

# The Interests of Canadian Capital in Latin America

*A Case Study of Honduras and Colombia*

**Karen Strand**

## **Abstract**

This paper explores the often-overlooked topic of Canadian imperialism, which has global and local repercussions but receives less scrutiny than its American counterpart. Research reveals that Canada has been engaging in imperialist practices for decades, with Latin America as a primary target. Through case studies of Honduras and Colombia, this paper uncovers the negative impact of Canadian resource extraction on these countries, with a focus on mining. By analyzing the Canadian imperialist project in depth, this research contributes to a better understanding of the geopolitical landscape and highlights the need for more attention to be paid to Canadian imperialism.

## **Acknowledgements**

Many thanks to Dr. Simon Carroll, whose course on ‘radical political economy’ led me to write this paper. Dr. Carroll, I thoroughly enjoyed all your courses and learning how to apply Marxist theory! As well, thank you ever so much to the student editors, and faculty members, and Juan Navarro, who took the time to provide me with their feedback. I would also like to acknowledge my support system of loved ones, who encouraged me to pursue this kind of work. It is my sincere hope that this paper inspires future inquiry and encourages critical thinking about Canadian foreign policy.

## Introduction

In the eyes of many people around the world, Canada is a ‘beacon of democracy.’ While this title is almost exclusively used to refer to the United States (US), Canada has a long history of being a key American ally and often shares this reputation as a result. However, there is a darker side and history of Canada on the world stage. This is a history of violent resource extraction throughout the Global South to secure Canadian capital interests. The focus of this paper will be Canada’s imperialist project in Latin America, specifically in Honduras and Colombia. I will argue the Canadian state is an imperialist actor, and its engagement in violent resource extraction in Latin America is a prime example of this.

## Theorizing Imperialism

Before exploring Canada’s imperialist foreign policy in Latin America, it is important to lay the theoretical groundwork for understanding imperialism. One of the most famous and heavily cited references on imperialism comes from V.I. Lenin’s 1917 book *Imperialism: The Highest Stage of Capitalism*. While the global landscape has changed since this literature was published, much of it is still relevant today. A central feature of Lenin’s analysis is monopoly capital, which is the concentration of capital under the power of major global corporations and banks. Lenin identified monopoly capitalism as “the fundamental economic feature, the quintessence of imperialism.” Arguably, our international system today reflects the monopoly capitalism Lenin spoke of, and the dominance of major corporations are an example of this.

Definitionally, imperialism is also a large-scale struggle for control over resources imperialist states view as strategic. As Foster outlines, the role of imperialist states—the *core* of the global system—is to accumulate capital by restructuring labour in the *periphery*, or the Global South. The wave of accelerated globalization that has taken place since the 1990s has largely

facilitated modern imperialism, and we see exploitation occurring on an even larger scale because of how integrated states are. Finally, today's imperialism is neoliberal and has imposed the neoliberal project onto states throughout the Global South.

Of great importance to imperialism is also how the state functions in relation to it. Just as the state has an interest in maintaining and facilitating capital accumulation, so too does it have an interest in securing imperialism. This is again exemplified by monopoly capitalism. Major corporations with a secured national base and support from the national government provide national governments with the revenue needed to maintain their high positions. In return, the national government helps the corporation maintain dominance in the international economy. For example, Canadian transnational mining companies receive government tax incentives and in return, the government refuses to create supervisory bodies to closely monitor companies' actions. Thus, as Gordon and Webber analyze, state managers and "national capitals... are [therefore] drawn together into a series of mutually supportive relationships." Canada and its national mining industry are an excellent example of this mutually supportive relationship and will be the focus of this paper.

### **Canadian imperialism**

In his writings on Canadian imperialism, Schalk provides a clear manner for what classifies an imperialist state. He writes, "a state is imperialist to the extent that its leading corporations command and appropriate value on a global scale... [in] contrast, a state is dependent to the extent that it is dominated by, or drained of, global value flows." Canada's imperialist foreign policy towards the Global South matches this definition and has an extensive history. As a key American and European ally, Canada supported fellow NATO member states post World War II (WWII) as they squashed people's liberation and independence movements across the Global South. Canada provided millions of dollars' worth of weaponry to countries such as Belgium, whose colonies included the Congo and Rwanda, and Portugal, with Angola being one of their colonies. The

logic for such actions is left-leaning people's movements impede virtually unrestricted exploitation on behalf of imperialist actors.

In the last few decades, Canada's explicit interest has been in Latin America, and specifically, the mining sector. The region is home to around a third of the world's copper, bauxite, and silver reserves, 24% of oil, and 5% of the world's uranium reserves. It is also an incredibly biodiverse area, with 40% of the world's total diversity and 25% of total forests. In the eyes of Canadian capital, the former matters most.

Perhaps unbeknownst to many Canadians, Toronto is the "mining finance capital of the world." Approximately 40% of the world's mining equity is raised in the city each year. A significant portion of this equity comes from operations in Latin America. From the period of 1990-2013, Canadian investment in the region grew over 2000% to CAD \$60 billion. Even more astonishing, three of the biggest gold mining companies operating in Latin America are all Canadian and earned a net profit of US \$15 billion from 15 mines from 1998-2013. Of all the key imperial actors that engage in similar projects, such as the United Kingdom (UK) and the US, Canada is the largest investor nation in the Latin American mining sector. None of this successful capital accumulation would be possible without the support of the Canadian state. As a result, this imperial policy has the full support of the Prime Minister's Office, Foreign Affairs Canada, the Canadian International Development Agency (CIDA), and Natural Resources Canada.

The dark and less explored side of Canada's mining success is the critical and violent land dispossession of Indigenous and rural peoples. As will be presented, Canadian corporations have engaged in multiple activities that constitute grave human rights abuses and interference in the sovereignty of Latin American states in order to secure capital interests. Honduras is the first case study I will explore.

## Case study #1: Honduras

Of all the countries in the Western hemisphere, Honduras is one of the most dangerous. There is a lot of poverty in the country, as well as gang activity and drug trafficking. However, few people are aware of the factors that have led to this. In the late 1990s and early 2000s, Hondurans began to protest en masse against the conditions they found themselves in and pressured the state to act. As a result, Manuel Zelaya, who sought social reform, was elected president. In 2008, Zelaya promised to not grant more mining concessions to companies operating in Honduras, many of which are Canadian owned. Zelaya also wanted to reopen the country's constitution to a popular assembly to make the country more equitable. This sparked anger amongst the Honduran political elite and Zelaya's government was overthrown by a military coup in 2009. For imperialist actors such as Canada that have stakes in resource extraction in Honduras, a move to make the country more equitable would have directly challenged their ability to continue business as usual.

After fraudulent elections in 2013, Honduras was under the leadership of Juan Orlando Hernández, a far right and oppressive president. In 2019, Hernández' brother, Juan Antonio Hernández, was found guilty of smuggling cocaine into the United States for over a decade. President Hernández was also found guilty of aiding and abetting his brother, and today the country is classified as a 'narco-state,' where drug cartels influence all levels of government.

Despite these concerning developments, Canada has remained an ally of the corrupt government. For example, Canada is Honduras' second largest foreign investor and provides the country with over \$600 million CAD in foreign direct investment (FDI). Even more startling, when the military coup took place in 2009, Canada never severed any aid to the illegitimate government, while other states including the US did. Such investments are troubling because they show that the Canadian state is willing to forgo commitments to upholding democratic principles in order to secure access to resources, such as mining.

As an imperial actor, Canada benefits disproportionately from its relationship with Honduras. Goldcorp, a major Canadian gold mining company, exemplifies this. As quoted in Shipley, Goldcorp was named by The Globe and Mail as “one of the best 100 Canadian companies to work for,” and has made billions in profits around the world, including in Honduran operations. Goldcorp’s mining operations have also had detrimental impacts. An environmental activist from Honduras named Carlos Amador testified in Canada that the company’s operations are responsible for the following: lead and arsenic poisoning; skin disease; women in their 30s losing their hair; and a woman losing twin babies as a result of arsenic poisoning. Despite these horrors, Goldcorp has not faced any punishments from the Canadian government, as their job of accumulating capital is being done. Canada’s involvement in Colombia is similar to the example of Honduras.

### **Case study #2: Colombia**

Like Honduras, Colombia is a country with a decades-long history of violence. This violence is directly related to the dispossession of Indigenous and rural peoples of their land, which began in the country when the Liberal and Conservative parties formed a ‘National Front’ in 1958. The purpose of this Front was to protect the class and capital interests of the two parties. What ensued was six decades of conflict waged by the Marxist guerrilla group ‘Revolutionary Armed Forces of Colombia’ (FARC) against the state. While the Colombian government and FARC signed a peace deal in 2016 that was meant to bring an end to the decades of conflict, the country still faces turmoil. Within Colombia, over 7.7 million people are classified as ‘internally displaced persons,’ more than in Syria and the Democratic Republic of the Congo combined, and hundreds of thousands of people have fled the country as refugees. Current right-wing president Iván Duque is also responsible for the deaths of hundreds of activists and former FARC rebels.

Despite Colombia’s poor record of human rights violations or depending on the position, because of it, Canada has remained supportive of the government. Canada’s support is exemplified by

the 2011 ‘Canada-Colombia Free Trade Agreement’ (CCFTA), which the Canadian government under Stephen Harper pushed for despite the “[proliferation of] brutal paramilitary groups, murders of trade unionists... [and] Indigenous and Afro-descendent communities’ [forced displacement] from their ancestral homes.” In 2012, when the Colombian government was engaged in peace negotiations with FARC, Canada began to sell the country automatic military weapons, making it the first Latin American country to receive these arms from the Canadian government. To this day, the Royal Canadian Mounted Police (RCMP) runs officer training programs in Colombia despite the brutal killings of innocent civilians and activists that those officers engage in.

As in Honduras, Canadian mining companies have benefitted from political instability in Colombia. From 2005 to 2015, Canadian mining companies saw increased profits from CAD \$30 billion to \$210 billion. The Canadian government also allocated CAD \$6.7 million from CIDA to continue developing mining projects in Colombia. A 2017 Canadian House of Commons report said resource imports from Colombia amount to 83.76% with regards to merchandise trade. Crude oil being the most sought resource was valued at CAD \$202.7 million.

Canada’s ability to dominate mining operations in Colombia also goes back to the 1990s, when the Canadian government pressed the Colombian government to ratify a mining law drafted by officials from CIDA. This law was ratified in 2001. Under this law, 40% of Colombia became available for mining projects, including national parks and protected areas—if they are granted permits. Canadian mining companies also pay taxes at a significantly low annual rate of 0.4%. This example of Colombia, like that of Honduras, illustrates the main beneficiaries of Canadian mining in Colombia are those serving Canadian capital interests. Environmental protections in Colombia have only become weaker, and Indigenous peoples and Afro-Colombians continue to be most vulnerable to violent land dispossession. Colombia and Honduras are two case studies from which a broader discussion of Canadian imperialism in Latin America can be formed.

## Discussion

As the case studies of Honduras and Colombia illustrate, Canada is a key imperialist actor on the international world stage and within the global political economy. While it may not be on the same level as the United States, it is still securing and maintaining its own capital interests. Canadian imperialism is less explored due to the attention paid to the US as the US is commonly represented as an unmatched imperial power. However, there is a growing body of literature on the topic of Canadian imperialism and this is important.

Canada's foreign policy poses a danger to states throughout the Global South, especially in Latin America where it is involved in mining and other resource operations. Canadian mining companies are complicit in the human rights abuses perpetrated by authoritarian governments and also commit their own abuses, as the example of RCMP police training in Colombia illustrates. Furthermore, a leaked report commissioned by the Prospectors and Developers Association of Canada found Canadian mining companies responsible for one third of 171 high-profile Corporate Social Responsibility (CSR) violations between 1999 and 2009. The report also stated: "Canadian companies have played a much more major role than their peers from Australia, the United Kingdom and the United States... [they are] more likely to be engaged in community conflict, environmental and unethical behaviour." As this statement outlines, Canadian imperialism is *worse* than that of the US in this respect.

To allow imperialism to continue, Canada is also borrowing some American tactics, such as 'democracy promotion.' According to Fenton, Canada has been engaging in activities of 'democracy promotion' that are notoriously thought of in connection with the US government. Canada does so through the 'Canadian Foundation for the Americas' (FOCAL), which is meant to maintain foreign policy interests in the Latin American region. This is done in the name of 'democracy, private enterprise, and free markets.' FOCAL was founded in 1990 when a cabinet decision was made to "deepen ties with Latin America." Put another way, this was created to secure Canadian capital interests. The Foundation says it is a 'non-partisan, independent NGO' but most outsiders view it as an extension of the



federal government. FOCAL is also connected to United States foreign policy in Washington via the Organization of American States (OAS). This makes it hard to counter that it is used to maintain imperial hegemony in Latin America.

As this example also illustrates, it can be concluded that Canadian imperialism has an extensive reach and shows no signs of disappearing soon. It may not be long before we have an ‘Ottawa Consensus’ as well as the ‘Washington Consensus.’ The Washington Consensus refers to neoliberal reforms enacted by major international financial institutions (IFI’s), such as the International Monetary Fund (IMF) in the 1980s. These reforms proposed that governments undergo privatization, deregulation, liberalization, and a reduction in direct taxation. Countries in the Global South were forced to adopt these policies in order to maintain a free flow of capital investment, mainly between themselves and the United States.

## **Conclusion**

Canada has a reputation as a ‘beacon of democracy’ around the world. The country shares this title as a key ally of the US. Yet, Canada has a long and dark presence on the world stage. This history is marked by Canadian capital interests leading to violent resource extraction in the Global South. Canada’s imperialist project in Latin America has been extensive, particularly in countries such as Honduras and Colombia. I have argued that the Canadian state is indeed an imperialist actor on the world stage, and that its engagement in violent resource extraction in Latin America at the cost of livelihoods and human rights is one primary example of this.

## References

- An, J. Lenin's "Theory of Imperialism": Historical Debate and Contemporary Appraisal. *Social Sciences in China*, 36(3) (2015): 20-36. <https://doi.org/10.1080/02529203.2015.1062227>
- Fenton, A. *Canada's Contribution to "Democracy Promotion."* (2006). Canadian Dimension. <https://canadiandimension.com/articles/view/canadas-contribution-to-democracy-promotion-anthony-fenton>
- Global Mining Superpower — Canadian Foreign Policy Institute. (2020). Canadian Foreign Policy Institute. <https://www.foreignpolicy.ca/new-page-2>.
- Gonick, C. A Global Mining Powerhouse. (2011). Canadian Dimension. <https://canadiandimension.com/articles/view/a-global-mining-powerhouse>.
- Grant, W. Has Honduras become a 'narco-state'? (2021). BBC News. <https://www.bbc.com/news/world-latin-america-56947595>.
- Jerome Klassen. Canada and the New Imperialism: The Economics of a Secondary Power. *Studies in Political Economy*. 83(1) (2009): 163-190. DOI:10.1080/19187033.2009.11675060
- Jessop, Bob. "Authoritarian Neoliberalism: Periodization and Critique." *The South Atlantic quarterly* 118, no. 2 (2019): 343–361.
- Manuel Zelaya* — Canadian Foreign Policy Institute. (2020). Canadian Foreign Policy Institute (CFPI). <https://www.foreignpolicy.ca/manuel-zelaya-honduras>.
- Schalk, O. *Canadian mining companies and the making of modern Colombia*. (2020). Canadian Dimension. <https://canadiandimension.com/articles/view/canadian-mining-companies-and-the-making-of-modern-colombia>.

Schalk, O. *Understanding Canadian imperialism*. (2022). Canadian Dimension.

<https://canadiandimension.com/articles/view/understanding-canadian-imperialism>.

Shiple, T. (2015). Land Seizure, Dispossession, and Canadian Capital in Honduras. *Human Geography*, 8(2) (2015): 18-37.

<https://doi.org/10.1177/194277861500800202>

Todd Gordon & Jeffery Roger Webber. Canadian capital and secondary imperialism in Latin America, *Canadian Foreign Policy Journal*.

25(1) (2019): 72-89. DOI:

10.1080/11926422.2018.1457966

Todd Gordon & Jeffery R Webber. Imperialism and Resistance:

Canadian mining companies in Latin America. *Third World*

*Quarterly*. 29(1) (2008): 63-87. DOI: 10.1080/01436590701726509

Xie, D. *How Canadian resource companies & our foreign ministry drove Colombians towards mass resistance to violent neoliberalism — The Canada Files*. (2021). The Canada Files.

<https://www.thecanadafiles.com/articles/how-canadian-resource-companies-our-foreign-ministry-drove-colombians-towards-mass-resistance-to-violent-neoliberalism>.