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Extraterritorial Investments, Environmental Crisis, and Collective Action in Latin America

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Summary. — A growing number of extraterritorial private-sector actors, often in partnership with the state, are expanding the frontiers of extractive and primary export economies to new rural territories in Latin America. This paper analyzes the conditions that might drive meaningful efforts to address environmental problems in territories dominated by large, externally controlled natural resource-based activities. It studies three cases: salmon aquaculture in Chiloé (Chile), fruit growing in O'Higgins (Chile), and gas production in Tarija (Bolivia). We conclude that such efforts are unlikely to occur unless environmental problems directly threaten the short-term viability of the activities or social movements emerge to demand change.

Key words — Latin America, Bolivia, Chile, extraterritorial actors, environmental institutions, extractive economies

1. INTRODUCTION

With the expansion of natural resource-based economies in Latin America, extraterritorial actors [1] have come to exercise increasing influence over the economic, social, and political dynamics of the rural territories in which they operate. While such actors have a long history in Latin America (sometimes dating to pre-colonial times), their number has increased over the last two decades as the combined effect of increased global demand for different natural resources, natural resource companies' efforts to identify new sources of supply and, above all, policy reforms promoting external investment in the primary sector and supported by dominant social coalitions that typically involve the central government, fractions of national elites, and interests linked to transnational investment (Gudynas, 2012; Kaup, 2013). This pattern is perhaps especially apparent for the case of mining and hydrocarbons but is also evident in the agroindustrial, bioenergy, hydroelectric, tourism, and forestry sectors (Bebbington & Bury, 2013; Borras, Franco, Gomez, Kay, & Spoor, 2012; Martínez-Alier, Kallis, Veuthey, Walter, & Temper, 2010; Muradian, Walter, & Martínez-Alier, 2012). The presence of these extraterritorial actors has catalyzed economic growth, introduced acute asymmetries of power within territories and exerted new pressures on environmental assets. [2]

These investments from extraterritorial sources and the transformations that they produce in rural territories go hand in hand with changes in environmental regulatory institutions. Typically, the institutional changes that occur earlier in these processes seek to facilitate and *initiate* new investment through the reform of laws that regulate the access to natural assets. Sometimes, the subsequent environmental and social impacts of these investments then induce various groups of actors to seek a stricter regulation of the activities undertaken by extraterritorial actors. This paper analyzes the process of institutional change when extraterritorial actors are *already* installed, have transformed economic dynamics, and have introduced new power relationships in the territory. In this context, we ask: (i) under what conditions might environmental institutions emerge that promote the protection of a territory's environmental assets; and (ii) what types of environmental institutions might be expected under those conditions? Asking these questions seems generally important, given the challenge of environmental stewardship under conditions of rapidly increased investment in natural resource industries in Latin America. The questions are also important within the context of the larger program of Latin American research of which this paper is a part (see Berdegué *et al.*, 2012 and Berdegué, Bebbington & Escobal, 2015): in that program, a detailed analysis of 20 different territories failed to identify a single territory where dynamics of change could clearly and definitely be considered environmentally sustainable. Indeed, the program's researchers spoke of an "environmental paradox" to indicate that environmental crises were seen in all types of socioeconomic dynamics, regardless of whether poverty was reduced or income distribution improved (Berdegué *et al.*, 2012).

The available literature on political ecology and environmental governance (see, for example, Bebbington, 2012; Bridge & Perreault, 2009; Lemos & Agrawal, 2006; Perreault, 2013) suggests that when powerful extractive or agroindustrial activities are present, institutional changes to reduce environmental pressures are difficult to achieve (Kirsch, 2012), and do not necessarily eliminate the conflict that these activities create (Arellano-Yanguas, 2012). In exploring the conditions under which such changes *might* occur, this paper suggests that it is important to distinguish between institutions that regulate *access to*, and institutions that regulate *management of*, the territory's natural resources. Typically, the state is proactive in creating institutions that

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facilitate large-scale investors' access to resources but much slower to fashion institutions that regulate how resources are managed by these investors. Furthermore the prior creation of institutions of access complicates possibilities for building institutions of environmental management. This study identifies two dimensions to the processes through which new institutions of environmental management might emerge: (i) the first dimension involves structural pressures on natural resources, pressures that derive in large measure due to the logics of capital accumulation as explored by ecological Marxism (O'Connor, 2001); (ii) the second dimension is one of collective action, either in the form of collective efforts of resource users to address acute environmental problems (the sort of collective action addressed by Ostrom, 1990, and others) or in the form of social mobilization and protest (as addressed by social movement scholars and political ecologists, e.g., Dubet, 1989; McAdam, 1982; Peet & Watts, 2004; Tarrow, 1983; Tilly, 1978; Touraine, 1978).[3]

Finally, we show why, even in the presence of structural pressures on the environment, management institutions might not emerge. First, the power asymmetries in the territory that are introduced by extraterritorial actors and dominant coalitions limit potential reforms to institutions that involve the management of environmental assets. In other words, extraterritorial actors might be willing to change technologies, introduce forms of monitoring, and offer some compensation for negative externalities in their projects, but will resist change in the rules that determine access to and use of natural resources. Second, the degree of inclusion of local actors in the new territorial dynamics catalyzed by investment in natural resource economies is crucial for determining their behavior with regard to extraterritorial agents and their investments. The greater the inclusion, the more concerns about natural assets are dissipated and the less likely it is that a process of mobilization against activities by extraterritorial actors will develop. Third, competition among resource users, and the fact that they experience the adverse effects of resource degradation at different times, limits the possibility that they will act collectively to address this degradation.

The empirical data for this paper were gathered in two phases. In the first phase, twenty territories were studied in depth, over an approximately year-long period and using a combination of quantitative and qualitative techniques. Each of these territories had been previously identified (on the basis of census and household survey data) as demonstrating progress against indicators of poverty, inequality and growth, and the in-depth studies sought to explain the drivers of these trends and (in most instances) identify the environmental changes that had accompanied them. In the second phase, a further round of qualitative research was undertaken in those territories whose dynamics of change had been characterized by (i) significant economic growth and (ii) the presence of powerful extraterritorial actors whose productive activities were based on natural resources. These three territories, and their related economic transformations, were: salmon farming in the Chiloé archipelago of Chile; fruit cultivation in the Chilean Region of O'Higgins; and natural gas production in the dry Chaco of the Department of Tarija, Bolivia.[4] In each instance, data were collected regarding the presence, activities, and environmental impact of these extraterritorial actors, as well as about broader economic, political and social processes, and patterns of environmental governance. The information was derived mainly from field visits, interviews with key actors and informants in the respective territories, and a review of the relevant national and sub-national legislation.

In the following section we give a brief overview of contemporary rural territorial dynamics in Latin America in the presence of powerful extraterritorial actors and introduce the three case studies. The third section explains what we understand by environmental institutions and why it is important to distinguish between institutions that regulate access and those that regulate the management of environmental assets. The fourth section analyzes the two dimensions to the pathways of institutional change that we found in our study: (i) structural pressures that lead to an environmental crisis, and (ii) social mobilization prior to environmental crises. In the concluding section, we discuss why meaningful institutional changes in the regulation of environmental assets are so difficult to achieve.

2. TERRITORIAL DYNAMICS AND EXTERNAL ACTORS IN LATIN AMERICA

This paper is part of a broader research project (the Rural Territorial Dynamics [RTD] Program) that analyzed how some 10,000 municipalities in 11 Latin American countries had performed over the past decade in terms of economic growth, poverty, inequality, and environmental quality (Berdegué *et al.*, 2012; Berdegué *et al.*, 2015). The program found that approximately 10% of the region's municipalities had experienced growth combined with a reduction in poverty and inequality. Such outcomes were rarely if ever experienced in isolated territories poorly connected to national or global society. Instead, this virtuous combination of the three economic variables seems to depend on some sort of connection with broader markets and the presence of "extraterritorial actors," in particular large scale enterprises and national governments. Based on the program's twenty case studies,[5] we identify two broad ways in which such actors have catalyzed growth. In the first, extraterritorial actors control and make direct use of the resources of a territory. In a case such as the production and industrial commercialization of salmon in Chiloé (Chile), or the extraction of natural gas in Tarija (Bolivia), the characteristics of the resource imply scales of operation, costs and information, capital and technology needs that make it difficult or impossible for local actors to exploit the resource without outside participation. Under these circumstances, extraterritorial actors' access to the resource becomes the principal driver of economic growth within the territory. Typically in these cases, the actors that *control* the drivers of territorial dynamics are large, private, and often transnational companies that tend to enjoy political support from the national government. The fact that these extraterritorial companies are sometimes linked to small or mid-size local companies (as is the case with salmon farming in Chiloé) or third-sector/non-profit organizations does not substantially weaken their dominant position within the territory.[6]

In the second situation, extraterritorial actors help create the initial conditions that give impetus to a territorial dynamic, but the economic driver is controlled by local actors. In 14 of the 20 cases, we found that the outside actor's intervention consisted of creating assets such as infrastructure, establishing links with markets, or providing training in key aspects that facilitated the territory's connection with other territories or with extraterritorial markets. The conditions most frequently modified by extraterritorial actors are road and communication infrastructure (which, in turn, create additional territorial assets), without which access to important markets for local products is impossible. In other territories, extraterritorial actors themselves are crucial for ensuring access to more