



# Financialization, totality and planetary urbanization in the Chilean Andes



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## ABSTRACT

In a context of planetary urbanization, where vast swathes of the countryside are being enclosed on an ongoing basis in order to support a sprawling urban system, the relationship between finance and land-use change needs to be brought to the forefront. By engaging with Henri Lefebvre's ideas of levels and totality, this paper draws analytical connections between the financialization of the transnational mining industry and the production of the financialized urban everyday in geographies of extraction. The paper does this by looking at the case of Pascua Lama, a multibillion open-cast mine to be developed in Chile by a major mining company in the context of the current global gold rush. Through this case, I show how a set of strategies pursued by financiers and corporate managers thousands of kilometers away from the extraction site, resulted in fractured spaces of urbanization shaped by socioecological plunder, dispossession and geographically uneven financial landscapes.

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*"Like the imaginary appetites of the social parasite, money is a purely aesthetic phenomenon, self-breeding, self-referential, autonomous of all material truth and able to conjure an infinite plurality of worlds into concrete existence"*

[(Eagleton, 1990, p. 201)]

## 1. Introduction

The 'financialization' of capitalism, understood as the increasing predominance of financial instruments, practices and mechanisms over the actual production of goods or services in order to yield profits, is considered to be a landmark in the history of the capitalist mode of production (Foster, 2007, 2010; Christophers, 2010, 2012; Krippner, 2011; Hall, 2010, 2011; Lapavistas, 2013a,b; Loftus and March, 2015). Although social scientists have become increasingly interested in exploring how states, natural resources, corporations and households become financialized, French et al. (2011) have argued that insufficient attention has been paid to the role of space, which is usually accorded a passive role. In a context of planetary urbanization, where vast territories are being operationalized, redesigned, enclosed and integrated by an expanding urban fabric into the international division of labor (see Brenner, 2013, 2014; Brenner and Schmid, 2013, 2014, 2015), studies of the sociospatial

ramifications of financialization need to be reinstated as a key priority.

Notwithstanding the fact that the field of urban studies has been turning its gaze toward the financialization of land as a fundamental determinant of how urban space is produced and reproduced, most accounts usually place the analytical focus exclusively on cities – understood as densely populated urban agglomerations (Wyly et al., 2004, 2008; Christophers, 2010, 2014; Charnock et al., 2014; Merrifield, 2014). Explorations of how processes of financialization result in the material (built environments, practices) and representational (subjectivities) production of urban space beyond already established urban centers, on the other hand, have not yet been developed. Furthermore, and although the existing literature on the financialization of natural resources provides crucial insights for understanding the complex geographies of resource extraction (see for example Tsing, 2005; Labban, 2010, 2014; Kaltenbrunner et al., 2012; Loftus and March, 2015), its particular implications in terms of processes of urbanization have remained unexplored.

The purpose of this paper is therefore to mobilize Henri Lefebvre's notions of 'levels' and of 'totality' in order to offer an account of the financialization of natural resources that explores the dense interconnections between the international financial system, the geographies of resource extraction, and the production of everyday urban environments in the Huasco Valley, a region in northern Chile that is being reconfigured into a mining district. For Lefebvre (2003 [1970], 2008 [1961]), the notion of totality

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needs to be mobilized in order to grasp the multiple relations of coexistence between private, urban and global levels of social life (see Goonewardena, 2005; Shmueli, 2008). If there is no insistence upon totality, Lefebvre (2008 [1961], p. 181) warns, theory and practice accepts the real just as it appears: fragmentary, divided and disconnected. The case of the Huasco Valley constitutes a clear example of the intricate relations between levels, because with the arrival of Pascua Lama – one of the largest gold mining projects in the world – the international financial system and the local geographies of extraction in the valley became intermingled in relations of mutual transformation.

Illustrating the ways in which the international financial system asserts itself as a differentiated unity whose reproduction relies on a complex set of practices and arrangements that span everyday, urban and global levels of social reality is at the core of this paper. This, I will argue, also provides strong grounds on which to make sense of not only of the political–economic, but also of the experiential basis that underpins the complete urbanization of society, and is therefore aimed at contributing to the lively, scholarly discussion on the subject (see Brenner, 2013, 2014; Brenner and Schmid, 2013, 2015; Angelo and Wachsmuth, 2014; Brenner and Katsikis, 2014; Ibáñez and Katsikis, 2014; Merrifield, 2014; Kanai, 2014; Arboleda, 2015a,b; Wilson et al., 2015). The first section will engage with some of Lefebvre's thoughts on levels, totality and planetary urbanization, with the purpose of providing analytical foundations to make sense of the interrelatedness between the private, the urban and the global under contemporary neoliberalizing capitalism. The second section goes on to offer an exploration of the financialization of natural resources, with a specific focus on resource extraction. Understanding the internal dynamics of the extractive industries, I will argue, is crucial for disentangling the geographies of contemporary processes of capitalist urbanization. Subsequently, a third section will focus on the corporate and financial strategies behind Barrick Gold and its multibillion dollar project Pascua Lama. With those things in mind, the fourth section explores not only the production of urban space, but also the transformation of everyday life that has followed the irruption of transnational finance capitals advanced for resource extraction in the Huasco Valley.

## 2. Levels, totality, urbanization of finance

The notion of totality, which underpins much of Western Marxism's epistemology of society, regards the social whole as a structure or system constituted by parts to which they belong and that interrelate with the system (see Jameson, 1971; Lukács, 1971 [1923]; Freire, 2000 [1970]; Jay, 1986; Ollman, 2003; Shmueli, 2008). For Freire (2000 [1970]), the notion of totality aims at overcoming the pitfalls of bourgeois epistemologies that purport partial, fragmented and focalized views of reality, and therefore strives for the comprehension of total reality as an inter-related whole. Although the notion of totality has been widely used, Goonewardena (2005, 2008) notes how most of the approaches usually underscore it in some variations of a crude 'base-superstructure' model. Lefebvre's contribution for contemporary understandings of totality is therefore fundamental, because his reading proposes a more nuanced and flexible configuration of 'levels' – beyond base and superstructure – in the context of late capitalism's historical totality (Goonewardena, 2005, 2008).

In *The Urban Revolution*, Lefebvre views the social totality as the result of the myriad interactions and flows between what he termed Global (G), Mixed (M), and Private (P) levels of social practice (Lefebvre, 2003 [1970]). With this, his intention is to clarify the constitutive relations between everyday life (P-level), the urban (M-level), and global neoliberalism (G-level) (Goonewardena,

2008), a relation that can also be mobilized productively to make sense of the complex geographies of finance. In fact, French et al. (2011) have argued that the spatially differentiated effects of financialization constitute one of the most important gaps in the burgeoning literature on the subject. For these authors, accounts of financialization have prioritized the nation-state as the foremost container of economic activity and in so doing, have overlooked other relevant sociospatial units such as the city, the region and the household, all of them central in the production and reproduction of the international financial system (ibid). Although Lefebvre never addressed the issue of finance specifically, he was nonetheless aware of the multi-layered and multidimensional ramifications of political–economic structures and for that reason deployed his analytic of totality as an 'epistemological sensibility' with the potential to capture the radical relationality of social life under capitalism (Shmueli, 2008).

Throughout *The Urban Revolution* and the three volumes of his *Critique of Everyday Life*, Lefebvre was equally critical to the all-encompassing analytical scope of the political economist and to the methodological attachments to immediacy prevalent in ethnographic studies. The analytical challenge, he claimed, consisted in drawing connections between such disparate levels of social reality (Lefebvre, 2008 [1947], 2008 [1961]). Lefebvre's thoroughly relational understanding of the world is therefore circumscribed to what Ollman (2003) refers to as the philosophy of internal relations, a tradition of dialectical inquiry that considers the relation between parts and whole to be in continuous evolution and co-determination. By foregrounding process, becoming and mutual constitution, Ollman (2003, p. 140–141) illustrates how the concept of totality allows viewing not only how the whole expresses itself through the part, but how constant flux between parts reconfigures the whole. The very notion of financialization, typically understood as an alteration of trading, investment and consumption practices in crucial agents of capitalist accumulation such as non-financial firms, banks, workers and households (Labban, 2010; Hall, 2011; Kaltenbrunner et al., 2012; Lapavistas, 2013a), implies an internally related conception of social practice that dialectically links global networks of institutions to the immediacy of the home.

It is important to stress that the notion of 'financialization' is widely contested in the literature, assuming different meanings and characteristics depending on the context and the theoretical framework. Some authors have considered that labor is no longer the central locus of corporate profit, and that financialization implies 'profiting without producing' (see for example Lapavistas, 2013a; Nitzan and Bichler, 2009). Accumulation, so the argument goes, has emancipated itself from actual production, and the antagonistic relation between capital and labor has morphed into an antagonistic relation between corporate managers and shareholders (see Labban, 2014). This disconnection between interest-bearing capital and its monetary basis, as Marx (1981 [1894], p. 727) rigorously illustrated in Volume III of *Capital*, is only apparent. Recent critiques of the notion of financialization have therefore illustrated that notwithstanding the fact that the locus of profit has to some extent shifted, the production of revenues is by no means severed from the 'real economy' (see Labban, 2010, 2014; Loftus and March, 2015). Although the dominance of financial interests has an indisputable influence upon industrial capitals, Loftus and March (2015) contend, the relation with production remains fundamental. As the analysis to be developed in subsequent sections will reveal, the latter approach is clearly reflected in the complex, convoluted relation between the financial dynamics of the mining company and its extractive operations in Chile.

The territorial ramifications of the financialization of capitalism, it should be argued, are not only circumscribed to self-contained metropolitan areas but have spilled over to other morphological

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