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From colonialism to neoliberalism: Critical reflections on Philippine mining in the "long twentieth century"

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ABSTRACT

Through an analysis of archival data and findings from interviews with industry leaders, I explore the genesis, rise, and fall of the various Philippine mineral regimes of the twentieth century. Specifically, I examine the background of successive and overlapping colonial and neocolonial powers in three eras: late colonial (1901–1941), national developmental (1945–1964), and state authoritarianism (1965–1985). I also briefly examine the current neoliberal mineral regime (1986–present). I argue that, to date, capitalist enterprises and neocolonial powers have pursued two contradictory paths to extract precious (gold and silver) and base (chromite, iron, copper, nickel, magnesium, and ore) metals in the Philippines. On the one hand, mining companies appropriated expansive land, underpriced labor and inexpensive food to subsidize capital expenditure and mineral operations. The appropriation of basic inputs – or what is referred to as "cheap natures" – allowed these companies to reduce their sunken investments and operational costs. But on the other hand, as the sector developed more, it became increasingly difficult to appropriate such "cheap natures." While initially profitable because of successful appropriation of "cheap natures," companies eventually experienced decreasing returns because of the problems this caused.

1. Introduction

I present a critical historical overview of Philippine mining in light of changes in the global economy since 1900.[1] Specifically, I examine the genesis, rise, and fall of Philippine mineral regimes, taking into consideration successive and overlapping colonial and neocolonial powers, in three eras: late colonial (1901–1941), national developmental (1945–1964), and state authoritarianism (1965–1985). I conclude by discussing briefly the state of Philippine mining under the current neoliberal mineral regime (1986–present).

To date, considerable research has been carried out on mining in the Philippines, particularly on more contemporary analysis that focuses on such themes as local governance (Batongbacal, 2011; Ingelson et al., 2009; Vivoda, 2008), indigenous groups (Holden, 2005; Holden and Ingelson, 2007), local governments (Holden, 2005; La Vina et al., 2012), political economy (Gomez, 2012; Israel, 2010, 2011; Orfenio, 2009), development (Rovillos et al., 2003; Rovillos and Tauli-Corpuz, 2012; Santos and Zaratan, 1997) and everyday forms of protest (Nem Singh and Camba, 2015). While there is also a clear need to undertake more research during the country's colonial and early state period (e.g. Boericke, 1945; Lopez, 1992), little attention, however, has been paid to broadening understanding of how global–local relations and the long-term trends of historical capitalism in the country have impacted mining (Ollman, 2003).

I argue that, to date, capitalist enterprises and neocolonial powers pursued two contradictory paths to extract precious (gold and silver) and base (chromite, iron, copper, nickel, magnesium, and ore) metals in the Philippines. On the one hand, mining companies needed to appropriate expansive land, underpriced labor and inexpensive food to subsidize capital expenditure and mineral operations. The appropriation of basic inputs – or what is

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[1] With mineral resources valued at almost US$1 trillion, the Philippines ranks as the world's fifth-most mineral-rich country, third in terms of gold reserves, fourth in copper, fifth in nickel, and sixth in chromite (Philippine Government, 2010).

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referred to as "cheap natures" – has allowed companies to reduce their sunken investments and operational costs.[2] The mining sector, therefore, has been able to acquire base and precious metals at very low costs. Profitability has largely depended on the appropriating "cheap natures."

But on the other hand, as the sector developed more, companies found it increasingly difficult to appropriate such "cheap natures." Specifically, the more economic the land, underpaid labor, and low-cost food mining companies "acquired," the more difficult it became for them to maintain this behavior. Put simply, from the US colonial period up until the Marcos authoritarian regime, mining, while initially profitable because of successful appropriation of "cheap natures," eventually experienced decreasing returns because of the problems it caused. When the profitability of these mining companies decreased, a new regime of mineral extraction commenced, during which surplus capital, or "cheap money," for operations was sourced from the world's major financial centers.

The structure of the paper is as follows. First, I outline the theoretical framework of Marxian value relations. Second, I explore the colonial period from 1900 until 1941, when the Philippines was under the Open Door Policy Regime of Great Britain (1901–1929) and subsequently, a Fordist-Keynesian regime in the 1930s. Third, I elaborate on the difficulties endured by the mineral regime during the postwar period, from 1945 until 1964. Finally, I examine the state-led mineral regime under the Marcos authoritarian government, from 1965 until 1985. In the final section, I briefly discuss the transition toward the neoliberal regime (1986–onward) and reflect on the findings of the paper, against the background of current developments.

I seek to complement the existing literature on Philippine mining by adopting a long-term historical framework, which helps to capture the processes that recur in different eras (Araghi, 2009a; Arrighi, 1994; Braudel, 1985; Bunker, 1985; Bunker and Ciccantell, 2005; Moore, 2000, 2009, 2011; Wallerstein, 1974). It becomes possible, therefore, to "tease out" the historical genesis of particular processes, to identify patterns of recurrence, and to broaden understanding of the "novelty" of the contemporary period (Arrighi, 1994; Frank, 1978; Silver, 2003; Wallerstein, 1974). In addition, world-historical frameworks help to situate the dynamics of capital accumulation and sectoral development constitutive of one another (Silver, 2003). Methodological nationalism that focuses on an economic sector from the state-level perspective gives primacy to endogenous and local forces and often deemphasizes the changes in the global economy (Arrighi, 1994; Bunker, 1985; Wallerstein, 1974). Analysis of the local–global dynamics complements studies carried out at the state level by connecting the dynamics of societies to the evolving dimensions of the global economy (Araghi, 2009b; Baran and Sweezy, 1966; Bunker, 1984; Bunker and Ciccantell, 2005; Arrighi, 1994; Moore, 2010c, 2011, 2014b).

I analyzed government data; material contained in company reports; newspaper articles obtained from the American Chamber of Commerce and Philippine Governor General; and selected US colonial reports. While some of this material covered periods until 1969, to broaden understanding of the dynamics of mining during the postwar and contemporary periods, I conducted field research in Metro Manila, Luzon, and Visayas between 2009 and 2014. Here, I visited several mining sites in Camarines Norte and Nueva Vizcaya, as well as several municipalities in the provinces of Benguet, Ifugao, and Mt. Province. Semi-structured interviews were conducted with industry leaders and state actors, as well as local actors, including representatives from peoples' organizations, transnational companies and nongovernmental organizations (NGOs), and inhabitants from mining areas. The material gathered helped to "construct" a picture of the past.

2. Theoretical framework

2.1. "Cheap natures"

I use the labor theory of value (hereafter, *value*) in Marxist political economy and Marxist economics, which is premised upon the idea that the "worth" of economic goods and services depends on the amount of socially necessary labor that was used to produce it (Harvey, 2006, 2010, 2013; Moore, 2014b; Ollman, 2003). Although the concept is considered futile by mainstream neoliberal economists,[3] I consider value as the dead or used labor that is congealed in commodities made from the economic production process (Harvey, 2013; Moore, 2012, 2014b). For Marx (1977), commodities are products of a division of labor, varying specializations among and technologies available within a population, varying levels of technical production, and the social interdependencies and class relations in a society (Ollman, 2003). Marx further argued that because economies are tied to one another internationally, societies are interconnected and become a part of the interdependencies and class relations of even bigger economies (Brenner, 2006; Burkett, 1999; O'Connor, 1998). In terms of value, therefore, it is not that labor-intensive economies are more profitable than capital-intensive ones, but rather that capital-intensive sectors also depend on labor-intensive ones. Market volatility, supply and demand, and other concepts used to explain the rise and fall of prices are bound to, and cannot be separated from, value (Harvey, 2006).

Such a notion of *value* has been criticized for having a nature-blind perspective and its inadequate treatment of informal labor, unpaid work, or work outside of the formal economy (Araghi, 2003, 2009b, 2010; Burkett, 1999, 2003; Moore, 2010c, 2011, 2012, 2014a; Peet and Watt, 2004). These types of work not only make up the entire economy of a state but also become crucial in the reproduction of conditions needed for formal labor to continue producing (Araghi, 2003, 2010; Peluso, 1992). The so-called reproduction process, as the literature on feminism points out, has crucially depended on women's household labor and underpriced domestic labor in the developed and developing worlds: cooking dinner, cleaning the house, and paying the bills. Put simply, this is the kind of "small" work that is not fully encompassed by the market and is treated as being "outside the formal economy" but when aggregated altogether becomes the key reason for production to renew once again (Federici, 2012). However, as eco-Marxists have pointed out, value needs to consider the use of nature's unpaid work in the production and reproduction processes (Burkett, 1999, 2003; Peluso, 1992; Moore, 2010a,b,c, 2014a).

[2] "Cheap natures," pertain to the basic inputs of food, raw materials, land, and labor that are underpriced vis-à-vis the same inputs from somewhere else (in the developed world or the formal economy protected by laws). The underpriced basic inputs subsidize the economic production process while slowly undermining social reproduction. The low cost inputs contribute to profitability. The rising cost of these inputs increases the cost of production, creates problems of profitability, and facilitates a transition to the next kind of production regime. For some basic references to "cheap natures," see Moore (2010c, 2011, 2013, 2014a,b), Ortiz (2014) and Marley and Fox (2014).

[3] Conventional explanations from the neoclassical economic and governance literature focus on technological innovation, competitive advantage, the efficiency of firms, and the robustness of institutions to explain profitability and capital accumulation. The problems with these explanations have been explored and elaborated on in some other works. I focus on two points. First, these explanations shy away from analyzing the process of production and producing goods and services. The explanations focus on external institutions and agencies that could condition profit, but they do not take stock of the division of labor and the social production that makes up a society. Second, these explanations are abstracted generalizations of particular conditions for profitability, but they do not analyze the interrelations that explain why some goods and services are worth more than others (Ollman, 2003).