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Sustainable development for whose benefit? Brazil's economic power and human rights violations in the Amazon and Mozambique

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The Brazilian government, led for two consecutive terms by the socialist Partido Trabalhadores (Worker's Party), is enabling an overwhelmingly state-funded public–private partnership (PPP) to perpetrate human rights abuses against indigenous peoples and riparian communities in its Amazon region. This article considers the human cost of facilitating an explicitly neoliberal form of economic development for the benefit of large corporations – the primary vehicle through which states grow and develop their economies. It will also show how the world's second-largest transnational mining company, Brazilian Vale SA, undermines human rights and positive state obligations in Mozambique, in exploiting the coal reserves there. The article frames this complex scenario within the business and human rights discourse, with an emphasis on the political economy of human rights violations. It first defines the role of the corporation within neoliberalism, then assesses whether international human rights law is able to prevent corporate human rights violations, or violations of the rights of specially protected indigenous citizens. This article concludes that Brazil's economic development policy and the actions of its leading transnational corporation – due to extensive allegations of human rights violations at home and abroad – are inimical to the principles of truly sustainable development.

Keywords: Brazil; Belo Monte dam; business and human rights; indigenous peoples; neoliberalism; Mozambique

Introduction

The research for this article began with the announcement that Vale SA was voted the 'worst company in the world' at the World Economic Forum in Davos in January 2012, a yearly 'prize' established by Swiss-based sustainable development group The Berne Declaration.¹ It earned the dubious accolade primarily for its role in the construction of the Belo Monte dam in the Amazon rainforest, and a host of alleged human rights abuses in dozens of countries worldwide, including Mozambique.²

Vale is part of a collection of public and private corporations that make up the NESA (Norte Energia SA) Consortium that is building the Amazon mega-dam. It is the world's second-largest mining company, and owns the world's largest iron ore mine at Carajás in the Brazilian Amazon region.³ It plans to expand its Amazon operation, increasing its output from 100 million to 130 million tons of iron ore,⁴ and to do so requires a large amount of electricity. Vale SA currently operates nine hydropower stations in Brazil, to

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satisfy its huge energy demand for mining.⁵ In April 2011 it announced its purchase of a 9% stake in the Belo Monte dam.⁶

The proposed Belo Monte dam is the third biggest in the world,⁷ after China's Three Gorges and the Brazilian Itaipu dam in Paraná state. Like the Three Gorges,⁸ some believe Belo Monte may become a 'white elephant' project,⁹ with costs reaching \$18 billion in early 2013.¹⁰ This is economically risky, because Belo Monte will have little capacity in the dry season, requiring the building of further dams upstream to guarantee water flow.¹¹ As is often the case within neoliberal¹² public-private 'partnership' structures, the risk is in fact the Brazilian taxpayers' – over 80% of the cost burden is being borne by the Brazilian National Development Bank, BNDES.¹³ Brazilian construction corporations will benefit economically regardless of the completed dam's output,¹⁴ and as a high-value private investor, Vale are likely to have first access to any electricity that is produced.

Environmentally it is also a risky venture. Despite the reputation of hydroelectricity as a green energy source, Belo Monte and its proposed upstream companion dams would, after 10 years, produce emissions four times higher than an equivalent fossil fuel plant, due to the methane released through vegetation rot from vast deforestation and flooding of the surrounding area.¹⁵ After 20 years, the project would still have 2.5 times the emissions of a fossil fuel plant.¹⁶ Despite this, Belo Monte is considered the flagship project for Brazil's national modernisation and development, which the previous president, Lula Inácio da Silva, promised would go ahead 'by fair means or foul' (*na lei ou na marra*).¹⁷

This article investigates the 'foul means' by which the energy needs of a former national mining company, privatised in 1997, provides the primary motive for the large-scale industrialisation of the Amazon rainforest – affecting many hundreds of thousands of inhabitants, indigenous and otherwise – at a time when Brazil is supposedly leading the world into an era of 'sustainable development'.¹⁸ It explores the globalised economic structure that enables large companies to dominate economic development whilst undermining human development, universal human rights, and specially-protected rights for indigenous peoples. The shift to Mozambique – where Vale has displaced a community for a coal mine in Moatize – is explained as part of the neoliberal strategy of 'accumulation by dispossession',¹⁹ this time applied overseas in a neocolonial manner. This adds an interesting further angle to the charge of 'internal colonialism' occurring in the Brazilian Amazon.²⁰

It is also clear from the case study that the motivations of both the Brazilian government and its corporate 'darling' are the same – economic development, both at home and abroad, with little regard for the social and environmental consequences. This economic development is inimical to rights-based environmentally and socially sustainable development. As Anthony Hall and Sue Brandford put it, local populations have spent over 30 years

locked in battle with the energy authorities, contesting the top-down planning approach that has been regularly applied in Brazilian infrastructure expansion as an integral part of the regional and national development process.²¹

This process has been, over the last decade, reconfigured as 'neo-developmental', with the state as financial backer and the private sector as executor of major infrastructure schemes such as Belo Monte.²² I argue that the roots are in neoliberalism, which sees the state caught in a cycle of appeasing and subsidising its corporate partners, unable to hold them to account for infractions against universally held notions of human rights-based approaches to development and social and environmental justice.

The neoliberal foundation for state-funded corporate human rights violations (excused as necessary collateral damage for economic ‘development’) is particularly interesting and forms the first part of this article. The case study is also prefaced with an overview of the human rights mechanisms that are failing to guard against the worst effects of neoliberal economic development. Exploring the situation specifically through business and human rights discourse and the special protections afforded to indigenous peoples in settler colonies, the case study further demonstrates why stronger mechanisms are needed to regulate neoliberal development strategies.

These human rights violations are not trivial. The Amazon rainforest suffers, as do many resource-rich parts of the world, from serious land-related conflicts often resulting in assassinations of environmental human rights defenders (HRDs) – most often leaders of farmers’ and fishermen’s groups, or indigenous leaders.²³ Hall and Brandford note particularly the murder of the prominent anti-dam campaigner known as ‘Dema’ in 2001, which went unpunished, like many such murders.²⁴ Altamira, the closest town to the Belo Monte construction site, was also where hired gunmen murdered United States (US) national Dorothy Stang, a nun and land rights campaigner, in 2005.²⁵ ‘Boomtown’ population explosions also threaten basic human rights protections in the dam’s surrounding region. Altamira is expected to double in size in 2013–2014, which will overwhelm its public infrastructure, and – should this create a similar scenario as experienced in Tucuruí and Carajás during dam and mine construction respectively – crime, violence, poverty, addiction and prostitution will reach catastrophic levels.²⁶ The impact of the dam on indigenous peoples’ rights will be so severe many tribal leaders have declared ‘war’ on the Brazilian government.²⁷ Indigenous peoples who live in affected parts of the Amazon rainforest will be decimated by the megaproject. The River Xingu is often referred to as their spiritual father, or their God, and the dam will block its path, flooding the ancestral lands of tens of thousands of tribal peoples.²⁸

Economic development led by unaccountable corporate bodies, fully backed by governments with limitless public funds and legislative powers, creates a ‘Wild West’ in marginal, resource-rich areas the world over. Witness the August 2012 police shooting of 34 striking miners at the Lonmin platinum mine in South Africa,²⁹ for example; or the extrajudicial killings in Nigeria in the 1990s of members of the Ogoni ethnic group – many of whom had been campaigning against the destruction of their land and crops caused by Royal Dutch Shell and the Nigerian National Petroleum Corporation.³⁰ This is undoubtedly a new frontier for human rights.

In order to navigate a complex interdisciplinary conceptual framework, this article is divided into three sections. The first explores neoliberalism as the dominant economic framework in an increasingly globalised world. It highlights the corporation as an integral driver of the neoliberal doctrine, which includes widespread privatisation, or ‘dispossession’, as one of its key policy prescriptions. The second provides a review of legal and quasi-legal regimes and institutions mandated to monitor and regulate the human rights impacts of corporations; and those mandated to regulate the global economy, yet which often provide clear benefits for transnational corporate actors. It also reviews the international legal frameworks developing around the protection of indigenous peoples. This complex international economic and legal framework will then be applied in the third section to the case study of Brazilian mining company Vale SA and its activities in the Amazon and Africa. It concludes that Brazil’s hosting of the UN’s international forum on sustainable development is deeply hypocritical given the state’s complicity in such damaging developments, and that truly sustainable development should respect social and environmental human rights.

Neoliberalism, neocolonialism and corporate empowerment

'There is no alternative': neoliberal economic policy and the corporation

David Harvey defines neoliberalism as a theory of political economy that encourages entrepreneurship and economic 'freedom' within an institutional framework characterised by strong private property rights, free markets and free trade.³¹ Many commentators have noted that the neoliberal economic policy prescriptions are highly suited to the interests of transnational corporations (TNCs), which drive economic globalisation by taking advantage of free market regimes across multiple countries.³² Since the 1980s neoliberalism has been the dominant economic policy that primarily forces open domestic markets to global trade using the International Monetary Fund (IMF), the World Trade Organization (WTO) and the World Bank.³³ These institutions continue to 'assist' countries through economic crises and in their economic development, frequently partnering with corporate interests when doing so.³⁴ One common understanding of neoliberal economic policy that has emerged throughout the last decades is that 'there is no alternative': nation-states must accept these prescriptions in order to develop, making it far from a global regime characterised by state sovereignty and free choice. The United Nations Conference on Trade and Development (UNCTAD) has accepted neoliberalism as 'the only alternative' for the global economy.³⁵ The late former British Prime Minister Margaret Thatcher said 'there is no alternative' to neoliberalism so often it was abbreviated to 'TINA'.³⁶

There is, furthermore, an acknowledgement that – even predating the emergence of neoliberalism – private, vested interests have long had the political influence to protect and strengthen their own property rights throughout history.³⁷ Private trading relations were important drivers for colonialism: colonial economic policies emphasised the role of the firm.³⁸ Little has changed: governments must still compete with each other in the global economy through the success of their nations' corporate bodies, state-owned and private.³⁹

Privatisation as accumulation by dispossession, and the 'spatial fix'

The symbiotic relationship between government and big business is central to understanding corporate human rights violations in the context of neoliberal economics, but first we must elaborate an understanding of neoliberalism as a system of 'accumulation by dispossession'.

Capitalism in Marxian economics as outlined by David Harvey is underpinned by a process of unequal exchange, which creates accumulation of capital that must be continually reinvested to create surplus, or profit.⁴⁰ 'Crises of capitalism' occur when there is an over accumulation of capital.⁴¹ This means that reinvestment of capital no longer produces returns, causing devaluations. One way to solve the problem of over accumulation is through 'accumulation by dispossession'.⁴² Accumulation by dispossession includes activities such as 'the commodification and privatization of land and the forceful expulsion of peasant populations'; 'the suppression of alternative (indigenous) forms of production and consumption'; and 'colonial, neo-colonial and imperial appropriation of assets (including natural resources)'.⁴³ Another is to apply a 'spatial fix', which – in keeping with the neoliberal project – means investing in new markets, usually in new geographical contexts, to provide profitable outlets for the accumulated excess capital.⁴⁴ All are engaged by Vale, wholly supported by the Brazilian government, to the detriment of human rights at home and abroad.

Privatisation, the central pillar of accumulation by dispossession, moves assets from the public to the private domain, reversing common property rights. Harvey describes it as 'the

most egregious of all policies of dispossession pursued in the name of neoliberal orthodoxy'.⁴⁵ Arundhati Roy emphasises that these assets are often natural resources such as 'earth, air, forest, water' that the state holds 'in trust for the people it represents',⁴⁶ development of which without explicit permission and consultation by affected peoples threatens both human rights and democratic participation. Harvey elaborates that the state plays a crucial role in backing and promoting the process of accumulation by dispossession because it has 'a monopoly of violence and definitions of legality'.⁴⁷ He gives the examples of 'the struggles of the Ogoni people against the degradation of their lands by Shell oil' and 'the long drawn-out struggles against the World Bank-backed dam construction projects in India and Latin America'.⁴⁸

Corporations and government support

Companies can impact the entire range of human rights issues, both positively and negatively,⁴⁹ whilst trying to protect their assets or remove barriers to the highest profits. Joel Bakan describes the corporation as a 'pathological institution'; one that is compelled to maximise profits for the shareholder at any cost to workers, communities and the environment.⁵⁰ Another useful way to understand the corporation's impact on human rights is as an 'externalizing machine' that is 'legally compelled to externalize costs without regard for the harm it may cause to people, communities, and the natural environment'.⁵¹ Corporations are 'legal persons': they are capable of suing and being sued and capable of entering into contracts,⁵² and often have more government support in the form of subsidies and tax breaks than most individuals.⁵³

Bakan unequivocally states that corporations cannot exist without the state, and neither can markets.⁵⁴ Furthermore, he states that 'deregulation does not scale back the state's involvement with corporations; it simply changes its nature'.⁵⁵ Deregulation, a key principle of neoliberalism, alongside privatisation, has been described by Balakrishnan, Patel and Elson as simply 'profit-led regulation'.⁵⁶ There is a symbiosis at play: states must grow and develop, and corporations must profit. Bakan makes the compelling point that such a partnership is damaging for democracy, which is necessarily hierarchical: democracy requires that citizens, 'through the governments they elect, have sovereignty over corporations, not equality with them'.⁵⁷ What we see instead – certainly in wealthier countries – is a de facto collusion between government actors and corporate chiefs, in informal and formal partnerships. They form and consolidate these partnerships due to their co-dependence and mutual interest in economic growth.

Corporations are powerful. Around half the world's top economies by gross domestic product (GDP) are companies.⁵⁸ Mining companies such as Vale, Rio Tinto, BHP Billiton and Xstrata are typically so large that they have dozens of subsidiaries in as many countries, and they often act as if they were national entities.⁵⁹ Bilateral investment contracts between a state and a company can lead to serious democratic deficits and threats to state sovereignty: Sheldon Leader has described an investment contract between a TNC and a host country as an 'unofficial constitution',⁶⁰ and in poor countries, that are badly in need of the income coming from the investment, the 'investor–state agreement can act as the stronger instrument'.⁶¹ The contract becomes in effect a tool of governance, the terms set by the corporation.

Corporations and support from international finance institutions (IFIs)

IFIs exist to endorse neoliberal principles for the benefit of private interests. The WTO openly asserts its intention to 'improve global business opportunities'.⁶² The World Bank ensures corporations benefit from development project contracts. The IMF, influenced

by private financiers in powerful economies, organises loans to struggling economies in exchange for implementation of the Washington Consensus – a 10-point neoliberal ‘prescription’ that includes deregulation and privatisation. TNCs gain considerably from the ‘enforcement’ of the neoliberal model by these powerful international institutions. Diane Elson says that the ability of powerful governments and associated corporations to create trade rules that convenience them makes the current multilateral trade regime ‘far from being one of open markets’ – it is in practice ‘a mercantilism of the rich, promoting open markets where they benefit multinational corporations’.⁶³

IFIs are frequently criticised for their lack of human rights impact awareness. Academics and UN advisers have highlighted the lack of human rights understanding at the World Bank, and the absence of arguably much-needed human rights mainstreaming in IFI-endorsed economic policy recommendations for states.⁶⁴ The IMF, for example, encourages ‘hot money’ investments, enabling investors to turn quick profits.⁶⁵ These sorts of investments in developing economies can create economic instability and financial crises,⁶⁶ with devastating effects on the population, who suffer high unemployment and drastic reductions in social spending as a result of ‘hot money flight’.⁶⁷ The IMF therefore promotes a global financial architecture that benefits TNCs but harms national economies, economic rights and the ‘progressive realization’⁶⁸ of rights to healthcare and education.

A note on the resource curse thesis

The resource curse thesis – also called the ‘paradox of plenty’⁶⁹ – explores the phenomenon wherein resource-rich countries have less economic growth and development than less resource-rich countries.⁷⁰ According to economist Paul Collier, societies that benefit from natural resource rents are the exception rather than the norm.⁷¹ Michael Ross notes that a decline in the ‘terms of trade’ (the relative price of exports in terms of imports defined as a ratio) for primary commodity exports since the structural adjustment programmes of the 1980s has contributed to the resource curse.⁷² Here, I use this case study to link the resource curse thesis to the proliferation of transnational corporate power that brings poorer countries the irresistible benefit of ‘investment’ – but also weakens the social contract between the polity and the population. This allows the former to act with less political restraint, as they become increasingly financially independent from the latter due to sudden resource rent windfalls from corporate foreign direct investment.⁷³

Protections and resistance: the UN, the Rio Earth Summit and indigenous peoples’ rights in settler states

International human rights law and corporations: the UN’s great accountability gap

A sophisticated framework of international human rights law has developed since 1948.⁷⁴ Nevertheless, human rights responsibilities as enshrined in international human rights law treaties are only applicable to governments – not corporations. Governments have a ‘responsibility to protect’ their citizens against human rights violations, giving them ‘positive’ human rights obligations, but given the scope and extent of global corporate power to violate human rights, that there are no legally binding international mechanisms applicable to companies is a clear accountability gap in international human rights law.

There are a number of voluntary business and human rights mechanisms: the 2000 UN Global Compact, the 2003 Draft Norms and John Ruggie’s 2011 Guiding Principles on Business and Human Rights (GPHR). The GPHR guide businesses through implementing a human rights framework in their operations, but they do not and cannot legally compel

them to do so. The offering of corporate social responsibility (CSR) from TNCs is criticised as a duplicitous public relations (PR) exercise by academics and non-governmental organisations (NGOs); a distraction from the real issue of corporate accountability for often serious human rights violations.⁷⁵

The need for change is clear. A 2002 report by the International Council on Human Rights Policy on the subject of developing international obligations for companies says that ‘the purpose of international law is to meet the needs of international society’, and that ‘as needs change so does international law’,⁷⁶ concluding that ‘there is a clear basis in international law for extending international legal obligations to companies in relation to human rights’.⁷⁷ As it stands however, the state has sole responsibility to protect its citizens – problematic considering their symbiotic relationship with domestic and foreign firms, and the state’s monopoly of legality.⁷⁸

Rio Earth Summit, 1992: the global public private–partnership

Due to demand from the global south, in the 1970s a serious attempt to regulate transnational corporations was made through the UN: an International Center on Transnational Corporations (UNTNC) was established.⁷⁹ It provided developing countries with advice on ‘handling’ corporations, and created a Draft Code of Conduct on TNCs. Due to the debt crisis of the 1980s the balance of power shifted between corporations, governments and citizens – and developed and developing countries. Authors like Elson and Madeley highlight the conspicuous absence of the regulation of TNCs from the agenda of the Earth Summit in Rio de Janeiro in 1992, the United Nations Conference on Environment and Development. The International Chamber of Commerce and its members, many of whom are TNCs, urged that the Agenda 21 document for sustainable development (to be agreed at the summit) contained no references to regulating corporations.⁸⁰

What Elson notices particularly about the first Rio summit is that it marked the beginning of a new kind of ‘partnership’ between the UN and corporations: TNCs helped to finance the summit,⁸¹ suggestive of a global public–private ‘partnership’ that would pay great dividends to corporations seeking ‘development’ contracts. This partnership got off to a good start: recommendations from the UNTNC were ignored at the 1992 summit in favour of proposals made by the World Business Council for Sustainable Development, which recommended ‘corporate self-regulation’.⁸² The Draft Code of Conduct was never implemented. The UNTNC became part of UNCTAD, which was now to give advice to states on how to attract foreign direct investment through reducing regulation and taxation⁸³ – a clear shift towards neoliberalism.

Indigenous peoples’ rights: settler colonies, FPIC and internal colonialism

There are two main international mechanisms in place to outline and protect the rights of indigenous peoples: ILO Convention 169 on Indigenous and Tribal Peoples of 1989 (ILO 169) and the 2007 United Nations Draft Declaration on the Rights of Indigenous Peoples (UNDRIP) – which, although a sophisticated step forward, is (like the GPHR) still a non-legally binding ‘Declaration’.⁸⁴

These developing protections are important. It is widely acknowledged that the relationship indigenous peoples have with nature means they have the most to lose from radical environmental change.⁸⁵ Separation from their lands may justifiably be described as ethnocide,⁸⁶ and large-scale environmentally damaging mining projects such as the Athabasca tar sands in northern Alberta, Canada, have been referred to by affected First Nations

communities as a 'slow industrial genocide'.⁸⁷ The UNDRIP recognises in its preamble that 'respect for indigenous knowledge, cultures and traditional practices contributes to sustainable and equitable development and proper management of the environment',⁸⁸ and indigenous custodianship of the environment is highlighted in Principle 22 of the Rio Declaration and Chapter 26 of Agenda 21 from the 1992 Rio Conference. The Rio+20 Declaration, 'The Future We Want', foregrounds UNDRIP. In settler states like Brazil however, indigenous peoples' rights are being delivered in discourse and law, but not in practice – and it may be a long time before legally binding agreements are met, especially those that enable indigenous control over land or natural resources.

The right to self-determination was developed during decolonisation and in international law is the right to state sovereignty: to self-govern uninterrupted, or the right to independent statehood. Rhiannon Morgan's socio-legal analysis of the development of UNDRIP through the Working Group on Indigenous Peoples (WGIP) notes the influence of what was known as the 'salt-water thesis' on the rights of indigenous peoples to self-determination. This thesis meant that the principles of decolonisation, including gaining the right to self-determination,⁸⁹ would apply to any territory 'geographically separate and distinct ethnically or culturally from the country administering it'.⁹⁰ For settler states, the pursuit of self-determination for indigenous peoples became mired in complexities. For most states and UN experts, the concept of sovereign states was so entrenched that a long-time indigenous delegate recalls: 'when we first talked about self-determination I think they [the WGIP experts] thought the sky would fall in'.⁹¹ The concept of a right to independent statehood for indigenous peoples was, for most state representatives, utterly inconceivable. Colombia, for example, speaking in the WGIP in 1993, stated that, 'we understand your problems, but states are not going to commit suicide'.⁹² In practice it is clear that indigenous peoples in resource-rich settler colonies will have an extremely difficult time achieving anything nearing the right to self-determination.

Despite this, indigenous peoples do have a practice-based rights framework, in the form of the principle of free, prior and informed consent (FPIC). Brazil is a signatory to ILO 169, which, according to Mauro Barelli's analysis takes a 'pragmatic' approach to FPIC – allowing an effective veto only where relocation is concerned.⁹³ Being legally binding, this brings some comfort. However, the protections are still weak and prone to misuse. Barelli's analysis of FPIC within UNDRIP is crucial to the future of the indigenous veto: he notes that the penultimate version of Article 23 insists that states 'obtain' FPIC from indigenous peoples before development or utilisation of mineral or water or other resources. The subsequent (and final) version reads 'consult in order to obtain' but does not insist upon actual receipt of consent.

It is also worth thinking about what self-determination actually means in light of the above detail on decolonisation and the salt-water thesis. It is implied that there can be no true demarcation of indigenous lands in settler colonies; that political and economic decisions concerning all land inside the border must be taken by the state, which in the eyes of international law must have territorial sovereignty. For the indigenous peoples of the Brazilian Amazon, relatively undisturbed to date compared to their Australian and North American counterparts, this lack of robust legal protections could quite literally spell the beginning of the end.

According to Adam Jones, there is a form of internal colonialism occurring in states like Brazil, where native peoples are marginalised both territorially and socially.⁹⁴ Their territories are 'coveted by an expanding frontier of state control, profits flow from periphery to core; the environment is ravaged'.⁹⁵ The state approves and encourages the expansion of its commercial and political power into these peripheral regions, to benefit domestic

corporations to increase their share of global commodities markets. The concept of internal colonialism is also relevant to Australia, an Anglo-Saxon settler colony of a similar size to Brazil, and with a similarly powerful mining sector.⁹⁶ Australian mining companies are notorious for influencing government policy on indigenous land rights, pushing the same brand of corporate-led internal colonialism I explore in the first part of the case study.⁹⁷

The argument that the global economy is a driver of ‘neoliberal neocolonialism’ that affects the rural poor in lesser-developed states as well as the settler colony’s own marginalised indigenous peoples is a complex one to make, but the expansion into Africa of corporations originating in BRICS countries has been well documented: commentators from the Brookings Institution have even gone as far as to call their dramatically increasing foreign direct investment a new ‘scramble for Africa’,⁹⁸ alluding to the colonial carving up of the continent by European powers in the late nineteenth century. There has been an invasion, say Brookings, not with arms but with ‘money, goods, ideas, and drilling and mining equipment’⁹⁹; an observation verified by a Reuters special report on BRICS companies in Africa.¹⁰⁰

Human rights violations in the Amazon and Africa: the case of Vale SA

Brazilian political economy: ‘liberal neo-developmentalism’¹⁰¹

Brazil’s economy has grown impressively over the last decade.¹⁰² Although it has since slowed, in 2010 it grew by 7.5%, and was included in the ‘BRICS’ list alongside emerging economic powerhouses China, India, Russia and South Africa. The liberalising of trade began in the 1960s when the military dictatorship opened the country to transnational investments after winning power in a coup.¹⁰³ Brazil’s government has since allowed national development bank BNDES to fund the internationalisation of Brazilian firms, including Vale.

Brazil’s current economic policy regime under two decades of centre-left rule is based primarily on neoliberal principles modified into what political economist Ban Cornel calls ‘liberal neo-developmentalism’.¹⁰⁴ Although a full study of development theory would be impossible here, elements of the case study will also examine the rise of the interpretation of development as primarily *economic* development, measured simply by GDP growth, in the modern Brazilian context. Sustainable development as promoted in Brazil in 2012 at Rio +20 is shown to be significantly less a matter of human development than economic development – much of which sidelines the rights of natural custodians of the land in favour of the balance sheets of transnational resource-extraction firms.

Brazil’s most profitable company and human rights

Vale SA is Brazil’s biggest mining company. Just prior to its privatisation in 1997, Vale acquired the assets of many other Brazilian iron ore producers, and by 2006 was responsible for 90% of the 245 million tonnes of ore exported from Brazil. Generating export earnings of almost \$9 billion, Vale has a clear impact on Brazil’s GDP.¹⁰⁵ The company also sets the record for Brazil’s highest-value international acquisition, buying Canada’s Inco for over \$18 billion. Vale currently has assets in 24 countries. Its biggest asset is the Carajás mine in the Amazon, the largest iron ore mine in the world with 7.2 billion tonnes in proven and provable reserves, representing ‘an \$800 billion contribution to the Brazilian economy at today’s prices’.¹⁰⁶ The Brazilian government has a large measure of influence over the company: both former Brazilian President Lula Inácio da Silva and current President Dilma Rousseff have had a part in influencing the company’s growth strategy, the latter

reportedly ordered the resignation of Vale's CEO for failing to invest enough in Brazilian mining and steelmaking.¹⁰⁷

Vale's activities in the Amazon are causing human rights violations against communities that live near their operations; one of which is the indigenous Awá tribe, who are alleged to be the most 'endangered' people on earth.¹⁰⁸ Vale's operational impact is not restricted to the vast Carajás mine: the company is planning to double capacity for the railway line that takes iron ore to the coast. It was partly because of this railway line that Brazilian NGO *Justiça nos Trilhos* ('Justice on the Tracks'), in association with the International Network of People Affected by Vale, nominated the company in the Public Eye Awards. Over 6500 families live along Vale's railway line, and almost 60% of this population suffers from fevers and respiratory problems. The train is said to be the longest train in the world, with 400 freight carts, and it transports iron ore worth US\$29 million daily. It cannot stop, and hits an average of one person per month due to a lack of protection around the track.¹⁰⁹

According to NGO Survival International, Vale's activities are continuing to threaten the survival of the Awá, with their plans to expand this railway line. The Awá have not been consulted. Vale has instead started work on the project, and offered the tribe compensation. Brazilian and international law requires companies to consult indigenous communities before beginning such works, making construction illegal.¹¹⁰ Vale denied that the line would harm the Awá, and has said that the company was holding talks with the area's indigenous communities as required by Brazil's National Indian Foundation (FUNAI) to secure authorisation from environmental regulators. The project has been suspended by a Brazilian court, which says it will fine Vale \$25,000 for any breach.¹¹¹ The Carajás mine and associated infrastructure such as the railway is said to have 'devastated' the Awá in the early 1980s due to an invasion of settlers, ranchers and loggers, who upon hearing of industrial projects migrate to these remote regions in search of work.¹¹² The vulnerability of the Awá only serves to signal what is to come for the 20,000 or so indigenous peoples of the Xingu bend fighting the construction of the massive Belo Monte Dam complex.

The Belo Monte dam: power for industry

The Belo Monte dam project is a legacy of the Brazilian military dictatorship, when it was known as Kararaô. The original scheme, developed by state-owned electricity company Eletrobras, was called the '2010 Plan' – the successful conclusion of which would see 297 dams constructed in Brazil, mainly in the Amazon region, by 2010. This has since been reduced to one 'mega-dam', renamed Belo Monte, which is expected to displace around 20,000 indigenous peoples from their ancestral lands, including the Kayapó, Juruna, Arara and Xikrin tribes, among others.¹¹³

Displacement brings with it a whole host of human rights violations – violations of the right to life and health being but two of the most serious. Apart from the obvious flooding of ancestral territories, dam-building and other intrusions of industrial activity into what is called 'primary forest' is proven to cause catastrophic surges in cases of malaria, Dengue and Leishmaniose, a flesh-eating disease transmitted by the sandfly, which is already common in mining areas in the Amazon.¹¹⁴

In 2011 Vale purchased a 9% stake in the NESA Consortium that is constructing the dam in Pará state in the Brazilian Amazon.¹¹⁵ The NESA Consortium is a PPP, a model popular in Brazil. PPPs socialise risk and privatise profit, because the state finances construction and private investors are guaranteed a return on their investment. Usually,

the beneficiaries of large dam construction projects are a small elite of construction companies, engineers and consultants.¹¹⁶ In this particular case I argue that the lead beneficiary is Vale – which has electricity-hungry iron ore and steelmaking operations nearby.

The costs involved are enormous – the budget for Belo Monte is said to be ballooning to over US\$18 billion – and Vale’s ‘purchase’ of the stake is not what it seems. It is in fact backed by a loan from the BNDES, which is financed entirely by the Brazilian people in the form of taxes and pension funds. Over 80% of the US\$18 billion to build Belo Monte comes from the BNDES,¹¹⁷ which now makes more loans than the World Bank. In fact, Vale is well subsidised by the national development bank for its private profit-making operations: in 2008 it received R\$7.3 billion Brazilian *reais* from BNDES, the largest loan it has ever offered to a private company. In August 2012, BNDES approved a further R\$3.9 billion for Vale to implement the ‘North Logistics Capacity-Building’ project, covering the railway and ports for transporting iron ore to China.¹¹⁸ In the name of economic development, Brazilian tax and pension funds are providing finance to a private company that may be driving the irreparable devastation of the Amazon and its people.

The motivation for Vale’s involvement in the consortium is cheap electricity. Vale’s business strategy is very clearly focused on returning to steelmaking, which is particularly energy intensive, requiring large amounts of electricity to power furnaces in its production.¹¹⁹ The government insists that the dam is required for Brazil’s ‘development’ and will provide electricity to 23 million homes,¹²⁰ but it is quite clear from a number of reports, including one from *The Economist*, that the largest consumer of energy generated by Belo Monte would be the industrial sector.¹²¹ The company will be able to buy energy on the ‘free market’ at subsidised prices directly from Eletrobras, the state-owned electricity company and lead NESAC Consortium stakeholder, who will also be guaranteed a buyer for its product.¹²² But there are doubts as to how much electricity the dam will be able to produce in its first years – it is likely that the scheme will serve Vale’s electricity needs first, and there will be little left over for the people of Brazil.

‘No human presence’: industrial development and internal colonialism in the Amazon

Belo Monte plans suggest that the project will have a record-breaking installed capacity of 11,233 megawatts. In reality, due to the region’s four-month dry season, which leaves the 100 km ‘Xingu bend’ – situated upstream from the proposed dam site – with very little water, it will generate as little as 1000 megawatts during the dry season, making it the most inefficient hydroelectric dam in history.¹²³ Environmentalists believe that Belo Monte will not be a standalone project; that the Brazilian government will eventually build other dams with greater water storage capacity upstream to guarantee enough water flow to generate electricity year-round.¹²⁴ The dam will be the ‘first domino’ in a number of dams planned for the industrial development of the Amazon.

In January 2012 President Dilma Rousseff used her special presidential powers – her ‘monopoly of the definitions of legality’ – to issue a ‘Medida Provisória’ (provisional measure) which would authorise the reduction in the size of the conservation areas in the Amazon for a complex of seven hydroelectric dams along the Tapajós and Jamanxim river basins, in another area of the rainforest.¹²⁵ This would be, in effect, a wholesale industrialisation of arguably the world’s most important natural resource, due to its role of regulating carbon dioxide in the Earth’s atmosphere. As we have seen, however, the motive behind the first stage in these plans – Belo Monte – is the provision of cheap electricity for the expansion of industry, which is already having devastating effects on the human

rights of indigenous peoples in the Amazon. The effect could even be ‘extinction’ by internal colonialism, or a ‘slow industrial genocide’, to borrow a term used by the First Nations peoples fighting the ceaselessly destructive development of the Athabasca tar sands in Alberta, Canada.¹²⁶

Why is there such strong political will for destroying the Amazon and the lives and cultures of the people that live there? As we have explored in part one, the corporation is the key growth tool for an emerging economic power. The Brazilian government, in the neoliberal spirit, likes to keep Vale close, insisting it reinvests ‘at home’ in Brazil’s primary commodities rather than spending elsewhere. The financing of cheap electricity for the company is one way to incentivise the company to do this. The periphery is being colonised for the benefit of Vale’s profits, and Brazilian industrial growth. The rallying call for ‘development’ through damaging hydroelectric schemes is backed by a familiar justification. Altino Ventura Filho, secretary for Energy Planning and Development of the Mines and Energy Ministry said:

There is not enough time to install nuclear power plants, while wind and biomass cannot sustain the country’s energy needs. Thermoelectric power is more expensive and less favourable. *There is no alternative.*¹²⁷ [Emphasis added]

This echoing endorsement of neoliberalism serves as a reminder that no conservation area, and no endangered tribe, can be respectfully accommodated when there are vast profits to be made – by both powerful state and private interests – through economic ‘development’.

John Madeley reports that each year between the mid-1980s and the mid-1990s around four million people were displaced from their homes because of large hydroelectric dam schemes.¹²⁸ Roy counts over 30 million people displaced by dam projects in India alone over the last 50 years.¹²⁹ It has been widely acknowledged that these schemes are to the benefit of an elite of construction companies, engineers and financiers; Brazil is no exception.¹³⁰ In this particular case, we have learned that the beginning of what we might call ‘runaway dam-building’ in another BRICS country is thought to benefit a private industrial firm with a record of human rights abuses against indigenous peoples and communities in many other regions of the world.

This situation begs a deeper analysis of Adam Jones’ charge of internal colonialism in Brazil.¹³¹ Maurício Tomalsquim, the president of the Empresa de Pesquisa Energética (the ‘Energy Research Company’, which is part of the Brazilian Ministry of Mines and Energy) says that the Belo Monte complex will be built in ‘areas of the Amazon where there is no human presence’.¹³² This completely ignores the existence of tens of thousands of indigenous and traditional riparian communities (*caboclos*) whose land will be flooded by NESA’s wrestle with a 100 km stretch of the world’s largest river by waterflow.

The exploitation of land for mining and other forms of extraction with scant regard for human rights – and particularly the rights of indigenous peoples – is highly characteristic of settler-colony behaviour. The US and Australia have held within their violent colonial histories a similar attitude towards the land they appropriated and ‘developed’ for economic gain: Australia was a *terra nullius*, the US a *vacuum domicilium* (empty dwelling) or a *tabula rasa* according to sixteenth-century philosopher Thomas Paine.¹³³ To declare that Belo Monte is being built on land ‘where there is no human presence’ shows the same disregard for indigenous life, and is a clear indicator that internal colonialism is occurring in twenty-first-century Brazil.

The crucial difference between the effects of settler colonialism in previous centuries is that the world supposedly now benefits from a wealth of international legal protections for

vulnerable peoples. However, they are rarely strong enough to withstand economically driven human rights abuses from a corporate–state joint venture. The relative weakness of international human rights law against both state and corporations creates a shocking impunity for human rights violations – even amounting to the effective genocide of indigenous groups – perpetrated for profit.

Remedy and resistance against accumulation by dispossession in the Amazon

As a signatory of the ILO 169, Brazil have guaranteed indigenous peoples the right to give ‘free, prior, and informed consent’ (FPIC), which should theoretically allow an indigenous veto of the proposals for Belo Monte and similar projects.¹³⁴ Indigenous peoples’ right to consultation has also been enshrined in the Brazilian constitution, and as a signatory to the American Convention on Human Rights (ACHR) the Brazilian government has obligations to protect its citizens from human rights abuses by non-state actors, which includes both state-owned and private corporations.

The right to FPIC requires a process of consultation that has not been adequately fulfilled by the Brazilian government or the companies involved in the case of Belo Monte. James Anaya, the SRSG on the Rights of Indigenous Peoples, raised this in 2010 when he examined the case. Examples of the inadequacy of the ‘consultation process’ include NESA holding discussions with only short notice in urban areas that are hard to reach for affected peoples, and the publication of the environmental study only two days before a public meeting on the issues took place.¹³⁵ This highlights the weakness of FPIC in protecting indigenous peoples in settler colonies, where industrial expansion is endorsed by the state in the name of economic development.

The ‘insurgent movement’ against Belo Monte is now reaching its climax as the dam is finally under construction. For 23 years the indigenous people of the Xingu river bend have sought to realise their rights and protect their territory. The first ‘flashpoint’ was the First Encounter of the Indigenous Nations of the Xingu (*Primeiro Encontro das Nações Indígenas do Xingu*) in 1989, when female indigenous leader Tuíra was photographed holding her machete in front of the face of dam engineer José Antonio Muniz Lopes. The government and vested powers have been engaging in a war against the movement on a variety of fronts, where it has undisputed advantages. Using their ‘monopoly of definitions of legality’ they manipulate the way land and resources in the Amazon can be exploited for profit, and criminalise protesters and HRDs for their resistance.

During the Rio+20 conference in June 2012, over 300 indigenous peoples staged a 21-day protest and occupation of the dam site, digging a trench through the sandbank that is to become the dam ‘to free the Xingu’, and the people of the Xingu bend held their own ‘Xingu+23’ conference. The occupation lasted until the NESA Consortium made a public statement saying it had reached an agreement with the tribes. Confused tribal leaders claim that in reality no agreement had been reached, and that the developer has instead created divisions among the local people, a common tactic in corporate battles against communities.¹³⁶ One day before the event, NESA had four members of the *Xingu Vivo para Sempre* (Xingu Forever Alive) movement arrested, in an attempt to weaken the protest strategically planned to highlight the hypocrisy of the ‘sustainable development’ conference happening in Rio de Janeiro. In the weeks following Rio+20, 11 occupation participants – among them a priest who prayed a Mass and blessed the gathering, a fisherman who had his home destroyed by the consortium, and a reporter – were investigated and indicted as criminals.¹³⁷

Anonymous ‘vested powers’ are also exercising their monopoly of violence on Amazon residents. Indigenous leaders and other ‘activists’ – including religious leaders and even federal prosecutors – are receiving death threats: the Comissão Pastoral da Terra (CPT – Pastoral Land Commission) reports more than a 100% increase of such threats from 125 in 2010 to 347 in 2011, concentrated in the Amazon region. Statistics for the region are particularly disturbing: it has more conflicts than any area of Brazil, accounting for 69% of total land disputes, 79.3% of murders and 85% of death threats.¹³⁸

Belo Monte has had some attention from international and regional human rights bodies. In April 2011, the Inter-American Commission on Human Rights issued precautionary measures for the members of the indigenous communities affected by the plans. They alleged that the life and physical integrity of the tribes are at risk. The commission requested that the state of Brazil immediately suspend the licensing process and any construction until consultation had taken place and mitigation measures adopted.¹³⁹ The commission received a hostile response: in protest the Brazilian government grounded the ambassador to the Organisation of American States (OAS) in Brasília, recalled its candidate to the commission, and suspended payment of its \$6 million annual dues.¹⁴⁰ Yet again Dilma’s government asserts its monopoly of definitions of legality in pursuit of state industrial strategy.

Belo Monte appeared in civil society submissions to Brazil’s Universal Periodic Review at the UN in Geneva in May 2012 under the headings ‘Minorities and indigenous peoples’ and ‘Right to development and environmental issues’, but it was unsurprisingly not mentioned in the country’s submission to the review.¹⁴¹ This suggests a widening of the accountability gap in respect of human rights violations perpetrated for the purposes of economic development: newly economically powerful states like Brazil, despite being a signatory to long-established regional conventions like the ACHR, can simply ignore UN and OAS recommendations. This shows how weak human rights obligations are against the political economy of neoliberalism.

In mid-August 2012, construction of Belo Monte was suspended after three engineers employed by the NESA Consortium were detained by the Juruna and Arara tribal authorities in a remote village, on the grounds that the company failed to implement its promised mitigation measures aimed at reducing the impact of the dam on communities in advance of beginning construction.¹⁴² A Brazilian appeals court suspended construction on 14 August 2012 on the grounds that the construction of the dam was unconstitutional. Decree 788 in the Brazilian constitution requires consultations with affected peoples to be allowed in Congress. As this was not done, the court said, the licence granted in 2005 was void. The Brazilian Supreme Court overturned this on 29 August and construction began again. Atossa Soltani, Executive Director of US-based NGO Amazon Watch, said that the decision of 29 August was ‘a failure of the judiciary to stand up to entrenched interests and the power of a politically motivated executive branch that wants the Belo Monte dam to move forward at all costs’.¹⁴³ NGOs continue to fight this, supporting the original judgment that the project is unconstitutional, and there has been some success: Amazon Watch reported in autumn 2013 that construction had again been suspended.¹⁴⁴

This section of the case study has so far highlighted the damaging effects of industrial activity on the people and environment of the Amazon region. It has shown that there is a familiar pattern of internal colonialism occurring in Brazil, driven by public–private demand for growth at all costs. It foregrounds the activities of Vale as a driver of damaging infrastructure projects, but emphasises the unflinching support the company received from the Brazilian government – who are unaccountable to international human rights rules to which they have subscribed. The next part will consolidate our understanding of the company as one that can also flex its ‘transnational muscles’ by taking advantage of a

shared language and colonial heritage to fulfil its potential as a global leader in steelmaking. Steelmaking requires not only iron and electricity but also coal – and east African state Mozambique has more coal than anywhere else in the world.

Vale's global reach: moving into Mozambique – for coal, for steel, for China

Mozambique is a former Portuguese colony on the east coast of Africa. It has been used as a trading post for China since it was discovered by Vasco da Gama in 1505. It became independent from Portugal in 1975. The country suffered two civil wars spanning almost three decades, from 1964 to 1992. Despite this, Mozambique is now in the global top 10 fastest growing countries by GDP due to foreign investment.¹⁴⁵

Vale's main rivals in Australia, BHP Billiton and Rio Tinto, are closer to the world's biggest customer for iron and steel: China. Vale's competitive strategy is to bridge the geographical gap by focusing on economies of scale and investing closer to their buyer.¹⁴⁶ Vale has been struggling with the former due to environmental permit delays for the expansion of Carajás and the railway line. Having iron and steel operations in Africa – particularly in east Africa – also significantly reduces Vale's shipping costs to China.¹⁴⁷ Because the rising cost of operations and transport in Brazil is a barrier to profits, investments are not producing the required returns, so a 'spatial fix' must be applied. These are the motivations for Vale's move into Mozambique.

In 2004 Vale won the concession for one of the world's biggest coal reserves in Moatize, northern Tete province. The International Finance Corporation (IFC), part of the World Bank Group, advised the government of Mozambique on the contract to explore and produce coal from Moatize. A short report from the IFC on the selection process – which included bids from Anglo-American, Rio Tinto and BHP Billiton – describes Vale's win as a 'success' for this particularly impoverished region, as the bid included a 'strong commitment to community and social development'.¹⁴⁸ The report gives background information on Mozambique's economy, acknowledging that the country enjoyed some economic success from 2001 to 2004, with a GDP growth rate of 7% created by the government's strategy of promoting economic development through 'mega projects'. However, it then acknowledges that

Even though these capital-intensive projects contributed greatly to the country's economic growth, their trickle-down effect was not at the level the Government had anticipated and did not spur growth in the traditional and informal sectors.¹⁴⁹

This is confirmed by a Reuters report, which also alleges that the government 'granted huge tax breaks to outside firms'¹⁵⁰ to attract investors following the civil war. As we know from our analysis of neoliberalism and the resource curse thesis, the lack of benefit to Mozambican society from such foreign investment is unsurprising.

A Southern Africa Resource Watch (SARW) report details the scope of the problems arising from the activities of Vale and Rio Tinto in the Moatize coal mining zone, which has displaced over 2000 families, mainly self-sufficient subsistence farmers.¹⁵¹ There are multiple allegations of 'mega project' mismanagement. First, Vale reportedly paid US \$123 million for the concession, but this money was never registered with the Mozambican state, undermining transparency and accountability in the investment.¹⁵² Also, the development agreements and contractual terms are not accessible by civil society, preventing public scrutiny of the deal.¹⁵³

On the ground, citizens say there is little scope for Mozambican participation: most companies prefer to hire expatriates; supplier-companies involved in the projects come

from Brazil and South Africa; and SARW reports the grievance that ‘everything that the two companies use is imported’, which contradicts Vale’s ‘PR spin’ that it is seeking to stimulate and develop local suppliers in Moatize.¹⁵⁴ Vale has divided the residents of Moatize into two resettlement compounds, Cateme and 25 de Setembro, situated 40 km apart, meaning that even members of the same family are divided – into those who are employed at Vale’s mine, and those who are not. The compounds are unfinished, and the new housing is ‘cracking’ and letting in rain. There is also a fundamental problem with the resettlement land, which is already owned by local people, and there is open conflict over the land between the newcomers and the original landowners.¹⁵⁵ This disregard for local ownership of land is neocolonial in nature; it is a violation of the rights of both affected communities and local landowners by the companies and permissive state powers. SARW reports that there was no consultation process: government officials came simply to inform residents about their imminent move. There were no agreements on any aspects of the relocation.¹⁵⁶

Civil society told SARW of monthly strikes at Vale Mozambique that were not reported in national media. The Moatize ‘insurgent movement’ protested in January 2012: over 500 people blocked the railway line that transports coal to the coast, and the nearby main road. Riot police were mobilised to the scene and 14 were arrested as ‘ringleaders’ for preventing the movement of coal from Moatize to the port of Beira. The official response from District Administrator Manuel Guimarães was to simply read out a prepared statement to the community. He then left, refusing to answer any questions.¹⁵⁷

The SARW report highlights a key element of our framework and the Brazilian example: ‘The problem in Mozambique is not only with mining companies. The problem is with government.’ In Mozambique, central government controls all foreign investments, leaving provincial ministers powerless, which explains why Guimarães did no more than read out a statement to explain state action.¹⁵⁸

The government lacks a clear plan for natural resource management, and Vale – as a corporate power with seemingly unlimited funds – is able to exploit these governance gaps. There are fears that the country may succumb to the resource curse, particularly since the discoveries in early 2012 of large gas fields off the country’s coast. Analysts forecast over \$50 billion in capital investments in the country over the next decade – equalling five times Mozambique’s GDP.¹⁵⁹ There is evidence that the influx of rich firms is already affecting society: the price of food and transport in the capital has doubled since 2011; sub-urban slums are growing as locals flee Maputo’s exploding rents; there have been protests against the rising cost of bread, electricity and fuel. A researcher at the Centre for Public Integrity said that the discovery of resources is already proving to benefit only ‘the multinationals and the political elite involved in this business’.¹⁶⁰ Reports of strikes, protest, sabotage and other ‘insurgent movements’ against state measures that protect corporate interests are all too familiar in resource-rich African contexts.

The Business and Human Rights Resource Centre (BHRRC) invited Vale to respond to allegations raised in the SARW report published in February 2012. Vale’s response is seven pages long and goes into substantial detail about the company’s sustainability credentials; investor confidence and transparency awards won; the two-year planning process and the number of consultations held with the provincial government and local communities; the number of Mozambicans hired as a percentage of the total workforce (85% of the miners are locals); the logic for splitting the community into two ‘economic profiles’, ‘urban’ and ‘rural’; schools, roads, health post and police station built in both compounds; farming packs distributed; and workshops and training schemes established. The response appears to cover all the allegations made in the SARW report, making the two accounts of

the relocations in Tete province utterly contradictory. For example, compare the community's allegations that there was 'no consultation process' to this excerpt:

The process of producing the Resettlement Action Plan and Environmental Impact Study involved extensive public engagement and participation, consisting of three public hearings, 20 theater performances in the predominant local language (Nyungwe), 110 meetings with the community and its leaders using informative tools such as flipcharts, 4,927 home visits for mobilization and social welfare purposes (involving families and leaders), and 639 social service sessions before resettlement began.¹⁶¹

It is therefore the company's words against those of a South African NGO and the divided and marginalised communities from Moatize. Vale does acknowledge in the report that 'there are still improvements to be made to the resettled people's community infrastructure', leaving one with the feeling that the bulk of the letter is not so much a list of holistic accomplishments as a sophisticated PR rendering of well-meaning plans. A 2013 Human Rights Watch Report on the coal mining boom verifies SARW's claims and adds a report about arrests and detentions.

Vale's response attempts to show a company that is a paragon of rights-based sustainable community development, the separation of people into 'economic profiles' notwithstanding. It was sent to the BHRRC on the 5 June 2012, which leads us to consider perhaps why it was as full and fervent in its defence of their reputation as a sustainable operation. This is perhaps because it was less than three weeks away from Rio+20, when all eyes would be on Brazil to lead the world into a new era of 'sustainable development'.

'No place for human rights': Brazil's corporate sustainability project, Rio+20

Much like the 1992 Earth Summit described earlier, there is evidence to suggest that corporate interests also managed to hijack Rio+20 (held between 20 and 22 June 2012). The conference proposed numerous false solutions to serious issues such as climate change, including perpetuating support for carbon trading and reducing emissions from deforestation and forest degradation (REDD+) in Mozambique, wherein farmers 'grow' carbon for the benefit of corporate polluters. This practice is far from sustainable, affecting food production and African sovereignty.¹⁶²

It is also clear that there was little political will to discuss human rights issues: in the aftermath of the conference, Deputy Director of Human Rights Watch Jan Egeland asked the Brazilian delegation about the inadequacy of human rights commitments made at Rio +20. He was told by the Brazilian ambassador to the UN that 'rights were "extremely delicate in the discussions" and that although "rights are a key issue for Brazil, Rio was not the place to press forward on it"'.¹⁶³

For one activist however, it clearly was the place to expose the human rights hypocrisies of the sustainability agenda, but the Brazilian authorities had different ideas. Journalist and member of Friends of the Earth Mozambique Jeremias Vunianhe was denied entry to Rio de Janeiro airport on 13 June 2012. Vunianhe wanted to expose Vale Mozambique at the People's Summit, a parallel event. He was, perhaps, turned away because Vale was one of the official sponsors of Rio+20.¹⁶⁴ Perhaps this was a lucky escape: two days after the Rio+20 conference, two Brazilian fishermen, Almir Nogueira de Amorim and João Luiz Telles Penetra, of the Associação Homens do Mar (AHOMAR – Association of Men of the Sea) were assassinated by mercenaries linked to the Brazilian state-run oil company Petrobras.¹⁶⁵ They had spoken at the People's Summit against the construction of a gas pipeline being built in Guanabara Bay, Rio de Janeiro State. Since AHOMAR was founded in

2009, members have reported being subjected to death threats and physical attacks. Unsurprisingly, the murders were not reported in mainstream media, and no one has been brought to justice.¹⁶⁶

Conclusion and recommendations

This article has presented the argument that neoliberal economic policies cause human rights violations, which are excused by governments and unchecked by international legal or regulatory mechanisms. This creates a glaring hypocrisy for Brazil, a country that is supposed to be the global champion of sustainable development. The government's unrelenting support for damaging industrial activity is not easily reconcilable with its role as the lead guardian of arguably the world's most precious environmental resource, the Amazon rainforest. This article has also presented corporations as a neocolonial force, moving into regions for the prime motive of profit accumulation, under the pretence of 'investment' in national economies and local communities.

Hope for a satisfactory resolution for the communities affected by Belo Monte is conditional on many global factors. The 'best case scenario' would be the cancellation of the dam. For this to come to fruition, a sustained and significant slowing of the Brazilian economy might encourage less reinvestment of surplus and more socially beneficial public spending. Construction of the La Parota dam in Mexico, for example, was formally cancelled in August 2012 after a decade of resistance. It was postponed in 2009, ostensibly due to the economic downturn, and the project was never revived.¹⁶⁷ A slowdown in Chinese demand and the associated shrinking of the Brazilian economy may mean a lesser incentive to fuel Vale's China-focused operations, and less impetus for the government to provide it. However, corporations and governments entrenched in the capitalist system are not likely to settle for slowing growth rates, and often use further tax-backed government credit to further industrial policy.

There may be a political solution available, given that Brazil as one of the more democratic emerging economic powers included in the BRICS group. The population should be made aware that Belo Monte will not produce the electricity required to provide returns on its investment, meaning that BNDES is engaging in financial risk-taking with the public purse.¹⁶⁸ That Belo Monte is merely the first and biggest of many planned Amazon dams should be spread in international fora, and the nation shamed for pursuing an industrial strategy that clearly contradicts its message of sustainable development. Certainly widespread protest across Brazil in June 2013, which saw over a million on the streets across 100 cities, plus a number of movements scrutinising and protesting vast public spending on the 2014 World Cup and 2016 Olympics, may indicate that this is a possibility. Whether there are viable political alternatives remains to be seen however – certainly Brazilians are complaining that government parties both left and right are increasingly authoritarian in implementing their neoliberal economic policies for the benefit of the elite politicians and corporations.¹⁶⁹

In the case of Mozambique, international civil society should fund and support capacity-building in the country and provide advice to government on handling the influx of capital, raising tax rates for corporations, and ring-fencing funds from natural resources for social spending. The country's polity should be aware of the pitfalls of the 'resource curse', to ensure that mining and energy corporations do not create the same chaotic human rights situation as found in oil- and diamond-rich Angola, for example. The Moatize community's case against Vale should be held up as an example of 'worst practice', and the company should be fined punitively for breaches of contract, if any are

found, and these should inform future state–investor contracts. Local firms should be hired to provide any further community development work. State security services at all levels should be reminded that they work for the people, not the company. Most importantly, national and international civil society actors must monitor the behaviour of corporations as they affect transparency and governance in Mozambique, and the socio-economic status of the Mozambican people. The World Bank should immediately implement a human rights-based approach to development based on Ruggie’s Guiding Principles, and the IFC should undertake monitoring and evaluation of projects like the Moatize ‘success story’ to inform further advisory services in all sectors and regions.

The issue of corporate-led economic growth is an uneasy one within human rights discourse. There is an understanding that a healthy economy is absolutely essential for human rights gains to take place – especially for the realisation of economic, social and cultural rights – but it is also clear that corporate activity in the twenty-first century perpetrates human rights violations and permits abuses of government power excused by the prospect of GDP growth. This voracious pursuit of ‘growth’ is in fact destroying what is effectively irreplaceable: the environment, community and ancient cultures.

Notes on contributor

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15. *Ibid.*, 17.
16. *Ibid.*
17. *Ibid.*, 5.
18. *Ibid.*, 10.
19. David Harvey, *The New Imperialism* (Oxford: Oxford University Press, 2003), 145.
20. Adam Jones, in *Genocide: A Comprehensive Introduction* (Oxford: Taylor and Francis, 2006), 40, gives a description of internal colonialism, which is elaborated within this article with particular reference to Brazil's indigenous peoples.
21. Hall and Brandford, 'Development, Dams and Dilma', 1.
22. *Ibid.* See also Ban Cornel, 'Brazil's Liberal Neo-Developmentalism: New Paradigm or Edited Orthodoxy?' *Review of International Political Economy* 20 (2013): 298–331.
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35. Ian Taylor, *The United Nations Conference on Trade and Development* [ebook] (Abingdon: Routledge, 2007), 107.
36. Harvey, *A Brief History of Neoliberalism*, 3. Madeley, *Big Business*, 19, presents an account of the WTO ministerial meeting in May 1998, when then-US President Bill Clinton described

‘the world as a single market without trade barriers’ as a “fact”, rather than a choice, of economic policy’.

37. Harvey, in his description of US ‘imperialism’ in *The New Imperialism*, 48, for example, says that corporations with particular foreign interests have, historically, ‘shamelessly mobilized political power to back their specific projects whenever and wherever necessary’, evidenced by both personal and researched accounts such as John Perkins, *Confessions of an Economic Hitman* (London: Random House, 2005); and Klein, *The Shock Doctrine*.
38. The British East India Company was owned entirely by rich merchants and aristocrats, and had no government shareholders, and had only indirect control. See Vahe Baladouni, ‘Accounting in the Early Years of the East India Company’, *Accounting Historians Journal* 10(1983): 63–80.
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42. Harvey, *The New Imperialism*, 145.
43. Ibid.
44. Ibid., 149.
45. Ibid., 148, 157.
46. Arundhati Roy quoted in Madeley, *Big Business*, 16.
47. Harvey, *The New Imperialism*, 145.
48. Ibid., 166.
49. The Business and Human Rights Resource Centre (BHRRC) gives a thorough account of contemporary effects of business on universally recognised human rights in areas including workplace health and safety, discrimination, sexual harassment, freedom of association (the right to form and join unions), freedom of expression, privacy, poverty and associated socio-economic rights, food, water, health, education and housing. In extreme cases, companies have been implicated in more serious violations such as extrajudicial killings of HRDs and particularly environmental HRDs, such as in Ogoniland, Nigeria.
50. Joel Bakan, *The Corporation: The Pathological Pursuit of Profit and Power* (London: Constable & Robinson, 2004), 2.
51. Ibid., 71–73. The concept of externalities was developed in the early nineteenth century by Alfred Marshall and was taken up by Arthur Pigou in his work on taxation that would mitigate social and environmental impacts – now known as ‘Pigovian tax’. See entry for Arthur Pigou in the Concise Encyclopedia of Economics, <http://www.econlib.org/library/Enc/bios/Pigou.html> (accessed 12 August 2013).
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57. Bakan, *The Corporation*, 156.
58. Rana Foroohar, ‘Are Companies More Powerful than Countries?’, *TIME Business & Money*, January 27, 2013 <http://business.time.com/2012/01/27/are-companies-more-powerful-than-countries/> (accessed 11 August 2013). Even before the global financial crisis the economic power of corporations was revealed through shocking statistics. For example, a company like Shell’s annual takings of \$138,041 million is equivalent to the annual income of Nigeria’s 100 million people – see Madeley, *Big Business*, 4. In spite of this, there are growing indications that the implementing of human rights norms will be ‘good for business’: former Special Representative to the Secretary General (SRSG) on Transnational Corporations and Other Business Enterprises John Ruggie undertook a study at Harvard entitled ‘The Cost of Conflict with Communities’, which discovered that losses for large-scale extractives could reach ‘\$20 million and \$30 million a week for operational disruptions by communities’ – see *Business Ethics*, ‘Business and Human Rights: Interview with John Ruggie’, October

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