

## ***How did Canada become a mining power?***

*Par Sean Phipps, MICLA, 2014*

As Alain Deneault and William Sacher argue in their book *Paradis sous terre* the growth of the Canadian mining industry can be traced back to its own origins as a British colony, a colonial legacy that it internalised in its dealings with the Third World.

Canada in the 19<sup>th</sup> century was both colony and coloniser. Throughout this period, Canada continue to be politically dominated by the British Empire, while it increasingly became economically dominated by US capital. Over time, US investments in Canada's mining sector increased, especially during the First and Second World War, when it sought to secure strategic mineral reserves. Investment occurred principally through the Toronto Stock Exchange, founded in 1861. Already by the 19<sup>th</sup> century the exchange acquired the reputation for wild speculation, in which fortunes were lost and won over night. In the words one investor, buying stock on the exchange was like betting at the races, except no matter which horse won, Canada as a whole would benefit as exploration companies expanded her frontiers. It was also at this time that the first mining codes were formulated, most based on a Free Entry system and a laissez-faire approach that continues to this day and which Canada has sought to export around the world.

While Canada has a country may have been partially colonised by US capital, it was embarking on its own colonial project: the destruction of indigenous cultures, the incorporation of indigenous peoples into the labour market and the expropriation of indigenous land. Through legislation such as the Indian Act and the creation of the reserve system, the Canadian government sought to isolate indigenous communities and sever their link to the land, opening it up for resource expansion. To do this most Canadian mines lie in the country's north, either in the Canadian Shield or the Western Cordillera, on stolen or yet unceded indigenous land. As conflicts such as the one between the KI First Nation and the mining company Plantinex shows, Canadian mining companies continue to maintain an exploitative relationship with indigenous communities, one aided and abetted by the state.

The Canadian mining industry began to grow throughout the twentieth century but by the 1980's low global commodity prices and high business costs, lead to Canadian mining capital increasingly looking to expand overseas. Across the Global South, but in Latin America especially, neo-liberal governments had deregulated the mining industry, privatising state companies and removing laws preventing foreign ownership of natural resources. Canadian mining companies found these markets very profitable and in the 1990's began

exploration. As well in 1988 the Canadian government established a flow through tax credit for investing in mining exploration, encouraging exploration at home and abroad, and making Canada a global hub for both multi-national corporations and junior exploration companies.

By the 2000's Canadian mining presence in Latin America had increased enormously, fueling social conflict in the region, as contamination of water resources and lack of appropriate consultation caused communities to reject mining development. Yet while, activist groups both North and South have worked to denounce the industry, the Canadian government, particularly under Stephen Harper, has embraced the industry. Under the Harper government we have seen the rejection of modest reforms such as the Halifax Initiative and Bill C-300 and the incorporation of mining interests as part of Canadian foreign and development policy. Increasingly governments and corporations have turned to the rhetoric of CSR (Corporate Social Responsibility) to justify their actions and present mining as a form of development, even as they continue to denounce those that seek to question the mining industry. Canada has increasingly become a country shaped and governed by the interests of the mining industry.

### ***How has mining affected Latin American Development?***

Mining has occurred in Latin America since the Pre-Conquest period, with indigenous groups in Mesoamerica and the Andes mining primarily precious metals for ritual and artistic purposes. Commercial mining did not begin until the arrival of the Spanish in 1492, when the extraction of American gold and silver became not only a driver for the Conquest but of European capitalism itself.

Mining centres such as Potosí, and later the silver mines of Mexico, emerged as the cornerstones in the Spanish imperial project. At Potosí, mining was first done by free indigenous labourers using traditional techniques, but as ore grades began to degrade an intensification of both technology and labour was needed. These took the form of mercury amalgamation and the mita, a form of labour draft. Between the two of them they raised productivity while devastating Andean society in what some scholars have termed a genocide.

Mining at this times was almost all for export, leaving little in the way of lasting wealth and preventing the creation of other industries, a pattern which occurs in many Latin American countries to do this day. As ore grades fell or overproduction lead to falling profits, mining would cease often moving to other locations in a cycle of booms and busts as commodity frontiers continuously shifted. From Potosí to Ouro Preto in Brazil, Latin America is full of once

great mining towns who never really recovered from when the bubble burst.

After independence mining production decreased until in the 1860's a growth in global demand for base metals and the opening up of Latin American economies following the triumph of liberal governments lead to a mining resurgence. New industrial technologies, financed by foreign capital, and cheap energy in the form of hydrocarbons, allowed for the exploitation of lower grade ores as well as the creation of a class of full time wage workers, rather than the drafted or temporary workers who had previously manned the mines. Overtimes many of these workers developed high degrees of class consciousness, agitating for greater control over the workplace, in some cases culminating in the nationalization of these industries in the second half of the twentieth century.

These gains however, were short lived as a decline in commodity prices in the 1970's reduced production while the economic crises of the 1980's and subsequent neo-liberal assault on the continent lead to opening up of the mining sector to foreign companies. Beginning in the 1990's, but increasing rapidly in the mid-2000 with the global commodities boom, multi-national mining companies, many of them Canadian, began to expand their control over the region. With them they brought new production techniques, mainly the open pit. Open pit mining requires a lot less labour the colonial or industrial mining, but entails massive drains on energy, land, capital and water. Rather than the labour conflicts of the past, mining conflicts are increasingly taking on an environmental dimension, as these mega-minas lead to massive drains on local resources and widespread ecological destruction. Anti-mining movements have begun to emerge across the continent, with Canada increasingly becoming identified as a major new imperial power in the region.