Enclosing territories for financial profit

Private and state enclosures of lands, forests and water are not new phenomena. Much of what grows on land, what is grown by humans on land, what flows on and under land, what forms landscapes and eco-systems, what is built on land, and what is extracted from under the land, have been commoditized. What is new is the array of means, mechanisms and instruments by which political and economic control over land and nature are exercised, and by which land and land-based wealth are becoming commodities in new markets. Already countries with large agrarian economies in the global South opened their borders to foreign direct investment, with many of these investments backed by complex financing arrangements and multiple sources of capital, including public, private and multilateral financiers. Many times, local populations affected by such deals lose their livelihoods, homes, cultures, identities and access to food; they are forcibly evicted or relocated, and often pushed into precarious, low-paying wage labor.

The spread of neoliberalism in much of the world since the 1980s provided new impetus to the corporate capture of agriculture and food systems. Financial deregulation allowed commodity markets to expand rapidly and into new areas through new financial instruments, and also allowed new actors to enter the land-agricultural-food investment arenas. Banks created new types of financial instruments that amalgamated agricultural commodities, lands, minerals and energy futures (2), and directed floods of unregulated investment capital towards land and nature. Many agricultural financial instruments transformed risk itself into a new assets class, thus increasing the volatility of commodity prices and economic uncertainty for small-scale agricultural producers who had no protection against these new market risks.

Over the past 10 years, financial actors and instruments, such as sovereign wealth funds, private equity firms, insurance companies, pension and hedge funds, investment banks and other finance corporations, have become implicated in land, forest, mineral and water deals. The recent collapse of the financial market prompted a shift of investment capital into speculative ventures in land, food and agrofuels. While land itself is immovable, financialization enables the wealth that springs from it to move across the world as exchangeable financial instruments that can be traded in distant markets. One place can then be subjected to several financialization schemes, for example, with Payment for Ecosystem Services (PES), forest carbon trading and a fast-growing tree plantation (see WRM Bulletins175 and 181).

The subversion of rights, regulation and governance

Land and land-based wealth grabbing are human rights violations that have far reaching negative impacts on environmental quality, biodiversity, society, culture, employment, livelihoods and health. Promises made by investors to affected communities of providing employment, schools, health and other social services rarely materialize; jobs are poorly paid, precarious, often with unsafe work conditions, and distress out-migration is common. Local populations are robbed of their agency to make decisions about how to use, manage and govern their lands and territories, and - as migrants - of their ability to participate in political processes. Those who resist the incursions on their lands and territories face violent threats, intimidation, arbitrary arrests and incarceration, extra-judicial killings and disappearances.

States enable these enclosures by enacting policies, laws and regulations that favor markets and by using their legal and security apparatus to suppress and punish those who resist. International financial institutions like the World Bank or the Asian Development Bank, multilateral agencies like the UN, international policy institutions, transnational corporations and even some civil society organisations have sought to re-frame and re-present land, water and resource grabbing as ‘win-win’ investments. The realm of the ‘public,’ too, is being oriented toward privatization through public-private partnerships in which public funds are used to underwrite private sector operations in infrastructure development, the provision of essential goods and services, transportation, etc. States, corporations and international institutions are colluding in the financialization of land, crops, water, carbon, soil, minerals, metals, coal, oil and energy, allowing financial markets to penetrate deeper into the real economy.

The World Bank has played a central role in promoting land markets in the global South by financing land tenure administration reforms that established private property regimes, eased land transactions and enabled wealthy and powerful individuals to use land for financial and speculative gain. The ‘Green Economy’, elaborated by the UN Environment Programme, further advances financialisation by proposing a system whereby ecosystems and biodiversity are valued in monetary terms rather than the varieties of life they sustain, allowing new ways for investors and finance capital to extract revenue streams from nature. The ‘Green Economy’ treats nature and its functions and capacities as ‘natural capital,’ and aims to attach monetary values to the capturing and storing of carbon, the creation of water catchments and stability of water cycles, soil fertility, etc. These monetary values are packaged and envisaged to be traded in international markets to attract investment and development finance.

To satisfy such ecosystem markets, the rights of local communities and populations to make decisions about the use, management and governance of lands and its functions that sustain them are wrested away and replaced by regulatory regimes that enable commodification and financialization (3). These regimes provide conditions by which outside investors can acquire land and associated resources with veneers of responsibility, transparency, democracy and participation. Thus, the increasing power of markets and finance capital is shaping land and natural resource governance in dangerous ways.

Rethinking governance

For most policymakers, the governance of land and natural resources are technical-administrative exercises of mapping, defining, classifying, zoning, quantifying and valuing that enable the state to control, allocate and earn revenue from access, tenure and property rights through records, cadastres, titles, rental contracts, taxes, etc. Neutral as they may appear, such actions are exercises of power and authority which carry the potential to entrench or transform the power structures of societies.

For those whose lives, livelihoods, cultures, societies and identities are turned upside down by destructive investments, land and resource grabbing cannot be regulated; they must be unconditionally stopped. The recognition of the rights of peasants, farmers, forest dwellers, fisher-folk, pastoralists, indigenous peoples and other local communities to self-determination, their legitimate claims to lands and ecosystems, and their rootedness in and respect for nature, are necessary preconditions to constructing democratic and just land governance systems.

Based on Shalmali Guttal's articles: "Challenging Financial Sector Backing to Land Enclosures" and "Redifining Governance; Challenging Markets".
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(1) www.tandfonline.com/doi/abs/10.1080/03066150.2011.559008#.VKoqp2SUdhq
(2) A futures contract is a contract between two parties to buy or sell an asset for a price agreed upon today (the *futures price*) with delivery and payment occurring at a future point, the *delivery date*. Because it is a function of an underlying asset, futures contracts are considered a derivative product. Contracts are negotiated at futures exchanges, which act as a marketplace between buyer and seller.
(3) www.tandfonline.com/doi/abs/10.1080/03066150.2012.691879#.VLfcNicqo7D