Kymmene's Compania Forestal Oriental S.A. (FOSA) venture bought a vast area of land, the Uruguayan parliament approved the Forestry Law 15939 (December 1987). This law facilitated some investment refunds, tax extensions and 50% of the subsidies of the fixed cost of afforestation per planted hectare.

The law ruled in favour of: a 50% reintegration of the forestry investment's fixed costs, if at the end of a year the plantations reached at least 75% of the yield; exemption from land taxes for plantation areas; no tax on capital gains from tree plantations; duty free for the importing of forest machinery coming to Uruguay; a tax reduction for tools and supplies utilised on plantations; easy loans from the Uruguayan National Bank for those firms investing in afforestation; and facilitation of the reimbursement of taxes for the export of forestry products.[360] The state's reimbursement of subsidies to forestry companies increased to 440 million dollars during the period of 1990-2004. These kinds of subsidies and facilitations increased the state's debt to the forestry producers.[361]

This law was based on the "Study Report for a Master Plan for Establishment of Tree Plantations and for the Use of Wood Planted in the Eastern Republic of Uruguay" (March 1987) conducted by the Japan International Cooperation Agency (JICA) and the World Bank. According to Carrere and Lohmann (1996), the JICA- report gathered and analysed important information, but only examined the "economic viability of industrial pulpwood plantations and a pulp mill", and it failed "to investigate plantations' socioeconomic and environmental impact".[362] In relation to the availability of water needed for this kind of enormous industrial forestation, the report did not show any

[359] Gonzáles Gervasio, Alvaro (1992) "Forestacion en el Uruguay: Logros e Interrogantes". Sociedad, April 1992.
[360] International Forestry Investments (http://ififorestry.com/forestry/fee-lands-suitable-plantations/uruguay-0)
[361] Graña, François (2009). Gobernanza, dialogo social y conflicto. El discurso de los actors colectivos involucrados en la instalacion de la fabrica de celulosa Botnia S.A. en Fray Bentos, Uruguay. Tesis Doctoral en Sociologia. Facultad de Ciencias Sociales. Programa de Doctorado. Universidad de la Republica de Uruguay., p.78.
[362] Carrere, Ricardo and Lohmann, Lawrence (1996). Pulping the South: Industrial Tree plantations and the World Paper Economy. London: Zed Books Ltd., p. 190.

substantial proof that it would not impact negatively on the provision of water for the people in these areas and for energy supply (hydroelectric turbines). Only "positive suppositions" about the impact on water supply were included.[363] However, this report was backed up by the World Bank who approved a 65 million dollar loan in 1989 for the Second Agriculture Development Project, destined to create 100,000 hectares of eucalyptus plantation for the pulp industries.[364]

A year later, the law was passed and the First National Plan on Forestry was approved. This document or policy direction is based on the idea of producing wood for energy supplies and import substitutions. However, the development of such plan did not remain much longer in those areas of production. According to Graña (2009), there were two decisions changing the original proposals of tax reduction and loans: 1) The promotion of fast growing species that can easily be placed on the pulp global market for the production of cellulose; 2) The determination of areas for forestry priority, exclusively productive for these kind of plantations (soil with a medium level of fertility for farming means). With this incentive, the plantation of pines and eucalyptus when up to 700,000 hectares in 2005[365] and to one million hectares in 2010 of total covered forest area (1,721,658 hectares) in order to supply the new pulp mills. The government still offers 3 million hectares considered suitable and appropriate for forestry.[366] However, there was not any directive regarding the process of the wood's chemical transformation into cellulose. It was left in the hands of private investors.

With the arrival of the left-wing party *Frente Amplio* in 2005, some measures were taken to regulate the politics of forestry regarding production, labour and environmental aspects. For example: some direct benefits were eliminated, although not on property tax and tax on agricultural income; the requalification of soil for forestry production, emphasising once again the protection of indigenous forest; the obligation to measure and study the environmental impact on forestation greater than 100 hectares; and the creation of wage councils for forestry workers. Some new laws were also adopted: the law of outsourcing (law 18.099), which establishes the co-responsibility of the firms which contract directly or are contracted by others in the area of forestry, according to the rights of forestry workers; and the Law of Public Limited Companies (law 18.092), which eliminates the possibility of these firms to

[363] Ibid., p. 191.
[364] Idem.
[365] Graña, F. Ibid.
[366] International Forestry Investments., Ibid.

continue acquiring land under anonymous shareholders. This law was a legal instrument to introduce barriers for foreign capital to continue to buy land and, and as a state measure to encourage small and medium producers to diversify their investment both to forestry and agricultural products.

The big forestry companies can then buy products from the small and medium investors and at the same time the farmers can continue with their agricultural commerce. Botnia/UPM through its Forestal Oriental is part of this project (a partnership program called FOMENTO). They establish contracts with small and medium producers of timber, under the technical guidance of the company, and they assure the buying of the timber. At the same time, some of the forested land can be used for livestock farming.[367] Nevertheless, Forestal Oriental owns 225,000 hectares and through this project uses 135,000 hectares for its own plantations (2011).[368]

After having discussed land and legislative changes in Uruguay, I will now look more concretely at the industry of pulp and paper and how this industry has shifted focus from the North to the South, with Uruguay as one important recipient of FDI in the South.

The expansion of the industry of pulp and paper

Unlike many centuries before, when the consumption of paper was a rare and special commodity, today the use of paper has become a normal part of daily life. Paper is often identified with writing, communication, culture, studies, information, knowledge etc., although only a fifth of the pulp produced is used for these purposes. According to the Wood Consumption organisation, the annual production of paper in the world exceeds 300 million tons.[369] Wood is the main raw material for the production of paper and paperboard and provides 90 per cent of global pulp production; the other ten per cent comes from other kinds of plants (hemp, bamboo, cotton).[370] The most important use of pulp is to make paperboard for packaging, which has increased since the 1950s with the widespread emergence of supermarkets and the marketing of packaged food and goods.

[367] Gilardoni, Leda Chopitea (2008) Conflicto en el Rio Uruguay. Un abordaje etnografico. Universidad de la Republica Oriental del Uruguay, p. 29.
[368] The Biofore Company UPM (2011). Pulp Market Review. Heikki Vappula, President, Energy and Pulp Business Group, 10 May 2011, p. 12.
[369] Resource Conservation Alliance. See: http://www.woodconsumption.org/products/paper.pdf
[370] The Market Pulp Association. See: www.pppc.org/en/2_0/2_1.html

The beginning of the information era also contributed to the increase of paper production for advertising, faxes, business and personal printers. The raw material is soft wood, found among coniferous forest areas in the Nordic countries, Russia and Canada, the traditional producers of pulp. Although North America and Western Europe still dominate the world's pulp industry, there has been a strong growth in the production of pulp in Latin America and Southeast Asia.[371] One of the reasons for the growing pulp industry in these regions is the fact that trees growth faster than in the traditional areas. According to the 2009 Vice President of the Finnish forest industry, Tuomo Niemi, "the trend today is that pulp production is increasing in areas where the trees grow quickly".[372]

The production of pulp consists of separating the cellulose fibres extracted from the wood. This can occur in various ways: mechanical pulp, which consists of extracting the fibres with grinders and then soaking which produces a lower grade product often used for newsprint and board; thermo-mechanical pulp (TMP), which uses highly pressured steam rather than soaking for the making of pulp; and when chemicals are added to TMP, one obtains chemi-thermo-mechanical pulp. The problem with these procedures is that there is a considerable fibre breakage, which does not guarantee a good quality of pulp and paper for paperboard.

This problem is therefore overcome with the production of pure chemical pulp. Chemicals, in most of cases chlorine, are mixed with woodchip to separate the lignin from the cellulose fibres. This lignin is known as "black liquor", which is highly contaminant, and in highly technical advanced pulp mills it can be reused in the production of pulp or used as fuel. However, the processing for these uses is often more costly than disposing of it. The use of chlorine is also very contaminating and recent innovations have been trying to use alternative, less contaminant, products such as oxygen, ozone and hydrogen peroxide. Therefore, there are different ways of chemically extracting the cellulose fibre.

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[371] According to Center for International Forestry Research, the traditional producer countries still dominate the pulp production industry, allocating 78% of total production capacity to the US, Japan and Western Europe. This share, however, was declining during the first decade of the 21st century. The new capacity is being created in developing countries. Brazil, Indonesia and Chile have accounted for only 10% of the total capacity, but for 73% of net observed capacity since 1996. Machteld, Spek (2006) "Financing pulp mills: an appraisal of risk assessment and safeguard procedures", Center for International Forestry Research (CIFOR), Bogor, Indonesia, p. 6. (http://www.cifor.cgiar.org/publications/pdf_files/Books/BSpek0601.pdf) See also: Metso Corporation: (http://www.metso.com/corporation/info_eng.nsf/WebWID/WTB-060629-2256F-5A4FA)

[372] Metso Corporation. See: (http://web.archive.org/web/20071023105508/http://www.metso.com/corporation/home_eng.nsf/FR?ReadForm&ATL=/corporation/articles_eng.nsf/WebWID/WTB-060828-2256F-A001F)

Depending on the quantity of chlorine, the pulp is elementally chlorine free (ECF) or totally chlorine free (TCF).[373]

The pulp (cellulose) is then air-dried and moulded as bricks. In the case of these industries in Latin America's southern cone, these bricks are exported to Europe or Asia in order to produce different kinds of paper according to demand. Pulp mills basically need wood, water and chlorine in the production of cellulose. All of these elements are used in enormous amounts, depending on the size of the plant. As a consequence, a forest that can guarantee the wood is required; this means big areas of industrialised forest with the same kind of tree (monoculture); water resources that can guarantee hundreds of thousands of litters a day, i.e. a river; an enormous amount of chemicals, like chlorine to bleach the pulp, i.e. a chemical industry that can produce these amounts of chemicals; and the plant where this is developed, encompassing all the steps.

In all this process there is also the waste—liquid, solid and gaseous. The liquid is filtered, and goes back into the river; the solid is burned and its vapour is filtered before it reaches the air. However, the filtration does not guarantee non-toxic waste. It only minimises the environmental impact. Depending on the technology of the plant, the impact on the environment can be low or high, but never non-toxic. This means that highly technological pulp mills can mitigate the environmental impact of their production, but the cost of such machinery must guarantee the production profit of the investment. Therefore, such industries are constructed to increase the production of pulp in enormous amounts. To produce this amount of pulp, the factories must be located near a large area of forest aimed only at the production of pulp. As the pulp industry increases, more wood fibre is required and more areas of natural forest or land for agricultural production become planted forest.[374]

The planted forest not only changes the ecosystem of natural forest areas or land, but also creates significant problems for communities living in or around these forests, which more often than not are not taken into account or recognised by these corporative operations. Over many years, both in Western European countries, North America and Third World countries, the operations of such industries were covered by politics of development. Industries were equal to modernisation and development, and the communities where the

[373] Machteld, Spek (2006) "Financing pulp mills: an appraisal of risk assessment and safeguard procedures", Center for International Forestry Research (CIFOR), Bogor, Indonesia, p. 4. http://www.cifor.cgiar.org/publications/pdf_files/Books/BSpek0601.pdf
[374] Ibid., p. 5.

industrial operation is located are often of a small size and with a low population.

The discourses of development and modernisation have been useful instruments for TNCs and internal elites to convince these small communities of the importance of economic growth for the region and for labour and development opportunities. The strength of the legislative environmental regulations in the Eurozone, the United States and Canada have had an impact on pulp producers, and since the 1980s, pulp producers have started to target the South as a place of production, chemical industry and planted forest. An official of the Swedish TNC Stora Enso, the largest pulp and paper producer in Europe, said in 2005: "Were it not for labour unions at home, we would be moving all of our production capacity to countries like Brazil".[375] And they did move a considerable amount.

The shift in industrial forestry from North to South

FAO estimated that in 2005 the total amount of planted forest in the world was 271 million hectares (6.9 per cent of global forested area), which was 1.9 per cent higher than during the first years of the 2000s. FAO further remarks that one of the predominant causes for the development of planted forests is the production of pulpwood/fibre and saw logs that represent the 75 per cent of the total planted forest.[376] The forest industry also represents one per cent of the global economy and within the pulp and paper sector, it employs around 4.4 million workers. The report also states that this industry's economic contribution to global economy varies among different regions, with Latin America being the highest contributor to world forest production.[377]

According to Mather (2000), the last decade of the 20th century has been a turning point in the history of global forestry. The shift in industrial forestry from North to South is playing an important role in global timber production. The transition tends to become global, but most of the changes are still on a local and national scale. He points out four kinds of transitions in the world's industrial forestry: 1) forest-management transition: from natural forest to

[375] Raymond, Colitt (2005) "Brazil is top of the tree in a tale that is no pulp fiction: Faster-growing wood and lower production costs are luring paper-makers from Europe and North America", Financial Times, 21 June 2005., quoted in: Lang, Chris (2008). Plantation, poverty and power: Europe's role in the expansion of the pulp industry in the South. Plantations Watch, p. 12.
[376] FAO (Food and Agriculture Organization of the United Nations). Impact of the global forest industry on atmospheric greenhouse gases – 2010, p. 9.
[377] Ibid., p. 1.

managed forest and plantations; 2) forest areas transition: transition from declining to expanding forest coverage; 3) forest paradigms: shifts from pre-industrial, to industrial, and post-industrial; 4) global integration: a global forest resource system and a North-South shift.[378] The first two trends have been firmly established in many countries; the other two are less obvious but still important as trends.

Within the chemical industry, TNCs have also been relocating their activities to the South since the last few decades of the 20th century.[379] The environmentalists Bruno and Greer announced the new tendency in the Uruguayan journal Revista del Sur in 1993:

> Asia, Latin America and the Pacific rim: this will probably be the path that the chlorine industry will take during this decade after they have been 'outcast' from Europe and the United States, because of the continuous protests by environmental organizations.[380]

According to Bruno and Greer, the evolution of these kinds of chemical industries goes through at least four transition stages that can be identified: 1) development in the industrialised North; 2) spreading to the less industrialised South; 3) declining in the North, as a result of environmental, health and economic factors; and 4) settlement in the South where, due to the lack of regulations or the non-compliance with the norms in force, the companies cause even more damages than in the North.[381]

Clapp also states that during the 90s, TNCs in the chemical industry in particular relocated their production overseas to Asia, the Pacific Rim, and Latin America.[382] She argues that this started to happen when the chemical industry in the North faced a drop in demand at the same time as demand increased in the newly industrialised countries of the South. The solution for these industries was not to export their products where the demand was high, but to relocate their production closer to the market. The reasons for these relocations of production were not only about saving transport and salary costs.

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[378] Mather, Alexander (2000) "South-North Challenges in Global Forestry", in Palo, Matti & Vanhannen, Heidi (ed.) (2000). World Forest from Deforestation to Transition. Dordrecht. Kluwer Academic Publishers, p. 26.
[379] Clapp, J. Op.Cit., p. 94.
[380] Bruno, Kenny and Greer, Jed (1993) "La amenaza toxica ya esta aquí". Revista del Sur, No. 3, August 1993, Montevideo, Uruguay. (my translation).
[381] Idem.
[382] Clapp, J. Op.Cit, p. 99.

As Clapp points out, one of the major reasons was the increasing environmental regulations in the industrialised countries.[383]

As an example in this regard, Molina (1993) shows statistically how the increase in the USA's investment in Mexican maquilas in the chemical sector is related to the period when the capital pollution abatement costs were highest in the United States. From four chemical maquilas in 1984, the number increased to 114 chemical maquilas in 1992.[384] He concludes that the reason for this increased relocation of US chemical plants in Mexico can be found not in terms of labour costs, since chemical plants have a relatively low number of workers, but in the firms' avoidance of pollution abatement costs in the US.[385]

The strict environmental regulations of the European Union have also been cited as one of the main reasons for many toxic industries to relocate their production to "pollution havens" in "less developed" or newly industrialised countries of the South.[386] However, some studies suggest that lenient environmental regulations are not the main cause for toxic industries to relocate. According to Dijkstra, Mathew and Mukherjee (2007), the relocation of these kinds of industries happens mainly if "the move raises its rival's cost by sufficiently more than its own".[387] These industries are willing to pay high environmental taxes and follow strict environmental regulations in host countries as long as they can displace their rival firms in the new host country.

> A foreign firm may invest in the home country although total costs (taking the costs of production, environmental taxation and transportation into account) are higher there. We have seen that the investment pays off as long as it increases the competitor (home) firm's costs by at least twice the amount of the foreign firm's own costs, a case of raising one's rival's costs... The home firm's costs rise because of the increase in the environmental tax rate which is necessitated by the foreign firm's relocation decision. Since we have assumed that FDI raises the foreign firm's cost of production, environmental policy is the only reason for FDI.[388]

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[383] Idem.
[384] Molina, David (1993) A Comment on Whether Maquiladoras Are in Mexico for Low Wages or to Avoid Pollution Abatement Costs. The Journal of Environment Development. Vol. 2, p. 232.
[385] Idem.
[386] See: Wood, Andrew (1995). Asia/Pacific: Rising Star on the Chemical Stage. Chemical Week, 15 Feb., p.36.; Clapp, J. Op.Cit.; Barbier, Edward B. & Hultberg, Patrik T. (2007). Economic integration, environmental harmonization and firm relocation. Environment and Development Economics. Vol.12, Issue 3, pp.379-401; Cave, Lisa A. & Blomquist, Glenn C. (2007). Environmental policy in the European Union: Fostering the development of pollution havens? Ecological Economics. Vol. 65, Issue 2, April 2008, pp. 253-261.
[387] Dijkstra, Bouwe R., Mathew, Anuj J. & Mukherjee, Arijit (2007). Environmental regulation: An Incentive for Foreign Direct Investment. Research paper series: Theory and Methods. The University of Nottingham. Research Paper 2006/38, p. 18.
[388] Ibid., p. 17.

Dijkstra, et al. do not analyse the North-South relationship, nor even less-developed developed countries relation regarding FDI or the relocation of hazardous industries from North to South. However, the article is significant as it highlights the trend of TNC chemical industries as well as forestry industries going south. A similar point is highlighted as well by the UN's *World Investment Report 2009* concluding that TNC participation in host countries in the South, especially along the agribusiness value chain, may cause negative consequences:

> For instance, direct TNC involvement may crowd out domestic investment (section B.1), displace small farmers (section B.4) and create market power, leading to an adverse bargaining position for domestic producers and, thereby, to an unfair distribution of economic benefits (section B.6).[389]

To summarise, there has been a trend towards the expansion and concentration of industries in the South and especially in Latin America within the forest, chemical and pulp production sector that has been on the increase since the late 1980s. The low cost of land in regions in the South and the high rates of unemployment and easier regulations in environmental politics have helped TNCs to ensure a profitable investment in the production of pulp, forestry and chemical industries. Moreover, the economic power of TNCs allows them to adjust to expensive environmental regulations that can displace other relatively small local or regional industries or businesses. Latin America is seen as a "new emerging market" and as such one of the preferred regions for this kind of investment and expansion of pulp mills and planted forests. This created situation is set to open up a series of possibilities for powerful economic players that can follow certain environmental regulations (both economically and technically through access "cleaner" technologies) which implies conditions that only economically powerful TNCs can achieve. It follows that situations of dependency are created through an uneven economic accessibility to production and through the creation of suppliers, outsourcing companies, labour forces and industrialised resources (forest, monoculture etc.) that are dependent on foreign direct investments.

Pulp mills in the southern cone

The relocation of pulp mills to the South has been a profitable enterprise for many TNCs of cellulose and paper production over the last few decades. There are several reasons for this movement of capital. It is not only the construction

[389] UNCTAD, World Investment Report 2009, p.162.

of factories and local labour that are cheaper and more available in terms of local policies and salaries, but also that other related TNCs within the chemical and forest industry were relocating their production to these regions over recent decades. Several studies have already pointed out that, in the area of the southern cone of Latin America (Argentina, Uruguay, and Chile and part of Brazil), there has been an increase of TNCs in the areas of pulp production and planted forest (especially monocultures of eucalyptus).[390]

The development of new industrial technologies to minimise the environmental impact of industries is not enough to argue that these new and highly advanced industries do not cause environmental damage in the long-term. This is one of the points of conflict in which several social movements are engaged in a Latin American context—in Uruguay, Chile, Argentina, and Brazil. It is one of the central questions in the conflict caused by the different settlements of pulp mills in these countries. In the case of Brazil, several social movements like the landless movement, *Quilombolas* (ex-runaway slave communities), peasants and environmentalists have been protesting for many years against the increasing settlement of pulp mills in different areas of Brazil, and accompanied by plantations of hundreds of thousands of hectares of eucalyptus and pine monocultures.[391]

Key corporations in the Brazilian cellulose and paper industry are Aracruz Cellulose,[392] Stora Enso and VCP Votorantim. All of these three corporations are related to foreign capital; especially Finnish and Swedish corporations and the Finnish forest industry.[393] When Stora Enso entered the Brazilian market at the beginning of the 21st century, it sold its forest in Scandinavia and instead bought land in Brazil to use as eucalyptus monoculture. At the same time, it opened its pulp mill. The Veracel mill, a joint venture of Stora Enso and

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[390] Bacchetta, Victor L. (2008). El Fraude de la Celulosa. Montevideo: Doble Clic Editoras.; Arbuet-Vignali, Heber & Barrios, Luis (2006). Chimeneas en Fray Bentos: De un ámbito local a una proyeccion globalizada. Investigación realizada en el marco de la Red Alfa Latino Americana Europea para el Govierno de los Riesgos, Montevideo: Arca.; Toller, Verónica (2009). Daños Colaterales: papeleras, contaminación y resistencia en el río Uruguay. Buenos Aires: Marea editorial.

[391] Kröger, Markus (2008). Finland, Brazil and State-Business relations: The Case of Brazilian Pulp Investments. Paper presented in Tulane University, New Orleans, March 27-29, 2008. Latin American Studies: University of Helsinki, Finland.

[392] Aracruz Cellulose is part of the Votorantim Group holding 84% of its voting shares; 12.5% are held by BNDS (Brazilian National Economic and Social Development) and the rest (3.5%) by "others". See:
http://www.aracruz.com.br/show_arz.do?act=stcNews&id=320&lastRoot=259&menu=true&lang=2

[393] Kröger, M. Op.Cit., p. 3.; Kingstone, Peter R. (1999) Crafting coalitions for reform: business preferences, political institutions, and neoliberal reform in Brazil. Pennsylvania: The Pennsylvania State Univ. Press., p. 58.

Aracruz Cellulose, opened one of the largest pulp mills in the world in 2005 in the South of Brazil, representing one of the largest private investments in Brazil of recent years.[394] However, as I mentioned earlier, different social movements and peasants in the area of the Veracel pulp mill have been protesting against the increasingly planted monocultures that displace small farmers from their land.

According to a report from the *World Rainforest Movement*, more than 800 people had to leave their homes when Veracel started its operations.[395] Other problems such as lack of water or the decrease in water levels in creeks, ponds and lakes around the areas of these monocultures have been noted and this has become a critical concern for many small farmers in the area. Unemployment has been also a main problem after the arrival of this mill in the area of Bahia. The mill and the monocultures do not provide many jobs and together with the dispossession of land and water resources, unemployment and homelessness have increased in the area. According to a local NGO—the Centre of Studies and Research for the Development of the Extreme South (CEPEDES)—"there are 12,000 families of (landless) peasants living in camps along the roadsides".[396]

In the case of Argentina and Uruguay since the mid-80s, the eucalyptus monoculture in the area between these countries is the result of foreign investments, as it is derived from the Finnish corporation Forestal Oriental in Uruguay. Forestal Oriental was part of the Botnia Group. In Finland, the production of timber for the development of pulp is managed and owned by the Metsäliitto Cooperative (Botnia) and in Uruguay, Forestal Oriental is responsible, also part of Botnia. Botnia owned around 35,000 hectares of plantation land in Finland and 170,000 hectares in Uruguay in 2008.[397] Forestal Oriental secured 70% of its financing to buy land and equipment in Uruguay from the Finnish state institutions of Finnvera and FINNFUND.[398] Another company of Botnia in Uruguay is Tile Forestal. This company is the logistics and trading part of Botnia for raw wood material and is now owned by

[394] The total funds were 1.25 billion US dollars and include the construction of the plant, the plantation and maintenance of eucalyptus monoculture and the infrastructure needed to carry out the business. See: http://www.veracel.com.br/web/en/industriais/
[395] De'Nadai, Alacir, Overbeek, Winifridus and Soares, Luiz Alberto (2005) "Promises of jobs and destruction of work: The case of Aracruz Cellulose in Brazil", World Rainforest Movement, Uruguay, p. 37.
[396] Gonzales, Gustavo (2005). "South America: Profitable Pulp Mills Also Pollute", Inter Press Service, 13 April 2005.
[397] By 2012 Forestal Oriental owned 225.000 hectares. See the paragraph "The new geophagus" in this thesis.
[398] Dossier Botnia S.A.: Redes, Tribunal de los Pueblos a las Transnacionales Europeas y su accionar en America Latina y el Caribe. May 2008 – Lima.

Forestal Oriental (the Botnia Group). The following is a citation from the Botnia homepage explaining its connection:

> Botnia's forestry company in Uruguay, Forestal Oriental S.A. (FOSA) has purchased the remaining shares of Tile Forestal S.A. from the Grupo Otegui, a family-owned company, which is one of the largest forest owners in Uruguay. With this share purchase FOSA reinforces its pulpwood supply logistics and trading. Botnia S.A. has additionally entered a long-term agreement with COFUSA for wood supplies to the Fray Bentos pulp mill. COFUSA is a forestry company owned by Grupo Otegui. These activities are part of the cooperation between Grupo Otegui and Botnia S.A. in Uruguay. Grupo Otegui will acquire 9 percent of the shares in Botnia S.A.[399]

In 2006, the Swedish TNC, Stora Enso, bought more than 100,000 hectares in Uruguay for monoculture to supply an upcoming pulp mill project.[400] Stora Enso closed a pulp mill in Finland during 2009 and established the project for a new pulp mill in Uruguay.[401] As planned, the pulp mill construction was announced one week after the Uruguayan presidential election in November 2009.[402] In 2002, the Spanish corporation Ence had plans to open a pulp mill on the shores of the Uruguay river. Many social movements, such as Maestros de Rio Negro, the Guayubira group, Asamblea de Gualeguaychú, and the Plenario Intersindical both in Uruguay and Argentina opposed Ence's plans and the Uruguayan government's approval of the project. Ence[403] never settled here and retried the project.

At the same time of the Ence controversy, in 2003 the Finnish corporation Botnia AB presented a request to open a pulp mill in the same area. Since then, opposition to the settlement of the mill has led to an international conflict between Argentina and Uruguay as well as a regional conflict between two cities: Fray Bentos in Uruguay and Gualeguaychú in Argentina. It has also, as I

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399 http://www.metsabotnia.com/en/default.asp?path=204;210;211;1097;1109

400 Baccheta, V. Op.Cit., p.78. By 2012 Stora Enso and in joint venture with the Chilean TNC Arauco became the largest owner of land in Uruguay with 280,000 hectares for afforestation. See the paragraph "The new geophagus" in this thesis.

401 Uruguay's newspaper "El Pais" 2009-07-24: "Stora Enso cierra plantas en Finlandia" (Stora Enso close pulp mills in Finland). See: http://www.elpais.com.uy/090724/pecono-431568/economia/stora-enso-cierra-plantas-en-finlandia

402 Uruguay's newspaper "El Pais" -2009-12-10: "Stora Enso piensa en Fray Bentos" (Stora Enso thinks about Fray Bentos). See: http://www.elpais.com.uy/091210/pnacio-459278/sociedad/stora-enso-piensa-en-fray-bentos

403 Ence is a Spanish corporation that in 2002 presented a request to the Uruguayan state to establish a pulp mill in Fray Bentos. It did not happen. According to the official argument of Ence, they stopped the construction in Fray Bentos because of the demand presented by Argentina in 2005. Ence responded and moved it further south to the small town of Colonia. Actually the project in Colonia was sold by Ence to the Swedish corporation Stora Enso and the Chilean corporation ARAUCA. This project is now continuing (autumn 2011) and is expected to be larger than Botnia.

will examine in more detail below, led to different conflicting positions in the social lives of the cities. Different groups in favour and against the settlement of Botnia have created conflicting situations within the social life of Fray Bentos on the one hand and the city of Gualeguaychú on the other.

The arrival of Botnia

The birth of Finland's forest industry dates back to the second half of the 19th century. Vast areas of forests and the potential to use hydraulic energy have been factors in the development of this industry. After Finland's independence from Russia in 1917, the state had a central role in promoting, owning and financing the development of technologies, mills and infrastructures, as well as in the development of research activities and education for this purpose. The Kymenne corporation completed the first international acquisition in 1930, buying the English company Star Paper. It was in the late 1960s that Finnish companies constructed one of the largest pulp mills in Europe, and with it Finnish companies started to internationalise their forest industry, i.e. pulp, paper, paperboard and chip wood.[404] The manufacturing of such products has created other producers and areas of production, i.e. machinery, chemicals, special services that have strength in their competitiveness on the global pulp and paper market. The machinery used for the refinement of wood is produced in Finland as well as the chemicals used for this process. The production chain between the Finnish forest industry and its related industries were, until recently years, very much connected as a "cluster" industry.

The construction of the Fray Bentos pulp mill in Uruguay begun in 2005 and this was the first of the Finnish pulp mills in Latin America. The leading company was Botnia, owned by the Metsäliitto Group, which is a group of Finnish companies within the sector of forest industry: UPM, Metsäliitto, M-real and Botnia. Botnia had most of the shares. However, some other investors participated in this project. According to Pulpmillwatch, the financing of the Botnia pulp mill comes from the following sources of public money: the International Finance Corporation (170 million USD), Multilateral Investment Guarantee Agency (350 million USD), Finnvera of MIGA's Guarantee (100 million USD), Nordic Investment Bank (70 million USD), buyer credit guarantee from Finvera (230 million USD), Finnfund (7 million USD), and two private banks—Nordea and Calyon.[405] The total of the investment was 1.2

[404] Wilska, Kent & Tourunen, Ville (2001). América Latina en el proceso de internalización de las empresas finlandesas. Red de Inversiones y Estrategias Empresariales. CEPAL. Santiago de Chile., p. 26.
[405] See: "Botnia" (www.pulpmillwatch.org/companies/botnia). The above named financers can be linked to their main organizations: (1) the International Finance Corporation (IFC) and Multilateral

billion USD and for Uruguay, this was the biggest single foreign investment in the history of the country. According to Botnia/UPM information site, the Fray Bentos pulp mill is considered, "one of the most modern in the world. Designed with the most recent technologies available, the mill operates in compliance with strictest standards set by the European Union and Uruguayan legislation".[406]

The harder environmental restrictions in industrialised countries are not the only incentive to relocate such industries to the South. The competitiveness of TNCs in the global economy, the cheaper labour in countries in the South, legal international accessibility through treaties and funding to allocate investments near prime material (natural resources) together with the strict environmental legislation of industrialised countries can be used as a way for this kind of industry to move to, participate in and exploit other regional markets in the South. Local industries in the newly industrialised countries can barely compete with the TNCs that relocate their industries under the FDI policies, often with the help of loans from the World Bank and the policies established along the IMF's structural adjustment programs.

The relocation of capital from North to South in the area of the forestry and chemical industry during the 80s and 90s must be interpreted together with the latest relocation of TNC industries within cellulose production. A worker (B) in the Botnia pulp mill of Fray Bentos in Uruguay pointed out in an interview that investment in the forest industry in Uruguay during the 80s was part of a plan to establish pulp mills in the future:

> B: The whole story began 22 years ago, it was not so sudden and .... One day they said "we start" and some of us started to appear. In general, Forestal Oriental people have 15 or more years.
>
> Adrian: Now, Forestal Oriental is older than ... say.... Forestal Oriental started out in the 80s or so?

Investment Guarantee Agency (MIGA) are part of the World Bank Group. (2) The Nordic Investment Bank is an international financial institution owned by the states of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden. (3) Finnvera is a financing company owned by the state of Finland and it is the official Export Credit Agency (ECA) of Finland. According to the information on its website, "Finnvera's operations are steered by the industrial and ownership policy goals laid down by the state", which even covers some of "Finnvera's credit and guarantee losses". (4) Finnfund is a Finnish development finance company owned by the state of Finland (90.4%), Finnvera (9.5%) and the Confederation of Finnish Industries (0.1%). (5) Nordea Bank is the largest financial private group in the Nordic countries, and Calyon is the corporate and investing bank of the French Credit Agricole Group.

[406] UPM: "UPM's Fray Bentos pulp mill in Uruguay" (http://w3.upm-kymmene.com).

> B: Yes, Forestal Oriental began 20 years ago ... As 70% ... I do not remember exactly but 70% Shell, 30% UPM and in 2001, 2002 ... 100% Botnia.

Until 2001, the venture of the Shell Company and Kymmene (a Finnish corporation which became UPM-Kymmene later on)[407] owned a total of 159,000 hectares of forest in Latin America, which were covered by Shell forestry companies: Compañía Argentina de Petróleo S.A., in Argentina; Forestal y Agrícola Monte Aguila S.A., in Chile; Forestal Yguazú S.R.L., in Paraguay; and Forestal Oriental S.A., in Uruguay.[408] Forestal Oriental was bought by Botnia AB, becoming the main supplier of raw material (wood) for the pulp mill in Fray Bentos. In December 2009, all the shareholders owning the Botnia plant and Forestal Oriental closed a deal in which Metsäliitto and Botnia's shares in these investments were transferred to UPM.[409] UPM now has 91% ownership of Fray Bento pulp mill and owns 100% of Forestal Oriental.[410]

The technology and financial capacity these TNCs have is often higher than that of the local industries in the host countries, and creates different situations on the local labour market. In the case of the Botnia pulp mill, the salaries at the Botnia plant are much higher than the only two Uruguayan pulp mills; Botnia's environmental controls and maintenance have been established as a model for other mills in Uruguay and the MERCOSUR; the state's policy of standards relating to the environmental impact of pulp mills in general in Uruguay has been adjusted to the level of Botnia's high technology, control and maintenance. A trade unionist from Uruguay explains it as follows:

> W: We always said that there is a before and after Botnia. Before there were factories that had very old technology, emissions controls were made according to what workers claimed,... that was how it was. Now when Botnia appears,

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[407] Rodden, Graeme (2008). "Special Report: Discovering Uruguay – Royal Dutch Shell & Botnia". Pulp & Paper magazine, RISI. (http://www.risiinfo.com/magazines/June/2008/PPI/PPIMagJune-Special-Report-Discovering-uruguay.html)

[408] The Shell Company: http://www.shell.com/home/content/rw-br/news_and_library/press_releases/2001/forest_1018.html

[409] The corporation UPM-Kymmene was established in 1996 as a result of a joint venture between the groups Kymmene and Rauma. UPM is a Finnish global corporation within the forestry industry. It is the world's largest producer of paper for newspapers and one of the largest in paper production in Europe. The corporation has activities in 15 countries and has a total of 59 production units within the areas of energy, pulp, papers, plywood, saw timber, label materials and wood plastic composites. The presence of UPM in Latin America has been mainly in the forestry sector and the Fray Bentos pulp mill is the first mill within the pulp sector acquired by the company outside of Finland. UPM has three pulp mills in Finland. However, its aim is to become one of the global leaders of the pulp market through operations on the emerging markets, i.e. Uruguay and Latin America. See: "UPM and Metsäliitto sign a letter of intent on new ownership structure of Botnia" (http://w3.upm-kymmene.com).

[410] See: "UPM's Fray Bentos pulp mill in Uruguay" (http://w3.upm-kymmene.com).

> [authorities] began to be more rigorous, because of the external pressure. Then they said: Well look, we have to make a gentlemen's pact … if you install the plant, we will give you certain privileges, certain exemptions but in that case, we have to follow international statutes, and there is no margin for error.
>
> But of course these plants are already from countries that stand out as pioneers in the field of management and the production of pulp and paper, so whatever they come with is good enough for the level here in Uruguay. When they presented all these plans, their designs, their eradication programs, installation, production, there were virtually no qualm levels, and the proof is that today the people carrying out the monitoring of Botnia agree almost entirely in that no … this … is below the levels of, say, the requirements for this type of plant.

These kinds of structural changes in Uruguay regarding the environmental policies for pulp mills cannot only be interpreted as resulting from the arrival of these European TNCs' higher technological developments or their organised environmental corporative policies. The structural changes regarding the environmental legislations should also be understood within the framework of the opposition of several local and regional social movements that have been questioning and protesting against the settlement of toxic industries and decades of devastating monoculture for the production of pulp. Before Botnia, there was already an initiative by the Spanish corporation Ence to open a pulp mill in Fray Bentos, Uruguay.

This event did mobilise environmentalists and neighbours in the city of Fray Bentos and in the region, such as the association of Maestros de Rio Negro (trade union for the teachers of the Uruguayan province of Rio Negro where Fray Bentos is based), MOVITDES (Movimiento por la Vida, el Trabajo y un Desarrollo Sustentable—Movement for life, labour and sustainable development—in Fray Bentos), and Grupo Guayubira (environmental NGO in Uruguay), as well as the auto-congregated neighbours of the city of Gualeguaychú in Argentina. These groups claimed the statutes of the Uruguay river on behalf of environmental rights for the zone where Ence was going to settle. Ence never settled here, and the reasons for this are varied. However, during this period of dispute between Ence, the Uruguayan state and the social movements, the TNC Botnia entered its petition to open a pulp mill in the same location.

The pressures applied by these social movements on the state were backed up by the fact that legislations and controls over the industry's environmental impact became much harder than ever before. During this time, the general trade union PIT-CNT was also against the settlement of Botnia, supporting the

protest carried by environmentalist groups. However, this position was adopted during a period when the left (Frente Amplio) was in opposition and changed when they got into government. This is a point that I will discuss in more detail below. The Uruguayan government then established the necessary legislation and regular controls and Botnia started to construct the plant in spite of the protest by social movements, both from the zone of Fray Bentos in Uruguay and from the city of Gualeguaychú in Argentina.

There are, however, two more points that can be analysed from the above quotation. The first one is the question of "privileges and exemptions" which are directly connected to the TNC's requirements of the Uruguayan state in order to build a factory and produce cellulose in a Free Trade Zone (FTZ), if their capital were invested in Uruguay rather than in another country. The other point is the exemptions agreed between Botnia and the state of Uruguay through the Uruguay-Finland bilateral treaty on private investment protection (BIT—Bilateral Investment Treaty). These points can be outlined as basic agreements for Botnia to consolidate and secure private investments. Nevertheless, there is a third point, which is important to mention and is connected to the changing of the forestry law of 1987. Both the BIT and FTZ are instruments for the Botnia corporation to secure its investments and establish its position of power against the state.

I end this chapter by concluding that the control over large extensions of land and the organisation of the production of cellulose in the last years not only meant an expansion in the afforestation of monocultures of eucalyptus, provoking serious environmental transformations, but it has also had an impact on labour relations and forms of organisation in the rural area. As I have already discussed, the juridical frames have been modified over several decades in order to orchestrate facilities for TNCs in the area of forestry to enter the Uruguayan rural space for the aim of accumulation of capital. Botnia/UPM with its company Forestal Oriental is, as shown above, one of the pioneers and the biggest player and large owner of land working in the area of the Uruguayan forest industry.

I have already pointed out that the use of land in Uruguay has been focused on agricultural production. Until 1975, the area of monocultures of eucalyptus covered 2,500 hectares and increased during a period of 35 years (in 2010) to around 1,000,000 hectares of eucalyptus monoculture. However, the possibilities of continuing the afforestation process are open to up to

3,000,000 hectares.[411] This expansion of monocultures not only points to a conscious transformation of a model of the rural space based on agriculture and cattle (due to the good pasture and water supplies) into a model of afforestation, but also has significant transformations in the environment, on rural labour and on small producer conditions. In the next chapter I will look more closely at these transformations based on my empirical data related to the pulp mill investment in Fray Bentos.

[411] International Forestry Investment, Op.Cit.

II. EMPIRICAL CASE STUDY

6. Introducing the TNC in the region

This first empirical chapter presents an analysis of the ethnographic field data with the aim of highlighting a set of historical changes and events in local economic relations that must be emphasized in order to understand how the conflict came about and played out. First, a brief history of Uruguay will be presented. Second, to further depict the historical framework within which Botnia/UPM entered the scene, the history of the "El Anglo" factory in Fray Bentos will be briefly outlined. Third, an analysis of the ethnographic field data will be made with the aim of discerning which discursive strategies were employed to introduce Botnia/UPM in the community.

A short history of Uruguay

The Oriental Republic of Uruguay, situated in the southern cone of Latin America between the countries of Argentina and Brazil, covers an area of 17.1 million hectares and has a population of 3.3 million, and of them, 1.3 million live in the capital Montevideo. The majority of the people live in urban areas (95%).[412] The history of Uruguay is marked by the colonial enterprise of Spanish settlers taking over the lands of, in this case, the Charrua Indians and introducing the economic factor of cattle to the region. Due to resistance from the Charrua Indians and the lack of gold and silver in this land, there was limited Spanish settlement in the territory known today as Uruguay. Montevideo was founded in the early 18th century and became a military stronghold against Portuguese colonial forces. Later on, it became a commercial centre for the southern region of Latin America, competing with port city of Buenos Aires.

In the early 19th century, the history of Uruguay was shaped by conflicts of interest between the colonial forces of Spain, Portugal and England. In 1811, General Artigas won a revolt against Spain, and after numerous military conflicts with Portugal and an intervention by England, in 1825 Uruguay joined the regional federation with Argentina. It was in 1830 that Uruguay became an independent nation-state. During the last quarter of the 19th century, the state of Uruguay and many other states in Latin America followed a modern militaristic path to consolidate "modernisation" and growth in the country. This involved appropriating the "empty lands" (populated by Charrua Indians) for the state and consolidating juridical apparatus to legally institutionalise

[412] Instituto Nacional de Estadisticas (INE). Censos 2011. See: http://www.ine.gub.uy/censos2011/index.html

private property. According to Moreira (2008), at the end of the 19th century the state of Uruguay created its institutions along the lines of the European capitalist modernisation model: educational reforms, the delimitation of property with fences in lands and the protection of these activities through the creation of a juridical apparatus, the creation of agricultural and cattle laws of property, the development of a professional army, development of transport and infrastructure, and a large inflow of migrants from Europe.[413]

It was at the beginning of the 20th century when the state took an active and decisive role in the economic structures of the Uruguayan society through the creation of national banks and national industries, as well as a widespread welfare system and a series of law in labour relations (eight hours work, vacations, unemployment security, pensions etc.). This political economy continued until the 1950s when prices on prime products started to fall internationally. This led to a recession in the Uruguayan cattle and agricultural industries (and other Latin American countries), which historically were under the economic protection of the state. After two decades of economic problems and a transformation of social relations in different class sectors, the oligarchy and the military took over power between 1973 and 1985. This was a civilian-military regime that was, in part, characterised by human rights abuses (on left-wing intellectuals, politicians and trade unionists) but it was also characterised by the launching of privatisation reforms of public assets and a deregulation of labour relations and union rights.[414]

In 1984, democratic presidential elections were organised and in 1985, the right wing party—Partido Colorado—came to power along with President Julio Sanguinetti. Sanguinetti's economic policies continued along the political economic lines of the military regimen, but instead they aimed to attract more foreign trade and capital. Some social changes were implemented with the arrival of democratic regimes, such as the application of social programs targeted at the poorest sectors. It was also a time when the IMF and WB promoted democracy through big loans in exchange for opening up public land and other assets to FDI.

From 1985 to 2005, it was the right-wing parties that held state power, and with it several economic reforms, especially in the privatisation of public assets,

[413] Moreira, Carlos (2008). "Problematizando la historia de Uruguay: un analisis de las relaciones entre Estado, la politica y sus protagonistas", in López Maya, Margarita, Iñigo Carrera, Nicolás y Calveiro, Pilar (editores) (2008). Luchas contrahegemónicas y cambios politicos recientes en América Latina. Buenos Aires: CLACSO., p. 366.
[414] Ibid., p. 368.

land, forestry, tax reductions for companies, reforms of laws that promoted the creation of more Free Trade Zones, and the deregulation and transference of state activities to the private sector. In the election of 2005, the first left-wing party—Frente Amplio—came to power and again won the election of 2010. During this period, Frente Amplio made some state reforms aimed mainly at transforming the state rather than involving the participation of state activities in social and economic programs, and that mainly sought to emphasise the role of the state as a market regulator.[415] This point is of importance because it is how the state of Uruguay has shifted its role, over the last few years, towards foreign capital action, which is exemplified in the way it tackled the investment of Botnia/UPM and the conflict this foreign company triggered in the region.

The local history of "El Anglo"

Uruguay's main industries have historically been agriculture and cattle. In the last few years, Uruguay has become important within the forestry industry, mostly for its potential for fast-growing plantations rather that for its own industries. Fray Bentos, where Botnia/UPM settled its pulp mill, is the capital of the province of Rio Negro and has a population of 23,000 people while the whole province has 54,000 inhabitants. The urban locations in this province, and the country as a whole, are small cities and towns, with open landscape and forest being the most prominent. Rio Negro borders with other similar provinces: Paysandú (North), Tacuarembó (East), Durazno (South-East) and Soriano (South). To the west of Rio Negro and its capital Fray Bentos, the area borders with the Argentinian province of Entre Rios and its tourist city of Gualeguaychú. Rio Negro's economy is based mainly on agricultural products and cattle. The principal crops of the area have always been wheat, flax, sunflower and vine. However, its main economic activities are within the meat and dairy industry, due to the fertile lands and pastures of the region.

Since the colonial period, this region has been used for cattle and Fray Bentos has served as the main port for regional and international transport and commerce. This city was founded in 1859 by merchants, and due to its characteristics, it was used in the second half of the 19th century to establish salted meat factories for exporting meat products. It was at the end of the 19th century that the city received its first foreign investment that established an industrial project here, as well as the main historical identification of Fray Bentos as an industrial "globalised" city.

[415] Ibid., p. 369.

This was a company founded by the German chemist Von Liebig and the engineer George Giebert in 1863 and was established in Fray Bentos under the name “Societe de Fray Bentos Giebert & Cie”, that produced concentrated meat extracts to be exported to Europe. During that period, the meat in Europe was very expensive and not many people could afford it. The price of concentrated extract of beef cost a third of the price of normal meat. Ten years later, the company started to tin corned beef and sell it under the trademark “Fray Bentos”.

At the Museum of the Industrial Revolution in Fray Bentos.
Former “El Anglo” beef industry (photo by the author).

The brand name “Fray Bentos Corned Beef” became very popular for European households and for soldiers during the two war worlds. In 1924, the private English corporation Vestey Group bought the Fray Bentos plant and changed

the name of the factory to “El Anglo”. The Vestey Group specialised (and still do) in the food products business, cattle ranching, sugar cane and other farming products in different countries, owning vast territories of land for their production in Brazil, Venezuela and Australia.[416] The factory was developed with newer technology in order to produce vast quantities of corned beef and other related products. It became one of the largest meat industries in South America. It also became an important employer in the region and attracted a lot of labour from Uruguay and Argentina, as well as European immigrants. The factory produced “100 canned specialities and employed more than 3500 workers. In one day 1600 bovines, 6400 lambs and 4800 steers were slaughtered”.[417]

The admission of England into the European Economic Community (EEC) in 1958 affected trade patterns to such a magnitude that the sales could not be recovered, and in 1971 the factory was given to the Uruguayan government. It closed definitively in 1979. Since 1989, the central part of the plant has been a National Historical Monument. The city of Fray Bentos was not only dependent on “El Anglo”, but it was also an important identification for the local population and history of the city. Today there are guided visits to the old factory and the barracks where the workers used to live. It is within this historical framework that Botnia/UPM arrived on the scene. As will be shown in the following section, the consolidation of Botnia as a powerful economic entity in the life of the community can be understood within the framework of the history of “El Anglo”.

Introducing the TNC to the community

After Botnia/UPM settled in Fray Bentos, they employed — by way of their communications and informations strategies — a specific type of rhetoric to constitute a certain public image of the company. Public information was now doubt a key activity of the company. Botnia/UPM has an office in the middle of

[416] Today it is England’s Lord Vestey that heads the Vestey Group corporation, being one of the hundred richest companies in the United Kingdom. The Vestey Group have extensive cattle ranches mainly in Venezuela, Brazil and Australia, and for many years it has been the main meat supplier for the McDonald’s corporation. The Vestey Group and its ranching in Brazil has been identified by NGOs as one of the leading factors in the destruction of rainforest in Brazil for the purpose of cattle production and appropriating land by driving indigenous people, peasants and small farmers from their land. See i.e.: Wilcox, Robert (2008). “Ranching Modernization in Tropical Brazil: Foreign Investment and Environment in Mato Grosso, 1900-1950”. Agricultural History, Vol.82, No. 3, Summer, 2008.

[417] This is part of the information from tourist sightseeing in the province of Rio Negro (Uruguay). I took the data from the tourist guide: Trotamundo Litoral, Tourist guide, September 2009, Departamento de Rio Negro. However, the number of workers varies depending on the source between 3500 and 5000 during the period of “El Anglo”.

the city. In its window front, they have a screen showing the amount of daily pollution the plant emits, which is always below the normal level according to DINAMA and international standards. This office also organises a free guided visit to the plant once a week and regularly publishes the magazine "Espacio" where they provide information about what the factory is doing and the beneficial impact it has on local people, as well as what Botnia/UPM is doing in terms of its social responsibility towards Fray Bentos. To mark the 150th anniversary of the foundation of Fray Bentos, the Magazine "Espacio" presented an editorial with the title "To be part" by the chef editor and Communications Manager of Botnia, framing its presence as part of the continuity of global industry in the history of Fray Bentos:

> Fray Bentos is 150 years old, and this edition of Espacio is part of the celebrations for this one and a half century of achievements that project the city into the future. Over the following pages, we trace the history of the city in consultation with their neighbours, historians and people who today, from far away, keep Fray Bentos in their hearts. From its earliest years, Fray Bentos was a place of confluence of people from all over the world. The salting-place and the refrigeration-store attracted European and South American immigrants, men and women who came in search of a better future for themselves and their families. Today, 150 years later, Botnia feels part of this tradition. Workers from the most diverse of places came to Fray Bentos to build the plant, which now goes for its second year of operation. At Botnia today, we still have the memory of the presence of Finns, Austrians, Czechs, Poles, Brazilians and Argentinians, among others, which confirms that Fray Bentos is a town open to the world. Today, Fray Bentos cellulose reaches China and Europe. It is transformed into paper that is read by people around the world in the form of magazines, books and publications of various kinds, as it was at the time the corned beef that was exported to Europe from here in large quantities. The Fray Bentos culture, rich in various expressions, is also at the centre of social development in the city. Education and sport, each area with its characters, pioneers and leaders, make Fray Bentos a special place with a promising future, and Botnia feels part of this story. In this edition of Espacio, we also provide information about the initiatives being carried out by the Commission for the celebrations of 150 years of Fray Bentos. One of the primary objectives is to gain a tomography scan for the Public Hospital that would result in better quality of life for all the people of Fray Bentos. In this special publication dedicated to serving 150 years in this city, we would like to congratulate them all.[418]

I choose this quotation as part of the legitimising discourses for Botnia/UPM that mainly are carried out by Botnia/UPM itself, but also by the local media and the local government. This editorial is important because it reflects the position that Botnia/UPM wants to establish in relation to the community. The position is one of a historical continuity between "El Anglo" and Botnia/UPM.

[418] Botnia: "Ser parte", Espacio, Year 4, no. 11 – April 2009, p. 3. (my translation)

It highlights Botnia/UPM's presence through a positive impact of "El Anglo" on Fray Bentos, not only for creating jobs, stimulating social and cultural life and being "open to the world" but also for contributing to positioning Fray Bentos on the world scene. The suggestion is based on the way Botnia/UPM contributes to the local future, but also how Fray Bentos contributes to a good cause through this corporation—world literacy through the production of cellulose. This message is targeted at a sense—of local belonging, in which Botnia/UPM becomes part of (a necessity for) the present and future of Fray Bentos, as "El Anglo" was at a time.

Nevertheless, Botnia/UPM's legitimising discourses through the history of "El Anglo" in Fray Bentos have other underlying connotations, which highlight the power relationship it constructs between its presence and the community. The implicit threat of withdrawal would be reminiscent of the history of "El Anglo" and the impact it had when it closed. One of the workers of Botnia/UPM that I interviewed talks about it:

> W: Fray Bentos is a town that at the beginning—I'm talking about the early twentieth century—was a very important point of development because there was a refrigerator-house before the corned beef and employed 5000 workers. Unfortunately, since the sixties it began to decline, with a final agony that lasted until almost the eighties. Because of this, the city became very united; at least that's what I noticed... Fray Bentos was the third city that had electric power in South America at that time [the time of "El Anglo"]... And as I say, from being a very important developing town to becoming zero ... then it developed high unemployment. The unemployment rate in Fray Bentos was then mitigated ... in some part with the construction of the plant [Botnia/UPM], which came to employ four thousand workers at its peak ... most of the workers were... not all of them from this area but many people from here could enrol in the various companies involved in the construction of the plant. Of course, the construction stopped... So it left those people without work again... and the Botnia plant only employs four hundred people in total. Now ... there are many outsourcing companies for these people ... However, this does not cover the huge gap left by the closure of the construction ... well, not like when the Anglo closed. It is a bit better ... Obviously there was more movement but not enough to cover the disaster when El Anglo closed...
>
> A: So, Botnia was a kind of salvation?
>
> W: Exactly ... They [the population] took it with much philosophy ... in a sense ... they were very disappointed with everything that had happened with Anglo. After a number of attempts of investments or investment promises that were not successful because people were a bit sceptical, that's the right word. There was not any fanatic rejoicing because Botnia came or anything like that, but rather, they took it as something that ... well ... we knew that it would not be a solution for all, I mean the issue of unemployment. It would help but it was nothing to go

> crazy about or to believe it would become some sort of heaven, as indeed is what happened.

While "El Anglo" employed around 5000 people from the area of Fray Bentos for its continuing production, Botnia/UPM considered 5000 jobs for the construction of the plant but during the construction period. Botnia's labour force was temporary in addition to the labour immigration mentioned in the editorial. According to the last national census, the unemployment rate in the province of Rio Negro has become the highest in Uruguay since Botnia finalised the construction of the plant.[419] "El Anglo" is part of the collective memory but also an ambivalent sign of what TNCs can achieve in localities such as Fray Bentos, where their withdrawal becomes a devastating factor in peoples' life and the life of the locality. It is ambivalent in the sense that, on the one hand, Botnia/UPM uses the local collective memory to consolidate its legitimacy as contributor of growth, as "El Anglo" once did, and on the other hand, unemployment has been increasing and local businesses stagnating or even closing down. However, not to the level it became during the two decades after "El Anglo" closed. This point is important because Botnia/UPM's post-construction period does not reach the devastating level of El Anglo's withdrawal, but activates different sectors of this society to a minimum both through a few commercial sectors related to the needs of the plant, and through a series of activities of "social responsibility" and "social work". These activities contribute to discursively consolidating Botnia/UPM's power position as an economic entity in the life of the community, which is framed in the aftermath of "El Anglo", but also the relative absence of the state in this region. A local journalist describes the Fray Bentos situation as following:

> J: We were more than dead… we were dead … There was nothing; the shops were closed or were rented out for political meetings. Today there are many shops closed, even after Botnia [construction period], but it was as if we were dead. During the time when Botnia came, we got hundreds of sales of motorcycles and cars, they came every Wednesday. You should have seen the trucks as they arrived full of bikes and how they were offloaded down in the centre… there on the avenue 17 de Julio, before reaching the terminal. Motorcycles were sold there all the time, and here everyone was on a motorcycle. Nice bikes could be financed

[419] According to the National Institute of Statistics (Instituto Nacional de Estadistica) of Uruguay, the unemployment rate in the province of Rio Negro during the year after "El Anglo" (1989) reached 12.5%. It became harder during the 1990s, reaching its peak in 1996 of 25.5%. During the years of the construction of the plant, the rate went down to 3.5% (2004). When it was over, the rate went up to 13.6% (2006) and in 2009 it reached 9.9%, becoming the highest (together with the province of Rocha) unemployment rate in the whole Uruguay. (Instituto Nacional de Estadistica: Tasa de desempleo annual: Total pais urbano por sexo, segun area geografica – periodo 1986-2009). The latest unemployment rate in Rio Negro between January and April 2011 was of 13.1%. (Ibid.- period 2006-2011).

and cash purchased. And Fray Bentos was in its glory. Those who knew how to make money and took advantage of it could construct their home or buy land to build a home. And there were other people who spent it all on nothing, did absolutely nothing. And Fray Bentos changed because from being zero, we went up to one hundred.

A: Especially during the construction time?

J: Yes, it was during the construction period. Then we fell, we fell so rapidly, we were at 40% compared to level we were at in 2002. In 2002 I had to go to the tip to write notes to people eating garbage ... they ate from the garbage! In Fray Bentos people ate from the garbage! In 2002, INDA had 900 people. INDA is the place where they give a daily meal to people who are unemployed. 900 people were eating at the INDA in 2002 everyday; today 500 people with needs eat there ... So I always look at INDA and the state program of food baskets that are delivered to poor people as a way of understanding how we were before and how we are today. So I can tell you that we were dead, we had nothing, nothing at all, people eating the garbage, this was a desert. No bikes, no cars went by... But at one point we reached 100% here. You didn't even have a place to park your car, everywhere was full of cars, I had to leave the car about 4 blocks from here [working place]. In 2 months everything went down to forty [per cent].

A: But not to a very low level...

J: Not zero, not that much, not zero. And that... people do not appreciate that. In 2002, we could have been buried as a city, there was nothing, the governmental administration, the police station, the retired... and there was nothing more, nothing more. To get an idea of the impact of Botnia, just go to the hospital, see what they [Botnia/UPM] are doing in the hospital with all the money that was raised, with all the people who still get health care... No, no... from being a little hospital to a three-floor hospital... come on! ... You have to see how it changed the face of Fray Bentos, the performance that was given to people, new businesses, new buildings, and new neighbourhoods. The working-class area of Botnia, the Botnia garden district, all related to Botnia. Not surprisingly, the country's GDP increased from 1 to 5.

The journalist describes the arrival of Botnia/UPM as a way back to life. It was a change to a revival from a city of "death", which was devastated by the withdrawal of another TNC, and the relative absence of the state. The journalist's main argument is that Botnia/UPM's presence is needed in order to not become what Fray Bentos was before Botnia/UPMs' arrival.[420] According to the journalist, there have been several infrastructural projects like the ones the journalist mentions (Botnia garden, Botnia neighbourhood). Another is the

[420] It is important to acknowledge that, as Fray Bentos is a small city, the variety of journalist information is limited, and from what I could find out, almost the same journalists cover the three main media units: newspaper, TV programmes and radio programmes. The opinion presented in these media units about Botnia/UPM has been positive, and very critical towards the protests against Botnia/UPM from the social movement of Gualeguaychú that blockaded the international bridge General San Martin.

new route constructed from the city to the plant, as well as a side bike-road parallel to the main route. The information given to me was that this was part of the environmental project Botnia/UPM is running for the people of Fray Bentos. Botnia/UPMs representatives say that it not only contributes to minimising pollution (people take their bikes) but also to sporting activities (running and biking). Nevertheless, the number of workers coming from Fray Bentos is not large according to the chemical and paper trade unionists from the zone:

> TU1: During the construction period it was like… a boom, yes. And the amount of small business that Botnia created. Today, it has ended … this is a discussion that also we [within the trade union] have to have. When the construction of the plant ended, those labour posts flew away, and almost 500 workers there were left in Fray Bentos. I say 500 of all of them who work around Botnia. The problem is that of those 500 workers, not even half of them live in Fray Bentos. They live in Mercedes[421] where I live. So, there were very few jobs left. And the worst thing is that most of the workers who operate at UPM today are not even workers from Fray Bentos. I think that from the whole plant, 60 workers live in Fray Bentos, and probably 20 originate from there. The rest come from other departments.
>
> TU2: Patching up more problems…
>
> TU1: But there is a debate that is important to have. I mean … when we talk about an investment of this magnitude that will generate 4,000 indirect jobs, which affect all of Uruguay, it is important too. The people from Fray Bentos thought that those 4000 jobs were going to them… The truth is that in Fray Bentos, when the construction was at its peak, it was an unreal situation in reality.

The trade unionist argument was that the unions should learn from the mistakes made in the Botnia/UPM project that did not employ people from the zone, and instead try to train people from the areas where these pulp mills will settle in the future. Although there are few people from Fray Bentos working in the plant, and the level of unemployment is growing, there is a need for Botnia/UPM to establish acceptance among the Fray Bentos neighbours. This point is important to the people of Fray Bentos because the presence of Botnia must be ethically and epistemologically accepted by the community, especially given the conflict it generated in the region.

It appears that this conflict is not only about the protest of the Argentinian social movement—Asamblea de Gualeguaychú—but mainly about the consequences this conflict created in the relationships between the people of

[421] Mercedes is a bigger city or town 30 km south of Fray Bentos. Many Botnia workers live there. It belongs to the province of Soriano.

Fray Bentos and Gualeguaychú, and the traditional economic relations they had in common, i.e. tourism, fishing, commerce and, in general, the creation of jobs. These economic local activities have strongly decreased or even disappeared. This is, in part, what Botnia/UPM claims that they are seeking to "compensate" through its economic presence or "beneficent work" in the community's social activities, where the lack of labour and the disappearance of local commercial activities are progressively growing.

Conclusion

The above analyses of discursive strategies to communicate the importance of Botnia/UPM for the community illustrate that the collective memory of "El Anglo" is not only used by the company to create a positive image of itself in the life of Fray Bentos, but it is also used — in ways that can be interpreted in ideological terms — to re-create the image of Fray Bentos as an important locality on the "world" scene for the collective memory of Fray Bentos' population, which is only possible through the corporative presence of Botnia/UPM.

Besides this ideological twist, the unspoken threat of Botnia/UPM's withdrawal also lies in Fray Bentos' memory of El Anglo's history, complemented by the absence of the state in some public areas. The contradicting situations between the promise of "growth" and the unemployment and conflict situation, and between the experiences of local "devastation" and the ideas of "being a part of it" not only deactivates popular unrest but also divide the community and make it dependent on powerful economic players such as Botnia/UPM which under its benevolent social responsibility produces spaces for epistemologies that can sustain its ethical presence and activities.

7. Establishing the TNC in the local community

As part of the social fabric of Fray Bentos, Botnia/UPM becomes a powerful player by contributing economically to local activities and needs. As Ronald Beare, the general director of Botnia, said in 2008: "The people of Fray Bentos are part of our success and we feel part of this community".[422] In order to demonstrate their corporate social responsibility, the corporation contributes to the realisation of "beneficial work", donations, environmental and social projects etc. At the same time, Botnia/UPM has been questioned by social movements in the region and by the Argentinian government about the problems of the environmental impact it could cause, and there is a blockade on the international bridge not far from the plant, that caused diplomatic disagreements between neighbour countries and neighbour cities. This illustrates that the social role and leadership of Botnia/UPM is neither unambiguous nor unquestioned. This second empirical chapter therefore continues the analysis of discursive strategies presented in the previous chapter by looking closer at the kind of argumentation that was used to construct Botnia/UPM as responsible for important parts of social leadership in the region.

This legitimising process must be seen in relation to the ongoing protests targeted at the environmental impact the pulp has on the natural resources of the region (water, air, soil, fauna and flora). It is also important to emphasise the impact Botnia had on local economic activities, but also in relation to social needs left by the absence of the state. In this context, "social responsibility" and "beneficial work" by Botnia/UPM become central discursive instruments for underpinning their position as regards the community, to win the sympathy and acceptance of different social sectors in this society and to become a necessary developmental agent in areas of public resources where the state has been absent. This absence of the state is important in the creation of the TNC's legitimacy and for the approval of the community, especially when basic needs are to be offered by these economic agents.

[422] Ronald Beare, (2008) "Editorial: Primer año". Espacio, Botnia, Year 3, no. 10 December 2008. (my translation).

The image of the TNC as a socially responsible actor

Botnia/UPM has created several projects in Fray Bentos related to the corporation's "social responsibility" and "beneficial work". These projects relate to different sectors of society and are targeted mainly at areas of the environmental, development and health concerns. Botnia/UPM's emphasis on these concerns is related to the conflict it created and the fact that, in order to manage public opinion in the locality where it has settled, it has to create acceptance through a specific knowledge production (based around sustainable development and growth, environmental concerns), and practical economic investments in local activities that can benefit the image of Botnia/UPM.

Botnia created a foundation in 2006 under the name of "Fundacion Botnia" and became "Fundacion UPM" when UPM bought the majority of the shares from Botnia. This foundation is the main player in the corporation's social responsibility and the method they use is to create networks between them and other social players, whether public or private, to generate social projects for the communities where Botnia/UPM has its productions. The difference from the former Botnia foundation is that during the lead of UPM, the foundation expanded its work to other communities rather than only acting in Fray Bentos.

The new localities where they operate are also where Forestal Oriental (which now belongs to UPM) has plantations or areas that have a connection with their business, i.e. expanding into the provinces of Soriano, Paysandú and Tacuarembó and other localities in the province of Rio Negro. The foundation has the same structural organisation and its mission is to "promote the development of the communities where the company operates through education, training and entrepreneurship, fostering a culture of safety and healthy living".[423] Since 2006, the foundation has been involved in 160 projects in 50 different communities around theses provinces.[424] Most of the projects are directed at schools, sport organisations, young people, rural organisations and health centres. Illustrating the type of expectations following from this state of affairs, a woman I interviewed in Fray Bentos told me about what she would expect of this social responsibility:

> M: It cannot be possible that having the biggest corporation in the whole country, we have the highest rate of unemployment… But Botnia has always said that it would never be the "Switzerland of America". Botnia is in part not fulfilling its social responsibility, but also in some ways it does. This depends on which

[423] Fundacion UPM, 2010 Report, p. 11.
[424] Ibid., p. 16.

> viewpoint you see it from. I prefer that they pay and train kids and adolescents, and that they teach them English and computing, and that they integrate these kids in the labour market. That they give shelter to people or that they collaborate with this society in other things that other people do not value. But for me the value of education is essential.

With this contradicting statement—between fulfilling social responsibility and not doing it—the woman exposes a sceptical position about the prioritisation of these "social responsibilities" from Botnia/UPM. It shows the way these "social responsibilities" are not thought or expected to be fulfilled due to the TNC's freedom to choose what their priorities are rather than prioritising the community's needs—i.e. employment. The absence of the state in different sectors of different parts of the Latin American countries follows several decades of neoliberal political economy that weakened state participation in public resources.

It is therefore important to emphasise that these TNCs are tax-exempt and their production is directly exported to other markets (outside Latin America, which means that no taxes on any commodity they produce is left in this state-territory) and thus they do not contribute to state funds, but they are free to decide what, where, when and under which conditions they want to invest in "social responsibility". In other words, Botnia/UPM is in a position where it can decide on the kind of economic contribution, the kind of social projects and what is to be prioritised. In an interview with one member of the association of Maestros de Rio Negro (association of teachers in Rio Negro), he talks about these "social responsibilities" driven by Botnia/UPM:

> MRN: Yes... And now they want them [Botnia] to buy a Tomograph... or that they give this or that... So they give... a TV to a school here, a chair to another school. The foundation ... They arrange music festivals.... All those things, you know... they lobby to create marketing for their business... They are really good in what they doing... Do you understand?
>
> A: Yes, I understand, but how do you see this lobbying?
>
> MRN: I don't know... It's like the wolf inside the chicken-house, I mean... How can it be that they come to teach us about the environment when they use I don't know how many tons of sulphuric acid to make the cellulose and put it in those pools, you see? When it smells strong here [in Fray Bentos], be careful! There have been days when it was very difficult to breathe here! It's not very often but when it comes... be careful!... then they say it [the pulp mill] does not pollute but you're breathing that, something must have happened... But even more, the problem is that nothing has been said about, for example, the studies [about the environmental impact of the plant] carried out by the Faculty of Biology. Nobody

> talks about that. The politicians, they all talk in favour [of Botnia]. There is no one left that is against it!
>
> A: But what happens in this case with the Botnia foundation? Have you noticed any change for example within schools?
>
> MRN: Well of course… they have donated many things and there are people that… There are school principals—they would die to get something from them… something for the school. But in general I have the feeling that people are like… becoming more aware of how things are in fact…

There are three points here that are worth highlighting. The first is that the interviewee is pointing to the contradictions he sees in what the corporation is doing, between "teaching" and investing in environmental and social projects, and at the same time "they come to teach us about environment … they use I don't know how many tons of sulphuric acid". This illustrates an awareness about the practices of Botnia/UPM that influence different facets of people's "web of life" and which position the people of the community in relationships of contradiction: it is good to get "things" the community is in need of, although it can be difficult to breathe because of the smell from the factory.

To come and teach "us about the environment" is the corporation's position of superiority because it not only derives its superior place of enunciation from its economic power, but also from its enunciation of "developed" European "culture". This last point is not really reflected in the above citation. I will come back to this point. This position of superiority is explicitly questioned in this citation, but very much in terms of the contradicting actions of doing something for the environment while at the same time, but in another place, it is using i.e. highly toxic substances (sulphuric acid) to process its commodity.

The second point is that, although this teacher is very critical about the corporation's "social responsibility" and understanding the purpose behind the "donations", he is also arguing that there are real needs in schools that are covered by this foundation. It is, again, a very difficult position for communities which are in need of "things" in terms of education, labour and health to be against "donations" or economic support from these corporations, even though they affect their environment "when it smells strong".

The third point is that, in order to control the "strong smell" or any other consequence of the pulp's environmental impact, it is necessary for Botnia/UPM to produce knowledge that can inform the communities of the "controlled" effects of the pulp's environmental impact on health and environment. It then becomes a kind of game of interests between different

sectors of society, between those already involved in economic connections with Botnia/UPM and those that are not. The fact that many other social players, like the Faculty of Biology, have undertaken their own research into the environmental impact of Botnia it is not broadcasted in the same way as Botnia/UPM's information. This can be said to be part of an epistemological struggle between the corporation and its economic social partnerships, and on the other side independent researchers and social movements which highlights the negative environmental impacts of this enterprise.

This is important because at the bottom of this struggle lies the legitimacy of the corporation, i.e., its ethico-political legitimacy. Their advantage lies in economic power, which is invested in advanced technologies to reduce the environmental impact and aims to be accepted by the communities where they operate. The cost of this foundation and the projects it finances are very small compared to the profits made by the production and selling of cellulose in the world market.

In the interview I carried out with two of the directors of Botnia, I asked about the "beneficial work" that Botnia does for the city of Fray Bentos. Botnia has initiated different projects together with the municipality of Rio Negro that are not going through the "Fundacion Botnia" and instead are directly agreed between the municipality and the corporation. For example: the supply of electricity and the treatment of wastewater in Fray Bentos.

> A: So, why this help for Fray Bentos? Why do you want to help the city of Fray Bentos?
>
> D1: About the treatment of water… Let me try to remember the origins of that…I was not here when it was agreed, but I can imagine that it was part of the agreements… like social responsibility, we can do that and this seemed an appropriate thing to do for us when there is a plant with a high technological treatment capacity. Once it [the water from the city] comes here, the cost is irrelevant, it's really irrelevant…
>
> D2: It's just more water that is processed…
>
> D1: It is the cost of the investment of coming here… What will happen with the water is this: Fray Bentos does not have effluent treatment in the city, and these treatments here [in Botnia] are so strong, so efficient, that the city and Botnia are going to build a conduit so the water can come here instead before it reaches the river. So as you see, the waters of Uruguay will improve…

The agreement would allow Botnia to freely treat the city's wastewater before it reaches the Rio Uruguay. According to the agreement, the project would cost 1.7 million USD, of which half is financed by the corporation, and both players become responsible for monitoring the quality and volume channelled into the river.[425] For Botnia/UPM, this kind of investment for wastewater treatment has no economic benefits, at least directly, but it allows the consolidation of alliances with the local government and politicians, and development of consensus among the community´s political and bureaucratic leaders.

To treat wastewater for a city in a rural province of Uruguay, and to do this for free, becomes an ethical action from any point of view, which reinforces the presence of Botnia/UPM in the community, especially in times when this corporation's presence and practices are being questioned. Botnia declares in its magazine Espacio that "The treatment of urban wastewater is an old aspiration of the people of Fray Bentos, and today it became reality. The beautiful fraybentinian coast will be cleaner and more enjoyable".[426] During the same year, the General Manager, Ronald Beare, declared that:

> Botnia not only produces cellulose, but also energy, in such a way that the plant doesn't demand energy from the electricity plants of the city, but instead provides energy for firms and families across the whole of Uruguay. And most importantly, it does this in a clean way, generating carbon credits and mitigating the greenhouse effect.[427]

Communications strategies such as those illustrated above can be interpreted as discursively working, or contributing, to depicting Botnia/UPM as a benevolent player and constructs its image and actions as being indispensable for the environmental and social life of the community, the country of Uruguay, and for the mitigation of greenhouse effects in the world's environmental concerns. These are examples of Botnia/UPM's strategy to construct its social and environmental leadership in times when social movements and organisations are questioning its presence and operations in the region. The legitimising process is not only for the people of Fray Bentos, but also forms part of the marketing. As the teacher pointed out, the corporation wants to play a part in world affairs.

[425] Botnia (2008) "El Ambiente mejora", Espacio, Year 3, No.9, June 2008, p. 19
[426] Idem.
[427] Botnia, (2008) "Editorial: Primer Año", Espacio, Year 3, No.10, December 2008., p. 3.

Conclusion: Silence and acceptance

Notably, this legitimising process is also constructed through the activity of silence that Botnia/UPM practises regarding the protests of Gualeguaychú and other groups in Fray Bentos and Uruguay. Botnia/UPM has been overlooking the conflict, which, according to the managers, is not understandable, and therefore worth ignoring. I asked a manager about the position of Botnia in the conflict:

> D1: No, as a company no… And the Finns [the top management] in fact… They don't understand it… at the beginning, and very honestly they used to come to me and tell me…—you know that they are very practical—when they saw that they couldn't do anything about it, they stopped talking about it [the conflict]. In the beginning, they used to come and ask me 'why they don't believe us?'

Diverting the attention to the form of protest means, in this case, focusing on the way the protests of Gualeguaychú take shape—blockading the bridge—and framing this as the main problem for the community of Fray Bentos. Hence, the problems that Fray Bentos confronts—i.e. decreasing commerce, tourism, fishing, and even employment, etc.—becomes the responsibility of the blockade and in the discursive formations and chain of associations, those responsible for the bad situation in Fray Bentos are portrayed as the city of Gualeguaychú, the Argentinians, the Argentinian government etc. and not of the settlement and operations of Botnia/UPM.

Moreover, this silence from the "benevolent" powerful agent is paralleled to its "beneficial work" and "social responsibility" and therefore its construction of social leadership and legitimacy relies on the basis of suppressing the construction of spaces and voices of resistance within the affected community. It becomes a central mechanism in the construction of social leadership not to acknowledge the community's own resistance against the activities of this TNC. During the time I was undertaking my fieldwork in Fray Bentos, the feeling was that everyone had accepted Botnia/UPM, as the journalist described it to me: "Listen, Fray Bentos has already shown that its people are in favour of the enterprise". When I contacted one of the Fray Bentos activists who had been critical about the settlement of Botnia, I mentioned that it seemed that there were virtually no critics in town. He responded:

> Q: Well, first of all, it is not that there are no critics. We don't have anywhere to criticise. We asked for the showing of a CD-movie we made with information [about the negative environmental impact of Botnia] on the local TV-channel, channel 12. They said: No, no way, you cannot show that. We asked how much it

> would cost to show that information on this channel. And they said: not even if you pay. On the local radios, well... there are some journalists with good will, we can go and talk to. But people in general if you speak to them... I like to talk and to talk to everyone, to converse with others. And I can assure you that people in general do not agree [with the settlement of Botnia]. Uruguayans poorly mobilised. So the Uruguayan people here in Fray Bentos, people say "Well, that's it. What can we do? We cannot do anything". And there was a key factor, which made our struggle very difficult, an uneven struggle. It was the blockade of Gualeguaychú, the blockade of the bridge. It emerged that the Botnia corporation, although it does not appear [in the struggle], would implement more marketing [for social responsibility and beneficial work] and managed to make the mayor of our town say what they wanted him to say, i.e. this agreement to purify the water.
>
> A: Yes.
>
> Q: We cannot have a mayor saying something like that. And even less when we have a mayor with the education he has, he is a vet. So what was the point in this education? But unfortunately when you start to talk about Botnia and the environmental problems it causes, they rapidly mention the Gualeguaychú blockade. They change the subject and talk about the blockade. It is the first thing they do.

This teacher has been one of the first to gather together a group of people in Fray Bentos against the settlement of Botnia. The association of Teachers of Rio Negro (Asociacion de Maestros de Rio Negro) was one of the first social groups that started to question the settlement of this investment, and to organise groups of resistance with environmental concerns between Fray Bentos and the city of Gualeguaychú. As he notes, the problem is not a lack of critical voices, but rather the closure of spaces (media, places to talk, information of critical knowledge etc.) where these arguments can be taken seriously and can be spread.

It is, therefore, not simply silence, but the effect of what may be seen as hegemonic practices and discourses seeking to dominate important key spaces of information, education, health care, labour and environment and shaping them according to the epistemologies of capital. Illustrating this, the teacher also points to the disappointing position many of his locals feel—“What can we do? We cannot do anything”—when such a powerful economic agent arrives, physically producing a series of contradicting social, economic and environmental changes in the area and affecting socio-historic relations within Fray Bentos and between Fray Bentos and Gualeguaychú, but also between Argentina and Uruguay.

8. Transforming the local economy

This third empirical chapter uses the fieldwork data to provide an analysis and discussion of Botnia/UPM's impact on the economic life of Fray Bentos. Furthermore, it addresses the way the local situation is interpreted in order to understand the construction of social legitimacy. As I argued before, the legitimacy and the social leadership of this TNC are sustained by different methods, which influence the way different social groups in this community are going to understand such local change. Whether or not the impact of Botnia's investment generated employment, it is necessary to understand how economic activities were established before the arrival of Botnia/UPM. I have already shown the impact it had on unemployment in the city of Fray Bentos, but in what way has Botnia/UPM changed the economic activities of Fray Bentos? The chapter aims to address issues relating to if and how hegemonic understandings of Botnia's presence and impact are articulated by social agents.

Changing conditions

A central characteristic of TNCs as they settle and invest in countries in the South is to present themselves as if there were no other important commercial activities or sources of employment before their arrival.[428] Botnia/UPM announced the creation of 5000 jobs in the region and up to 8000 jobs as an indirect impact of this investment. The socio-economic impacts were considered in terms of the direct and indirect effects on the regional and national economy.[429] Although Botnia/UPM declared that the plant would employ only 300 workers, it did not say that it would create jobs in the area of Fray Bentos or even in the nearest cities after the construction period. The indirect jobs were estimated as part of the various outsourcing firms and suppliers related to the plant and the forest industry related to Botnia (Forestal Oriental). According to the economist Jose Rocca, who has critically questioned the idea of the "indirect jobs" that Botnia/UPM would create:

> In what way it can be quantified? Who is measuring this and how is it measured? Indirect employment is a variable that suits us economists very well because we can take any number and no one can refute it. What are the limits of indirect

[428] Ornelas, R. Op.Cit., p. 143.
[429] EcoMetrix (2006). Cumulative Impact Study Uruguay Pulp Mills. September 2006, p. xx.

> employment? For example, how many indirect jobs does the production of wheat generate?[430]

The activities of Botnia/UPM's plant in this area involve different effects on the air, water and view of the landscape. It had a direct impact on many of the economic activities Fray Bentos had as main source of employment, commerce and business. The specific natural resource-based activities of Fray Bentos and its surroundings were previously tourism, agriculture, fishing and apiculture. The commercial activities of tourism had been central to the life of the city. During the period of summer vacation and other holidays, the tourists from Argentina and other cities in the region used to visit the beaches of "Balneario Las Cañas" in Fray Bentos on the shores of the Rio Uruguay. The infrastructure created around tourism (hotels, restaurants, shops, tourist offices, excursions etc.) was an important economic source for the people of the city.

Although there were only short periods of intense tourism, some sectors related to this commerce could manage to survive the rest of the year. According to a survey undertaken by the Center of Information and Studies of Uruguay (CIESU) in Fray Bentos between July 2003 and July 2004, 15% of the working population of the city worked in areas related to tourism. This was around 1,300 people and, at that time, the city of Fray Bentos had an active working population of 8,500 people (12% directly involved in " Balneario Las cañas" and 3% working in Fray Bentos with tourism).[431] Most of those interviewed (85%) declared that they had worked in activities related to tourism over the last twelve months, and the other 15% said they had some kind of working relation with tourism.[432] This survey was conducted months before Botnia started the construction of the mill, but also before the protesters blockaded the international bridge as a political demonstration against Botnia's settlement.

During the construction period, between 2005 and 2007, the demography and the economic conditions of Fray Bentos changed significantly as some of the interviewees have already mentioned. At that time, several demonstrations against the installation of the mill, organised by the Gualeguaychú Assembly and other environmental groups from Argentina and Uruguay, took place at the international bridge.

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[430] Quoted in: "Suspender la forestacion: Resumen de los impactos ya constatados de un modelo social y ambiental destructivo". Grupo Guayubira, Montevideo, December 2007., p. 22.
[431] de los Campos, Hugo (2004). Situacion laboral y relaciones laborales con la actividad turistica de la poblacion de Fray Bentos. Montevideo: Centro de Informaciones y Estudios del Uruguay (CIESU), p. 14. Downloaded in: http://www.slideshare.net/rlaurenz/fray-bentos-empleo-turstico-2004
[432] Ibid., p. 15.

These protests became a permanent blockade of the international bridge from 2006 to 2010. The aims of the blockade were not only to cut off any kind of supply-transportation for the mill, but also to make a political stand against the toxic industries that affect the environment of the region and that would affect the health and the ecosystem of forthcoming generations in the area. The blockade became constant and no transport-communication was allowed during those years.[433] Under these conflictual conditions, the Fray Bentos tourist sector and all other sectors related to it (i.e. restaurants, bars, shops) were affected. However, Botnia/UPM began its production of cellulose in 2007 and left the conflict in the hands of Argentinian and Uruguayan state authorities. Botnia's mill manager Sami Saarela declared during that time:

> 2007 will be remembered by all of us as an unforgettable year. For those of us who work in Botnia, it is and will be the year our bond to Uruguay is sealed forever, therefore it will be written in history as the year that the Fray Bentos mill began to operate and produce cellulose, which is being exported to various world markets.... I also want to recognise especially the people of Fray Bentos, their concerns, their support and understanding, throughout this whole process. Without you, the plant would not have been possible.[434]

At the same period of time, in 2007, the director of tourism of Rio Negro declared in an interview that "Botnia disarticulated the tourism in Fray Bentos" and that "Today we have a ghost beach resort, which does not inspire any investment".[435] In the interview with the teacher (in 2009), he tells about these changes in Fray Bentos:

> Q: You know what the problem is?... It is that before the construction, the bridge was not blockaded, so Fray Bentos lived for 3 months of the Argentinian zone and here in Las Cañas we had activity. Well, when it was high season and the Argentinian tourism was strong, we had a whole city on the beaches. In Fray Bentos, there are around 20 thousand people and another 20 thousand came during the weekends to Las Cañas. And all that was consumption and the local labour force: waiters, restaurants, I don't know... The vegetable and fruit shops worked... there was a lot of movement and when the Argentinians came to the centre... the centre was like a volcano, you know.... And now the centre is dead. And in wintertime, well... is better not to talk about that... the centre doesn't work.

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[433] The protesters allowed some transport-communication during this period. However, in order to break through the blockade, the Assembly of Gualeguaychú voted democratically within the group, for or against this allowance, for every single case.
[434] Botnia (2008). "Editorial: Puesta en marcha", Espacio, Year 3, No. 9, June 2008, p. 3.
[435] Perfil.com (2007) "Botnia 'desarticuló el turismo en Fray Bentos", Perfil.com, 25.10.2007. (http://www.perfil.com/contenidos/2007/10/25/noticia_0056.html).

There are two main points from these two perspectives that are important to highlight—the one from Botnia and the other from the concerns of the director of tourism and the teacher. First, the creation of spaces in absolute and relative forms that are under control of an economic power (Botnia/UPM) affects the socio-economic relations of Fray Bentos and its surroundings, destroying important local economic "safe-houses" for many in an already difficult economic situation.

Hence, Botnia/UPM can create an understanding of what it priories as historically relevant and worthwhile to continue with: an unforgettable year… that will bond Botnia/UPM to Uruguay forever, and that will be part of what is going to be told (history) about Fray Bentos, thanks to the support if its people. This point leads to the second, which is the dispossession, not only of land (i.e. FTZ, plantations zones, natural resources) but also of the locality's means of organising economic activities, damaging the conditions of many family economy, small farmers, etc.

Creating hegemony

The teacher pointed out that if it wasn't for the construction and settlement of the mill, the blockade would not be there and the socio-economic conditions of some sectors of Fray Bentos would still remain, i.e. the tourist sector. For him, the main problem is the arrival of this investment rather than the protest being made. But social legitimacy and the construction of hegemony are based on the alliances made with key players in the hierarchies of a society. In an interview with the Major of the Rio Negro, he declares another point about the responsibility for the changing conditions in Fray Bentos:

> M: Well, due to all this [the mobilisation of environmental groups that blockaded the international bridge] the conflict with Argentina began, and it is now going to the International Court of the Hague following the decision of the Argentine government. Now it is underway at the international court. But there is no doubt that over the three years we have had the bridge linking Fray Bentos with Gualeguaychú blockaded by a group of Argentine citizens from the Asamblea de Gualeguaychú, this has caused enormous damage …
>
> A: In what way is this damage?
>
> M: In every way, everything, because, for example, we have tourism, we have Las Cañas here, an excellent beach resort. Around eight or ten thousand Argentines always came here, middle and lower middle class, who came here to camp maybe for 3 or 4 days. Those people are not willing to do so today. They won't travel

300, 400 km more [to the next bridge up north] to come for 3 days. That kind of tourism we lost… everything. We lost nearly 400 direct jobs, restaurants, free shops … all the administrative jobs at the offices, dispatchers at customs etc.

A: Here in Fray Bentos, or people who came here to work?

M: No, no, from here. To give you an idea, a restaurant served around 180 to 200 orders a day, overnight they found themselves with zero…

A: So there were restaurants, markets that are now closed?

M: Before, there was everything. Now they have closed and went bankrupt. So we do not accept it when people say that it [the blockade] is against Botnia. During the construction of Botnia, Botnia didn't even know that the entire bridge was closed… So the punishment is directly targeted at the people of Fray Bentos.

A: So… for Botnia the conflict is like nothing…?

M: For the last 2 years, Botnia has been exporting one million tons of cellulose per year…

A: So… they don't get concerned…?

M: Not at all. But we also understand that it is the responsibility of the Argentine government, because we have a treaty in MERCOSUR, an international treaty signed by the countries of MERCOSUR that says about the free movement of people, goods and services. And international treaties are signed between countries and not among a group of neighbours. Countries are responsible for respecting these treaties, therefore we believe that for 3 years, the Argentine government has been violating the Treaty of Asuncion [the city where MERCOSUR was created], and also free transit in this nearby passage. The other problem is that it has created a battle, a fracture between two peoples, Gualeguaychú and Fray Bentos… something that will take many years to repair. Moreover, the passage through the bridge is controlled by this group of citizens who decide if they will allow you to pass or not… Argentina, as a country, has really had a very sad attitude because the Argentine government says that it doesn't very much agree with the blockade, but it seems that in Argentina, it is a group of citizens who rule, and a very small group who decides if the bridge is blockaded and who can pass through and who cannot. That's the situation.

I decided to quote this long passage for the following reasons. First of all, because it shows several relational points which cannot be dismissed as belonging to different themes. The mayor is part of the political elite of Rio Negro and as such his understanding, practices and actions have an influence on the economic and political priorities imposed in this area. For him, the blockade on the international bridge was directed at the people of Fray Bentos. This protest did not influence—"not at all"—Botnia/UPM's operations. As he

points out, the problem behind the protest is the Argentinian government for not following treaties and letting "a group of citizens rule".

The problems of Fray Bentos and Rio Negro are then adjudicated to the protesters and theirs actions, and these political discourses help to nationalise the conflict and promote a social and mental process of division between "us and them". Second, it shows the serious consequences that such TNCs can have on the life of communities that had historical socioeconomic relations, making them vulnerable to any decision made by these TNCs. Although the mayor is allocating the responsibility on the Gualeguaychú's protests, the socioeconomic changes in Fray Bentos are a real problem that was not there before Botnia/UPM's arrival. Third, it shows the power Botnia/UPM is based on international agreements like "Bilateral Investment Treaties" that secure the investment through the host state's insurance and protection, and allocate social unrest to the state's responsibility.[436] It creates discursive conditions within which this TNC does not become concerned or involved in the regional unrest and can continue its operations as usual. And fourth, the closure of the bridge becomes not a main protest directed to the TNC, but instead it is targeted to the governments for allowing the settlement. It is at this point that the concrete strategy of the Gualeguaychú's Assembly, to blockade the bridge, on the Argentinian side, touches the politics of Uruguay regarding the entrance of FDI. For local people, this becomes a question of sovereignty, reinforcing nationalist thinking.

There are, however, some other changes in the economic relations that are worth emphasising in order to understand other aspects of the consequences of the conflict. Despite the impact of Botnia/UPM on socioeconomic regional relations, the environmental concerns in the region and the protests against it, the blockade generated some changes in other sectors, especially the commerce

[436] See paragraph: "Bilateral Investment Treaty". On this point, it is interesting to highlight the involvement of Finland's government during the more intensive period of the conflict between Argentina and Uruguay (2006-2007). In 2006, the Finnish government sent its Minister of Foreign Trade and Cooperation for Development to Uruguay to strength relations and cancelled its visit to Argentina due to the conflict. The Finnish embassy for the countries of Uruguay, Argentina and Paraguay is based in Buenos Aires. However, the representatives of Finland in Buenos Aires travelled to Montevideo to meet the Finnish ministry. (The information was taken from the newspaper: Diario El Argentino (24/04/06). "La embajada de Finlandia viajó esta tarde a Uruguay": http://www.diarioelargentino.com.ar/noticias/845/la-embajadora-de-finlandia-viajo-esta-tarde-a-uruguay). The first secretary of the Finnish embassy in Buenos Aires declared during the conflict that: "There is a lot incorrect information, false information [about the environmental impact of Botnia's mill]… Uruguay needs this investment and it will produce very good benefits, therefore it is important to get information from everywhere". (Ecouruguay (21/4/07). "Finlandia despeja los temores por la instalacion de las papeleras": http://www.ecouruguay.org/xnwslite.php?m=amp&nw=NTgw)

of the region. The commercial relations between Fray Bentos and Gualeguaychú have been regulated according to the exchange rate between the countries. During my fieldwork in Fray Bentos, the people I talked to were concerned about not being able to buy goods cheaper at the supermarkets in Gualeguaychú or going out at night during the weekends to that city. The blockade of the bridge had made it very difficult to continue with this kind of commercial and social link. In an interview I have carried out with a representative from the regional trade union of the PIT-CNT[437] in Fray Bentos, he explains the pro and cons of the conflict and the settlement of Botnia/UPM:

> PIS: Yes, it changed the economic functioning of the city. But there are also other elements that also had a direct impact on the economic functioning of the city, which are certainly related to the blockade of the bridge. The blockade of the bridge greatly affected the tourist sector first of all. Fray Bentos had an important touristic activity… basically with Argentinian clients. Now, the blockade has affected not only the tourist sector, but also the international commerce. Here we had an important number of established customs brokers, marine agents with their offices, their employees and their activities, working merchandise deposits…restaurants, free shops… well… a series of economic sectors that we don't have today and that affect the city, but also the labour sector. However, these are situations that have been caused as a result of… the mill's settlement…
>
> A: Wait…wait… so… what you are saying is that the conflict, triggered by the settlement of Botnia, has not positively affected the city of Fray Bentos…
>
> PIS: Well, that's very difficult to say… to evaluate. I have been living here for many years and in my opinion we had, say… the opportunities, not only in Fray Bentos but practically in the whole region—Mercedes, Berlin, Niyun etc.—to pass over to Gualeguaychú to buy absolutely everything, which seriously affected the local and the regional commerce. This was of course related to the type of exchange rate that sometimes favoured us and some other times did not. When it favoured us, it was amazing the economic bleeding we had here of resources, of financial transfers from the Uruguayan side to the Argentinian. Now the commercial association doesn't complain at all… Why? Because the Fray Bentos commerce and the regional commerce have been favoured by the no-path to Argentina. So, the local commerce has been favoured. What would have happened if, during the economic peak here in Fray Bentos [during the construction time], the borders had opened? I think that at least 75% of the resources circulating in Fray Bentos would have ended up in Gualeguaychú. However, this has its contradicting situations. When the commercial association complains, it is because there is no consumption here, but instead there is on the other side of the river. When it doesn't complain, then it's because there are no transferences of resources from one side to the other. Therefore it is very difficult to evaluate whether this protest or the blockade has affected us positively or negatively. I think that in some aspects, it has affected us in a positive way, but not in others. The commercial sector has certainly been positively affected by the

[437] Plenario Intersindical de Trabajadores – Convencion Nacional de Trabajadores (PIT-CNT). This is the central labour movement and trade union organisation in Uruguay.

> blockade because now they [the commercial sector] have more retailers. This has to be said, we cannot fool ourselves on that.

During my stay in Gualeguaychú while I was waiting to conduct interviews and to get to know some of the locals, a Gualeguaychú association was founded against the blockade and against Botnia. This association—"Mobilised Merchants"—sought to lift the blockade due to the negative effects it had on the commerce in Gualeguaychú. This association wanted to create a movement among merchants in Gualeguaychú to lift the blockade of the bridge, but at the same time to continue to be against Botnia/UPM. The call was attached in many shops around the city of Gualeguaychú. It said:

> "Mobilised Merchants: We invite all the merchants and neighbours in general who feel socially and economically affected by the blockade on the international route 136 [the beginning of the bridge], to a meeting on xx/xx/xx in the centre for the commercial defence of Gualeguaychú. 'Your presence is very important'. Mr/Ms: Gualeguaychú is a city that will fall into the abyss if we don't act right now. We say No to Botnia. We say No to the blockade of the bridge".

Although I could not get any interview with this association, there seems to be a link between what the trade unionists in Fray Bentos say about the commerce and the inner mobilisation of merchants being made to lift the blockade of the bridge in Gualeguaychú. Nevertheless, the impact of Botnia/UPM's pulp mill in the area between Fray Bentos and Gualeguaychú has had economic and political consequences for the social conditions of both cities, with different aspects, but with a common dominant agent.

Conclusion

As the above analyses have illustrated, the transformation of the local economy following from the arrival of the TNC in the region has been articulated in certain ways through several social actors. We have seen expressed a kind of political discourse, wherein it is possible to discern an escalation in political tensions within the region and between countries, where the main aspect of the tension—the pulp mill—disappears. It is not mainly articulated or seen as a problem of Botnia/UPM and the social unrest it provokes, but instead a conflict between two cities, two nation-states and their people with a common socio-economic and cultural history.

As these discursive strategies allocate social unrest to the state's responsibility,[438] they create conditions within which this TNC to not get concerned or involved in the regional unrest and to continue its operations as usual. Domination of spaces not only means control over land and natural resources, but also the power to construct certain discourses, through the ideology of capital and its epistemologies, that under the appearance of benevolence, neutral and responsible and powerful players such as TNCs, concretise its projects and operations in South's societies.

The creation of such discourses from the viewpoint of the dominant actor is organised, but also legitimised, through the appropriation of absolute and relative spaces (land for the mill and plantations, construction of infrastructure, transport, laws and rules, new neighbourhoods etc.). The appropriation is not only of these spaces but also of the right to narrate the history of the subjugated.

[438] See paragraph: "Bilateral Investment Treaty". On this point, it is interesting to highlight the involvement of Finland's government during the more intensive period of the conflict between Argentina and Uruguay (2006-2007). In 2006, the Finnish government sent its Minister of Foreign Trade and Cooperation for Development to Uruguay to strength relations and cancelled its visit to Argentina due to the conflict. The Finnish embassy for the countries of Uruguay, Argentina and Paraguay is based in Buenos Aires. However, the representatives of Finland in Buenos Aires travelled to Montevideo to meet the Finnish ministry. (The information was taken from the newspaper: Diario El Argentino (24/04/06). "La embajada de Finlandia viajó esta tarde a Uruguay": http://www.diarioelargentino.com.ar/noticias/845/la-embajadora-de-finlandia-viajo-esta-tarde-a-uruguay). The first secretary of the Finnish embassy in Buenos Aires declared during the conflict that: "There is a lot incorrect information, false information [about the environmental impact of Botnia's mill]… Uruguay needs this investment and it will produce very good benefits, therefore it is important to get information from everywhere". (Ecouruguay (21/4/07). "Finlandia despeja los temores por la instalacion de las papeleras": http://www.ecouruguay.org/xnwslite.php?m=amp&nw=NTgw)

9. Following the traces of colonial history

This fourth empirical chapter aims to analyse and discuss the relational character of a number of elements in people's comments, dialogues and points of view in terms of the different positions they take regarding the settlement of Botnia/UPM and the conflict it created. The North-South dimension involves a variety of aspects that are articulated around the interlinked axes of capitalist expansion and the geopolitics of coloniality and its social relations.[439] These axes not only articulated in the international division of labour and resources, but they also create relational spaces where subjectivity and its positions are articulated through relations of domination, oppression and subordination. However, their epistemological practices are embedded in and through the relationship that people have with their environment, or in Harvey's terms the "evolving socio-ecological system".

Therefore, it is important to stress — as will be done in this empirical chapter — the relationship of these two axes with the socio-ecological system, because it is under these conditions that people create spaces of resistance with its practices, knowledge production and political mobility. But North-South relations are not only shaped by capitalist patterns of colonial design. They are also embedded in the socio-environmental fabric in which people or communities try to resist in different ways, whether adjusting to the "rules", taking the situation for granted, or undertaking collective action against the practices and consequences of capitalism and coloniality and its powerful agents –TNCs and their local agents of complicity. We therefore turn now to an analysis of how the clash between capitalist expansion and the geopolitics of coloniality, on the one hand, and attempts to resist these processes, on the other, come into expression in the ethnographic material.

A history of being "the Other"

In the interview with the teacher and representative of the Teachers of Rio Negro, the first Uruguayan organisation that started to contact environmental and trade union organisations regarding the dangerous impact that the mills of Ence and Botnia could have on the environment of the region told me about the public hearings organised by the Uruguayan state and Ence and Botnia in Fray Bentos. Officially, these meetings were organised to inform the population of Fray Bentos about these projects and to answer questions that were worrying

[439] See chapter two.

the community. In the first public hearing, some representatives from the World Bank were also there. I asked what happened with the association of teachers of Rio Negro afterwards.

> MRN: No, no ... The teachers moved away from the issue ... We got to the point when the World Bank came. We handed them our document about our concerns... The World Bank didn't give a shit about it... because they are the main one interested... they are the one providing the money for all these great works in all the developing countries, then what? Are they coming here to listen to their local neighbours? Come on! We just want to have our environment but what they want is development. Development or growth, because you see that at the global level... you know... growth ...
>
> -A: In what way growth?
>
> MRN: Because economic growth doesn't mean that there is human development, you know. For example, I was reading an article the other day, do you know where the chocolate you eat comes from?
>
> A: No...
>
> MRN: Well, from African countries, from the cocoa monocultures, which are actually based on a native tree that they [Europeans] took from here [Latin America] and produced it with slave African slave labour... Until recently it was denounced... and Nestlé washes its hands of it. They try to get it as cheap as possible and try to get out of this denouncing as cleanly as possible... But they still have the cocoa and it is the countries that have snow that make the world's richest chocolate ... do you get it?
>
> A: Yes, yes....
>
> MRN: Well, and it is like that in all aspects. Here, the idea is to supply paper pulp to be consumed in the rich world, exploiting our soil that luckily still is quite strong. We are losing thousands of hectares due to this... because of inadequate work procedures on the land, the erosion... we are losing it. Well, and now we are losing the wealth of these lands through the erosion of these monocultures [of eucalyptus]. And thank God that the last year's drought was not so hard, otherwise the problems would have been enormous... And it is the people [pueblos] who pay in the end ...Unfortunately.

The teacher highlights different aspects here, which relates to the complex settings on which they are based. In the first place, is the relationship they see between the representatives of the World Bank and themselves as local neighbours who are worried about the environmental impact that these mills may cause in their locality. The relationship, he feels, is one of indifference on the part of the World Bank. For him, these meetings and the presence of all the investors and the state is only part of the projects; they have already decided to do, whatever the local community opinion. The expression "we just want to

have our environment, but what they want is development" relates to the disempowerment people in localities feel in areas with rich natural resources (often localities outside big cities) that are targeted for industrial exploitation.

In this regard then, the politics of development are not only economic aspects, but are also supervised by external players, i.e., by powerful economic and juridical international organisations like the World Bank and economic powerful entities such as TNCs from "developed countries", that is Europe or USA. In his cocoa example, the teacher makes a similar comparison with the pulp industry, allocating these similarities to a historical continuity of colonial European (or Western) expansion and the consequences it has on the people (pueblos). These consequences are in the end a problem for the people (pueblos) or communities that will live there even after the TNC's final operations. However, his main concern still is the environment in which he and his people must continue to exist, although a TNC may change the quality of his environment.

These public hearings can also be seen as part of the logics of "social responsibility" as discussed in a previous empirical chapter, although the projects to install such industries have already been decided. In another interview with a woman, who is part of the local movement of Fray Bentos, Movimiento por la Vida, el Trabajo y un Desarrollo Sustentable (MOVITDES), she argued:

> OJ: At the public hearing, I would call it a public farce, because it is not a public hearing.
>
> A: Why?
>
> OJ: Because those who were against, and I defined myself as being against the establishment of Ence and Botnia, were not even able to speak spontaneously. The DINAMA [Ministry of the Environment], said that we had to write down the questions so they would collect them and then they and the company would answer. I felt automatically that they were shutting up us. So we protested, I was one of those who protested, and I said: "No, if you gave the company an hour, an hour and a half to talk and present things, then we will talk the same amount. We have the right! If not, why are we here? ". They finally had to accept that we spoke. When I got the turn to speak I spoke of my disagreements with the pulp mills and the plantations, and that one of the things that the companies put more emphasis on is the fact that they have come to give us work. I said, "We do not need you [the TNCs] to come and give us work. What we need is that the subsidies for the products made in Europe are taken away, so we can sell you what we produce here! Not being pressured in this way here and for the subsidies over there". This triggered a standing ovation; I had to stop like 3 or 4 times for the applause.

For her it was important to make clear the indignation of being pressurised. For her, it not only means being pressurised by the environmental concerns due to the mills, but also as part of a history of being depicted as the other in the political economic relations between Europe and Latin America. In her words "we have the right", the target is not only the settings which the authorities (Botnia is already included as an authority) tried to structure in the hearing, but also the *right to tell another story* that concerns her community. The PIT (Plenario Intersindical de Trabajadores) representative in Fray Bentos, who also lives there, highlights the problem of the environment and the discourses of Botnia/UPM's labour opportunities.

> PIS: I think that it is not only Botnia that should be prosecuted or taken to court. The Finnish state should as well. It's really disturbing to me that a state in the European Union comes to dirty an area outside their Union. Because they are ... I don't know, they should have stayed in Finland and have set up the mill there since the workers were very concerned about losing their jobs. I would give them the labour force. But they can keep that labour force over there [in Finland].

This message can be seen in relation to a former debate within the general trade union movement (PIT-CNT) during a time when the right wing government was still in power. The PIT-CNT was against the settlement of the pulp mills of Botnia and Ence and had been critical to the plantation of monocultures of eucalyptus on fertile lands historically used for agriculture. The PIT-CNT's position in this matter changed when the left-wing party, *Frente Amplio*, came to power. Although *Frente Amplio* was also critical of the settlement of the pulp mills due to environmental concerns during the time they were in opposition, when they came to power they had to accept it as part of the legacies from the right-wing government's deals with the World Bank and other treaties, i.e. the Bilateral Investment Treaty.

"We are accepting"

However, the interviewed trade unionist—PIS—has been critical of the mill's settlement even after the PIT-CNT changed its position in favour of the settlement. His main argument is about the dirty industry from the North moving to localities in the South, in this case with his locality being environmentally affected by a TNC and that in order to have some legitimacy, it propagates labour. For him, labour is important, but not at the cost of environmental degradation in the region: "They can keep that labour force over there [in Finland]". The woman integrating the environmental organisation MOVITDES also points to the politics she claims are imposed:

> OJ: We saw many years ago the issue of the plantations [monoculture of eucalyptus] and we became very concerned.
>
> A: At that time, was the issue about the plantations?
>
> OJ: Yes, logically. So, in the first place, if we didn't have this amount of plantations, we wouldn't have the pulp mill. Certainly we know that this is our fault... the obedience to an imposed policy. The countries of the North have degraded their lands, contaminated everything they could to obtain their products. So now to recover, what do they do? They move their dirty industries to the South. They plant in the South, they don't plant on their lands... so their lands can recover. That is the policy we are accepting.

Her statement shows also the relationship to the monocultures, which were difficult to tackle before the mills settled, and difficult to tackle as part of the imposed policies; i.e., policies that could strengthen the use of land for monocultures of eucalyptus and the appropriation of land by foreign companies. For her, these policies were imposed in order to continue the exploitation of land and its natural resources for the North's economic interests.

Her position of "we are accepting imposed policies" is also a call for a political struggle against the environmental degradation of dirty industries intended to favour the economic interests of the North. Although she has been part of this struggle, her situation in Fray Bentos has become like that of many others with critical positions—they feel that they have no space to criticise. The fact that the pulp mill is already functioning also contributes to the situation where "we are accepting". Therefore, the struggle is caught around the issue of the blockade that, for many of my respondents in Fray Bentos, is still a protest with dignity. Another interviewee explained it as follows:

> R: We have to explain to people that don't know, because in Montevideo they only know of Botnia and the blockade. They don't know anything else. It is not known that Botnia is based in a FTZ. Here in Fray Bentos, there are people who don't know about that. But when you say something in favour of the blockade... and I think the blockade of Gualeguaychú is essentially a social movement. It may be the most authentic social movement we have seen in many years now. All the more authentic and peaceful, because they don't use weapons. They are there and don't use weapons. And sometimes when people speak against the blockade and the protesters offensively, I say: "Do not forget that the first blockade, the first protest that existed in these areas was carried out by our hero, General Artigas, when he made the site in Montevideo ". It was a blockade or a protest line. People could not come out of or into Montevideo as they liked. And Artigas did that in Montevideo in two places and it was a move that was accepted by

> society. It was a liberation movement against the oppression of the monarchical country of Europe, from Spain. So we agree to justify the means to get the ends. And at the end of Gualeguaychú' struggle is the aim to combat the colonisation that we are suffering in poor countries.

There are two main points in this passage that are important to stress. The first is the city-countryside relationship in Uruguay. Uruguay is centralised around its capital Montevideo, home to one third of Uruguay's population. Most of the organisations, whether related to the state, NGO or trade unions, have their operations in the capital. The information and public opinion is then mediated by the view of the people living in the capital. When R says: "in Montevideo they only know about Botnia and the blockade", he is pointing to the local knowledge about aspects other than Botnia and the blockade, such as FTZ, the monocultures, the smell, the view etc., that in the city of Montevideo are not deemed to be key for understanding the case.

These aspects help him to avoid minimalising the conflict to just two players, but instead to situate his local knowledge in a historical continuity of resistance against powerful agents. This is the second point, which is highlighted through his narrative about the Gualeguaychú's blockade and the analogy made with the national hero Artigas who blockaded the entrances to Montevideo during the struggle against the colonial settlement of Spain in the 19th century. These points are emphasised by a woman who represents Grupo Guayubira, an NGO in Montevideo that works for the conservation of the natural forest of Uruguay and to inform the public about the environmental and socioeconomic impact of the forestry model launched by the government, she explains:

> GG: The logic of a foreign company when it comes to constructing a dam, a highway, or planting monocultures in the South, is always the same. The North's capitals coming to the South, extract, deplete, use and take resources, take money and take all this back to their country of origin. And here poverty is left, and of course they always do it in places where there is lack of employment, and where there is a general low economic level. These are populations already at an economic disadvantage. In these places, particular things happen … Rural people are not organised; I mean we don't have indigenous people that you say, well … these are ancestral lands, have organised communities, etc. No, not even the gauchos[440] exist anymore. We don't have a strong organised rural identity. So this also contributes to not having an organised struggle from the rural population, that it is where it should be. And there you have the reaction from the city, generally from organisations, NGOs that get paid for this, they are sat behind a desk with a computer … "who know the reality of the countryside", right? If the rural people say nothing … that's a problem we face over here. So we,

[440] Gaucho is a typical figure of rural men from the 19th century from the southern cone of Latin America, who lived from cattle and hunting, in the vast estancias (ranches) of Las Pampas.

> as an organisation, always try to travel to different areas of the country in rural areas, talking to people and try to convey here in the capital what rural people say about their local concerns. We bring that information here [Montevideo] as a means of communication for rural people.

Even if there is some rural resistance against toxic industries, as is the case with the Uruguayan rural neighbours in solidarity with Gualeguaychú and against ISUSA (sulphuric acid industry), a company that supplies Forestal Oriental and other forestry companies related to Botnia/UPM with agrochemical products and that started its construction some days after Botnia began its production, the impact of these rural movements is limited.

Rural demonstration against agrochemical industries
in Uruguay (photo by Leda Chopitea Gilardoni).

These voices from rural areas are represented through NGOs from Montevideo, a problem that confirms R's statement. The lack of stronger socio-political organisations in rural areas that are mostly affected by monocultures and in some areas by toxic industries, is in part targeted by the TNCs' or outsourcing companies' employment opportunities or their "social responsibility" programs, i.e. Forestal Oriental's program "Batovi Productivo" that consists of organising and financing rural people in the area of Sauce de Batovi, in the province of

Tacuarembo, to produce better agricultural products for their own consumption and for selling at local markets. [441]

As the woman from Grupo Guayubira states about the lack of rural organisations: "that is one of the weaker links we have in Uruguay". She even points out the effects of colonial annihilation of Indians as part of the problem rural areas face today with the industry of monocultures and the new pulp mills resulting from foreign investments.

> GG: Any country in the world, you see… Indonesia, Malaysia, South Africa, Chile, Argentina, has indigenous communities that are active, they are there, and much of their heritage is their lands. We don't have that here. And the rural people here in Uruguay, many years ago, were *los gauchos*. They have even been killed at times. In other words, the Indians were killed… the Gauchos were also killed. And the politics of that time wanted more Europeans to populate the rural areas. So we don't have, I mean… there isn't a rural culture, that is, there is no a culture of rural organisation here.

What she points out is the lack of a culture of resistance in rural areas that the annihilation of indigenous people and Gauchos has left behind. This point is important due to the history of European colonialism and its continuation of internal colonialism in the process of administrative and military emancipation from European colonial powers and the construction of national identity during the 19th century. The annihilation of Indians was not only carried out for the appropriation of land and its resources, but also was a struggle to disarticulate the possible focus of resistance against capitalist production. The securitisation of this project was to populate these vast territories with (white) Europeans settlers, and to disarticulate the possible resistance based on race relations. What it introduced instead were white Europeans peasants and workers, as part of the agro-industrial capitalist projects of that time under the logics of progress, development, modernity etc.; that is, capitalism with colonial designs and the insertion of class formations based on race projects.

"We are the People"

However, there are some indigenous associations in Uruguay that have been trying to highlight their conditions and their cultural practices. During my fieldwork, I saw on the streets of Montevideo a demonstration of indigenous

[441] See "UPM espaciotv – segundo programa" in: http://www.upmuruguay.com.uy/upm/internet/upm_fray_bentos.nsf/sp?open&cid=fundacion&nav1nf=ESP\Navigation\40.%20Fundacion&nav1nfa=0

people from Uruguay. The association was “Choñik” which means in Pampa’s vocabulary: “We are the People”.

“517 years of ‘charrua’ resistance”. Demonstration in Montevideo, 2009 (photo by the author).

This association started out in 1998 with the aim to highlight and preserve the cultural heritage of the indigenous people as part of the national identity of Uruguay. This demonstration had the purpose of protesting against the historical continuation of foreign capital and capitalist enterprises appropriating land that belonged to different indigenous communities, i.e. charrua, basquade, inchala, genoas, bohanes, yaros, minuales, arayanes and chanas. These groups have very little social and political presence and gather mainly around cultural practices like music, dance, theatre, handicrafts etc. In an interview with a journalist in Montevideo who has been researching on the issue of monoculture and pulp mills, I asked him about the role of the indigenous people in relation to the appropriation of areas for the plantation of eucalyptus. He explained:

> JM: Look, there are practically no indigenous groups left... Well, the *charruas* were practically exterminated. And those that remained, they are not stable. In recent years, it seems that the *Guaranis* started to come from a bigger area, but they come and go. There has also been a greater presence of them because even

> people who were at the islands of the Rio Uruguay, they come from that side of the northwest. But they have practically no social presence, and they don't generate any conflicts because they have no land. There are no indigenous lands left in Uruguay.
>
> A: None?
>
> JM: So ... there may be some associations that are trying to rescue the traditions and culture, but they have no territorial base. The root of the conflict in Chile, the two places where there is serious conflict with indigenous forestry are in southern Chile with the provinces of the *Mapuches*. And in Brazil, in the north of Espirito Santo and southern Bahia, there, there are indigenous peoples that were expelled from their lands. They really did fight for their land. They have even invaded a plantation and started to cut down the trees with a power-saw. These people really fight. But because they have... they struggle for their land. But not here.

The journalist from Montevideo touches an essential common denominator in the North-South relationship: land. The struggle over land (its resources and the socio-environmental interplay with communities) is at the core of the conflicts shaped by capitalism with colonial designs. Therefore I dedicate the whole of the next chapter to understanding the outcomes and methods of the capitalist model of exploitation of land in this case study. Nevertheless, the groups of resistance in rural areas, although limited and on a small scale, have been related to the Gualeguaychú's protest.

The people of the Gualeguaychú Assembly, as well as these small groups of resistance in this part of Uruguay, are mostly peasants and middle class professionals from the cities in this part of the region. Most of them are *criollos* (descendants from white Europeans and/or of mixed origins) and there is no representation of indigenous groups or poor sectors. The continuity of internal colonialism is still a feature in Latin American social relations. Although in this area the colonial annihilation of indigenous groups has been almost total, the imagined Indians are still alive in the discourses of "white" resistances—against foreign powers. In two interviews, one conducted at the blockade with three activists—two women and one man—and the other one with a coordinator—a man—of Gualeguaychú's Assembly, they described the way the situation was in some part conditioned. One of the women said:

> GPW: They [Botnia/UPM] cheated, they came with coloured mirrors and they mistook us for the Indians. When they [the colonial conquistadores] came, they gave the Indians coloured mirrors to conquer them. And now they did the same here. They gave presents to schools, families... electrical things etc.

And the coordinator described it this way:

> A: What does the settlement of Botnia/UPM mean for you here?
>
> GPC: Well, they should have done it on the Colonia side [Colonia is a town south west of Uruguay on the shores of the Rio de la Plata]. I don't know why they did it [here]. They must have thought that we are all Indians here … Actually, we have been harmed [by Botnia/UPM]. However, we will fight back. I have seen that in other areas, people are not interested in fighting back. But here, they found a city [Gualeguaychú] that is not of full of Indians and that it is going to fight back.
>
> A: Well, the Indians also fought back…
>
> GPC: Yes, I know… I tell you that because they [Botnia/UPM] thought they were going to trick us with their stories about 5000 job opportunities for the good of Fray Bentos. These are the methods they use. We will fight for the relocation or the dismantling [of the pulp mill], which of course can be done.

The comparison with the imagined Indians who are supposedly naïve or so weak as to not to fight back against the foreign powers is part of the racial discourses of internal colonialism on which social relations are still based, centred around a colonial axis. It shows the contradicting dichotomised role systems whereby criollos/ladinos find themselves being put in a role of subjugation in relation to white European power/capital that affects their environmental space.

Due to the colonial annihilation of Indians and the fact that indigenous communities in this area are very few and far between and also marginalised, their mention of Indians is based on a historical, but imagined, representation of defeated communities supposedly due to naivety or a lack of fighting spirit. The mention of "they mistook us for the Indians" or "they though that we are all Indians here" relates not only to the position of enunciation of being "white", but also to the chain of associations which colonial discourses have relied on, i.e. we are not primitive, but civilised; we are not Indians living in the wild, but we are "whites" living in cities.

Another way of coping with North-South relations in this case is to accept and accommodate the conditions imposed by TNCs through the discourses of benevolence, development and modernity. In the interview with the journalist in Fray Bentos, she declared:

> We, the Fraybentinian people, don't work in Botnia because we have not been trained. Here in Fray Bentos we don't have any chemical engineers, although they [Botnia] were saying for four years that they will need trained people. When

> they told us [the media communicators] that they needed a person responsible for communications to speak perfect English, none of us got trained in English. I had colleagues who took the microphone [on the radio] and said: "For what reasons do we, the Fraybentinian people, need to learn to speak English? Those Gringos should learn to speak Spanish instead!" You can imagine the retrograde mentality... If a person is saying that then... it generates a level of public opinion like in a village [Sp.: aldea], as I call it, and it prevents us from taking off as a community.

For the journalist, the problem is not Botnia, but the incapacity of the people of Fray Bentos to accommodate the requirements of a TNC, and therefore the ones who responsible for not getting jobs are the people who are not willing to adapt to the new conditions. The retrograde mentality that can only be found in a village, as she points out, recalls also the discourses of the Indians. The word "aldea", translated into English to "village", has connotations related to indigenous villages in this part of Latin America, and in this context, this would prevent Fray Bentos from taking off as a community of civilised and modern subjects.

The idea of taking off as a community is attached to the discourses of development in which, in this case, the training of English as foreign language would help the community to develop, allowing local people to gain jobs and prosperity. Hence development, in such discursive formations and chain of associations, becomes virtually synonymous with the presence of foreign companies, TNCs. In an interview with a respondent from the directory of Botnia's pulp mill, I heard about the differences in cultures at the mill between Uruguay and Finland:

> D1: There is no other laboratory in Uruguay like this one; and there is no other maintenance operation in Uruguay, like the one we have here. All the spare parts this mill needs are there in front of that building, you see? All computerised. You ask for a spare part, and there you have it... The labour ethics, the constant concern for "House Keeping"... it's all clean... because security is closely related to cleaning ... it is quite interesting...
>
> A: In what way?
>
> D1: I think it has two sides: a cultural aspect—this is a personal opinion—that if you worry about lifting a paper or a wire if something is dirty, then you're proactive. The issue of security is an issue of tranquillity, and it generates a cultural education ... for me, that is part of prevention.... The other aspect is a practical one: a little wire can make you stumble or slip and causes accidents. It happens. Maybe you don't even realise that an accident happened. And they [the Finns] have told me about the importance of those things. Well those would be the two aspects... This has become a very interesting combination. I believe that when you combine a Nordic culture, all the very good things they have, with the

> good part of the Latino culture, like the creativity, action ... action in the proper sense of joy ... the mixture is very good ... or as they say too, if we mix the two bad parts, the messiness of the Latinos with the Nordic structure and their demanding ideas, it would not be so good...

The exclamation of "all computerised" is a reminder that this industry is effective thanks to the modern technology that cannot be found in Uruguay, but only in the industries of Europe (in this case Finland) that move their industries and their high technological advances to countries in the South. This proclamation has the main ingredients of the old, but very effective, discourses of modernity, that are often accompanied by disciplinary mechanisms: "labour ethics", "security" and "cleanness" as part of a modern human development that "the Finns [white Europeans] have told me about the importance of those things" and, according to the respondent, cannot be found in Uruguay. These discourses and disciplinary practices are transformed into the discourses of cultural differences, with the Nordic (white European and "developed" subjects) being sober, and the Latinos being joyful, which contributes to the construction of the proper agents for leadership, education, ethics, security etc., but also to the construction of domination, subjugation and subalterns.

Conclusion

This chapter has illustrated how social and other consequences of the arrival of the TNC in the region have been articulated and understood in relation to the history of capitalist expansion and colonialism in a North-South perspective. In the statements of several interviewees, references are made — more or less explicitly — to a colonial history, or even heritage, and the absence of groups organised around different features which include the indigenous people and the gauchos. But it is also a statement about the lack of popular resistance from organised groups in rural areas. As has been shown above, there exist expressions of discursive strategies that may work to minimalize the conflict to just two players, instead of situating the local experience in a historical continuity of resistance against powerful agents.

These discourses also reflect the political position that can still be related to the way national emancipation from Europe took form in Latin-American social spaces where certain forms of resistance and leadership where symbolically constructed. Therefore, it can be argued, it also has connotations of class relations. The imagined Indians, for example, who accept whatever present foreign powers/capital gives them, are seen as part of the poor classes or as being outside the class wage system. Hence, what is at stake in these discourses is also the maintenance of a class level that does not accept whatever foreign

capital has to offer at whatever price, i.e. the cost or the results of environmental damage. This point is contextually important to highlight the historical continuity of internal colonialism, the contradictions of subject positions or dichotomized role systems in which North-South relations are still (re)produced. Nevertheless, it is necessary to stress also the internal coercion and colonialism on which these practices are based and the position of the collective subject in relationships of contradiction.

10. Consequences of the process of afforestation

The aim of this fifth empirical chapter is to analyze and discuss in what way the process of afforestation and foreignised concentration of land impacts on the rural space as well as residents, small producers, labour relations and the (socio-)environment. This entails understanding the effects of the processes under study in this thesis on the rural local population in areas where these enterprises have been established. In what way has the process of afforestation developed labour in the rural areas? How do the vast areas of monoculture affect the small agricultural producers or residents of rural areas? What are the impacts of afforestation on water supplies and overall in the rural environment? What are the labour rights and rights to organise among the forestry workers? And last, but not least, given that Botnia/UPM is a TNC with the purpose of making a profit, what social conditions are the bases of profit making? In a first section, we turn to the small producers and day workers of the Uruguayan rural area where these monocultures are established. We then turn to looking at demographic consequences following from changing conditions of (un)employment among forestry workers.

The socio-environmental impact of afforestation

The promulgation of laws facilitating the arrival of powerful economic players in the field of forestry has had important impacts on the rural population. The small-scale producers in the rural area of Uruguay have been influenced by these changes, not only economically, but also through their way of living, their relationship to the environment and the way they spend their time, sometimes, to organise against these new conditions. In one of the interviews I conducted in Fray Bentos with one of the people opposing the settlement of Botnia, I asked about why there were so many critics against the forestry law.

> A: I'm sorry not to know much about the forestry law, but it seems that there are a lot of critics. What is the central point of the forestry law that makes it open to criticism?
>
> SP: Well, the problem with the forestry law is that it made it possible to convert the soil into a priority for afforestation. And it turns out that the lands with a forestry priority are in fact used for agricultural priorities, potatoes, farm animals, cattle… Today we have plantations of eucalyptus and pine on the best land in the country for agricultural production. That is the great drama…

A: which is aimed at...

SP: ... the pulp mills for the production of paper that we are not even going to consume. And then, another major criticism we have about this law is that for 20 years, they have not paid any property tax on the land, no property tax. All that stopped to generate income for the provinces, and now we the citizens have to cover this with higher taxes... Of course, to compensate all that it was lost with the exonerations. On top of that they get subsidies... with money that came from overseas directed to afforestation. And there was never any facility for the production of food or to defend the labour of the Uruguayans here in the countryside. And I say that, not as someone that has read a lot. No, I speak as someone that suffered it, because I had a piece of land. I was in this process of afforestation and they tried to push me out in order to plant on my land. And I said no.

A: In what way did they push you?

SP: They sought me out and said: "We will plant on your land, let's do business. You don't have to do anything. We plant on your land and we will pay you x-amount a year and this and that etc"... They wanted to plant on my land! And they searched after me to sell them my land. I had leased it to a boy who had plantations of wheat and in the end I sold it to him. I sold it to him knowing that I was going to lose money. I sold it to him for a tenth of what it costs today. But I'm proud to say that that piece of land I had is the only one in the zone, as an island, that does not have any eucalyptus. And the rest, it is all planted [with eucalyptus].

A: All planted?

SP: All is planted. And that is the only piece of land in the area free from trees. That's why I'm telling you that I talk as someone who knows about the question of afforestation... I sold it and moved to Montevideo. I know that the famous afforestation process that was introduced has nothing to do with what the soil of the country is actually about. There is no specific land for trees, maybe there are parts not suitable for agricultural production, but good enough for farm animals, sheep, wool. To produce food, which is what is missing in the world, not paper. There is a criteria imposed in Uruguay, imposed on the colonised heads of our politicians, in which everything that comes from abroad [Europe and USA] is good. And so much so that now we are witnessing a political campaign, in which the main idea to generate work among people is to attract new investors. And the investors who come now are the same as the ones who came 500 years ago. They come to take away the good things and leave the bad things. There nothing else, it's like that here.

Although I had asked about the problems with the forestry law, it is important here to understand that the law was the facilitating factor in the continuity of changes described by the respondent. I chose this part of the interview as the starting point for this section in order to understand the chain of consequences

and impacts on small-scale producers, but also to understand that, despite the impact of the forestry law on the life of the rural population, the plantation of monocultures, and the power of TNCs to create capitalist epistemological conditions that pressure the small-scale producers to sell their land or plant it with eucalyptus, people still resist in different ways. Nevertheless, it is important here to highlight the main points of this quotation that illustrate much of the main impacts of afforestation in the rural population. First of all, the legal seems not only to have given priority to investors in the forestry sector, but also to have become a model changing the known conditions of the rural population in terms of agricultural production as a way of life.

It means the modification of the way of life of the non-powerful, the integration of daily life and the life world according to new forms of circulation of capital. As I already argued with Harvey's concept of "embeddedness" and Marx's "elastic powers of capital", the setting of juridical frameworks allows the process of internalisation, under economic pressure, of small-scale producers and farmers to adapt to new conditions established by periodically changing formations of new models for capital accumulation. In this case, it is the model of afforestation that conditions the small-scale producers to a point of acting according to the new norms that can be summarised as: "plant, sell to us or lose money". The process of internalisation of these social relations under such violent structural conditions not only produces social consequences in general, such as broken life projects and/or a threat on living standards or even pauperisation, it also creates and reproduces the necessary social conditions for the historical continuity of capital accumulation and expansion.

The second point is that, although the settings established create advantages for TNCs, people try to resist such violent pressures in different ways. In this quotation, his way was not to sell to the forestry corporations, and accepting the consequences of not getting a fair price for his land. The setting of conditions that follows from these large capital investments is part of the dispossession of rights and conditions, which economically disempower non-powerful people for the purposes of capital accumulation, a good example of which Harvey denotes as accumulation by dispossession.

There are other examples of resistance among small-scale producers that will be highlighted later on. The third point is the understanding of continuing the history of accumulation as part of the North-South relationship. A relationship that is often present in the understanding of the small-scale producers and farmers, who not only see it as the traditional economic exploitation of the colonialist North in the regions of the South, but that is also understood in

relation to the socio-environment these small-scale producers and farmers live in. In a series of interviews undertaken in 2007 by the organisation REDES-Amigos de la Tierra[442] in Uruguay with small-scale rural producers, rural workers, rural teachers and farmers regarding their experiences with the process of afforestation in Uruguay, a farmer in Cerro Alegre, a small rural area where the afforestation is intensive, explains the following:

> I think they took a very wrong path. These people are very wrong. They don't live in the reality being living in the countryside. Because what other major witness is there other than the people who live in the countryside, because we sleep and wake up on this land and we know the reality of things. And they are there on the asphalt suddenly saying things that they have read in books out there, but here it is not like that. They are confused. This must be stopped, not even one eucalyptus plant more or Uruguay will fall into the hands of multinationals and we, the producers, are going to disappear… because we are very few now in the area. We are very few and because we have been very stubborn… because we… we love the land, we really love the land and we don't want to see it destroyed by afforestation, which will be lifelong. And what will we leave to our grandchildren, our children and all the new generations? And we talk about a productive country? That's bad. It's not a productive country. It is a destroyed country.[443]

For the farmer, it is not only a question of the work and production he may lose due to the afforestation, but also the imposition of practical knowledge about the way land as a resource must be organised, i.e. according to the model of afforestation for the accumulation of capital, and not for the socio-environmental relations of communities trying to survive by becoming "stubborn". In this quotation, the farmer expresses that he knows that "multinationals" are there in order to continue such a project that "will be lifelong" and, as in the interview carried out in Gualeguaychú with a protester

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[442] The organisation REDES-Amigos de la Tierra, a socio-ecologic NGO in Uruguay and a member of Friends of the Earth International, undertook several interviews with the Uruguayan rural population where the afforestation has taken place, i.e. with small rural producers, farmers, day-workers, teachers in the small villages and forestry workers. All of them explain their relationship and experiences of the afforestation process in relation to their work and professions. The interviews have been video recorded and are shown in a kind of documentary in which only the interviews are shown. It means that there is no commentator or spoken guide framing the interviews. I have used these recorded interviews by REDES-Amigos de la Tierra as part of the empirical material found during my research as documented stories and experiences of people who, due to my limited time and the scope of the field work, I could not reach in person. However, most of the experiences in this recorded interview-documentary are very close to the ones I obtained in my interviews in Fray Bentos and even are in line with the results of other studies about the process of afforestation in different sectors, i.e. labour conditions, demography, trade unions. Therefore I use them as part of the empirical material in this section. The quotations from these interviews will be specified as: "REDES-Amigos de la Tierra, interviews in "Impacto de la forestación en Uruguay"". The recorded interview-documentary with the title "Impacto de la forestación en Uruguay" can be seen in: http://www.youtube.com/watch?v=DgrV-ezsk4s

[443] REDES-Amigos de la Tierra, interviews in "Impacto de la forestación en Uruguay".

blockading the bridge, the question of "what we are going to leave to our next generations?" is part of the driving force behind the struggle against such an imposition. But this question is not only about economic factors; it is also about what kind of environment, knowledge and social relations "we" are going to mark and leave to our next generations. It is part of an awareness which emerged as part of the struggle against dominant agents. In another interview with a small-scale producer in San Gregorio, Tacuarembo, he states:

> Those who know a little bit of the reality of being in the countryside, of everything that a piece of land produces, and know on the other side the effects the covering of trees produces ... I mean, it's not convincing at all. Of course, you open a magazine from Botnia or Ence, or whatever... you see that they have the latest generation machines, the workers are well trained, they are constructing a little village that is arranged around the factories and everything else... this is an impact that at the first sight you think is fabulous, but actually the reality is quite different.[444]

In the last two quotations, the question of reality is related to the effects of the afforestation on the environment that affects the small producers in a negative manner. The small-scale producers are often farmers with small dairy productions, farm animals or small agricultural areas for the production of different vegetables. The impact of the afforestation is also situated in the lack of water supplies of the areas where eucalyptus monocultures surround the small-scale producers' fields. If land has no water, the value of the land decreases and the small farmers' own production is affected, which makes it hard for the small-scale producer to sell land or products and even to stay, due to the lack of water.

The impact of afforestation of eucalyptus monoculture on water resources is a crucial problem that has been affecting not only small producers, i.e. the dairy production, but also the fauna and flora, i.e. the biological diversity of the rural space. Besides the amount of research carried out within this area,[445] there is an

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[444] Idem.

[445] See for example: Pérez Arrarte, Carlos (1993) "Desarrollo forestal? Una aproximación convencional", in Pérez Arrarte, Carlos (1993). Desarrollo Forestal y Medio Ambiente. Montevideo: Centro Interdisciplinario de estudios sobre el Desarrollo (CIEDUR); Jobbágy, E.G, et.al. (2006). Forestación en pastizales: Hacia una vision integral de sus oportunidades y costos ecológicos. Agrociencia (2006), Vol. X, N° 2, p. 109-124.; Perez Arrarte, Carlos (2007). Plantaciones Forestales e Impactos sobre el Ciclo de Agua. Un análisis a partir del desarrollo de las plantaciones en Uruguay. Montevideo: Grupo Guatubira. These three studies point mainly to two problems with the afforestation of one species of tree, in this case the monoculture of eucalyptus: the high consumption of water of the eucalyptus tree and the acidification of the soil in large areas of monoculture. These two impacts, specially the acidification, become a central problem for future use of the soil due to its erosion and the impact on its biological diversity. In the Jobbágy et al.'s study, a group of researchers from the area of environmental studies, biology, agronomy and social

enormous number of testimonies collected by different Uruguayan socio-environmental NGOs over more than a decade regarding the question of the lack of water that many farmers, surrounded by monocultures, have experienced. One of these testimonies was given in 2009 in the area of Paysandú, by the regular monitoring of the Grupo Guayubira in the rural areas of Uruguay. In this case it is a farmer, who has 40 hectares of land and has been surrounded by the afforestation:

> The forest company killed our production; water basins and holes are disappearing. Water streams that have never been dry are today empty of water. The lowlands that they could not forest at the beginning of the afforestation because there was a lot of water, are today empty of water. The trees suck in all the water. They started to plant here in 2005 and already in 2008 the drought started, and today it is even worse.[446]

In another interview with a small-scale dairy producer, he tells about the direct consequences of the lack of water:

> I'm very aware of what exactly happened here. We started to run out of water. First I tried to dig a hole to get to the ground water, and that means bringing other people here [for labour] and a lot of costs… and of course, with direct consequences on the production because the cows must drink water, and this is a very little production. I mean, I cannot wash well… I don't know… all those kinds of things… with little water it becomes very complicated… so… Later on we dug a second hole that lasted two years and dried out. After that we dug a third hole and it was the same. And after that we dug another one, very very deep, that one is still giving us water… that has endured until now …There was a drought, that some old people around here used to tell us about…in 1948…and they commented that the water level in the wells went down a bit. The drought affected the pastures, but the groundwater generally went down a bit, but not like this… I mean this is people with life experience without any degree or title, but they are very clear that this [the drought] is an effect of the afforestation. What happened to me, it has happened to a lot of people… the problem is that all of these people are disappearing as producers. Well, that was the first impact, all the neighbours started to study everything and were curious to know why… how this afforestation appeared, and from there we started to process the information.[447]

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sciences, the results show: "Forest plantations acidify the soil and stream water holding basins, due to high accumulation of cations (primarily calcium and magnesium) in the tree biomass. However, the magnitude of the impact of these changes on the accumulation of aluminium (toxic) in soil and water is still uncertain, but deserves attention" (Jobbágy, E.G., et.al. Op.Cit., p. 121.), (my translation).

[446] A representative of the NGO Grupo Guayubira handed me this document when I was doing the interviews in Montevideo, during my fieldwork. As a testimony, there are several others from all the areas where there are monocultures. Some testimonies are even from the beginning of 1990s.

[447] REDES-Amigos de la Tierra, interviews in "Impacto de la forestación en Uruguay".

This quotation highlights important issues regarding the impact of afforestation for the production of pulp on small-scale producers. It is not only an economic issue, but also creates insecurity about the future. For his cows to be able to survive, they must drink water and so the economic savings from his work must be directed at the problems that the effects of afforestation create, i.e. digging holes to get water. Therefore, there is a need to create local mobility and a personal understanding of the afforestation projects that are transforming the environmental conditions in which people have created their lives. This is part of an understanding about capitalism with colonial designs in which people's senses and limits to accept and/or resist lies at the edge of their relational character with their environment.

Demonstration against afforestation of monocultures in Uruguay. "Uruguay! The country is in danger. Stop the afforestation. Yes to productive diversity. No to the afforestation of monocultures" (Source: http://servindi.org).

Another point is situated knowledge whereby people understand that the lack of water is a consequence of the afforestation (by experienced older population), something that the forestry corporations do not take into

account.[448] Nevertheless, the municipalities have been distributing water supplies to all the localities where there is a lack of water.

In an interview I carried out in Fray Bentos with the teacher, he commented about the consequences of the afforestation since the promulgation of the forestry law and pointed to several impacts of socio-environmental concerns:

> The people never know what happens when a law is promulgated. They always tell you that it's going to produce job opportunities, then they started the afforestation and they started to kill ants in the areas, they cleaned the areas and of course during this period, a lot of people gained jobs… And then you start to understand, you know… that this was not the reality… I have been around looking at the plantations. I did not go out any more after that visit. It gives me a fever to go to the places where I was as a kid and see them full of eucalyptus. The displacement of people, the small land properties that were sold, the loss of occupations, the question of the water… I don't know… for me the politicians are a bunch of cynics.

The model of constructing expectations around job opportunities and better futures can be a feature of the way TNCs and the state prepare the field of acceptance among the population that is already immersed in economic difficulties. It is a known strategy among politicians and corporations that it is difficult to tackle if there is already a lack of jobs and economic resources. The job opportunities that these TNCs, such as Botnia/UPM, provide are limited to a certain period of time, and after that period, the rate of unemployment increases, and with that several social outcomes follow. As the teacher points out, these social outcomes merge with the effects of afforestation: "The displacement of people, the small land properties that were sold, the loss of occupations, the question of water". In another interview with a small-scale rural producer in Tacuarembo, he comments:

> The best land for the production of meat to produce calves is today occupied by the afforestation. They gave sector advantages to the forestry that were not given to us producers. Here near Roncha, about 10,000 hectares were planted around a land property I had. As the trees grow, well… you start to have problems of water consumption, streams are cut, sources of water dry out, springs where you couldn't even go by horse now you can drive with a car… so it is… you start to

[448] In the yearly public summary that Botnia/UPM and Forestal Oriental publishes, they don't mention any problem regarding the lack of water that many of the rural populations are experiencing in the areas where these corporations have plantations. In the summary of 2011, they declare regarding the water resources: "The water resource is one of the most valuable available to the country, and its preservation is also a priority in the scheme of forest management, thereby avoiding tillage in areas near streams, application of agrochemicals, spills fuel and other operations that clearly can affect water quality" UPM and Forestal Oriental (2011). Resumen Público del Plan de Manejo Forestal del Grupo de Certificación. Documentos Generales. Identificación DG-009, Fecha 2011-05-03, p. 10 (it can be downloaded at: www.upmuruguay.com.uy)

> understand that this is a serious thing, right? Multinationals ... practically ... I understand that—I don't know if I'm right or wrong—they have taken the water through the timber... and we are selling the country.[449]

For the small-scale producers surrounded by eucalyptus monoculture, the conditions established by the forestry law did not help them. On the contrary, it helped the forestry sector in which TNCs, such as Forestal Oriental as one of the most important companies (belongs to Botnia/UPM), gained facilities that the small-scale producer did not, and on top of that, the drainage of water which is consumed by the monocultures leaves the small-scale producers in a state of impoverishment. Under such conditions displacement, selling their land to the forestry corporations or staying by trying to resist or survive, are part of the method of appropriation by dispossession inscribed in, and actively constructing, the uneven geographical development of capitalism.

In another interview with a peasant who works as a day-worker on the monoculture in the area of La Paloma—the district of Durazno, he explains the situation for him and many of his colleagues:

> We never thought that it was going to have as many hectares of planted pines ... no ... never thought of that ... what we thought was that there would be some fields suitable for pines... but never on fields suitable for agricultural production... never fields where you can raise livestock and where there are now planted pines... no, that not... I don't know how they allowed that... and here I tell you... maybe we don't have the best comforts, but as long as you have a piece of land you won't experience hunger... and now where there is a farm, where there are pine and eucalyptus, there are no animals, not even an armadillo, nothing walks there... I mean... because there is no water... no grass, no nothing ... I mean ... not even insects... I mean everything that walks goes away. The other day I said "What are we going to do with the eucalyptus?" Our families will die of hunger because we don't know anything else. For example, I know how to tame horses, I mean, I know many things about the countryside, but tomorrow or after tomorrow I will have to start with that or with another thing. But I am sorry for my teammates, we are fighting together in the field every day, walking with animals and we know one thing and another and we see the soil. You know, now in the working season, there are those working 15 days and then they have to go because the work on the plantation of pines is finished and they don't have any other work, or don't have anywhere to work and have a family. That is very sad. It's something that is very sad.[450]

For the day-worker, the problem goes even deeper. The threat of not being able to survive or even experience hunger because the conditions of the countryside

[449] REDES-Amigos de la Tierra, interviews in "Impacto de la forestación en Uruguay".
[450] Idem.

where he and the families and colleagues have lived, worked and gained knowledge and understanding of this particular rural socio-environment have changed dramatically. This is a present condition of the models of capitalist logics appropriating basic resources. It means appropriating land and natural resources such as water and soil, and as a result the fauna and flora, food for many peasants and farmers colonised in the process of foreignisation of land and capital accumulation. Work opportunities, as he states, are also very unstable for day-workers due to the limited working periods on the monocultures. In light of these insights, I will introduce in the following section an analysis of discourse on the conditions of employment in the monocultures, the problems that people face in trying to organise themselves into trade unions, and the environmental impact of the monocultures.

Demography, forestry workers, and the conditions of (un)employment

The social group working in the agricultural/cattle area was the traditional poor rural population during the history of the rural population and the system of *latifundios* in Uruguay. The emergence of afforestation in large areas for supplying wood for the production of pulp as a project of foreign investment, such those projects created by Botnia/UPM and their associates, has led to the emergence of a new social group poorer that the traditional group under the social and environmental conditions of this kind of job creation. It seems that, while this system creates very poor groups, it also creates very big owners, as pointed out above. In an interview with a representative of Grupo Guayubira, an NGO that periodically monitors the socio-environmental conditions of the rural population in Uruguay, she explains how she sees the consequences of such job opportunities:

> Many people are moved around... and what we have found is that people often say: “It’s what we have", "It’s the work there is...", "the forestry firms give us work" etc. And of course... it is people who tell you: “Look, to earn monthly salaries of 6000/7000 pesos [around 300/350 USD] in this forestry system and to earn 3000/3500 pesos [around 150/200 USD] on an *estancia* [large farm], is not an option”. But at least is an *estancia* and at the *estancia* the owner gives you some cattle, meat to eat, you have a house, you are in the countryside and live there in the area with your family. That's another topic, uprooting and disarming the rural family because the husband or older sons go to work and the women stay there for a while. Then what happens is that those salaries are very good at the time, if you compare between 3000 and 7000 or maybe 10,000 pesos in some cases, suddenly it seems a lot, but if there is a storm, rainy days or for some reason you cannot work, you don’t get paid. And they even charge for the food and accommodation, plus expenses... In the field or where groups of workers [groups between 6 and 10 persons are formed to work on different areas of the

> plantations undertaking different activities] are located, the food that is sold there is more expensive and often it's provided by the same contractor at higher prices than at a common store. Many times these workers receive a salary in the negative, which means they owe money to the contractor. That worker no longer has money to send to his family and he remains more dependent on the contractor who employs him. These men are in the field and the families go to the city, single women with children, there is … beyond an uprooting of the rural family, there is a disintegration of the relational fabric of families.

There are several important points in this quotation that illustrate conditions on which social relations are created under the forms of these work opportunities. Although job opportunities have increased in this area, at the same time there has been an increasing of poverty conditions among the forestry workers, as well as the creation of few very big owners—*the new geophagous*—on very large areas of land. In this case, these forestry workers are paid even more than the traditional poor population of the agricultural/cattle area, but they are more exposed to conditions of poverty and in some cases even to a point of "paying to work".

However, it is also important here to highlight the consequences of these conditions in relation to the effects on kinship. The conditions organise labour relations or social relations in general, but also the forms of kinship relations in the rural area, as the respondent said "a disintegration of the relational fabric of families". Another important point is the situation of dependency the forestry workers have to the contractors regarding money, food, water etc., and the continual moving of workers to different places, which makes it possible for the contractors to impose any conditions they want.

This situation is exemplified in the following interview, in 2007, with a forestry worker who represents SOIMA, the Uruguayan union of the forestry and wood sectors.

> Well, the forestry worker today, in most cases, is in a precarious situation and in some cases even slavery, because … for example, recently a firm was closed… of Rodriguez, but as such there are many… where they charge you for the meal, they were … practically it was as if the workers had to pay to work. Well, in some places workers live in a tent… and as I told you, for example, you have to pay to work, and that is slavery… and in conditions of bad hygiene and safety. I told you today about a firm that was closed; it was closed because workers didn't even have drinking water in the fields where they were working, not even good communication roads that they need, fast transportation if a worker gets injured or something happens… and I make it clear that in this case, these workers were felling [trees]… The vast majority of these firms are multinationals, supposedly they are North Americans, Chileans … Dutch … I say supposedly because they are

> all Public Limited Companies [consolidated by anonymous shareholders]. Afforestation is really far from the productive country we were promised.[451]

In another interview I have carried out with a high-ranking representative of the Uruguayan union of paper, he gives a similar description of the conditions of forestry labour:

> Now, even today I can guarantee you—because we have visited some [forestry] fields and entered these places—there are still people working in subhuman conditions. Even if they have chainsaws and a barrel of fuel now, and they no longer cut the trees with an axe or a machete, they are still under these conditions. And another problem today is that with the whole process of job training came all these service providers, outsourcing firms etc. They contract one another and they "wash their hands" of it by saying "I have nothing to do with that, I only laid the track", "It's not my problem how they put the timber on the track" etc. So such issues are happening… And of course, for these firms, if the workers eat grass or meat, for them it is the same. I mean, there are still people with perverted heads here and they are very perverted and many times could be called "sons of bitches", forgive me the term, but some of the firms that come to settle here and that we also have special links with…I mean, be careful.

I encountered descriptions of forestry workers as being in conditions of slavery or, as the paper unionist said, "subhuman conditions" in several dialogues during my fieldwork. These kinds of conditions do not create themselves within the work place or situation, but must be seen in relation to the history of capitalist logics. It means that the social structures of *latifundios*, as I have already argued, created specific conditions of vulnerability among the rural population by ridding people of the possibilities to access juridical, social, political and epistemological instruments against the rights of supremacy whereby the continuity of the capitalist spectator limits the understandings of reality and priories specific meanings of social relations. Limits are created in the possibility of the contractor to take away the already known condition of the worker — although it is a slavery-like form of labour — in which the workers have created social relations and attachments in an isolated environment away from family bonds, where they can create an understanding of "better to have this work than the unknown possibilities of unemployment". In relation to this, the possibility is very high that most of the workers felling trees or planting in the fields will be under irregular forms or under contracts that hold them in precarious conditions. This point is confirmed by the studies completed in 2007 and 2009 on the rural labour of the firm Botnia/UPM.

[451] REDES-Amigos de la Tierra, interviews in "Impacto de la forestación en Uruguay".

SOIMA—Sindicato Obrero de la Industria de la Madera y Anexos[452]—is the union for forestry and woodworkers in Uruguay was founded in 1907, a historical organisation of the working classes. Although Uruguay's main historical production was within the cattle sector, the SOIMA covered all those workers in the wood industries for different labour sectors, i.e. material for house construction, panels, furnishings etc. Labour was connected to these industries and it was possible to unionise the workforce within the forestry sector. It was with the arrival of the afforestation of eucalyptus monoculture for the production of pulp that the SOIMA started to have some important problems in the unionisation of forestry labour. In an interview with the President of SOIMA in Uruguay, when I asked what kind of program they have in order to organise the forestry workers, he said:

> PS: SOIMA is not only about forestry. SOIMA has to do with all production of wood furnishings, with sawmills, panel production and so on, and a group that deals with afforestation. Well, difficulties within the SOIMA, we have a lot of them of every kind. I mean, there is a reason for that. In the 1980s, 1990s there was a crisis of production… with the question of globalisation, the liberalisation of the market and all that… and the industry here practically disappeared. We instead became consumers of imported products, and of course this had an impact on the furnishing industry and other suppliers. The same happened with the sawmills. They ceased to exist. And during that time, afforestation started to appear. So the first problem we had with unionising the forestry workers was simply that there weren't any. This means, there were groups of rural workers who started to appear working here and there, and as they appeared they disappeared…. Because they planted the eucalyptus and then it takes time… maybe six or seven years and then they appeared to collect it, so there were more workers then. So under those conditions, all was black labour and we didn't have any regulations regarding this kind of labour. There were no salary assemblies, no labour regulation, nothing. It was during the 1990s… I mean it was like the law of the jungle… it was terrible. So there, in the forest, nobody knew who was in charge. Anything could happen there. But from 1999 on, things started to change slowly, some possibilities for industries within the wood sector started to appear and later on the sawmills started again. And it is under these kinds of industries that we could start to unionise the workers a bit more. However, a new phenomenon started to appear that we didn't have any manual for, and that we experienced very close at hand, which meant that we could not unionise the forestry workers, besides those who worked in the greenhouses, which are like factories. And even now it is not easy. So in this case, there are a lot of problems also with the plantation itself. To use the trees for pulp, you have to peel it back, take off the bark. So when there is a drought, it is impossible to peel it. You have to suspend the harvest. And that means thousands and thousands of workers who cannot wait until the next harvest, because they have to eat and don't have any savings. So you take whatever you can get… So people become smugglers… I don't know… they migrate to the surroundings of the city in poverty conditions.

[452] Labour Union of the Wood Industry and Annexes

> And then coming back to the rural life is another story. So it is very difficult to unionise.

Under these conditions, the possibilities for working without a union is more possible than having the union as a guarantee for labour rights. It means conditions of labour are already implanted in the way the forestry industry can work and make a profit. In my question about salaries, he explained:

> A: Can you tell me about the question of salaries? How much do you get working in afforestation, cutting trees?
>
> PS: The salary today, for a forestry worker, is 29 pesos [around 1.5 USD]. So it is very low here in Uruguay.
>
> A: 29 pesos, per day or per hour?
>
> PS: 29 pesos per hour multiplied by eight hours…, yes, 240 pesos a day… so it is a very low salary today for Uruguay, because then you have to eat etc…
>
> A: Excuse me, is that the legal salary?
>
> PS: Yes, that's the legal, which is the minimum. That's the minimum. You cannot get less than that. However, when you are at the place, you negotiate. So for that money, people don't go to work. They don't go because is not enough to survive. All the sacrifice they have to make, transport, hard work and then coming back home… with all the things you need to support a family, food etc… because you have to eat well. It's a hard job… otherwise you don't survive it. So if they don't pay them illegally, they don't work, or they obligated to work and then they leave.
>
> A: And how much do you get illegally?
>
> PS: Well, the illegal salary… there they pay you based on piecework… and maybe you can get, depending on the worker's condition and knowledge of the labour and the area… well maybe 600-700 pesos a day… but you don't get much anyway… the rainy days or other days you cannot work, they don't pay you. So at the end of the month, you don't have much left… I mean the companies work… The system is very perverse and well planned… I mean if we take Botnia/UPM… they don't have more than 300 workers, and I mean not in the mill. Forestal Oriental have 300 workers on their legal list.
>
> A: Legally, on their official list?
>
> PS: Yes, in their list. Now, how can it be—nobody asks—but how can it be that they produce such enormous amount of wood to feed Botnia [the pulp mill] with 300 workers? So where are the others? Where do they come from? All that, nobody controls it. So what is the system?
>
> A: The subcontractors?

> PS: The subcontractors. But the subcontractors end up in individual contracts with a saw machine. So, this subcontractor contracts several individuals and so on… Of course, at the end of the day there are thousands like this. But on the official list, which is handed to the government, they don't appear. So, the system of subcontracts is terrible… and at the same time it is legal… the problem is that there is no controls so it can happen whatever…. And this system, all this space in black and irregular… of course, it is the only way to maintain such an enterprise…

In summary, the impact of afforestation appears here as related to the process of concentration and foreignisation of land that affects more than ever before given the conditions of environment and social relations.

Conclusion

The changing conditions of the rural space, with its relational connotations, suggest that there is an impoverishment of the rural population among specific sectors related to the afforestation process, which has created an even poorer group than the set of traditional rural unskilled workers in the area of agriculture/cattle production and, at the other extreme, it consolidates the very big owner of land and capital, the *new geophagous*.

I think it is important to understand the role of the TNCs in this case study of Botnia/UPM with its company Forestal Oriental as part of an organisation of capital that set up a system to enable them to show their commitment to contemporary international and national regulations in terms of labour, the environment and gender equality, and at the same time to continue the intense exploitation of labour power, the environment and gender relations through the global logics of coloniality and through the patterns of internal colonialism in which the forms of exploitation are no longer directly conducted by those in power, but indirectly now by its "field operators", i.e. the subcontractors, outsourcing firms and "business men".

Under these conditions, the possibilities for unionisation of the forestry labour become more of a problem for the workers in need of money. This problem is reflected in specific, but very important, parts of the chain of production, as it is here that the labour power operates under very precarious conditions—almost like a form of slave labour power—and with very low salaries, focusing on the eucalyptus monocultures for the production of pulp, which is destined for the production of paper as an important commodity quoted on the international

stock exchanges dominating global trading, i.e. the New York, London and the Hong Kong stock exchanges.[453]

[453] See article: The List: The Next Most Powerful Stock Exchange., Foreign Policy (13 november, 2006).

11. The formation of resistance

When analyzing the operations and the presence of TNCs in the places they settle their businesses, and the way this affects the social relations of these places, it is important to understand that these TNCs do not operate in a historical and geopolitical vacuum. Rather, they act in a context where the colonial heritage (in this case, Latin America) where they settle, their economic power and the support of international policies of economic and political regulations, make them powerful enough to determinate through their presence, absence and migration, the economic situations of many countries in the South. As Ornelas argues, "The dependency, therefore, derives not only from the insertion of foreign capitals but also from the 'lack' of them".[454] This point is important because it reflects how the presence of the TNCs may create an ambiguous state of "normality", as well as contradictions and conflicts in the political, social and economic life of these countries. Once they agree to invest, they act within the "normality" of capitalist societies and they reproduce this "normality" by doing "their business" according to the agreements settled with the host state.

However, this "normality" is, for some sectors of society, only a matter of "business" like any other social practice; some of them create business out of these TNCs, and for other sectors more directly affected by these TNCs activities, the result may be devastation of their own labour productivity, environmental degradation, dispossession of land and labour, unemployment and poverty. It is under this kind of situation that socioeconomic and political struggles, negotiations and alliances form part of the impact of TNCs, which create different social and political tensions in society where positions of domination and resistance are adopted around these TNCs politics of practice. These tensions and positions are the object of study for this sixth and final empirical chapter.

It is not only important to understand the way these TNCs organise productivity (labour, exploitation of natural resources, labour force etc.) in the areas where they settle, but also to delineate the way TNCs relate to the communities where they operate. This means, from the perspective of the theory of hegemony, that TNCs must construct social leadership to consolidate legitimacy among the communities in order to be accepted as beneficial contributors.

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[454] Ornelas, R., Op.Cit., p. 147.

The mobilization

In this following section, an account of how local resistance started to form against Botnia will be given. It will illustrate the interplay between the steps taken by the TNC and the responses of the people during various stages of the process. Through strategies such as gathering information, finding alliances, joining forces to assert the issue — especially its environmental aspects — as a central concern for Uruguay, social movements were able to mobilize. Let us turn first to an interview with one of the activists:

> A: So you have played a part since the beginning... Did you belong to any organisation? Or was it a personal initiative?
>
> OJ: No, no... it was like an accident. We began with a reaction or opposition to a factory that was planning to settle here...
>
> A: Who were you?
>
> OJ: We were just a few...
>
> A: Were you organised as a group?
>
> OJ: No, no, we were not organised. We started later with the organisation. We were neighbours, we were friends who attended a public hearing that was trying to authorise... that was going to give prior approval to "Transpapel" which was another paper mill and recycling of waste paper. And there our work began.
>
> A: When was that?
>
> OJ: 96... In the year 96. I can tell you that because we were going through some papers recently. I'm trying to see if I can do a project, a book, anything with a bit of history about how it was, otherwise it will be forgotten.
>
> A: So, the organisation MOVITDES was created in protest against that paper mill?
>
> OJ: Yes, against "Transpapel".
>
> A: What happened to that paper mill?
>
> OJ: It did not materialise.
>
> A: Why?
>
> J: We do not know if the resistance against that project had an impact... The Spanish [TNC] decided not to settle here, but instead they tried to settle in Conchillas later [south west on the shores of the Rio de la Plata]... Well it was not known whether it was Spanish capital, Austrian or American, but there was a man who was the visible face and all of a sudden this man disappeared.

The respondent is one of the women who started to mobilise and organise resistance against toxic industries in her town of Fray Bentos. In the interview, she recalls talking to her friends, neighbours and family about the way of protecting their city against the TNCs' pulp mill projects. As she said, it was a spontaneous reaction at the beginning without organisation and without knowing how to tackle the issue. As she points out, the first time they started was against the "Transpapel" project, a Spanish and Swiss company—Polytechnic Organisation Ltd.—that would invest 535 million USD to establish a pulp mill in the area of Fray Bentos.[455] The company started the legal procedure with the state of Uruguay in 1993 and in 1994, the provincial government of Rio Negro authorised the area to be used for the construction of the mill.[456] Several protests took place in Fray Bentos between 1995 and 1999. While there was the highest rate of unemployment that Fray Bentos had ever experienced (25% in 1995), the main arguments of the protests were based on the environmental impact of the mill in the city and the economic impact on the tourist sector.

Although the arguments to consolidate acceptance for the Transpapel projects were the same as the ones for Botnia several years later—i.e. the creation of job opportunities, no harm to the environment, no contamination of the river, regional growth etc.—the arguments that held out and could win acceptance among some political sectors in the provincial government and the local trade unions were, in fact, about the negative impact the mill could have on the local environment and the tourist sector. It is important to point out that both Fray Bentos and Gualeguaychú had been working together for several years in trying to create marketing based on the good environment of the region for tourism and promoting eco-tourism, in the case of Gualeguaychú a great deal had been invested in infrastructure and developing their own projects for the tourist sector during that decade.[457] The Mayor of Rio Negro during that time had doubts about the positive impact of Transpapel and according to the respondent OJ: "It was not that easy. There were demonstrations and counter-demonstrations, and we had to struggle against the ones that wanted the mill".[458] In 1999, the Spanish-Swiss Transpapel could not continue the project.

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[455] Toller, Veronica (2009). Daños Colaterales: Papeleras, contaminación y resistencia en el río Uruguay. Buenos Aires: Editorial Marea SRL., p. 29.
[456] Santandreu, Alain y Gudynas, Eduardo (1998). Ciudadanía en movimiento: Participación y conflictos ambientales. Montevideo: Centro Latino Americano de Ecologia Social (CLAES), Ediciones Trilce., p. 80.
[457] Colacrai, Miryam (2008). "Las plantas de celulosa sobre el río Uruguay y el rol de los actores subnacionales gubernamentales en la proyección de la Politíca Exterior de lado argentino. Acciones, tensiones políticas y negociaciones diplomáticas", Temas y debates 15, Dossier, Agosto 2008., p. 12.
[458] Toller, V., Op.Cit., p. 30.

In Gualeguaychú there was support for the resistance in Fray Bentos from the Deliberative council of the Uruguay River, a unit that gathered local representatives from Argentinian, Uruguayan and Brazilian coastal municipalities of the river.[459]

However, there was no social movement formed in Gualeguaychú, except some environmental groups, as it was three years later when Ence (the Spanish TNC) and Botnia (the Finnish TNC) prepared the juridical process to start to establish pulp mills in the coastal area of Fray Bentos and collect the harvest of investments made over decades with the monoculture of eucalyptus in the Uruguayan territory. The preparation of resistance against TNCs and the support of the state, wanting to impose socio-environmental change and new economic activities in areas where there is low economic power but access to natural resources, involves different stages that are important in the process of resisting. In the interview the respondent, OJ explained:

> OJ: Moreover... of course, it forced us to. All these issues forced us to inform ourselves, to study, to find out why we were opposed, the reasons why we were opposing accepting this, in order not to fail. So... well ... We knew that behind the monocultures there were factories and these factories, as I said, are toxic, don't create work and the little work they create is almost slave labour. It makes no sense, the cost-benefit does not benefit us, the cost-benefit balance is not favourable to us, to the people [pueblo].
>
> A: What did you do then?
>
> OJ: We use to hold meetings; we invited people to these meetings in Fray Bentos of course. Then, when we connected with the Argentines [Gualeguaychú's environmental groups] we didn't feel so alone. We began to attend their meetings because it was faster for them to organise. I don't know if it was due to the number of people or because of awareness; because the truth is that this awareness in Gualeguaychú did not cost anything to create. It became aware of its own accord and came to the struggle immediately. They did it. For me, they have done it in an exemplary manner.
>
> A: But when was that? I mean, the organisation of Gualeguaychú somehow began when you started the struggle [in Fray Bentos]?
>
> OJ: When the rumours of the two paper mills started ... but it came very fast in around 2002, as you said more or less.
>
> A: What happened between 96 and 2002?
>
> OJ: Well this was a time, a bit... of drifting alone, feeling that people [in Fray Bentos] found it hard to become aware [of the effects of a pulp mill]. In practice,

[459] Idem.

> we found no supporters, that's why I tell you that. When we were invited to Concepcion del Uruguay [a city in Argentina north to Gualeguaychú and on the shores of the Uruguay river] to that Environmental Association meeting, we went and we felt that we found salvation, that there we found people that supported us and that we were soon organised for the struggle...
>
> A: So... what happened?
>
> OJ: No, there is no great mystery or even a rich history because you cannot ask too much of Fray Bentos. Fray Bentos, Montevideo, Mercedes and the whole Uruguay... are like... they don't realise this. For Uruguay, about seven or eight pulp mills were announced; it is a small country. We know very well that these industries will want to have the raw materials at the entrance to the factory, so what does this mean? That they will plant the territory with eucalyptus and pines, which already requires our attention, due to the large expansion in planted land.

As the respondent OJ explains, the main forms of organisation were becoming informed and learning about the kind of business these economic agents were creating in order to understand what they were opposing and why. Another way to organise was to find alliances in different sectors of society and other groups in the region that could forward the knowledge about the TNCs' projects in the area and hold meetings to shape public opinion. It is, however, about the importance of making people aware of the problems such projects can cause in terms of health, environmental issues and socio-economic aspects.

The organisation of resistance in the area of Gualeguaychú and Fray Bentos took a more organised form during 2002 when it was known that the Spanish TNC Ence was preparing to settle in the Fray Bentos area. During the time when Transpapel was trying to settle, the local trade unions through the PIT (Plenario Intersindical—Plenary of Inter-Unions) made clear their opposition to such a project. In 2002, first with the coming of Ence and then with Botnia, the association of teachers of Rio Negro (Asociación de maestros de Rio Negro), which acts in part as a local trade union for the teachers of the province of Rio Negro, was the first to alert people about these two upcoming projects. This was then discussed at the inter-union plenary session in Fray Bentos and later on taken to the general national assembly of trade unions (PIT-CNT):

> MRN: What I can tell you is that the trade unions played their role at the beginning. Because this doesn't start now [with Botnia]. It was not against Botnia, but against Ence... because it already bad records when it came here, so the trade unions, that had already opposed the other mill Transpapel, didn't want it [pulp mills]... so everybody was already motivated to oppose to whatever dirty industry wanted to establish here...

A: So how did you come into this? Were you the first organisation to give the alert?

MRN: Yes, yes… We collected a lot of material [about the TNCs]… The plenary was very united in that time and we developed some documents that we took to the eighth PIT-CNT congress, and the PIT-CNT decided to oppose the project of Ence… because you are not going to be in favour of a TNC that comes to ask for a Free Trade Zone and that doesn't pay for the water it uses… because it uses five times more than the city of Fray Bentos …

During this period, the unity of the local trade unions (PIT) and the national general trade union (PIT-CNT) were against toxic industries. This position of the PIT was unconventional due to a failure to accept a source for the creation of labour, a point that in the beginning could have united different sectors within the local trade unions, but which later became a point of fracture. Nevertheless, during the period of Transpapel, the PIT in Fray Bentos joined forces with the environmentalists:

OJ: Well, here the PIT was against the ventures. They were against Transpapel, Ence and Botnia… now I don't know.

A: So you had some allies?

OJ: Yes, yes… at least I felt it was like this… but now I don't know… the meetings have been diluting things to such a point that now they are very poor in the PIT.

A: Well, tomorrow I will meet Mr. PIT…

OJ: Who? Ahhh… yes, well… I don't know now what Mr. PIT thinks about all this, but I tell you that the PIT was against, but later on it was like some new people started to come to the PIT who supported the cause, but were not so convinced… However, when it came to the case of Transpapel on 10 of May 1996, it was a glorious day for our movement. The PIT gave its full support to our cause and our struggle, and was against the mill. And it was this that attracted attention at a national level because the PIT, as a trade union organisation, was protesting against a possible source of labour… it was like a contradiction.

A: Do you remember why they were against?

OJ: For the same reasons as we were, because the contamination, the lack of labour that it would produce and the salaries. I mean, it wasn't so much about thought. I tell you that at a national level, the decision of the PIT in Fray Bentos attracted attention. I mean, to be against a source of labour…

A: Well, against a source of labour… I have been hearing from different trade unions that as long it provides labour…

> OJ: You see! In that moment, they didn't care that it facilitated the creation of labour. The main issue was that it contaminated, and if it contaminates, then… no. But now there are other people in the PIT, things have changed and the times also… but well…

This reflected the position of the inter-union in Fray Bentos which, together with environmental movements such as Movitdes and Guayubira, could mobilise several people during the first hearing that the DINAMA (the Ministry of the Environment) and Ence organised in July 2003 in order to inform the people of Fray Bentos about the project and to process the pre-environmental authorisation (Autorización Ambiental Previa).[460]

According to Toller (2009), the participation in this hearing was 500 people; among them were the PIT and environmentalist groups from Fray Bentos, Gualeguaychú and other parts of the region.[461] It is important to highlight that the position of the trade unions until then had been focused on the problems the agro-forestry had with the soil, the changing conditions of labour in the eucalyptus plantations and the issue of FTZ. They opposed the mills in Fray Bentos as a continuation of the trade unions' criticism against the politics of agro-forestry and FTZ since 1987. In an interview with a representative for the PIT in Fray Bentos, he explains:

> A: OJ told me that you were against the settlement since the beginning … that you were working together on this cause?
>
> PIT: Yes, that's true…
>
> A: Can you tell me a bit about that?
>
> PIT: Yes, actually … well… the trade union movement was decidedly against agro-forestry ventures … for various reasons … due to the effects that it produced primarily on the fields, not only in terms of the massive planting of eucalyptus, but also soybeans and other crops. I mean monocultures that seriously affect the soil. Well the union, the organisation of workers on this side of the Uruguay River, had a very firm position regarding the installation [of the mills]. Now, of course, the idea has evolved according to the changing times. The installation of

[460] The pre-environmental authorisation is a process where the TNC must present to state authorities a study on the environmental and socio-economic impact it would have on the area, and has to gain the approval of the community where it settles. This is why they had to arrange a hearing in the city of Fray Bentos. According to Caballero, this authorisation was never given to Ence. The problem for many of the environmentalist groups was that it was never given in Gualeguaychú in any of the projects, Ence or Botnia, although the socio-economic and environmental impact would affect Gualeguaychú. Caballero, Enrique (2006). Desde el Luna hasta Arroyo Verde: El conflicto por la instalación de las pasteras sobre el Rio Uruguay. General Belgrano: Ediciones Carolina., p. 11.

[461] Toller, V., Op.Cit., p. 31.

> Ence was the first; it built a port in a free trade zone and left; but the national authorities were giving out other free trade zones. We were also strongly against, let's say, the concessions of these free trade zones...

This was a period of time when different groups in Fray Bentos and other parts of the region were cooperating to join opinions and forces in order to stop the projects of the Spanish TNC Ence. However, the position of the trade union was a bit ambivalent in relation "to evolving ideas changing in time" that were linked in part to the union being in favour of the creation of job opportunities, although not under negative environmental conditions, but also as a political player within the on-going preparation for the presidential elections supporting the left-wing candidate for *Frente Amplio*, Tabaré Vázquez. This last point is crucial for understanding the role and the fractures of trade unions in the case of Botnia and the way it changed its positions within this period, from opposition (to Transpapel and Ence) to acceptance of the Botnia project.

Since the very first pulp mill projects, the general trade union, PIT-CNT, as well as the Fray Bentos PIT, were clear on their position against these projects. The centre left party, *Frente Amplio*, was also critical during this period as opposed to the indiscriminate subsidies for plantations of monocultures over many years.[462] However, *Frente Amplio* and the PIT-CNT, together with other social movements, joined forces in order to win the election in 2004. Botnia/UPM had already promoted the creation of thousands of job opportunities, which made it impossible for any party to turn down. The right-wing parties had already agreed to continue with the Botnia/UPM project and *Frente Amplio* had to compromise in order to not turn down several job opportunities and risk losing the elections.

The PIT-CNT held a congress to oppose the settlement of these pulp mills and the relationship with *Frente Amplio* has been historically supportive. Within the PIT-CNT, the decision of *Frente Amplio* was unexpected. However, the outcome of this political manoeuvre is reflected in the acceptance of the PIT-CNT's Botnia/UPM project *but under harsher environmental state regulations* and the state and corporation's periodic monitoring of the mill's environmental impact. Although there were still sectors of the union that opposed this political deal, these were minimised when Botnia/UPM started the construction of the mill in Fray Bentos. It was impossible for any trade unionist in such a situation to oppose thousands of labour possibilities, especially within the construction and metal sector.

[462] Graña, F. Op.Cit., p. 77.

Nevertheless, the different social groups organising protests and demonstrations in Fray Bentos were intensified during 2004. The creation of relations between Movitdes from Fray Bentos and other environmental movements and NGOs of the region (Gualeguaychú and other parts of Argentina and Uruguay) resulted in a more organised movement in Gualeguaychú and the visiting of activists to the city of Fray Bentos to show their concern. The movement in Gualeguaychú prepared the basis for the organisation under the name *Vecinos Autoconvocados* (self-organised neighbours) that started to meet at assemblies, which became known later on as The Gualeguaychú Assembly (Asamblea de Gualeguaychú), and this was taken to be the official name.

This mobilisation resulted in a procession of 1500 people starting in Gualeguaychú and heading to Fray Bentos to demonstrate against the political acceptance of Ence in the province of Rio Negro in Uruguay. Only 50 people from Gualeguaychú came to the protest in Fray Bentos. The rest were stopped at the border. This was the first blockade of the bridge. The rest of the protesters came to the main square in front of the town council of Rio Negro in Fray Bentos, and they were met by a counter demonstration where the main message was "Do not interfere in our sovereignty".[463] The mayor of Rio Negro even said of these demonstrations that: "the Uruguayan people and its authorities have the obligation to defend the sovereignty, and in that way, to sustain the autonomy to decide on the investments, actions or politics that are implemented within its internal borders".[464] It is under this process that social fracture between Fray Bentos and Gualeguaychú, between Uruguay and Argentina, started to take shape, mainly in nationalist discourses that created antagonism, not only socially but also now politically.

Hence, the internal fracture in Fray Bentos created marginalisation and exclusion against the groups of resistance and its members. The Spanish TNC Ence retired from the project and postponed it in time to another area—Colonia. At the same time, Botnia continued with the mill project and the resistance in Gualeguaychú reorganised to increase the number of blockades on the bridge. When I meet OJ for the interview, she declared that it has been very difficult to maintain Movitdes as a movement in Fray Bentos, not only due to the marginalisation and exclusion she and other members have experienced in the city, but also for economic reasons:

[463] Ibid., p. 33.
[464] Idem.

A: And now this organisation… what is happening? It still active?

OJ: No, no… not very active because we really cannot go into the struggle with toothpicks. It is very difficult to do that against these giants [TNCs]; and the environmentalists, you know, they have their problems. Nobody gives them money. We had a little help from the Greengrand, an organisation. And we spent those bucks especially on the printing and stuff, because if you don't, you have to use money from your own pockets…

A: But your base is environmental… or do you have another?

OJ: No, no… our base is environmental. But not very extreme. We are not exaggerated. No, we don't have drastic politics…we are more flexible. We know that everything contaminates and we know that everybody contaminates too, so… we also support politics for the creation of labour and for development.

A: So what happens now?

OJ: I feel very lonely with all this [the struggle] and my purpose now is leave [Fray Bentos] and to fix the selling of the house, which is not very easy. There are no candidates on this market for selling or renting. And it makes me a bit sad because it has been a life project here… and it is a nice house…

A: Sorry to ask you, but… Are you doing this for personal reasons or is because of all these issues?

OJ: It is because of this issue, I feel isolated. I mean, I don't go out, I like to be at home and I had contacts through my work with my patients, but suddenly people stopped saying hi because of this. People don't say a word, they don't even stop for a conversation, not even "Hi how are you? Long time no see". No, nothing, nothing. Nothing of that. I don't care…

A: It's all because of this?

OJ: Of course! It's because I'm against the mill [Botnia]. I know, I can feel that. It's not a fantasy.

What comes into expression here can be seen as narratives of some of the outcomes of the struggles against hegemonic practices—of this TNC—that affect the way Fray Bentos regulates consensus and conflict, socially and politically. The continuation of the settlement of the pulp mill fractured several relations within organisations, such as the PIT, and caused the exclusion and marginalisation of environmental groups resisting the hegemonic projects that may affect the socio-environment in the community they were part of. It could be argued that hegemonic practices have concrete outcomes that can result in devastating situations for those players (organisations and individuals) who resist, especially for individuals.

However, the collective resistance focuses on the victory of the struggle, in which negotiations, making alliances, repairing fractures, and putting personal bodies in demonstrations, debates and blockades, are part of the politics and culture of resistance. In any other way, the resistance in Fray Bentos wouldn't have created and organised the wider regional movements against Transpapel, Ence and Botnia. Although Botnia settled down here[465] and started its operations, the social movements in this case could influence some of the environmental politics of Uruguay that have conditioned the settlement and operation of Botnia and the pulp mills coming to the region in the future. They not only did this within the environmental policies of the state, but also in the positioning and regulations of the trade unions policies on labour and environment. Moreover, the social movements of the region did influence the state of Argentina to take the case of the settlement of Botnia in Uruguay to the International Court of Justice in The Hague (see chapter one).

To summarise, in the public spaces of Uruguay and Argentina the social movements of the region were able to assert the issue of the environment as a central concern for national politics related to FDI engaged in industrial production, and to pressurise the governments to take a stand in this conflict.

"Asembleistas": a networked and non-hierarchical form of resistance

This section will continue to focus on the formation of resistance, but we will now look closer at the relationship between place an mobilization, and at what type of resistance was made and under what contextual circumstances. As I have already argued, the cities of Fray Bentos and Gualeguaychú have been historically related in different ways. The resistance in Fray Bentos has created spaces of resistance at a regional level through alliances, which challenge national sovereignty when an economic power agent determines the environment and socio-economies of related communities. However, the dynamics of resistance in Gualeguaychú have been different in nature, and allowed the formation of processes of organisation and practices of resistances that gathered people from different places and conditions around a common denominator: "NO to Botnia". In this section, I will highlight some of the Gualeguaychú Assembly features to understand the possibilities of resistance

[465] Botnia was able to settle here because the right-wing government of Jorge Batlle, President of Uruguay between 2000 and 2005, gave pre-environmental authorisation to Botnia on 16 February 2005, and handed over the power to the new left-wing elected President Tabaré Vázquez on 1 March 2005. Toller, V. Ibid., p. 48.

against the capitalist logics of colonial design and the resistance's politics of meaning.

In the interview I conducted at Arroyo Verde[466] with the three protesters, I explained my research project and mentioned the interviews I had carried out with some trade unionists:

> GPW: This is a social conflict; it has nothing to do with the unions. This is just social ... it is the people. Here there are no political issues ... nothing. Politics have no place in our assembly. We are all people. If there are politicians, then politicians do not act as politicians. They must enter our assembly as ordinary citizens and nothing more.
>
> A: I did some interviews in Fray Bentos and there are some people against...[interrupted]
>
> GPW2: Against the blockade.
>
> A: No, against Botnia ...
>
> GPW2: There are people against Botnia!
>
> GPM: There are people against us...
>
> A: That too...
>
> GPW2: There are people against us instead of against Botnia, because we always say that the blockade is the result of Botnia. If Botnia were not here, we wouldn't be here. We would be very relaxed in our homes, or going for nice walks, those of us who are retired so...
>
> [...]
>
> A: How do you see all this... the struggle?
>
> GPW: How do I see it?... I don't do it for me. I have seven grandchildren, I think about them... I mean I'm turning the page... at 67 years old, how much longer could I live? Ten more years, if God allows me... but, what about them [the grandchildren]? Are they going to live in the dirt, in contamination? You can't breathe here, you know... Because this [the contamination] is worse for women than for men. A pregnant woman may have deformed children with this contamination... So if you don't fight for them, who are you going to fight for?

I begin with this particular quotation from the interview because it reflects the main characteristics behind the forms of organisation of resistance in the

[466] Arroyo Verde is the place where the Gualeguaychú Assembly has its meetings and established the blockade. It is placed at the entrance to the international bridge.

Gualeguaychú Assembly. For them, this is a social conflict that needs a collective form of resistance –non-political in the traditional sense. Its fundamental logic is that of a social movement and not of an association, i.e. trade unions, political parties, NGOs, that have a hierarchical form of organisation with a leader or leaders who follow and/or issue orders or policies. As the old woman (GPW) mentions, politics, trade unions, or politicians have no place in this organisation: "They must enter our assembly as ordinary citizens. Nothing more".

It is the common citizen with a common denominator gathering at an assembly under certain rules for dialogue, decision-making, voting and initiative-taking as a form of protest that differentiates this kind of (horizontal) organisation from others of a more traditional (vertical) character. There are no leaders or representatives, but only coordinators who change from time to time according to the voting of those who gather at the meetings. The role of these coordinators is only to organise the talks, meetings, and count the votes for specific resolutions taken at the assembly under democratic forms.

The history of assemblies in different neighbourhoods and localities in Argentina dates back to the end of the 1990s and the beginning of 2000s. The economic and political conditions of the country and an unemployment rate that rose to 30% in 2001 led to the organisation focusing its resistance on urban workers trying to defend their labour, houses and families against the political and economic crises.[467] This period led to the rise of social movements called *piqueteros*, which means a group of ordinary (often unemployed) citizens who organise the protests in the form of deliberate and public blockading routes, streets or important paths in order to make a statement about their social needs and to force the government into negotiations.[468] These kinds of assemblies take public spaces and deliberately adopt a course of action to demonstrate their needs. The goals of the actions are free, autonomous and generated in the same space.[469]

Therefore a main characteristic of the assemblies is civil disobedience and direct forms of action.[470] According to Giarracca and Petz (2007), this is a

[467] Petras, J. And Veltmeyer, H. Op.Cit., p. 27.
[468] Idem.
[469] Giarracca, Norma and Petz, Inés (2007). La Asamblea de Gualeguaychú: su lógica de nuevo movimiento social y el sentido binacional "artiguista" de sus acciones. Realidad Económica – 226, 16 February /31 March 2007., p. 110.
[470] During the years of 2001 and 2002, Argentina was in a political crisis due to capital flights and massive withdrawal of money from the banks. Severe economic measures were taken, i.e. limits to withdrawal, the devaluation of the peso against the dollar, and the prohibition to withdraw dollar

fundamental characteristic "that takes the form of 'obedience' or 'disobedience' to the norms and laws emanating from the state or international tribunals. While the political parties or the unions must comply with such norms or laws, the assemblies always operate at the margins of such a dilemma, frequently pursuing civil disobedience".[471] Nevertheless, in my interviews, I have not heard any person from the Gualeguaychú Assembly call themselves *piqueteros*. Instead, they see themselves as *asambleistas*, which means members of the Assembly.[472] There is no formal affiliation to these assemblies, as with trade unions or political parties, and the forms of participation are based on free choice and are constructed around the idea of *being present*, that means putting your own body (*poner el cuerpo*) with commitment towards creating a political marker of and for the collective. As the respondent (GPW2) said at the end of the above cited interview: "if you don't fight for them, who are you going to fight for?"

Another characteristic of the Gualeguaychú Assembly is that they make clear that this struggle is not against the people of Uruguay, but against the Uruguayan government and the TNCs involved, first Ence and then Botnia/UPM.

> M1: We always say that we don't have anything against the Uruguayans; we are against the government of Uruguay because they violated us, and allowed the settlement of the mill.

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savings in the dollar currency. These measures were named "Corralito" (small yard). They led to riots, deaths, robberies in supermarkets and shopping malls, and huge mobilisations in different parts of the country, some organised by unions, and many others in form of *piquetes*. The President Fernando de la Rua left the government (literally, he left the government house in a helicopter due to the massive demonstrations) and let the Vice President take over power. The stability of the country was impossible to restore and several presidents were put in power by the congress during a period of six month. Elections were held in 2003 and the centre left (peronist) Nestor Kirchner became President. The logic of protests and piquetes became part of the democratic values and policies in his social politics. Therefore the protests were not criminalised, even if they were spontaneous. Interesting to note that the social protests in the North have started to become criminalised or can only be carried out with police permits and state allowances.

[471] Giarracca, N. and Petz, I., Ibid. (my translation)

[472] This point is also shared in the study by Taru Salmenkari on the Gualeguaychú Assembly's class identity. *Piqueteros* are often working class unemployed or poor class people who demonstrate using the tactics as I have already mentioned. The Gualeguaychú Assembly, instead, is composed of urban working people and professionals from the middle classes and some even from the rural middle classes. She describes: "The social class differentiates the middle class asamblea from metropolitan organizations of the poor. The class tension is accentuated mainly in identity questions: the Gualeguaychú Asamblea vehemently denies that they are piqueteros, regardless of its using piquetero tactics of road blockages, partly because it sees itself using peaceful tactics only. Nevertheless, it cooperates with piqueteros to find support in the capital". Salmenkari, Taru (2007). Direct Democracy in an Environmental Movement: Argentine Asambleas in the Uruguay River Pulp Mill Controversy. El Norte – Finnish Journal of Latin American Studies, No. 2, December 2007, p. 9.

In the interview with the coordinator some days after my arrival to the blockade, he said:

> GPC: We don't want to fight the Uruguayan people. It is not that. Our struggle is against the government, but not against the Uruguayan people. The problem is that we feel that the Uruguayan people are very absorbed by the government. The people don't have the information they should have, they are not informed… nothing… that, on the contrary, everything is fine. And I think that the people themselves start to slowly understand that it is not like this. We have asked to have a dialogue with the people of Uruguay, but we weren't allowed. It is not that we don't want it; they [the government] don't let us.

The coordinator points here to the non-allowance of dialogue between communities that have common interests and problems. This point is important because it not only shows the field of political interest and vulnerability during a period of national elections in Uruguay where the centre-left party *Frente Amplio* takes power as the first left government in the post-military period, but also highlights the differentiation in forms of resistances between Argentina and Uruguay.

The assemblies with their form of organisation and forms of action, as described with *piqueteros*, are not part of the usual forms of resistance in Uruguay. Although there are assemblies with a horizontal form of organisation and there have been *piquetes* (direct forms of actions), they are often linked politically or ideologically to political parties, NGOs or the trade unions.[473] The assemblies, in this case Gualeguaychú, don't even allow the intervention of political manifestations or propaganda linked to parties or trade unions in their meetings or protests. This position has made it possible for them to be seen as an independent voice from the government or other political parties or associations, and as such, legitimatises the pressures put on the Argentinian and Uruguayan government.

However, important politicians have used the Gualeguaychú Assembly as a forum for discussing environmental regional problems related to capital investment or to dissuade them in order to lift the blockade.[474] This allowance of the Gualeguaychú Assembly to welcome important politicians is, in part, a political tactic to promote their own struggle in the media, but also to introduce

[473] See for example: Santos, Carlos & Iglesias, Verónica (2006). Movimientos sociales en defensa del agua: el caso de Uruguay. Ponencia presentada en la IV RAM, en el Grupo de Trabajo 12: Sociedad y naturaleza en Sudamérica.
[474] Samenkari, T. Op.Cit., p. 6.

their struggle into the Argentinian political agenda related to foreign toxic industries in the region.

Protests and blockades are not the only form of action the Gualeguaychú Assembly takes. The need to sustain a cause also takes the form of making alliances with other movements in the region or from other parts of the country where there are people exposed to the risk of environmental contamination, i.e. the different TNCs mining projects[475] blockaded by protesters. The coordinator explained how they could gather together so many people for the different meetings and several demonstrations on the bridge.

> A: How did you organise so many people? Using e-mails or it was mouth to mouth?
>
> GPC: E-mail, mouth to mouth, discussions on the street and local media reports helped a lot.
>
> A: Did they help a lot with that?
>
> GPC: The writings helped a lot and the radio also. But this was emphasised as much as possible and there was also a banner that many people wanted. In 2003, there was this caravan, which was an agreement between different groups… and in the morning there were a lot of cars… that, you know… the bridge is 5 km long and it was…
>
> A: Is the bridge 5 km long?!
>
> GPC: What? Do you think it is short?
>
> A: No, it seems very long.
>
> GPC: Well, the bridge was invaded with cars… and when came to enter [in the territory of Uruguay] we couldn't continue and we had to go back. It became such a chaos with the cars… well… The thing is that after 10 months, the assembly became broader and the struggle also. And then we started to give out flyers to the cars… I mean… you stay on the route and start to give out flyers. We went to the different congresses to fight, to fight, to give them information. When I say fight, I mean to be part of the struggle, to change things… We have always tried to avoid physical confrontation. So all this time, and then in 2004, we continued struggling and again we organised a new caravan and in 2005, we did the same but we walked instead [of driving cars]. It was the first time we did it walking.

[475] The mega-mining projects are one of the increasing industries in Argentina. From 18 mining projects in 2002 to over 600 in 2011, this has become an issue of political struggle between provincial governments wanting to attract private investment (often TNCs), the developmentalists trying to increase the controls over the conditions and effects of the mining, and the environmentalists wanting to forbid mega-mining. See article in the Argentinian newspaper Pagina 12: Nacif, Federico (2012-03-19) "Minería en el ojo de la tormenta". Pagina 12 – economia: http://www.pagina12.com.ar/diario/economia/2-189914-2012-03-19.html

A: And that was the great demonstration that…?

GPC: Exactly. It was the first procession that came 50,000 people, more or less. And that day, the 30 April of that year, we decided that it would be the day of participation and gathering of the people from Gualeguaychú in defence of life and the environment. Now this is an official day, and it became part of the city's resolution [the local government of Gualeguaychú]. Although the following processions have been on the 29th, because it must be on a Sunday, the day was marked. The year after [2006], there was a procession again and this time there weren't 50,000 but 80,000 people, and since then, it has increased except for 2007 because it rained… but well…

A: A lot of people… I mean you have to gather so many people…

GPC: You know… it's the support, not only of the people of Gualeguaychú and the region, but also from the different provinces of Argentina. We could gather people from Catamarca, Jujuy…[northwest of Argentina].

A: So you have mobilised people from provinces other than this one? And people from Uruguay?

GPC: People from Uruguay, there were these NGOs that came. There is a very nice picture of the first caravan in 2005 where people from Uruguay and from Argentina gave each other a fraternal hug in the middle of the bridge. I can tell you that the struggle is not against the people, but what we actually want is that the people open their eyes, because we believe that this struggle is a just struggle. So, what we want is to avoid that we get problems in the environment in the future. Not only in the water, but also in the soil and air. We have examples of what happened in Valdivia, Chile, when lots of swans started to die because the food they took from the river was contaminated with the things one pulp mill threw into the river… Pontevedra [in Spain] is another example…

The way the assemblies are organised creates a natural forum for networking. The meetings are organised in different parts of the city of Gualeguaychú and in Arroyo Verde between two to three times a week, and enable the facilities to make contacts, exchange ideas and debate different forms of action. They express the idea that the assemblies are open to anyone wanting to take part, and there are no specific criteria for attending the meetings. When I got in contact with one of the coordinators to attend the assembly, he said that it was open to any person, even with the right to vote in the different debates. The way they get people to participate in the different meetings or actions is not only through networking, but also through the public campaigns they undertake, i.e. as the coordinator explains by giving out flyers to the cars and people coming by. They have also contacted the different media centres—local media, newspapers and journalists—of the city, inviting them to their meetings and public campaigns. They even create lists of protests and, at the same time, they

create e-mails and phone lists where information can be channelled to inform or gather people for a specific action. Another way to organise people is also through networking among the transport companies of the region to support the cause of Gualeguaychú and to facilitate the transport of different groups from different parts of the country during the time of the big demonstrations, i.e. the yearly demonstration on the bridge on 30 April. During my visit in Gualeguaychú, in many different parts of the city I could see different slogans, posters, stickers on the cars and graffiti saying "No to Botnia", "No to the paper mills", Out Botnia" etc. Hence, the unifying meaning of these activities is "No to Botnia", which articulates cooperation among different sectors with different needs and expectations. It is important to highlight that the struggle of the Gualeguaychú Assembly is not for environmental issues in general, but they are very specific in pointing out that they are struggling for the place too, i.e. Gualeguaychú. In other words, they want Botnia/UPM out of the region of Gualeguaychú, whether it closes or moves to another area south of the Uruguay River.

Photos from the city of Gualeguaychú in 2009, taken by the author.

Get out Botnia. Yes to life.

I have said NO! to Botnia.

No to the pulp mills.

Let's save the Uruguay River. Yes to life. Get out Botnia.

This point has been a discussion and point of tension in the dialogues between environmental NGOs and the Gualeguaychú Assembly.[476] Nevertheless, this point is not unanimous in the Gualeguaychú Assembly, but it has been one of its strongest positions. It is, however, in these contradicting points and the heterogeneity of different sectors' expectations and motives that this social movement finds its common denominator, which is a political social meaning based around the notion of "No to Botnia". Let's look a bit deeper at how the Gualeguaychú Assembly organises its meetings, but also, through this organisation of rules and practices, what this offers to the people in the creation of such relations:

> A: How does it work at the assembly, the questions, the meetings, voting?
>
> GPC: Well, I will explain… look… The assembly started with a group of people, as I said, and each of them declared what they wanted to talk about, of course with respect, and these were very hard discussions. However, there was never any leader or president or anything similar to this. It has always been said that the assembly is horizontal and when we had to place an issue under consideration, then we would debate it and vote on it. And everyone has the chance to talk. Of course there have been many fights [in dialogues]… Now, when someone wants to present a question or issue, then it is noted down and it is processed as you saw yesterday in the meeting. Yesterday there weren't any important issues, but the days before there was this issue about to allow Uruguayan people to vote. Then such issues are placed under consideration. We are still going to discuss whether we are going to let people from Uruguay vote on 25 October [the presidential elections]. So some are already starting to be in favour and other against, and I tell you, it can be endless… and there are no rules on that [how many people can talk]. What there is, it's a rule that you can only talk for three minutes and then two more that I give as the coordinator, so it is five in total. And then if you want to continue talking, it is then put under consideration in the assembly. If the assembly wants to listen to the same speaker, then it is approved. Otherwise, goodbye. It is done this way because in the beginning, people came and took the microphone and talked for half an hour and maybe there were some other people wanting to talk and couldn't, so… I mean, it is open [for everybody] and the issues are presented in order…
>
> A: And then comes the voting?
>
> GPC: No, no. And the other thing that we learned is that if you present an issue, it is considered, it is put forward as a motion, it is debated and then put under consideration. When it is put under consideration, then you have to vote. Well, then you raise your hands or not. And after that we count. But we consider only the issues that are under consideration at that moment. There is an issue that nobody talks about and that is the blockade of the bridge. People say "don't lift the blockade, because this and that", Well, you know that there is a parallel assembly now with the issue of commerce…

[476] Samenkari, T., Op.Cit., p. 16.

A: Yes, I have seen that…

GPC: They are doing… I don't know, we'll see. But it's not all the merchants… I mean, the idea that these people are going through an economic problem. They don't give a shit about future contamination, the contamination that their kids are going to suffer and maybe that will kill them. We are already done [with our lives]. The majority of these people have already done with their lives. But I'm struggling for my kids. My kids are 18 years old, and I don't want them to have a river that is contaminated, and maybe they can't even put their feet in there. Or maybe they have to consume a product that is contaminated. Fish, I mean, who is going to buy fish [from the river] now?

A: I understand…

GPC: I don't go to buy fish. And we did have fish. There were boga, sábalo, dorado [typical fishes from the Uruguay River]… No, no… the fishermen here that used to live from them are already gone. And now, who is going to turn around all that? No one.

To begin with, the internal structures of rules and practices in the assembly create space for networking and organising resistance, and control and regulate different points of view, internal struggles and possible fractures that could, otherwise, destabilise the assembly's unity and the "No to Botnia" message. The decision not to have a vertical organisation with a leader or president who represents it, is subject to the rules of order and practices among the asambleistas, who represent the cause by being present in the process of voting, decision-making and by "putting their body" into the actions taken. Hence, the internal practices of democratic rules strengthen not only the politics of meaning, internally and externally, but also reinforce social legitimacy in a peaceful manner in acts of disobedience that contest the hegemonic practices and, according to Giarracca and Petz, authoritarian domination of TNCs.[477] For TNCs, states, and the international juridical apparatus that sustain economic advantages for corporations, the assembly's horizontal organisation, disobedience, forms of actions and democratic practices of organisation become difficult to manage or negotiate with.

Hence, the assembly works to construct itself as a social agent that socially challenges, through its practices of resistance, the capitalist logics of colonial design led by TNCs and international economic organisations that regulate the settings of North-South relations. However, these regulations are not only part of the political and economic relations, but also create socio-environmental inequalities. As the coordinator commented about the fish and the problems it

[477] Giarracca y Petz, Op.Cit., p. 124.

has because of the environmental impact of one pulp mill: "Who is going to buy fish now?" It is in the process of creating these inequalities that these social movements enter the field to resist and demonstrate their non-conformity. In the realm of environmental concerns, the struggle also becomes a struggle for the generations to come.

Nevertheless, the cause of this social movement is always under challenge, not so much from external players such as TNCs or states, but from its internal field of actions. The non-alignment of the "parallel" assembly in terms of lifting the blockade, and continuing with the political manifestation against Botnia/UPM forms part of the internal challenges of the Gualeguaychú Assembly as a representative of the people of Gualeguaychú. The struggle of the internal field of action (Gualeguaychú's representation) will depend in part on the parallel assembly's strength to mobilise and unify some other sectors, and in part of the Gualeguaychú Assembly will depend on the way it tackles this challenge internally within the organisation.

After the verdict of the International Court of Justice in The Hague on the claim against the Uruguayan state, the Gualeguaychú Assembly mobilised over 125,000 people in its sixth demonstration on the bridge on 25 April 2010.[478] The focus on the bridge gathered different groups, associations, assemblies, NGOs and *piqueteros* from different parts of Argentina and Uruguay. The Gualeguaychú Assembly's spokeswoman gave a long speech at the border between the two countries. In her speech, she concentrated on the different angles of the struggle:

> The resolution [of the ICJ in The Hague] declares the Uruguayan state to be a violator of the treaty of the Uruguay River, and it violated the treaty on several occasions. However, there is no exemplary punishment. Instead, it condemns the Argentinian people, and especially those of us living on the shores of the Uruguay River to coexist alongside permanent contamination and the aggression of the illegal corporation Botnia/UPM. In Europe, illegals are expelled. For the ICJ in The Hague, the illegals in South America can stay… Serving multinationals does not form the fraternity of the people… We say to the Uruguayan government: You violated the treaty of the Uruguay River and generated this conflict… To Finland, we say: Eco-genocidal, colonialist and a subjugator of the sovereignty of two fraternal peoples [pueblos hermanos]. We don't want you in the region! Go back to Europe![479]

[478] Newspaper: Los Andes: "Una multitud protestó contra Botnia tras el fallo de La Haya". (25/4/2010): http://www.losandes.com.ar/notas/2010/4/25/un-486159.asp
[479] For the whole speech see "Conflicto por Botnia" in: http://www.youtube.com/watch?feature=player_embedded&v=1p9oce2S6do . (my translation)

Manifestation on the bridge General San Martin (Source: http://www.noalaspapeleras.com.ar).

Conclusion

The politics of meaning that are formulated and carried out by those actors of resistance that have been the focus of this chapter are created out of organising a space of relationships that enables people's concern about socio-environmental issues to be transformed into political practices of resistance, in this case, against what may be called capitalist logics of colonial design. The respondent's statement: "So, what we want is to avoid that we get problems in the environment in the future" is, in this case, personified in the presence of the pulp mill Botnia/UPM that appropriates the natural resources of the region, but is also related to the trajectory of the consequences of capitalist logics—the exploitation and damage of natural resources—as in the example he gave about Valdivia in Chile and Pontevedra in Spain. Although the central issue here is the struggle against the imposition of a pulp mill on the shores of the river, what appears to be crucial for the Gualeguaychú Assembly is increasing awareness by ***creating a space*** for organisation, for practices of resistance and for rules that can sustain democratic values and practices.

III. CONCLUSIONS

12. Results of the case study

The aim of this thesis has been to analyse social consequences and processes evolving as a TNC from the North invests capital in a country in the South. I have wanted to highlight the discursive processes by which the leadership and domination of the TNC is constructed, as well as the corresponding processes of resistance among the local population. This has been done with a focus on economic, environmental, cultural, and social aspects. As stated in the beginning of this thesis, the aim is also to suggest how dependency theory and theories of internal colonialism must be updated in relation to today's theoretical needs. This latter aim will be dealt with in the next chapter, while the first aim will be the focus of this present chapter.

Making the TNC indispensible

Chapter 6 dealt with the process of introducing the TNC in the region. A analysis was made of how regional history influences how the TNC is understood locally. The previously existing economic conditions in the region were discussed with a focus on how they contributed to shaping the social, cultural and economic circumstances of the conflict under study. These analyses shoed that the collective memory of locals in the Fray Bentos/Gualeguaychú region played a specific role for shaping discourse on the establishment of the Botnia/UPM factory. The memory of the previous "El Anglo" establishment was not only referred to by Botnia in order to formulate a positive image of itself in relation to the local community, this memory was also mobilized in what can be interpreted as an ideological type of rhetoric. Through this rhetoric, an idea of how the TNC was what rendered Fray Bentos an important place in the world, could be conveyed. The history of "El Anglo" was also used to instil fear among the population about being abandoned by the TNC. This led to a situation of dependence, and where the TNC had an almost total freedom in dictating the rules.

Dominating the spaces of communication

Chapter 7 revolved around a set of questions relating to the discursive aspect of how the TNC was further constructed as a key part of the local community. The discursive strategies employed to depict Botnia as responsible for social leadership in the region, and to try to produce consent around this role, were analyzed. It was shown how a legitimizing process, based on emitting certain meanings as well as being silent in strategic moments, was at work in the

studied context. With the help of the ethnographic material, it was illustrated how the TNC actively tried to divert attention away from themselves and to the protests as being the core problem. In this way, the problems confronted by Fray Bentos (i.e. decreasing commerce, tourism, fishing, employment etc.) are understood as the result of the blockade rather than of the settlement and operations of Botnia/UPM. Furthermore, it was shown that the TNC's construction of social leadership and legitimacy relies on a set of strategies for suppressing the construction of spaces and voices of resistance within the affected community. It appears as if a central mechanism in the construction of Botnia's social leadership is not to acknowledge the community's own resistance. Even though it seemed, during the fieldwork, as if all citizens had already accepted the presence of the TNC, it was shown that the problem was not a lack of critical voices, but rather the closure of spaces (media, places to talk, information of critical knowledge etc.) where these arguments can be taken seriously and can be spread.

Controlling the narratives

In chapter 8, the impact of the arrival of the TNC on the economic and social life of the local community was at the centre of attention. Questions about in what way it has contributed to transformations, and how these transformations have been discursively understood, were addressed. Furthermore, I looked at if — and how — hegemonic understandings of the presence of the TNC had been formulated. What was found was a specific kind of political discourse putting the focus on an escalation in political tensions within the region and between countries, while the main aspect of the tension—the pulp mill—disappears. While the conflict might indeed be articulated and perceived as a problem created by Botnia/UPM and the social unrest it provokes, it seems instead to be constructed as a conflict between two cities, two nation-states and their people with a common socio-economic and cultural history. These discursive strategies work to make the social unrest into a responsibility of the state, at the same time creating conditions wherein the TNC does not need do concern itself with the regional unrest, and it can continue its business as usual. Domination of spaces not only means control over land and natural resources, but also the power to construct certain discourses, through the ideology of capital and its epistemologies, that under the appearance of benevolence, neutral and responsible, powerful players such as TNCs, concretise its projects and operations in South's societies.

Contradictions of external and internal colonialism

In chapter 9, questions about the relation between the conflict and the colonial histories of Uruguay and Argentina were dealt with. An analysis was made of how the history of global capitalist expansion and of coloniality can be said to play into the discourse by which the positions in the Botnia/UPM conflict can be understood. I wanted to see how the clash between capitalist expansion and the geopolitics of coloniality, on the one hand, and attempts to resist these processes, on the other, came into expression. The analyses showed that interviewees, in their statements, often made more or less explicit reference to a colonial history, as well as to the absence of organised groups to counterbalance relations of power and subordination.

As the two previous conclusion paragraphs above have shown, there exist discursive strategies that may work to minimalize the conflict to just two players, rather than situating the local experience in relation to a historical continuity of resistance against powerful agents. Discourses like these can also be related to the ways in which national emancipation from Europe took form in Latin-American societies as certain forms of resistance and leadership where constructed discursively. Because of this, it also has connotations of class relations: What is at stake in these discourses is also the maintenance of a class that does not accept whatever foreign capital has to offer at whatever price, i.e. the cost or the results of environmental damage. This underlines the role of the historical continuity of internal colonialism, the contradictions of subject positions or dichotomized role systems in which North-South relations are still (re)produced. However, it is also still necessary to stress the internal coercion and colonialism on which these practices are based and the position of the collective subject in relationships of contradiction.

Establishing and maintaining hegemony

Chapter 10 was devoted to addressing research questions having to do with consequences of the process of afforestation. The focus of the analysis was how this process impacts on the rural space and its residents, and on how this impact is discursively understood. A number of social conditions, related to the presence and activities of the TNC, were identified. The process of afforestation has created an even poorer group than the set of traditional rural unskilled workers. Under these conditions, the possibilities for unionisation of the forestry labour become a problem. And this problem, as shown through the analysis of the ethnographic data, was reflected in specific parts of the chain of

production. It appeared that the labour power operated under very precarious conditions and with very low salaries.

At the same time, Botnia/UPM— through its company Forestal Oriental — have set up a system enabling them to show that they are committed to contemporary international and national regulations in terms of labour, the environment and gender equality. This happens while the exploitation of labour power, the environment and gender relations continues. But these forms of exploitation are no longer directly conducted by those in power, but indirectly through its "field operators", i.e. the subcontractors, outsourcing firms and "business men".

The transformation of land as the basis for capitalist production and the construction of social relations through the creation of labour could therefore be described, in the words of Marx, "as a means of enslaving, exploiting and impoverishing the worker; the social combination of labour processes appears as an organized suppression of his individual vitality, freedom and autonomy. The dispersal of the rural workers over large areas breaks their power of resistance, while concentration increases that of the urban workers".[480] This social process of precarisation of the worker, by creating labour, and of the quality of the soil, through the industrial planting of monocultures and the use of agrochemicals, are the material conditions in which the productivity of Botnia/UPM and its forestry company Forestal Oriental (and other TNCs in the agro-forestry-energy field) can function, survive (in the competitive capitalist system) and make a profit, or in Marx's terms, surplus value.

Such a process is therefore not only a consequence of capitalism, but a condition *sine qua non* for its existence and continuity; a condition that can only be sustained globally through the establishment and maintenance of hegemony through (logics of) coloniality, which enable and facilitate the spaces for the formation of powerful players, the *new geophagous*. It can be seen as, in a materialist conceptualisation, a process of *appropriation by coloniality* dominating through appropriating "the original sources of all wealth—soil and the worker"[481] the spaces of labour, socio-environment, kinship and gender relations, intersubjectivity and knowledge, the state's juridical apparatuses, and dividing the social organisation of labour rights between the rural and urban spaces in order to maintain the source and the means of its very existence disempowered. Hence, it constructs the necessary conditions for its own

[480] Marx, Karl (edition 1990). Op. Cit., p. 638.
[481] Idem.

surplus by the shaping of a collective subject: the poor, or in the words of Fanon, the wretched of the earth. Frank's theory of the development of underdevelopment cannot be more accurate. It is therefore important to understand that the impoverishment of labour is also a historical condition outside of the linear consequence of capital-labour, in which the socio-environmental impact of global capitalism reveals the multi-sectorial character and dynamic impact of the accumulation of capital in different constellations of social and environmental relations of what Harvey calls "the web of socio-ecological life".

Knowledge and power

The final empirical chapter, 11, was focused on questions relating to the formation and mobilization of resistance against the changing social, cultural and economic conditions created through the arrival of the TNC. Focus for the analysis was, first, on identifying the type of new "normality" constructed through the communicative strategies of the TNC and its collaborators and supporters. Second, it was on analyzing what social positions this creates, and what characterizes the tensions that arise. While the core issue in this context is the concrete struggle against the establishment of the Botnia/UPM pulp mill, what appears to be crucial for the Gualeguaychú Assembly is in fact the creation of space for organisation, for practices of resistance and for rules that can sustain democratic values and practices. This makes the social movement an autonomous voice that incarnates disobedience against the state, the juridical international apparatus and the hegemonic practices of TNCs. The politics of meaning are about the struggle, which is contained in the meaning of "NO to Botnia/UPM!"; and taken a step further: No to the capitalist logics of colonial designs. It is the expression and position of the division of practices of ideologies between the North and the South. At the core of all this, is the interplay of knowledge-regulation and knowledge-emancipation that we therefore must now discuss at some more length.

During my fieldwork, I met people who in different situations asked me about what I was doing for my research. Most of the time, I tried to summarise my answer by saying that I was conducting research about the conflict surrounding Botnia. All of the people I told about it had some kind of connection to this matter, and most of them came up with the next question: "Does Botnia contaminate or not?" It was like my answer or knowledge that could ensure an answer was crucial in order to adopt a position for or against the pulp mill, to approve the resistance of the Gualeguaychú Assembly and the Fray Bentos groups, to understand them as problem-makers, to see Botnia/UPM as a good

and technically developed labour creating TNC or as an exploitative and environmental damager of the Latin American country. I realised that this dimension was a key part of the fieldwork I was conducting. It matters very much to people to know whether the mill contaminates or not.

However, it is not my field of knowledge to determinate if it does or not, but instead it is possible to discern two points of analysis. The first point is the fact that Botnia/UPM, as an industrial project, is linked with the question of contamination/non-contamination for many people I interviewed and talked to during my fieldwork. Although many of my informants have a broader understanding of the role the eucalyptus monocultures have on the whole issue of Botnia/UPM, the visible screen to the problem has become the pulp mill, a factory visible as a unit. This point implies the emergence of three related fields of action within the realm of knowledge-power:

1. The capitalist imposition of an investment — the pulp mill — within a certain kind of knowledge production regulated by economic factors and neoliberal policies. Under this imposition, what it is at stake is the way knowledge is organised in this field, what is to be prioritised and what is to be left as residual or non-important for capitalist logics. It means that a regulation of knowledge on the field and about the field is ordered according to capitalist interests. I understand this knowledge organisation according to de Sousa Santos's concept of knowledge-regulation over knowledge-emancipation.[482]

   In this case, I ascribe this kind of imposition of knowledge-regulation as part of the preferences, and also limitations, of the epistemological privileges of capitalists. The knowledge-emancipation implies a trajectory from a state of subordination and domination (colonialism) to the production of knowledge on the basis of solidarity within and among the subjugated collective subject(s).[483] The capitalist perspective not only has appropriated the field of the economy and its science almost monopolically, but has also created the capitalist subject as a significant spectator.[484] This spectator creates the grounds for an epistemology that limits the understanding of reality and regulates the prioritisation of meanings in social relations, i.e. the war of neoliberalism on labour rights for capital accumulation and for the facilitation of exploitation and dispossession of natural and socio-economic resources of those affected. It means social relations framed by the capitalist logics of colonial design. In Gramsci's words, it is the creation of a field of

[482] de Sousa Santos, B. (2009a). Op.Cit., p. 64.
[483] Ibid., p. 63.
[484] Ibid., p. 77.

specific knowledge—an ideological terrain—that "determines a reform of consciousness and methods of knowledge".[485]

Therefore the question—"Does Botnia contaminate or not?"—is already part of the imposition of the epistemological capitalist privileges. It means that this question is a question of scale—Does it or not? How much? How little? What should be measured? What does it mean, low or high levels of toxicity, security, filters? What norms are going to be followed? What kind of international standards, regulations? Who is going to control them? etc.—rather than if such ventures should be allowed or not—which is one of the struggles the environmental organisations and the Gualeguaychú Assembly are performing collectively based on solidarity among those affected.[486]

2. The imposition of capital that generates a field of knowledge-regulation through epistemological capitalist privileges creates an advantage through the scale-production knowledge, i.e., money invested to commission research on specific questions related to what kind of toxins or biological degradation is to be measured etc., and forms a field of struggle about what kind of knowledge within this scale-knowledge production will rule as legitimate and truthful in order to convince different sectors of the population, international organisms and politicians about the different forms of impact of this investment. The advantage already lies in the epistemological framing of what types of knowledge are going to be important in the scale-knowledge production. For Botnia/UPM, it is important to produce knowledge that supports their activities and investments in order to be able to gain legitimacy among workers, citizens, other industries, economic institutions, politicians etc. As I already argued, what it is at stake for Botnia/UPM is its ethico-political presence and voice, not only making "economic corporate sacrifices" in the area where they settle (corporative social responsibility), but also showing the results of scientific research that support it.

   These results are based on a certain kind of scientific research carried out by the TNC itself or other organisms linked to it—i.e. the different reports

[485] Gramsci, A. Op.Cit., p. 192.
[486] I ground my understanding in what de Sousa Santos explains as an epistemology of the vision: "Epistemology of the vision asks for the validity of a form of knowledge whereby moment and a form of ignorance are colonialism, and where moment and form of knowing are solidarity. If, from the hegemonic form of knowledge, we know things which create order, then the epistemology of the vision raises the question as to whether it is possible to know how to create solidarity. […] Having been over-socialised by a form of knowledge that knows about imposing order, whether in nature or in society, it is difficult for us to put it into practice, or even imagine a form of knowledge that knows how to create solidarity, whether in nature or in society". de Sousa Santos, B. (2009a). Op.Cit., p. 87. (my translation)

compiled by Botnia/UPM itself, the World Bank and international private consulting firms.[487] This imposition of capital with its economic and symbolic power frames part of the struggle of the social movements involved in showing that Botnia/UPM actually does contaminate. The argument behind these social movements of being against Botnia/UPM because it contaminates the environment is co-opted by capital and framed within the scale-knowledge production. This is a struggle which these social movements had to address in order to convince different sectors and continue with the "NO to Botnia" message.

The vast mobilisation of these movements, in order to tackle the question of Botnia/UPM's negative environmental impact, took place through a collective action (solidarity) together with other sectors, i.e. universities, natural and social science researchers, experts in different areas, journalists, NGOs etc. However, the amount of research, documents, books, reports and articles that show a negative environmental and socio-economic impact on the region[488] did not have as much of an impact on the state's political arena as the research reports and documents compiled by Botnia/UPM and its investors. These became the "official" ones and had a major impact on the policies adopted thereafter, i.e. DINAMA (the Uruguayan Environmental Ministry) controls and regulates the scale-knowledge production through official reports and their own measurements on Botnia/UPM toxic waste created according to the OECD and international organisms' guidelines on environmental impact and best available technologies (BAT).

3. This framing within the scale-knowledge production and related to the visible screen of a pulp mill diverts the gaze from the production process chain and investments made in order to have a pulp mill. Although the damaging impacts of eucalyptus monocultures on the environment (water, soil, flora and fauna), socio-economics and labour relations have been studied, the question of conflict is still focused on the pulp mill and not the socio-environmental transformation by the monocultures and its negative impacts. The same goes for the chemical industries that supply the present

[487] The report and documents ordered by Botnia/UPM regarding the environmental impact of the pulp mill in Fray Bentos: Faroppa, Carlos & Annala, Kaisu (2004). Informe Ambiental. Expediente 2004/14001/01/01177. Botnia.; Report ordered by the World Bank's organism – International Finance Corporation (IFC) – from the private environmental management consulting firm – EcoMetrix Incorporated: Estudio de Impacto Acumulativo – Plantas de celulosa en Uruguay. September 2006. For more information about these documents see Chapter 2 under "Bilateral Investment Treaty".

[488] For a short example of the players involved that highlighted the negative environmental and socio-economic impact of Botnia/UPM, see Chapter 2 under "Bilateral Investment Treaty".

and future pulp mills. However, fields of epistemological struggles are created by orientating the struggle in the direction of small scale-knowledge production, which is appropriated by economic, symbolic and political power, reinforced by international economic and juridical organisations, that the TNCs and their local allies gain in the process of accumulation of capital.

These three related fields of action in the realm of knowledge-power lead to the second point of analysis and further questions. In what way is it possible, under these framings of capital, to understand the struggles over the environment and knowledge? Several decades of neoliberal policies and a history of colonialism and capitalist formations of dependency and social class had shaped social relations in Latin America to a means of adjusting to these political frames. Although the last few decades of neoliberal policies retaliated against labour rights and the dismantling or debilitating labour unions as part of the privileges of capital, adjustment found its limits in the relationship of people with their environment. Environmental concerns become for many a way of resisting the forms of capitalist logics of colonial design. It is at this limit of people's concerns about their environment that the struggles have been taking place for many social movements throughout Latin America, and as such these struggles become contingent and dependent on the political visions they can create within the movements. It is also at this limit where the capitalist order is perceived as part of the knowledge-regulation, acting as a colonial enterprise that imposes and dominates the knowledge production, the subjects and the social and socio-environmental relations. As de Sousa Santos argues, "this order becomes a colonial order, the cero grade of social emancipation".[489] Hence, the production of knowledge as part of a collective action and solidarity becomes important in struggles for social movements in the politics of resistance, creating a culture of knowledge-emancipation that allows the collective memories of solidarity, oppression and domination to take place as epistemologies of resistance.

[489] de Sousa Santos, B. (2009a). Op.Cit., p. 84.

13. Conceptual discussion

A relational approach such as the one employed in this thesis opens up the need for inquiring and analysing the parts in relation to the whole. This is also what I have done in this study: a socio-historical analysis of capitalist relations revolving around the axis of coloniality, taking as a case study the social processes that evolve in a community in the South when a TNC from the North invests capital in a country in the South.

For me, it has been crucial to combine different theoretical points to understand the history of geopolitics and power relations affecting the (op)position of (the collective) subject. In the following, I will first recapture the main points and arguments made in this study relating to the case of Botnia/UPM in Uruguay and the settings in which it is inscribed, by including it within a synthesising analysis and re-articulation of identified concepts. As a second and final stage, I will conclude with the discussion by asking: what can be learned from this case study?

Capitalism with colonial designs

This thesis has argued around a central theoretical-historical axis: the indivisible and intrinsic relationship between capitalism and colonialism, its models and legacies in the frames of North-South relations. I have at times called this *capitalism with colonial designs*, in order to capture the political and economic settings affecting the capitalist social relations through the social relations shaped by several centuries of colonial domination and exploitation, seeking to control spaces of social existence and its means. I have also sometimes named it *capitalist logics of colonial design*, which aimed to specify the construction of logics based on capitalist epistemologies around the axis of coloniality. The idea of "design" points to the shaping and formation of colonial patterns in capitalist social relations. These patterns refer to specific strategies of control, domination, expropriation and exploitation through important relational areas of social and environmental life adjusted to capitalist needs based on the axis of coloniality. It is the imperative necessary condition for the continuity of global capitalism and imperialist advances. There can be no global capitalism and/or imperialism without these patterns. As such, it creates models of domination and exploitation around the globe, which can only be sustained by a hegemonic apparatus under the logics of coloniality that can regulate, organise and dominate the different spaces of social relations (labour, environment, gender/sex, kinship, the state, knowing, leadership etc.) by

institutionalising specific knowledge productions in order to reproduce the patterns of power in social relations and control their transformations, as well as specific juridical-economic international institutions that orchestrate the legitimacy and facility of the accumulation of capital *ad infinitum*.

The hegemony of capital, ethico-political and economic as it must be, as Gramsci argues is "exercised by the leading group in the decisive nucleus of economic activity".[490] However, due to the expanding and enlarged reproductive nature of capitalism, this cannot be exercised without the logics of coloniality; its very colonial design. The North-South relationship is then a metaphor pointing to the relations based on colonial history and conditioned by the forces and practices of capitalism. North and South is a metaphor that captures the historico-relational space of the international political economy. And the South, as de Sousa Santos argues, is the "metaphor for human suffering systematically caused by colonialism and capitalism"[491] wherever it may be geographically. It is under these global settings that the case of Botnia/UPM is studied.

In this thesis, I have focused on a specific case in the region of Latin America. The case of Botnia/UPM is a good example of the relationship between North and South and the influence it has on the social relations of labour, juridical settings, policies and political calculations, regional relations and socio-environmental relations. It shows the power of these *hegemons* on the economic and political stability of countries in the South. In this case study, it has been possible to understand the institutional frameworks in which the TNC Botnia/UPM as an economic power—a hegemon—has acted and developed the necessary conditions for possibilities of political and social fracture between two countries and within a region and between populations sharing a common history, economic activities and cultural characteristics.

It has focused also on the chain of production and the settings it created in order to establish a pulp mill on the shores of the Uruguay River. Botnia/UPM is then inscribed in the history of TNCs as part of the historical continuation of private colonial agents in search of cheaper labour power, easy access to natural resources, and primarily the appropriation of large areas of land with the aim of industrial production of monocultures of eucalyptus. The afforestation process has resulted in serious socio-environmental consequences for the rural population. The lack of water resources, the acidification of the soil, the use of

[490] Gramsci, A. (2000). Op.Cit., p. 211.
[491] de Sousa Santos, B. (2009). Op.Cit., p. 12.

agrochemicals, are just some of the examples given here. There are also other repercussions of this afforestation and the imposition of the hegemon—TNCs—in the area: The marginalisation of small-scale producers, the appropriation of land and the means of production, the creation of specific labour for the formation of precariousness, pauperisation and dependency, the orchestration of international policies in order to facilitate the accumulation of capital, the formation of very big and powerful economic transnational classes that can access the natural resources of "the Other" and the appropriation of land in countries in the South—the *new geophagous*, the introduction of new forms of epistemological control over the resources, and new forms of socio-political regulation by the TNCs' programs of social and environmental responsibility.

I understand these material outcomes, with de Sousa Santos' definition of the metaphors North and South, as part of the historical mechanisms of dividing the spaces of the South and concentrating the spaces of the North (wherever geographically they may be). The prioritisation of capitalist epistemologies of colonial design, in which the main object is to substitute solidarity, collective memories and cohesion with rivalry, competition, individuality and fragmented memories in order to create and reproduce an order of power, rather than creating solidarity.

Re-articulated models of dependency and new forms of domination

The TNCs or these private colonial economic agents come to the countries in the South "certified" with "green" flags in order to convince that capitalism with colonial designs is now "sustainable and responsible" for the environment and the social relations it produces. This point must be framed not only within the aspect of ideology, but mainly in a new form, or a re-articulated model of dependency for the continuity of a global centrum-periphery relationship along the lines of technological innovation and production.

This re-articulated dependency of the TNCs has different implications in the way the social aspect is organised around the presence of a TNC, in this case Botnia/UPM. Cardozo and Faletto have pointed out the situated dependency that foreign investments created around labour and local and national economies in Latin America. They also highlighted the formation of classes and political alliances in the internal struggle over natural resources and land between the national bourgeoisies/capitalists. This is also a theoretical point in

Harvey's discussion regarding the regional alliances and the internal coercion of accumulation by dispossession.

Three hegemonic projects

However, in my study, I found other features that point to a more severe form of dependency recently created through three hegemonic projects:

1. The production of scientific knowledge that supports the projects of the TNCs at local, regional, national and international levels, and the power to suppress any other local knowledge produced by non-governmental organisations and social movements, knowing the local situations of the environment and the affected people, and even scientific production from universities or research showing the negative effects of such ventures. This study understands that the power to suppress such information about the negative effects of the TNCs' projects lies in the tactics to control specific channels within politics (as in the relationship of Botnia/UPM with the mayor of Rio Negro) and within the media (radio, TV, newspapers) to reduce places for criticism.

   Hence, the question of the relationship between the environment and communities (the social) is dominated by the TNCs as well as the ways environmental concerns and impacts must be tackled. The ability of these TNCs, entering the spaces of production and exploitation of natural resources with "green flags", becomes not only a disciplinary practice of its ethico-political presence and responsibility in the community, nation or the global market, but a central tactic in the control of the spaces of knowledge and environment.

   It means that their economic power allows them to use their production of knowledge to frame the way environment and nature are going to be "saved" and understood with their advanced technologies while accumulation of capital continues to expand. TNCs therefore create the epistemological conditions and solutions in the spaces of the communities' socio-environment and these are used as part of their global marketing. Hence, TNCs impose a dependency on their presence or absence within the specific frameworks of environmental concerns and solutions.

2. Due to different neoliberal policies and TNC's exploitation of natural resources sparking consequences of (un)employment and environmental degradation, it is important to present the changing conditions of how social

unrest has been regulated in this analysis. It can be argued that there has been a change in tendencies to cope with social unrest. As Petras and Velmeyer have shown, during the 1990s international help in the Third World by NGOs had in practice undermined the possibilities among workers, indigenous communities, landless workers etc. to organise against the aggressive neoliberal re-structuring of the political economy of Latin America.[492]

Although the NGOs are still active in the region, there has been a change during the first decade of the 21st century in governments of Latin America and this expanded the rights to social protests. The changing patterns to regulate social unrest in places where TNCs exploit natural resources has recently been tackled by the TNC's introduction of programs of social responsibility in their internal policies. In my study, I found that TNCs' programs of social and environmental responsibility offer the communities some of the needs they have regarding equipments for schools, hospitals, sports organisations, water sanitation, production of electricity etc.

These programs work in and through already dispossessed communities where the state is either absolutely or partially absent. This becomes another ethico-political manoeuvre for the TNCs in which the hegemon constructs its benevolence and thus organises acceptance among the needy. In other words, it targets needs in order to become essential to the life and continuity of already disposessed localities. However, under such powerful conditions, resistance becomes a necessity for many, but it also exposes the social fractures that such a hegemon constructs—divide and rule—in order to control and impose its rights of supremacy.

3. It has also been shown that the foreignisation of land is a central issue in this thesis due to the implication such phenomena of massive land acquisition have on the class structure of Uruguay and its spaces in the South to ensure the continuity of capitalist production for the benefit of powerful global politico-economic players. The *very big* economic players in this case are the TNCs, called *new geophagous*, and have re-organised the national and local centrum-periphery of the internal class structures in the South.

   The study has shown that the arrival of these *new geophagous* is not only marginalising the old *latifundistas*, but it has also created an even poorer social group—forestry workers—than the one existing during the whole of the

[492] Petras, J. & Veltmeyer, H., Op.Cit., p. 23.

20th century—cattle/agricultural workers. As I already argued, these *new geophagous* are not simple economic players, but due to their important economic capacity, they are a form of organisation with a set of strategies targeted at different sectors (juridical, social, political, economic and epistemological, i.e. research, exploration, technological innovation and advances in different areas of production etc.) that allow them to act faster and more flexibly than the states and are backed up by international juridical-economic organisations—i.e. the World Bank and IMF—to become crucial players in the economies and politics of countries in the South.

TNCs constitute a web of power regulating central social relations according to their needs in the chain of global production and accumulation of capital, i.e. labour, socio-environment, the production of knowledge and social knowing. As such, these *new geophagous* also condition the social and political forms of organization in democratic systems in order to adjust them to their needs, i.e. trade unions, national economy, the juridical systems etc. Through a detailed historical account of land ownership relations linked to the formation of social classes in Uruguay, this case study shows new transformations of land property relations and class formations.

The last decade reveals a restructuring of land properties owners and the social classes which are exposed by the sharpening of class polarisation at both poles: the very big and powerful global players—the *new geophagous*—and the very poor—*the precarious*—constituting the class condemned to work and live in subhuman conditions in which social relations are being reproduced. Therefore it not only constitutes a precarious class, but mainly it sets the process of precarious socialisation highly needed in the global capitalist chain of production in the era of neoliberalism with its civilisatory model.

This can be understood as part of Frank's theories of the development of underdevelopment, re-assuring internal centrum-periphery conditions that facilitate the arrival of foreign capital in countries in the South (in this case Latin America) and the continuation of the conditions triggered by the dynamics of inequality in the historical social relations of internal colonialism and capitalist logics, which facilitate the epistemological, economic and political processes of the North-South relationship.

In the following I will try to conceptualise in a materialist form the different descriptions of this case study in order to theoretically identify a central feature

in capitalism with colonial designs and its active agents that perform and contribute to the reproductive forces of the uneven geographical development.

Appropriation by coloniality

Appropriation by coloniality is not a ready-made concept, but a feature emerging from the analysis of the case study and its theoretical perspectives. I will try at least to present some lines of arguments covering some features in capitalist social relations that are shaped by the understanding that colonialism is not a historical process that ended with the last nation gaining independence from an official European colonial ruler, but a cyclical and dynamic process, changing forms and reappearing with different strength according to the needs of the accumulation of capital, global capitalism and/or imperialism.

It is a materialist conceptualisation of merging components of different theoretical perspectives and the historical arguments outlined in this study that have emerged from the empirical material. It means the need to understand Harvey's accumulation by dispossession with Quijano's coloniality of power; Gramsci's concept of hegemony by emphasising the character of epistemology through the logics of coloniality; the historical outcomes of colonialism in Latin America that organised social relations through race/class, transformed through the political economy and historical process of capitalism into the social structures of internal colonialism and the coercive methods of embedding *rights of supremacy* in interrelated areas, i.e. the epistemological, the political, the economic and social that have serious repercussions on the (socio)environment; and hence, *the process of concentrated foreignisation of land and precarious conditions for workers*. Soil and the worker, as Marx has pointed out, are "the original sources of all wealth".

However, appropriation becomes only possible through an accessible axis of power, which means the construction of relations and the establishing of conditions under certain logics. Of importance here is therefore the contribution of the concept of space in its three interrelated forms (the absolute, the relative and the relational) that depend on each other and play their role according to human practices in different circumstances. It is important because the process of appropriation can only dominate/control through the logics of capital, coloniality and patriarchy[493] based on

[493] I understand patriarchy as a crucial axle of power embedded in the logics of coloniality and its process of appropriation, invasion, regulation, conquest, domination and subordination of the genderised Other.

fundamental socio-environmental elements of life (land and the worker), the spaces of labour, the socio-environment, kinship, gender relations, intersubjectivity, knowledge production, the juridical apparatuses etc. It tries to dominate/control and lead (hegemony) the different forms of social organisation; i.e. the relationships between the rural and the urban, between North and South, between peripheries and metropolises etc. The aim of appropriation is therefore an aim at control and dominance along specific social relations, historically constructed and dependent on each other: race/class/gender/sex.[494]

As Harvey argues, the power of appropriation is not only to insert the appropriated element as part of the circulation of capital, but to have the power to do whatever is necessary for the continuing expansion of the accumulation of capital[495], i.e. by devaluating assets, annihilating humans, constructing epistemologies conforming to the objectives of capitalism, imperialism and colonialism, devastating natural resources, eroding the soil, polluting the water, marginalising small-scale producers, creating "subhuman conditions" of labour and living. This can only take place through the massive appropriation of land and the exploitation of natural resources and labour power in the South. However, the process of appropriation must be ethico-politically accepted, which means that the production of knowledge must be directed at such means. Therefore, those regions and their people must be constructed as inferiors and a colonial attitude must be created characterised by a permanent suspicion.[496]

These kinds of logics have been central features in the history of colonialism and its construction of a hegemonic apparatus that introduced a specific form of social relationship: race. The process of appropriation is then the materialist outcome and capitalist driving force of coloniality. Appropriation by coloniality implies the ability of the powerful to control, dominate and regulate not only the absolute space (i.e. private property), but specifically the relative space, which under the process of appropriation by coloniality, becomes the space of the construction of knowledge that creates order rather than solidarity,

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494 The aim of appropriation, as it has been shown and exemplified through the historical and empirical exposition in this thesis, has been a central issue for many countries in the South (in this case study is Latin America), that still are trying to cope with powerful states and TNCs' exploitation of natural resources and labour, foreignisation of land, military interventions (i.e. Iraq, Lybia), appropriation of territories (i.e. Malvinas/Falklands, Puerto Rico, Palestine), attempts to destabilise governments, retaining and increasing extreme poverty and starvation, and regulating the South immigration in the North – an outcome of such a system – with the forces of institutional racism.

495 Harvey, D. (2006a). Op.Cit. p. 94.

496 Maldonado-Torres, N., Op.Cit., p. 133.

methods of inquiry, points of view, measurements, and scales that serve the interests of the powerful. It is the road of the construction of logics. It is the space where ideology can be shaped to the needs of capital and its imperative conditions of expansion.

Appropriation by coloniality is a materialist condition for the on-going development of global capitalism with colonial designs. The control, domination and regulation of territories by the powerful, both economic and military, are still a feature in the constant search for new domains, as natural resources (oil, land, biodiversity, forest, water, minerals etc.), pivoted around colonial cartographies and logics. As such, the South, the main source of natural resources in the world, becomes the recipient for imperial politics regulated by the Washington consensus, the World Bank, IMF, WTO etc. and the dynamic players of world economy—the TNCs. Colonialism is a historical process that, as in the case of capitalism, has "existence, continuity and change". It may have changed its form during history, but it is a necessary condition for the surviving existence of the social relations of capitalism, or in the words of Harvey, the uneven geographical development of capitalism and the continuing colonial relationship of North-South. Therefore it is imperative to ask if it is possible to argue of a post-colonial situation, which creates theoretical arguments from the centre – the North – although anti-colonial, and anti-imperialist. *For the South there is no post-*. It has become a changed variant of the same process initiated centuries ago. Under these conditions, the processes of resistances have also changed. This will be the theme of the following section.

Poniendo el cuerpo y/and telling another story

Although there are different ways to resist imperial interventions, politics and the TNC's appropriation by coloniality, in this case study it has been shown how the region of Gualeuguaychú and Fray Bentos has been organised to resist and protest against the settlement of Botnia/UPM on the shores of the Uruguay River. I also touch on the practices of the small-scale agricultural producers and locals who are influenced by the *new geophagous*—in this case the company Forestal oriental owned by Botnia/UPM—and the process of afforestation, pressing small property owners to sell their land and introducing monocultures of eucalyptus that absorb the underground water, leaving the small-scale producers without sufficient water for their own businesses.

The social protest in the region where this study was conducted has to be framed within, what I would call *the democratisation of the protest*. As I already argued, the conditions imposed by severe economic crisis in Argentina and Uruguay at the end of the 1990s and at the beginning of the 2000s had changed the way protest and resistance had been organised and performed. The 1990s was not only a decade of severe privatisation of public assets; it also unleashed a war against labour rights and a weakening of the traditional trade unions. The vertical form of these organisations was too vulnerable for the influence of the powerful TNCs, the local political practices of complicity with them and the international juridical-economic organisations pushing the governments to open up their assets to privatisation.

The beginning of the 21st century was conditioned by a harsh economic crisis that pushed the unemployed middle and lower classes onto the streets, organising deliberate forms of action in order to force the government into negotiations. These forms of protest and resistance became common tactics among groups in different parts of Argentina that demonstrated against the TNCs' exploitation of their natural resources, as is the case with Gualeguaychú's Assembly. These tactics have become an effective way to resist and make their voice heard against the imposition of TNCs and international organisations as the World Bank and IMF policies. Although the model of resistance and forms of protest are different in the case of Gualeguaychú and the case of Fray Bentos, and of the small-scale producers of the rural region in Uruguay, there are some common bases and tactics.

The foundations for the three groups have been the "No to Botnia/UPM", both against the pulp mill and the monoculture of eucalyptus. The common tactics have been to acquire information to identify the problem and thereafter to spread that information and try to constitute groups of resistance. Different forms are used, i.e. using the local radio, giving out flyers, arranging meetings, but mainly it was the ability to establish alliances with other interested groups of resistance in the region. I see through this process a creation of cooperation and solidarity in collective forms, exchanging information and knowledge, organising common demonstrations and forms of actions.

Under these practices, knowledge is produced to understand the need for a collective in order to resist the imposition of powerful agents that, in this case, impoverish social conditions and contaminate the local environment. However, the case of the Gualeguaychú Assembly shows a different pattern than the groups of resistance in Uruguay. The assembly has two central characteristics: civil disobedience and a horizontal form of organisation. These two features

make the assembly resistant to the imposition of TNCs and the imperial policies of the international juridical-economic organisations. The method of organising is under democratic rules, representing themselves by being present, especially in the forms of action campaigns. The presence of the people involved in the actions and meetings is very important and part of the collective commitment taken to struggle against powerful impositions affecting their environment and the environmental conditions of their future generations.

As such, putting the body—*poner el cuerpo*—into the action, the protest of resistance becomes a central vehicle, and the only way forward for the middle and lower classes in the struggle against the materialist impositions of TNCs and imperial politics. It means that the political body inscribes the material effects of the powerful, which are the effects of capitalist logics of colonial design. By "putting their bodies" as a form of resistance and commitment, they are also telling another story. These practices tell the story of the oppressed; their narrations are written by the actions, demonstrations, tactics, organisations, speeches and alliances with other groups in the same situation. And disobedience, democratic rules of organisation, deliberate forms of action and protest in a peaceful manner become the only instruments needed to resist specific forms of domination, control and subjugation of the TNCs.

The relationship of the social with the environment becomes a final border for the oppressed, the last limit in which resistance becomes a necessary practice for survival, not for the individual as such, but for the collective, which also means for the generations to come. The defence of the socio-environment becomes a struggle against the forms of capitalist logics of colonial design, where the body cannot do without the telling of another story. It also means the struggle in the spaces of epistemology. It becomes a struggle against *hegemony by (logics of) coloniality* and a struggle to construct the individual presence within the collective subject, a subject that speaks; otherwise the opinion and knowledge production of the powerful will continue to prevail, framing the coercive imperial ontology of *the rights of supremacy* and the materialist praxis of *appropriation by coloniality*.

"Yesterday: Columbus, Cortez, Pizarro and Rivera. Today: Capital kills the people and Mother Earth". Sign from demonstration in Montevideo, 2009 (photo by the author).

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