

**Extractivism and the Dynamics of Social Contestation
In Peru and Bolivia**

A thesis in Economics and International Relations

By

Marianela Piña De la Hoz

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Abstract:

Latin America's resource-rich nations face a profound contradiction: despite decades of booming extractive revenues and successive waves of governance reform, they remain trapped in cycles of institutional fragility, social unrest, and democratic erosion. This is not a problem of policy failure or bureaucratic inefficiency; it is the expression of a deeper structural crisis rooted in the afterlives of colonialism (Quijano, 2000; Escobar, 2008; Acemoglu & Robinson, 2012). Postcolonial states did not simply inherit mineral wealth; they inherited institutional logics forged in conquest, centralized fiscal extraction, racialized territorial control, and epistemic monopolies that continue to define who governs and who is governed (Cardoso & Faletto, 1979; Gudynas, 2009; Perreault, 2013). From the colonial *mita* to the modern Canon Minero in Peru and the gas governance structures of YPFB in Bolivia, these systems have not been dismantled, instead, they have been repackaged under the banners of modernization and development (Bebbington et al., 2018; Postero, 2017). By integrating institutional economics with dependency theory and decolonial critique, this thesis exposes how legal and administrative reforms often simulate democratization while entrenching elite control. In both Peru and Bolivia, multinational corporations, state technocrats, and militarized forces form durable coalitions that co-opt Indigenous rights frameworks such as prior consultation laws and plurinational recognition to legitimize continued dispossession (Fabricant & Gustafson, 2011; Webber, 2017; Arellano-Yanguas, 2011). This is not governance gone wrong, it is governance working exactly as designed (Richani, 2013; Acemoglu & Robinson, 2006). Territorial conflict is not an aberration but a mechanism of rule. From the Conga and Las Bambas conflicts in Peru to the TIPNIS highway and lithium disputes in the Salar de Uyuni in Bolivia, the use of state-sanctioned violence is routine, not exceptional (Svampa, 2019; Bebbington, 2009; Gudynas, 2015). Extraction is maintained not just through bulldozers and contracts, but through the repression of dissent and the erasure of alternative territorialities (Santos, 2007; Escobar, 2018).

This continuity is evident in ideologically opposed regimes, as seen in Peru's neoliberal decentralization and Bolivia's left-wing resource nationalism, converging on structurally similar extractive models. This convergence reveals a hard truth: the primary constraint is not ideology

but the deep political economy of dependence, which positions extraction as the only viable path to governability without redistribution (Webber, 2017; Gudynas, 2011). Governance reforms repeatedly fail because they misread the terrain. The obstacle is not flawed procedures—it is an institutional purpose. Extractive institutions are not broken; they are functioning precisely to concentrate wealth, suppress contestation, and defer redistribution (Acemoglu & Robinson, 2012; Ferguson, 1994). Real transformation requires more than transparency measures or technical adjustments. It demands a redistribution of power: the integration of Indigenous governance systems, binding participatory mechanisms, and structural checks on elite capture (Postero, 2017; Santos, 2007).

Unless these foundational asymmetries are confronted, resource-rich nations will remain locked in extractive cycles that breed conflict, deepen inequality, and corrode democracy. The question is no longer whether they can afford structural change, but whether they can survive without it.

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Introduction

As nations grapple with the tensions between economic growth and environmental sustainability, resource-dependent political economies expose deep structural contradictions that demand urgent attention. Despite significant progress, Latin America continues to be at the forefront of the global effort to recognize terrestrial rights and indigenous peoples. Indigenous groups continue to be under threat due to regressive changes in governance, encroachment from government and private actors, and political violence (Davis-Catro 2023, Gonzalez 2023, Jakoski 2021, Torres-Wong 2018, Puig 2021). The expansion of extractive industries, particularly in Latin America, where 64% of the world's extractive conflicts occur, highlights a critical tension between national development goals and local communities' rights (Tores Wong 2018:5).

A 2023 study of 1,044 global environmental conflicts involving indigenous communities found that Latin American Indigenous communities made up 6 of the top 10 most impacted communities, these being Quecha, Mapuche, Aymara, Nahua, Kiwa, and Gurani. More so, 78% of these conflicts were caused by mining, fossil fuels, dam projects, agriculture, forestry, fisheries, and livestock production – the impact being that 50% of these cases have led to land dispossession (Davis-Castro 2023).

This study adopts a hybrid theoretical framework that synthesizes institutional economics and Latin American dependency theory to analyze how natural resource institutions in resource-dependent states produce economic inefficiency, political instability, and territorial contestation. The goal is to move beyond the classical resource curse literature by emphasizing historical continuity, institutional configuration, and contested governance at the subnational level through the logics of extractive institutions.

At its epistemological core, the framework addresses two key questions:

1. How do the political and economic histories of institutions in mineral-dependent states reproduce exclusion and underdevelopment across different scales of governance?
2. How do the dynamics of these institutional structures contribute to social contestation around natural resource governance?

To address this, the framework integrates three complementary theoretical strands:

1. **Acemoglu and Robinson's Institutional Theory:** Their framework of extractive versus inclusive institutions offers insight into how elite coalitions consolidate power through institutions that limit broad-based participation.

Crucially, they distinguish between:

De jure power (Pj): Codified in legal frameworks, constitutions, and formal authority structures.

De facto power (Pf): Exercised through informal control, coercion, and elite capture.

This distinction helps explain how states like Peru and Bolivia maintain the *appearance* of institutional pluralism while excluding the most impacted communities from meaningful political agency. In Peru, for example, mining laws formally enable subnational revenue sharing, yet de facto power is centralized and often captured by urban or elite actors. In Bolivia, indigenous autonomy is constitutionally recognized, but subordinated to state control over resource extractive sectors.

This work builds upon Acemoglu and Robinson's Long-term Institutional Growth theory, which speaks directly to the colonial origins of institutional inequality, where different colonial strategies, extraction versus settlement, shaped long-term institutional outcomes. This thesis seeks to apply the dynamics of this theory to the social conflict observed in resource-rich, primarily indigenous populated regions such as the Andean highlands, where colonizers instituted coercive labor systems like the *mita* and established extractive bureaucracies aimed at maximizing mineral output. These institutions persisted across the postcolonial transition, morphing into extractive state structures that continued to prioritize elite control over resources while marginalizing Indigenous communities. The Peruvian and Bolivian states inherited not only legal frameworks but also extractive spatial logics—centralized fiscal systems, limited indigenous representation, and uneven infrastructure investment, dynamics that still shape resource governance today.

2. **Richani's Systems of Violence:** Richani (2002, 2013) theorizes how rent-seeking coalitions, including private corporations, militarized actors, and political elites, form stable networks of violence and coercion in resource-rich zones.

Richani's concept complements Acemoglu's institutionalism by emphasizing how coercion, rather than formal law alone, structures political economies. This helps illuminate, for example, why subnational actors in Peru's Cajamarca region or Bolivia's Chaco lowlands frequently experience repression and criminalization when mobilizing against extraction through de facto structures.

3. **Latin American Critiques of Extractivism:** Thinkers like Gudynas, Escobar, and Rivera Cusicanqui challenge the epistemic foundations of extractive development. They argue that extractivism is not only a material practice but an epistemological regime that privileges technocratic, external knowledge over Indigenous ontologies and territorial visions. This critique draws attention to the symbolic violence embedded in environmental impact assessments, consultation processes, and decentralization reforms that sideline Indigenous ways of knowing. Gudynas's (2009) concept of *epistemic extractivism* is particularly salient here. It frames how knowledge systems like resource classification, cost-benefit analysis, and territorial mapping become tools of dispossession. This work follows Latin American Dependency theories... In Peru, this is visible in how "public utility" declarations justify mining on Indigenous lands. In Bolivia, state discourses on plurinationalism are frequently instrumentalized to validate neo-extractivist expansion.

These three lenses converge to conceptualize the state not as a monolith but as a field of contestation. Drawing from Poulantzas (1978), the state is understood as a condensation of social forces, its configuration reflects the balance of power between elite coalitions, technocratic institutions, and subaltern mobilizations. As Mann (1984) theorizes, the state wields both despotic power (repression, through de facto means) and infrastructural power (service delivery through de jure means).

This theoretical framework enables a multi-scalar analysis of extractive governance that traces how national and subnational political and economic institutions systematically reproduce colonial legacies of exclusion, dispossession, and violence to sustain natural resource extraction, even as social movements mount persistent contestation. Peru and Bolivia illuminate this paradox through two contrasting yet ultimately convergent trajectories of institutional reproduction. Bolivia's ostensibly transformative state-centered approach formally integrates indigenous governance structures and ontologies while rhetorically breaking from colonial continuities...the state nonetheless perpetuates extractive logics through what Gudynas would identify as 'epistemic extractivism' disguised as plurinational discourse. The persistence of contestation and economic mono-dependency reveals how de facto state control over extractive sectors subordinates de jure constitutional recognition of indigenous autonomy, demonstrating how Richani's systems of violence operate through seemingly progressive institutional facades.

Conversely, Peru's explicitly market-investor-oriented approach systematically excludes indigenous perspectives from resource governance while achieving modest improvements in income distribution and economic diversification precisely through its transparent embrace of extractive institutions. Yet this apparent "success" masks deeper structural continuities: indigenous contestation around natural resources persists because improvements in aggregate economic indicators cannot resolve the fundamental contradictions between extractive accumulation and territorial sovereignty, a problem that Acemoglu and Robinson's framework predicts.

Rather than treating these cases as discrete policy choices, this study interrogates how both trajectories, despite their ideological opposition, function as variations of the same extractive institutional matrix that colonial spatial logics created. Indigenous contestation endures in both contexts not merely as an outcome this study explains, but as an epistemological challenge to the foundational categories through which extractive governance legitimizes itself: the technocratic discourse of "public utility" (Acre 2024), the economic rationality of cost-benefit analysis, the legal fiction of "free, prior, and informed consent," the spatial abstractions of territorial mapping that render Indigenous territories as "resource frontiers"(Kemp 2024) and the temporal logics of development that position extraction as progress (Abdelrahman 2023, Atwemba 2017, Slade 2009, Van der Ploeg & Plohekke 2016) and Indigenous resistance as

obstacles to modernity (la Cadena 2010). This comparative analysis thus reveals that extractive institutions reproduce foundational exclusions, thereby perpetuating the dialectical tension between capital accumulation and territorial justice, social characteristics that define the contemporary Latin American condition.

I. Literature Review

The complex relationship between natural resource extraction, institutional development, and socio-political conflict has generated diverse theoretical traditions that have evolved significantly over the past century. This review traces the historical development of these perspectives, showing how early economic theories gradually gave way to more politically sophisticated and historically grounded analyses, culminating in Latin American decolonial critiques that fundamentally challenge the assumptions of earlier frameworks.

Literature Camps Matrix

Literature Camp	Core Question / Lens	Representative Authors	Signature Mechanisms & Concepts	Spatial Scale	Implications for Peru & Bolivia
Classical Resource Economics	Why do resource-rich countries underperform?	Hotelling, Auty, Sachs & Warner, Van der Ploeg, Crowson	Dutch Disease, Resource Curse	National / Macro	Emphasizes boom-bust cycles; lacks local conflict analysis
Institutionalist Political Economy	How do power and institutions mediate outcomes?	Acemoglu & Robinson, Mehlum et al., Mann, Poulantzas, Negretto, Ferguson, Li	Extractive vs. inclusive institutions, commitment problem, elite pacting, Technocracy	National ↔ State	Technocracy + elite pacting insulates redistribution mechanisms
Latin American Decolonial Theory: Critiques of Extractivism and Systems of Violence	How does resource extraction perpetuate colonial continuities?	Gudynas, Escobar, and Rivera Cusicanqui, Bebbington, Quijano, Richani	Extractivism, epistemological violence, territorial ontologies	Local ↔ Regional	Centers indigenous knowledge and territorial resistance
Hybrid	How do resources, institutions, and	Acemoglu x Gudynas x Ferguson	Resource institution–conflict loop, anti-politics machine	Multiscalar (State ↔ Territory)	Frames extractivism as institutionalized

Political Economic Framework (This thesis)	conflict co-evolve?				exclusion & epistemic conflict
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This table presents a synthesized matrix of key literature camps addressing the political economy of natural resource extraction, organized by core questions, representative authors, mechanisms, spatial scale, and relevance to the cases of Peru and Bolivia. Classical resource economics, typified by scholars like Hotelling, Sachs, and Van der Ploeg, emphasizes macroeconomic mechanisms such as Dutch Disease and price volatility but largely ignores localized social conflict. In contrast, the institutionalist political economy tradition, represented by Acemoglu & Robinson, Poulantzas, and Ferguson, focuses on how power structures and institutional configurations (e.g., elite pacting, technocratic governance) shape outcomes, operating across national and state levels. Latin American decolonial theorists like Gudynas, Escobar, and Rivera Cusicanqui introduce a radical epistemic shift, critiquing extractivism as a continuation of colonial domination that erases indigenous ontologies and fuels territorial resistance at the local and regional level. Building on these traditions, this thesis proposes a hybrid framework that integrates institutionalist and decolonial insights to theorize the *resource–institution–conflict loop* as a multiscalar dynamic. This approach foregrounds how extractivism in Peru and Bolivia is not simply a policy failure, but a historically and spatially embedded regime of exclusion, epistemic violence, and conflict driven by both internal institutional configurations and external political economies.

The earliest systematic analyses of resource extraction emerged from neoclassical economic theory, establishing foundational concepts that would shape decades of subsequent scholarship. Hotelling's (1931) seminal work on exhaustible resources provided the theoretical framework for understanding extraction as an intertemporal optimization problem, focusing on commodity pricing, technological innovation, and stock depletion effects to explain the profitability of extractive ventures operating at scale. This classical approach treated natural resource exploitation as a neutral strategy of comparative advantage, emphasizing technical efficiency and market mechanisms while remaining largely silent on questions of power, inequality, and historical context. Building on these foundations, subsequent economists refined

the technical understanding of resource economics through the mid-20th century, developing increasingly sophisticated models of extraction, pricing, and depletion (Slade, 2011; Atewamba, 2017). However, these classical frameworks operated within a paradigm that assumed rational actors, efficient markets, and benevolent governance, assumptions that would prove inadequate for understanding the complex realities of resource-dependent economies, particularly in the Global South.

The neoliberal turn of the 1980s represented a crucial historical juncture that fundamentally transformed resource extraction across Latin America. In the wake of the 1982 debt crisis, structural adjustment programs endorsed by the International Monetary Fund and the World Bank institutionalized the principles of the Washington Consensus, promoting fiscal austerity, trade liberalization, and privatization as preconditions for financial stabilization (Baker-Epstein 1989, Gelb, 1988; Sachs & Warner, 2001). These reforms accelerated the dismantling of state-led development models and facilitated an unprecedented influx of foreign direct investment into extractive sectors across the region. The reforms effectively re-legitimated extraction as the principal engine of economic growth while systematically weakening the regulatory and redistributive capacities of the state (Baker-Epstein 1989). This period saw the transformation of extraction from a national development strategy into a mechanism for global capital accumulation. The limitations of classical economic approaches became apparent as empirical evidence mounted that resource-rich countries often performed worse economically than their resource-poor counterparts. This paradox gave birth to the "resource curse" literature, which marked a significant departure from earlier optimistic assessments of natural resource wealth.

1.1 The Dutch Disease literature

The concept of "Dutch Disease" emerged from observations of the Netherlands' economic experience following the discovery of substantial North Sea natural gas reserves in the late 1950s and 1960s. The term was coined by *The Economist* in 1977 to describe the paradoxical economic decline that accompanied this resource windfall, but the theoretical foundations were established through pioneering work by economists studying the Netherlands' deindustrialization (Corden & Neary, 1982; Corden, 1984). The core Dutch Disease mechanism operates through two distinct

channels. The "resource movement effect" occurs when factors of production (particularly labor and capital) shift from traditional tradable sectors toward the booming resource sector, directly crowding out manufacturing and agriculture. Simultaneously, the "spending effect" emerges as resource revenues increase domestic income and demand, appreciating the real exchange rate and making non-resource tradables less competitive internationally. This two-pronged process systematically undermines the competitiveness of manufacturing sectors while inflating non-tradable services, fundamentally altering the economy's productive structure (Corden & Neary, 1982).

Case studies from this period illustrate the profound social and political consequences of neoliberal extraction. In Chile, Pinochet's Chicago School-influenced reforms transformed the mining sector through the 1980 Mining Code while expanding forestry plantations into Mapuche territories, generating enduring land conflicts (Gundermann, 2003; Nahuelpan, 2013). Peru's shock therapy under Fujimori dismantled state mining enterprises and opened Andean highlands to transnational corporations, creating conflicts exemplified by the Yanacocha mine's mercury contamination and culminating in the 2009 Bagua massacre (Bebbington, 2012; Greene, 2009). Bolivia's capitalization program privatized strategic enterprises including the oil company Yacimientos Petrolíferos Fiscales Bolivianos (Bolivian State Oil Fields), provoking widespread indigenous resistance that erupted in the Cochabamba Water War (2000) and subsequent Gas Wars (2003-2005), which ultimately led to the resignation of President Gonzalo Sánchez de Lozada and paved the way for Evo Morales' election in 2005 (Olivera & Lewis, 2004; Kohl & Farthing, 2006; Perreault, 2006).

Theoretical refinements throughout the 1980s and 1990s expanded the Dutch Disease framework to incorporate additional transmission mechanisms. Bruno & Sachs (1982) demonstrated how resource booms could trigger wage increases that spread throughout the economy, further eroding competitiveness in non-resource sectors. Krugman (1987) integrated Dutch Disease dynamics with new trade theory, showing how resource booms could permanently destroy industrial learning-by-doing and technological spillovers, creating hysteresis effects that persist even after resource prices decline. Sachs & Warner (1995, 1997) provided comprehensive empirical evidence that resource abundance systematically correlates with slower economic

growth, establishing Dutch Disease as a robust cross-national phenomenon rather than a Dutch peculiarity.

The Dutch Disease framework found particularly fertile ground in Latin American economic analysis, where boom-bust commodity cycles had long shaped national development trajectories. The region's experience with coffee booms (Colombia, Brazil), oil discoveries (Venezuela, Mexico, Ecuador), and mining expansions (Chile, Peru, Bolivia) provided rich empirical material for testing and refining Dutch Disease theory. Venezuela emerged as the paradigmatic case of Dutch Disease in Latin America.

Auty (1993) and Karl's (1997) seminal analysis of Venezuela's "petro-state" demonstrated how oil windfalls systematically destroyed the country's previously diversified economy. During the 1970s oil boom, Venezuela's manufacturing sector contracted from 22% to 16% of GDP while agricultural employment fell dramatically as workers migrated to oil-related activities and urban services (Karl, 1997; Hausmann & Rodríguez, 2014). The real exchange rate appreciated by over 40% during peak oil years, making Venezuelan manufacturers uncompetitive and creating import dependence that persisted through subsequent oil busts (Rodríguez & Sachs, 1999).

Chile's copper dependence presented a more complex case that evolved over multiple decades. During the 1960s and early 1970s, copper booms systematically crowded out manufacturing and agricultural exports, with the real exchange rate fluctuations directly correlated to copper price cycles (French-Davis, 2002). However, Chile's experience also demonstrated the possibility of managing Dutch Disease through institutional innovation. Following the return to democracy, Chile established a copper stabilization fund and implemented fiscal rules that normalized resource windfalls, helping to maintain manufacturing competitiveness during subsequent copper booms (Frankel, 2011; Larraín & Parro, 2008).

Colombia's coffee and oil experiences provided insights into how Dutch Disease effects vary by resource type and institutional context. Coffee booms in the 1970s and 1990s generated classic Dutch Disease symptoms, with real exchange rate appreciation harming flower and textile exports (Edwards, 1986; Echavarría et al., 2006). However, Colombia's more diversified

resource base and stronger institutional framework enabled partial insulation from the most severe deindustrialization effects observed in Venezuela or Mexico (Cárdenas & García, 2004).

The Latin American experience ultimately refined Dutch Disease theory by highlighting several crucial factors absent from the original Netherlands case:

1. The role of external debt and capital flows proved critical in Latin American resource booms typically coincided with international lending cycles that amplified both appreciation pressures and subsequent adjustment costs (Sachs, 1989; Calvo et al., 1993).

2. The quality of fiscal institutions emerged as a key mediating variable, with countries like Chile demonstrating that appropriate fiscal frameworks could partially offset Dutch Disease pressures (Frankel et al., 2013). Third, the political economy of resource management proved decisive, as resource booms systematically strengthened rent-seeking coalitions that resisted economic diversification even when resources became depleted (Karl, 1997; Ross, 2001).

1.2 The Resource Curse literature

A foundational question of the resource curse literature emerges directly from earlier work on Dutch Disease: why do some states, such as Norway, Botswana, and post-1973 Chile convert rents into broad-based welfare while others spiral into conflict or stagnation? Early answers remained at the macro level, assuming rational inter-temporal planning and technocratic optimization. Yet Latin American experience, fiscal procyclicality, escalating debt, and negative income balances in Peru, Colombia, and Chile, belied those assumptions. While initially a technical diagnosis of macroeconomic distortions, Dutch Disease gained new relevance in the context of late-20th-century development debates.

By the 1990s, Latin American economists and political economists reinterpreted Dutch Disease through a structural lens, linking it to chronic issues such as fiscal procyclicality, capital misallocation, and political capture (Bresser-Pereira, 2008; Céspedes & Velasco, 2014). This reconceptualization reframed Dutch Disease not merely as a currency misalignment but as a broader syndrome of institutional and distributive failure, particularly salient in post-commodity boom economies like Peru, Chile, and Colombia.

Richard Auty's (1993) articulation of the "resource curse" built directly on earlier Dutch Disease literature and extended it into the field of comparative political economy. He introduced the concept of the "staple trap" to show how economies that rely on a narrow export base, typically hydrocarbons or minerals, limit diversification and increase their exposure to external shocks. Auty argued that mineral-rich countries tend to follow suboptimal growth trajectories because weak institutions, rentier politics, and constrained productive capacity undermine long-term development. The resource curse framework unified the technical insights of Dutch Disease with broader concerns about governance, institutional configuration, and structural growth barriers. Sachs and Warner (1995, 1997) expanded this conceptual framework through empirical analysis, demonstrating a robust negative correlation between natural resource dependence and long-run economic performance.

During the 1990s and 2000s, scholars disaggregated the resource curse by resource type and governance mechanism, transforming it from a macroeconomic anomaly into a structural condition embedded in political histories and power relations. Terry Lynn Karl (1997) foregrounded oil's corrosive effects on democratic accountability in her analysis of petro-states, coining the "paradox of plenty" to describe how resource windfalls weaken institutions and erode state capacity. Michael Ross (1999; 2001) expanded this argument by distinguishing between point-source resources (such as oil and minerals), which concentrate wealth and invite elite capture, and diffuse resources (like agriculture), which tend to support more inclusive development. Humphreys, Sachs, and Stiglitz (2007) built on these insights to demonstrate how mineral-driven governance failures manifest across diverse political contexts, further establishing the resource curse as a multifaceted phenomenon. Van der Ploeg (2011) synthesized this body of work into a framework identifying four macro-risks: price volatility, pro-cyclical fiscal behavior, absorptive capacity limits, and rent-seeking decay. Poelhekke and van der Ploeg (2016) refined this model by showing how weak financial sectors, ethnic fragmentation, and capital-account liberalization amplify these risks, offering the most technically sophisticated explanation of resource curse dynamics to date.

Revisionist scholars such as Crowson (2008) argue that the "curse" is not a foregone conclusion. Rather, its impact depends on governance quality and institutional robustness. Successful examples such as Norway, Botswana, and Chile illustrate that transparent governance,

prudent fiscal policy, and public accountability can convert resource rents into inclusive development outcomes. This is the same logic by which Acemoglu, in his work, establishes the norms created by extractive or inclusive institutions. This conditionality argument is further developed by institutional economists such as Gylfason (2001), Gylfason and Zoega (2006), Mehlum et al. (2006a, 2006b), and Torvik (2009), (Mehlum et al. 2006a), who distinguish between “grabber-friendly” institutions, which facilitate rent seeking and elite capture, and producer-friendly” institutions, which foster productive investment and long-run growth. Their findings suggest that the impact of resource wealth is mediated by the structure and quality of institutions themselves.

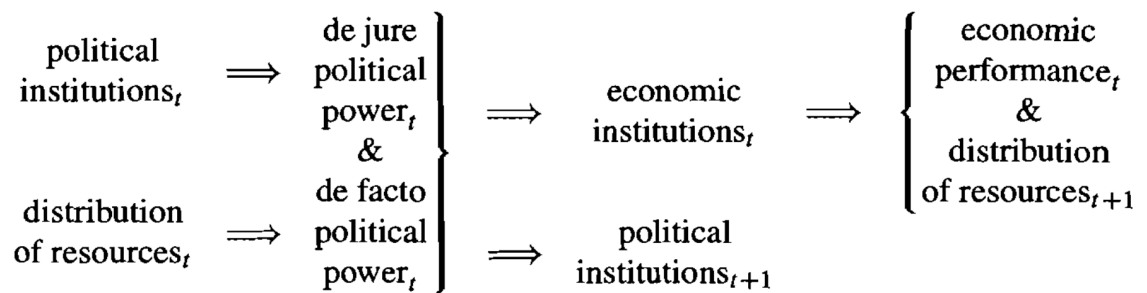
1.3 Institutional Economic Approaches

The literature on resource dependency underscores a consistent paradox: while resource abundance is often framed as a catalyst for development, its benefits are contingent upon the existence of inclusive and accountable institutions (Sachs and Warner 1995, Mehlum et al. 2006a, Acemoglu 2006, 2024). Acemoglu and Robinson (2006, 2024) provide a foundational framework for understanding how extractive institutions constitute rational systems deliberately engineered by elite coalitions to concentrate resource rents and systematically exclude subaltern populations from meaningful political and economic participation. These institutional arrangements are strategically designed to resolve what Acemoglu and Robinson term the "elite commitment problem" (Acemoglu 2006:391), they posit that individuals with commitment problems cannot commit to not use it in their own best interests because creditable compensation from side payments and cash transfers cannot be guaranteed to offset any particular set of economic institutions.

This behavior is characterized in Latin American contexts through maintaining centralized control over economic surplus and limiting potential redistributive or democratizing threats to established power hierarchies. An insight of Acemoglu and Robinson's framework is the endogeneity of institutions to the distribution of political power, both *de jure* (P_j) and *de facto* (P_f). These two dimensions are not fixed categories but dynamic and relational, each shaping and being shaped by historical trajectories, economic structures, and social struggles. *De jure* power (P_j) refers to formally codified authority, such as: institutional rules, constitutional provisions,

and legal frameworks that define who has the right to make decisions, allocate resources, and enforce laws. In theory, P_j is articulated through democratic processes such as elections, legislatures, and courts. In resource-rich states, however, the formation of P_j is deeply conditioned by the historical configuration of statebuilding, elite pacting, and colonial legacies of centralized authority.

Acemoglu's and Robinson framework centers on how two key variables, institutions and resource distribution, interact to determine state power and economic outcomes. They distinguish between de jure political power (stemming from formal institutions like constitutions and electoral systems) and de facto political power (derived from actual resource control, wealth, and collective action capacity). Their core argument follows a causal chain: political institutions determine de jure political power, which shapes the design of economic institutions, which in turn determine economic performance. However, when political institutions concentrate power in small elite groups, these elites create extractive economic institutions that serve their narrow interests rather than providing broad-based property rights and equal opportunities. This creates a self-reinforcing cycle where the same elites who benefit from extractive economic arrangements also control the political institutions that could reform them. The framework explains why some societies remain trapped in cycles of extractive institutions while others develop inclusive institutions, with resource distribution changing slowly over time but fundamentally determining institutional performance through ongoing feedback loops between political power, economic institutions, and developmental outcomes.



Historical trajectories that shape contexts of institutional formation, particularly the stark difference in institutional formation between states that experienced colonization and those that did not. Further, they establish that European strategies varied depending on the resources and population density of colonized regions. In resource-rich areas with large indigenous populations, Europeans primarily sought to extract wealth rather than develop the local economy. These resources included precious metals like gold and silver, valuable agricultural commodities such as sugar, and most significantly, human labor.

In densely populated regions, Europeans could profit by exploiting the existing population through taxes, tributes, or forced labor in mines and plantations. This extractive approach naturally conflicted with establishing institutions that would provide economic or civil rights to the majority. Therefore, paradoxically, regions with more developed pre-colonial civilizations and denser populations often received worse economic institutions under European rule. Conversely, in sparsely populated areas where Europeans became the majority, or in regions with fewer extractable resources, the colonizers had greater incentive to establish institutions that protected property rights and encouraged economic development. These institutions were designed primarily to benefit the European settlers themselves, but ultimately created more inclusive economic frameworks that better supported long-term growth. This pattern explains why previously wealthy, densely populated areas often received extractive institutions during colonization. While previously poor, sparsely settled areas often received more growth-promoting institutional arrangements during colonization, these arrangements have persisted and continue to influence economic outcomes today. In Latin America's resource-dependent economies, the construction of *de jure* power has been systematically shaped through four interconnected mechanisms that entrench elite control while providing a veneer of democratic legitimacy and, in turn, reproduce extractive logic.

Mehlum et al. (2006) further developed this institutional approach by demonstrating that resource wealth's effects are conditional on institutional quality; resources benefit countries with strong institutions while harming those with weak ones. This work established the commitment problem as central to resource governance: resource wealth creates powerful incentives for rent-seeking and institutional capture, making it difficult for governments to credibly commit to equitable distribution and long-term development. The institutional approach also emphasized

technocratic insulation and elite pacting as potential solutions to resource curse dynamics. Ferguson's (1994) concept of the "anti-politics machine" and Li's (2007) analysis of technocratic governance provided critical perspectives on how technical expertise could be mobilized to depoliticize resource extraction and insulate policy-making from popular pressures. In the absence of inclusive institutions, extractive wealth tends to reinforce rent-seeking behavior, elite entrenchment, and conflict prone governance structures these are dynamics outlined both through institutional distributions of power in a broad sense (Acemoglu and Robinson 2006) and in the context of natural resources power and institutions, in Latin America this is extended by (Bebbington 2018, Collier and Hoeffler 2005, Richani 2002:2013). This depoliticization process represents a crucial extension of the institutional theories previously discussed, as it demonstrates how the formal rules and structures analyzed by Acemoglu and operationalized in Poulantzas's state theory manifest in bureaucratic practices that systematically exclude certain forms of knowledge and participation.

1.4 Latin American Dependency Theory and Institutional Perspectives

The neoliberal reforms of the 1980s and 1990s dismantled state-led development models across Latin America, paving the way for a dramatic influx of foreign direct investment into the mineral, oil, and gas sectors. Framed as necessary modernization, these reforms re-legitimated extraction as the principal engine of economic growth while systematically weakening the regulatory and redistributive capacities of the state (Bebbington, Hinojosa, Bebbington, Burneo, & Warnaars, 2008; Gudynas, 2009; Oxhorn & Díez, 2004). Yet beneath their technocratic veneer, these policy shifts reproduced long-standing colonial logics. Development prescriptions advanced by multilateral institutions, often rooted in racialized and Orientalist assumptions, cast Latin American states as culturally deficient, fiscally undisciplined, and incapable of rational governance (Baker Epstein 1989). While the institutional turn marked a significant departure from purely technical explanations, it often remained anchored in ahistorical and universalist assumptions about institutional quality and governance capacity that failed to engage with the rich tradition of Latin American dependency theory.

Raúl Prebisch's foundational analysis of center-periphery relations had already demonstrated how institutional configurations in peripheral economies serve the accumulation

needs of metropolitan centers rather than domestic development, yet mainstream institutional economics largely ignored these insights (Prebisch, 1950, 1962). The structural heterogeneity that Fernando Henrique Cardoso and Enzo Faletto identified as characteristic of dependent development, where modern extractive enclaves coexist with marginalized subsistence economies, reveals how institutional "quality" itself becomes a function of global positioning rather than internal governance capacity (Cardoso & Faletto, 1979). André Gunder Frank's analysis of "development of underdevelopment" anticipated how institutional reforms in peripheral states would reproduce rather than overcome structural dependence, as these reforms necessarily operate within global commodity chains that systematically transfer surplus to metropolitan centers (Frank, 1966, 1967). As a result, a growing body of scholarship began to interrogate not just the quality of institutions but the broader political and historical forces that produce extractive regimes in the first place (Kay, 1989; Palma, 1978). This critical shift laid the groundwork for decolonial and dependency-oriented perspectives that re-situate resource governance within global hierarchies of power, colonial legacies, and the enduring asymmetries of the world system that Theotônio dos Santos theorized as the structural foundation of "new dependency" (dos Santos, 1970, 1978).

The emphasis on commitment problems and elite pacting, while valuable, tended to abstract from the specific historical trajectories and structural inequalities that shape resource governance in the Global South. This depiction not only justified structural adjustment and elite-led technocracy but also erased the historical role of imperial extraction in producing underdevelopment. Yet beneath their technocratic veneer, these policy shifts reproduced what Paul Hensel's analysis of colonial legacies reveals as enduring territorial hierarchies embedded within state institutions. Hensel's research on "Colonial Legacies and Territorial Claims" demonstrates how imperial administrative boundaries created institutional legacies that continue to structure contemporary resource conflicts, as colonial territorial divisions concentrated extractive activities in peripheral regions while centralizing administrative control in metropolitan centers. As Escobar (2021), Rivera Cusicanqui (2012), and Jakoski (2018) argue, these narratives universalize Western development trajectories while pathologizing non-Western alternatives, positioning Indigenous cosmologies, communal land governance, and resistance to extraction as irrational or regressive. In this way, neoliberalism did not replace colonial

institutions; it retooled them, embedding epistemic hierarchies within economic restructuring and legitimizing extraction as both a civilizational project and a developmental imperative. The result reproduces what dependency theorists identify as the fundamental contradiction of peripheral capitalism: the impossibility of autonomous development within global structures that systematically extract surplus from the Global South.

Acemoglu's institutional framework (Acemoglu 2006: 390) offers a foundational understanding of power dynamics in post-colonial states, arguing that individuals with political power cannot credibly commit to not using it in their best interests. This creates an inseparability between efficiency and distribution because creditable compensation through cash transfers and side payments cannot be guaranteed to offset distributional consequences of any specific set of political or economic institutions. However, when situated within dependency theory's structural analysis, this commitment problem reveals deeper dimensions: the inability of peripheral states to commit to equitable development stems not merely from elite preferences but from their structural location within global capitalism that systematically rewards extractive accumulation over redistributive governance.

But how does this theoretical proposition manifest empirically in resource extraction contexts? The evidence from Bolivia and Peru illuminates how commitment problems operate within the structural constraints that dos Santos identified as characteristic of dependent development.

1.5 Institutional Commitment Problems in Dependency Context

In Bolivia, empirical research by Eaton (2011) documents how the Morales government's nationalization of hydrocarbons initially appeared to redistribute resource rents more equitably through programs like Renta Dignidad (universal pension) and Juancito Pinto (school subsidies). However, longitudinal data from Arellano-Yanguas and Acosta (2014) reveal that political elites within the MAS party gradually consolidated control over YPFB (the state oil company), with appointments to leadership positions increasingly correlating with political loyalty rather than technical expertise. Their data shows that between 2006-2013, 83% of senior YPFB appointments went to individuals with direct ties to the ruling party apparatus, while only 17%

had significant sector experience. This pattern supports Acemoglu's commitment problem thesis, yet dependency theory reveals why even leaders who initially promised equitable distribution eventually reinforced extractive institutions: the structural pressures of global commodity markets and debt obligations constrain domestic policy autonomy, forcing peripheral states to prioritize export revenues over redistributive policies regardless of ideological commitments.

In Peru, Dargent's (2015) study of mining governance provides complementary evidence that illustrates how commitment problems operate within the "associated dependent development" model that Cardoso identified. Through detailed process-tracing of policy implementation in extractive regions, he demonstrates how successive administrations, despite ideological differences, maintained regulatory frameworks favoring large-scale mining interests over local communities. His analysis of legislative outcomes shows that of 38 laws affecting mining between 2002-2014, 31 (82%) reduced environmental standards or community consultation requirements. Crucially, Dargent's interviews with political elites reveal explicit acknowledgment that stricter regulation would undermine relationships with mining companies that provide campaign financing—a clear illustration of how global capital penetration constraints domestic policy autonomy, confirming Hensel's insight that colonial territorial legacies continue to structure contemporary resource governance through institutional mechanisms that prioritize external accumulation over territorial sovereignty.

Further expanding on the established dynamics of power distribution between institutions, the role of the state within these distributions of power, De Jure and De Facto, must be analyzed through the lens of dependency theory's understanding of peripheral state formation. Poulantzas (1978) theorizes a state that is not a monolithic actor but a "condensation of social relations," a strategic field wherein dominant classes struggle to secure their interests through both coercion and consent. When combined with dependency theory's analysis of how global capitalism structures domestic class relations, this theoretical lens reveals how peripheral states become strategic sites for managing the contradictions between external accumulation and internal legitimacy.

This theoretical integration helps explain the empirical findings of Gustafsson (2017), whose comparative study of extraction politics in Bolivia and Ecuador employed extended

ethnographic observations of state-community interactions in extraction zones. Gustafsson documented how state agencies simultaneously deployed coercive security measures while implementing targeted social programs in resource-rich communities. Her data shows that in Bolivia's gas-producing regions, military deployments increased by 64% between 2008-2016, while "social responsibility" spending by YPFB targeted primarily at community leaders increased by 189% in the same period. This pattern aligned precisely with Poulantzas's conception of state power as operating through both repressive and ideological state apparatuses, yet dependency theory reveals why this dual strategy becomes particularly acute in extractive contexts: peripheral states must simultaneously facilitate capital accumulation for global markets while managing the social conflicts generated by territorial dispossession and environmental degradation.

Similarly, Bebbington and Bury's (2013) multi-year research in Peru's mining regions demonstrates how state institutions function as sites of struggle between competing interests within the structural constraints of dependent development. Their systematic analysis of local governance in extraction zones reveals how institutions became fragmented between agencies serving corporate interests (Ministry of Energy and Mines, Investment Promotion) and those nominally representing community concerns (Ombudsman, Environment Ministry). Budget allocations tell the story: agencies facilitating extraction received average annual increases of 28% between 2005-2015, while regulatory and social welfare agencies averaged only 7% growth. This institutional configuration represents what Poulantzas would recognize as the strategic prioritization of certain class interests within the state apparatus, yet dependency theory explains why this prioritization becomes structural rather than contingent: the fiscal dependence of peripheral states on extractive revenues creates institutional imperatives that systematically favor accumulation over redistribution, regardless of democratic preferences or constitutional commitments.

When combined, these perspectives reveal how the entrenchment of elite authority in resource-dependent states operates not merely as economic capture but as a comprehensive reconfiguration of state-society relations that reproduces the territorial hierarchies that Hensel identifies as colonial legacies. In resource-dependent contexts, this commitment problem becomes particularly acute as extractive wealth intensifies both the stakes and incentives for

institutional manipulation, as evidenced by the systematic patterns of institutional development documented across both cases despite their different political orientations. Extractive institutions, in this light, are not external to the state but constitute its internal architecture; they operationalize and legitimize the appropriation of territorial resources by selectively organizing state capacity around the imperatives of accumulation while reproducing the spatial inequalities that dependency theorists identify as fundamental to peripheral capitalism (Gudynas 2009).

This theoretical framework is supported by substantial empirical evidence that illustrates how structural dependency operates through institutional mechanisms. In Bolivia's lithium-rich Salar de Uyuni, Fornillo's (2019) field research documents how the state deployed police forces to suppress twenty-three separate community protests between 2016-2018 while simultaneously failing to provide basic water infrastructure for communities whose aquifers were being depleted by extraction. Similarly, in Peru's mining corridor in Apurímac, Arce's (2014) longitudinal study found that military deployments to mining sites increased by 73% between 2011-2013, while public health spending per capita in the same districts decreased by 18%. These data points demonstrate the pronounced asymmetry between coercive state presence and developmental capacity in extraction zones—a pattern that dependency theory would predict as peripheral states prioritize facilitating capital accumulation over territorial development.

This theoretical synthesis (Acemoglu-Poulantzas-Mann-Dependency Theory) collectively demonstrates how resource wealth interacts with institutional configurations within global structures of dependency to produce distinctive patterns of governance that reproduce rather than overcome peripheral status. The persistence of extractive institutions across different political projects from Bolivia's state-led nationalism to Peru's market-oriented technocracy confirms dependency theory's insight that institutional reforms within peripheral capitalism necessarily operate within structural constraints that systematically favor external accumulation over autonomous development, regardless of domestic political commitments or constitutional frameworks.

1.6 The Subnational Resource Curse

More recent research has also challenged the macroeconomic and national-level framing of the resource curse, proposing instead that its most acute manifestations occur at the subnational level. The emerging "subnational resource curse" literature contends that the adverse effects of resource dependence, such as conflict, institutional erosion, and socio-environmental degradation, are spatially concentrated in extraction zones (Arellano-Yanguas, 2011). This territorial reframing represents a crucial methodological shift that bridges theoretical insights of institutional economists with place-based analysis of power and governance. This territorial reframing reveals that the resource curse is not a uniform national phenomenon but a localized, institutionally contingent process mediated by historical patterns of state formation and resistance (Monteiro and Ferraz 2012; Caselli and Michaels 2013). Moving beyond simplified national-level analyses, this subnational approach demonstrates how extraction produces spatially differentiated outcomes that are shaped by regional histories, local power configurations, and place-specific contests.

In the Latin American context, Rodríguez (2021) extends this analysis to critique the neoliberal turn, arguing that liberalization and fiscal orthodoxy have deepened extractivist dependency, intensified environmental degradation, and exacerbated socio-spatial inequalities across the region's resource frontiers. In territories where governance is weak, regulatory oversight is minimal, and rent distribution lacks transparency, resource booms tend to exacerbate inequality, environmental degradation, and social unrest regardless of national political ideology or macroeconomic performance.

Take, for example, the indigenous contestations against the Conga project in 2011 in the region of Cajamarca. The reaction from the state was to place the region under a state of emergency because of protests at the mines. Ollanta Humala had previously come to the Cajamarca region and promised the protection of water against mining activities *En El Corazón de Conga*, (21:30), first hand accounts from residents who live in the region account how executives come to the region and promise land defense yet, never give it, "they just uses their vote to win" as accounted by the Governor of San Juan de Huangashanga, Julio Huamán *En El Corzon de Conga* (27:22). More recent research has also challenged the macroeconomic and

national-level framing of the resource curse, proposing instead that its most acute manifestations occur at the subnational level. The emerging "subnational resource curse" literature contends that the adverse effects of resource dependence, such as conflict, institutional erosion, and socio-environmental degradation, are spatially concentrated in extraction zones. This territorial reframing represents a crucial methodological shift that bridges theoretical insights of institutional economists with place-based analysis of power and governance.

II. The Political Economy of Extraction as Colonial Continuity

2.1 Colonial Foundations of the Extractive Economy

The global political economy of extraction is deeply rooted in colonial patterns of dispossession and exploitation, wherein natural resource industries functioned as conduits for the accumulation of wealth by imperial metropolises at the expense of local populations. This historically grounded understanding departs from conventional approaches to the political economy of extraction and is extended into the global south dependency critique, which posits that the classical economic approach to natural resource extraction often treats natural resource exploitation as a neutral strategy of comparative advantage. In contrast, natural resource extraction is extended into extractivism, which is conceptualized as a political regime in which state power, transnational capital, and domestic elites align to prioritize export-oriented extraction over redistribution, equity, or sustainability. Latin American economists studied how such classical frameworks fail to account for how resource dependency perpetuates structural underdevelopment, not merely through economic phenomena but via the entrenchment of what Latin American scholars term "extractivism": a regime of accumulation predicated on the large-scale appropriation of nature for external markets (Gudynas 2009).

In the Latin American context, colonial economies were deliberately structured around the extraction of minerals and agricultural commodities (Galeano 1971, Adrien 1985, Ramirez 2009, Acemoglu and Robinson 2006, 2012, 2024). This configuration endured well beyond formal independence, sustained by postcolonial elites who inherited and reproduced the exploitative logics of imperial economic governance. The intersection of resource extraction, economic development, and social conflict has never been more pressing than in our current

global context. The expansion of extractive industries, particularly in Latin America where 64% of the world's extractive conflicts occur, highlights a critical tension between national development goals and local communities' rights (Tores Wong 2018:5). This is especially concerning given that 50-80% (Tores Wong 2018:5) of extractive projects take place near or on indigenous territories, creating immediate challenges for social justice and sustainable development. In countries with high economic dependence on mineral extraction, extractivism operates as a *de facto* institution that perpetuates extractive *de jure* political and economic institutions. These institutional actors resist the development of inclusive institutions necessary for long-run growth, locking countries in a path of low diversification and high volatility – this is manifested in an over-reliance on mineral resources as a share of trade and exports.

Latin America's contemporary reliance on extractive industries is inextricable from its colonial inheritance. Export baskets under colonial rule were extremely narrow. In Brazil, Portuguese colonizers organized the economy around sugarcane monoculture, cultivated through the mass enslavement of Africans in Bahia and Pernambuco. By the late 1600s, sugar made up over 90% of Brazil's exports (Topik et al., 2006). In Peru and Bolivia, mineral wealth dominated; in Mexico, silver from Zacatecas flows steadily to Europe via Veracruz. These extractive economies, reliant on the cultivation of raw material, relied on extractive forms of labor such as slavery, *mita*, and *encomienda* that suppressed local industry and food security, turning the colonies into enclave economies reliant on a single export product. The Bourbon Reforms of the 18th century further centralized extraction, establishing tighter imperial controls and consolidating mercantile monopolies (Fisher, 1985).

As Galeano (1971) documents, Spain and Portugal engineered the region into a supplier of precious metals, plantation goods, and coerced labor to fuel European mercantile expansion. The Spanish Crown established a tightly integrated economic apparatus centered on silver extraction from nodes like Potosí, where the *mita* system conscripted tens of thousands of Indigenous workers each year into brutal labor regimes. As Andrien (1985) demonstrates in his examination of the Viceroyalty of Peru, the colonial economy experienced significant stress during the seventeenth century, yet the extractive apparatus remained structurally intact despite declining silver outputs. The crisis and decline documented by Andrien (1985) reveal how deeply embedded extractive institutions had become in colonial governance, as viceregal

officials struggled to maintain fiscal solvency while continuing to extract wealth from Indigenous populations through tribute and labor.

Originally an Incan rotational labor institution, the *mita* was reconfigured under the Toledo Reforms in the 1570s into a compulsory labor draft that supported imperial fiscal expansion. Under this regime, roughly one-seventh of adult Indigenous males from selected Andean provinces were forced into Potosí's silver mines, enduring grueling conditions, toxic exposure to mercury, and widespread mortality. It is estimated that by the early seventeenth century, Potosí's Cerro Rico produced over half of the world's silver, channeled through Lima and Seville to sustain both European imperial circuits and early global capitalism (Galeano, 1971; Bakewell, 1984; Tandeter, 1993). Workers toiled by candlelight in narrow shafts, hauling ore on their backs while enduring toxic exposure to mercury and suffocating underground fumes. Galeano recounts how the process of using mercury to extract silver "poisoned as many or more than the toxic gases in the bowels of the earth... It made hair and teeth fall out and brought on uncontrollable trembling. The victims ended up dragging themselves through the streets pleading for alms" (Galeano, 1971, p. 41). The environmental devastation was equally staggering: "6,000 fires burned on the slopes of the Cerro... the smoke from the ovens destroyed crops and pastures within a twenty-mile radius, and the fumes attacked men's bodies no less relentlessly" (Galeano, 1971, p. 41).

2.2 Spatial Reorganization and Indigenous Dispossession

This system began to disintegrate in the post-Columbian period due to increased contact with the Spanish, which led to devastating plagues that resulted in population reductions in some areas as high as 90% (Ramirez, 2009). Thus, native lords, deprived of their full complement of labor, struggled to remain self-sufficient, and commoners no longer knew to whom they should tribute their labor. Traditional systems were further undermined by the arrival of missionaries and the *reducciones*, which mandated the concentration of scattered native lineages into planned towns with systems of congregation. This system was expanded in the late 1500s to demand that native towns be moved away from sacred centers and that native parishes be composed of 400 families who would pay tribute through subsistence farming, mining, and with goods.

The mita was not simply a labor institution; it was the infrastructural backbone of a broader colonial extractive regime that linked racialized labor control, territorial governance, and monetary wealth extraction. The entire Andean political economy was reorganized around this extractive imperative: Indigenous communities were spatially resettled into *reducciones* to facilitate taxation and conscription; local elites acted as intermediaries in enforcing colonial mandates; and the landscape itself was transformed by mining-related ecological devastation, particularly deforestation and water contamination in highland basins.

Though the Spanish legal code, the Compilation of the Laws of the Indies, proclaimed equal rights for Indigenous and Spanish miners, Galeano notes that "the law was respected but not carried out" (1971, p. 40). While jurists debated Indian labor legislation "in an explosion of ink," Indigenous people were treated as disposable instruments of extraction. As Luis Capoche, a Spanish chronicler, observed, "the poor Indian is a coin with which one can get whatever one needs, as with gold and silver, and get it better" (Galeano, 1971, p. 40).

This pattern of exploitation created long-term patterns of resistance and accommodation throughout the Andes. Cahill (2002) examines how the late colonial period in southern Peru witnessed increasing Indigenous resistance to colonial extractive impositions. His work demonstrates that the Bourbon reforms of the late 18th century, aimed at making extraction more efficient through higher taxation and centralized control, inadvertently catalyzed Indigenous political consciousness. The rebellions of the 1780s, particularly the Túpac Amaru II uprising in Cusco, Peru, revealed the contradictions of an extractive system reaching its limits. Cahill (2002) traces how these movements, while ultimately suppressed, planted seeds of resistance that would later inform independence struggles, though in ways that preserved rather than challenged the extractive foundations of regional economies.

2.3 Postcolonial Continuities and the Modern Extractive State

Independence in the early 19th century did not dismantle the colonial model. Rather, Creole elites inherited colonial extractive infrastructure, perpetuating the dual economy and preserving elite control over land and labor. The latifundio system, another system of labor, established vast rural estates dedicated to export agriculture, expanded in countries like Mexico,

Colombia, and Chile, often at the expense of indigenous communal lands. As Galeano (1971) notes, the "independence revolutions were political revolutions without social revolutions," and the same extractive elites remained in power. Export-led growth in the 19th century, bolstered by global demand for guano, coffee, nitrates, rubber, and sugar, continued to concentrate wealth and externalize value, reinforcing Latin America's peripheral position in the global economy (Cardoso & Faletto, 1979).

This pattern was particularly evident in the War of the Pacific (1879-1884), which Sater (2007) meticulously documents as a conflict fundamentally about resource extraction. Chile's victory over Bolivia and Peru allowed it to seize nitrate-rich territories (Tarapacá and Antofagasta) that had been major sources of export revenue for both defeated nations. Sater (2007) demonstrates how this conflict represented a crucial moment of continuity in the region's extractive political economy. Chile's annexation of these territories secured its position as a premier exporter of nitrates, propelling its development while simultaneously crippling Bolivia's access to the sea and devastating Peru's southern provinces. The war thus reinforced extraction-based development across national boundaries while deepening economic inequalities both between and within nations.

In the post-World War II period, Latin American states shifted toward Import Substitution Industrialization (ISI), a strategy aimed at reducing dependence on foreign manufactured goods. Yet, resource extraction remained central to ISI's financing. For instance, Chile's copper exports, managed by CODELCO, and Venezuela's oil rents, administered by PDVSA, were critical sources of revenue for urban subsidies and infrastructure (Hirschman, 1968; Mahon, 1992). In Peru and Bolivia, extractive rents supported industrial investment but did little to reduce dependence on commodities or diversify exports (Bértola & Ocampo, 2012). ISI policies retooled extraction for nationalist development, but did not fundamentally transform the resource-based structure inherited from colonialism. By the late 1970s, ISI regimes confronted rising inflation, current account deficits, and declining terms of trade. The 1982 debt crisis, triggered by Mexico's default and exacerbated by rising U.S. interest rates, catalyzed a region-wide pivot to neoliberalism, guided by the International Monetary Fund and World Bank, which came tied to a new economic doctrine that would redefine the region's development trajectory: the Washington Consensus.

Formulated by economist John Williamson in 1989, the Washington Consensus encapsulated a set of ten neoliberal policy prescriptions that became the blueprint for structural adjustment across the Global South. These included fiscal austerity, tax reform, trade liberalization, privatization of state-owned enterprises, deregulation, and the liberalization of FDI regimes (Williamson, 1990). Although often framed as neutral "best practices," these policies effectively reoriented Latin American economies toward renewed integration into global commodity markets, emphasizing comparative advantage in natural resource exports over industrial diversification or social redistribution. Structural adjustment policies demanded fiscal austerity, privatization, trade liberalization, and an aggressive push for foreign direct investment (FDI). State mining companies were dismantled or sold; environmental regulations were weakened; and new mining codes such as Peru's 1992 General Mining Law offered foreign firms tax stability and judicial protections, while CODELCO in Chile was partially corporatized (though not privatized) (Bebbington et al., 2008; Veltmeyer & Petras, 2014). These legal changes embedded extraction-friendly rules into national governance structures, effectively reconfiguring the state as a guarantor of foreign capital.

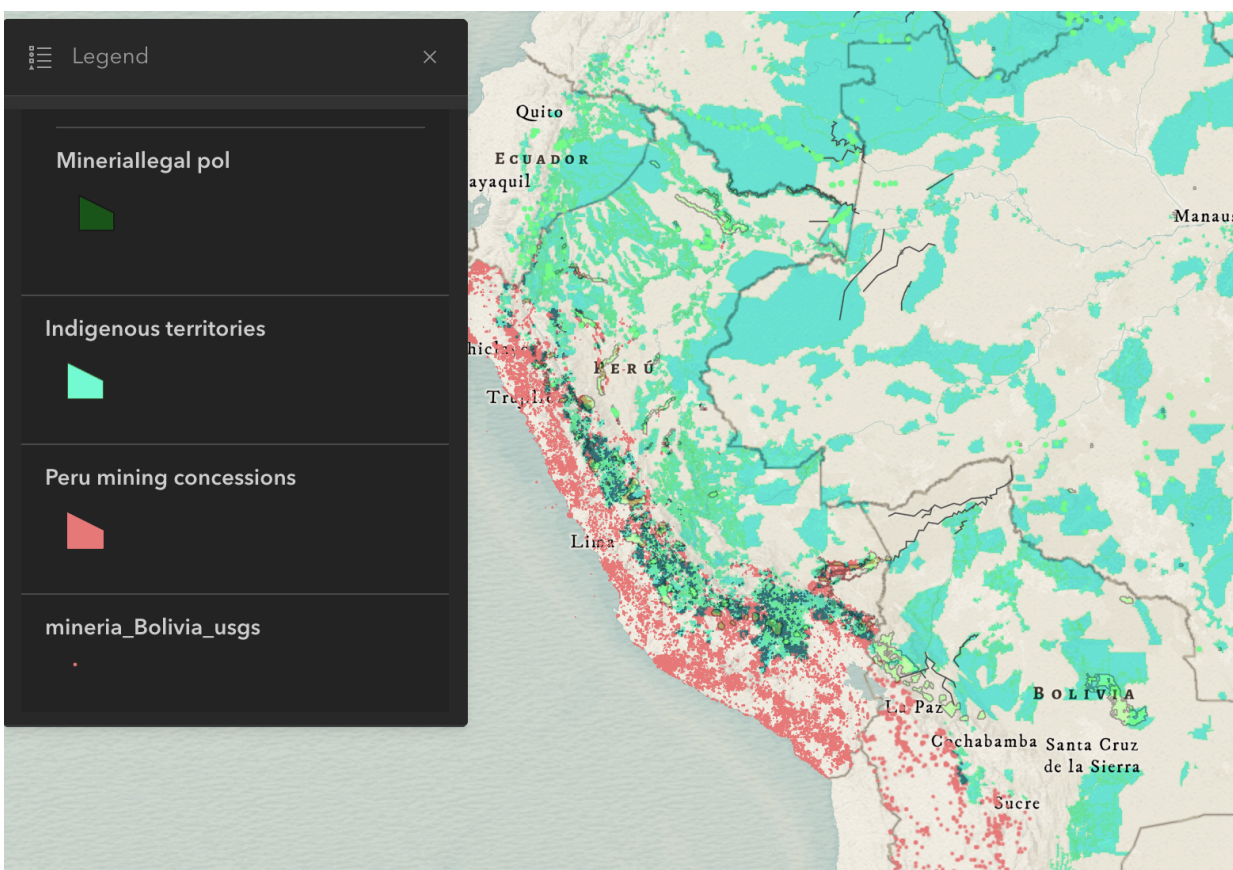
2.4 Resistance, Rebellion, and the Limits of Extraction

As Carter (2025) argues in *States of Extraction*, this historical legacy of coercive mobilization shaped not only the economic structure of extraction but also the political trajectories of Indigenous-state relations. Carter defines historical extraction as the systematic dispossession of Indigenous land, labor, and fiscal contributions by both colonial and post-independence actors. In the postcolonial period, this extractive apparatus was perpetuated through state-led coercion and private predation, the former via conscription for public works and discriminatory taxes, the latter through elite land grabs and mining concessions. These differentiated extractive modalities generated distinct political outcomes: while state-led extraction galvanized broad-based Indigenous mobilization around collective demands for autonomy and rights, private predation through elite land grabs and mining concessions fragmented resistance and incentivized alliances with non-Indigenous actors such as peasant unions and leftist parties.

Carter's contribution helps illuminate why some Indigenous communities, particularly in extraction zones like the Bolivian Chaco or Peru's southern Andes, opt for ethnicized demands for territorial autonomy, while others pursue individualized legal protections, such as land titles or labor rights. This variation is not merely ideological; it is rooted in the historical experience of how extraction was implemented and resisted. Moreover, the willingness of states to recognize Indigenous rights, Carter contends, has historically depended on the political strength of rural economic elites—actors who have long viewed Indigenous rights as a threat to their control over land and labor. In periods when these elites were politically weakened, states were more amenable to granting collective rights and formal recognition of Indigenous institutions.

Contemporary mining economies in Bolivia and Peru, for instance, still rely disproportionately on Indigenous territories and labor pools, while conflict, dispossession, and environmental destruction echo the dynamics first institutionalized under the mita. Map 1, from the Amazon Network of Georeferenced Social and Environmental Information (RAISG), vividly illustrates the spatial overlap between Indigenous territories, reported zones of illegal mining, and state-sanctioned mining concessions, particularly in Peru and Bolivia. In both countries, a striking concentration of mining activity, both legal and illegal, occurs directly on or adjacent to Indigenous lands.

Map 1



Sources: Esri, DigitalGlobe, GeoEye, i-cubed, USDA FSA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

This visual evidence substantiates the argument that modern extractive economies continue to rely heavily on historically marginalized territories, effectively reproducing colonial patterns of dispossession, labor exploitation, and environmental degradation. The clustering of Peru's red mining concessions over vast swaths of Indigenous territories—and the superimposition of illegal mining zones—suggests not only a saturation of extractive pressure but also institutional complicity or failure in regulating resource governance. Bolivia, while showing a different pattern of concession density, exhibits similar overlaps, highlighting a shared regional tendency to externalize the costs of extraction onto racialized and spatially peripheral populations. This spatial geography directly echoes the legacy of institutions such as the Spanish *mita*, where Indigenous labor and land were violently incorporated into imperial circuits of accumulation.

Integrating this cartographic evidence with the theoretical framework of extractive institutional durability helps underscore the non-contingent nature of contemporary socio-environmental conflict. These conflicts are not merely modern phenomena but rather manifestations of long-standing institutional path dependencies that were forged in colonial times and continue to shape how resource wealth is extracted, governed, and contested. Thus, a critical analysis of extraction in Bolivia and Peru demands not only attention to economic and political indicators but also to spatial and historical geographies that locate Indigenous territories as enduring epicenters of resistance and exploitation.

As such, understanding the colonial genealogy of resource extraction is essential for grasping why extractivist institutions have proven so durable, why subnational resource curses are so often concentrated in historically marginalized zones shaped by coerced labor and imperial plunder, and further, the place of indigenous actors within these contexts. Consequently, a theoretically robust understanding of the regional geography and historical specificity of extraction emerges as indispensable for explaining both the remarkable persistence of extractive institutions and the subnational variation in Indigenous resistance formations. Territorial zones most profoundly reconfigured by coerced labor regimes and imperial exploitation frequently

remain epicenters of contemporary resource conflicts and contentious politics, demonstrating the profound historical embeddedness of extractive relations across temporal conjunctures. These imperial circuits of extraction entrenched patterns of racialized labor, uneven exchange, and environmental degradation that remain structurally embedded in the region's contemporary development model. Modern extractive economies in Bolivia and Peru disproportionately target Indigenous territories and labor power, effectively reproducing earlier dynamics of marginalization through formally distinct mechanisms. The persistence of socio-environmental conflict, forced displacement, and ecological devastation within these zones is not historically contingent, it reflects the institutional path dependencies of extractivism, originating in colonial governance but continuously reconfigured through postcolonial and neoliberal political rationalities.

2.5 Regional Variation in Historical Continuities

The legacy of colonial spatial reorganization has persisted into the present through the geographical marginalization of Indigenous peoples. Today, Indigenous populations in Latin America are disproportionately concentrated in rural, ecologically sensitive, and resource-rich territories such as highland mining zones in Peru and Bolivia, Amazonian rainforests in Brazil and Ecuador, and arid lithium basins in Argentina and Chile. These regions are often rich in minerals, hydrocarbons, and biodiversity, making them prime targets for contemporary extractive industries. The colonial logic of organizing space around extractive utility remains operative: Indigenous territories are not simply “remote” by accident, but have been continuously positioned at the frontier of extraction through state and corporate mapping of resource value.

The patterns of historical continuity in Bolivia, Peru, and Chile demonstrate both similarities and important variations. In Bolivia, the colonial legacy of the *mita* system created enduring patterns of Indigenous labor exploitation that persisted through cycles of tin mining in the 20th century and into present-day lithium extraction in the Salar de Uyuni. As Andrien (1985) argues, the colonial administrative structures created to manage extraction were remarkably resilient even when faced with economic downturns. Bolivia's historical reliance on extractive enclaves, from silver to tin to natural gas, has consistently shaped its territorial

politics, with the eastern lowlands and western highlands experiencing different relationships to the extractive state.

Peru's extractive history shows similar patterns of continuity. From the colonial silver mining of Potosí (now in Bolivia) and Huancavelica to contemporary gold, copper, and zinc operations in regions like Cajamarca and Apurímac, extraction has shaped territorial governance and Indigenous-state relations. Cahill's (2002) research demonstrates how the late colonial rebellions in southern Peru established patterns of Indigenous resistance that would re-emerge cyclically during periods of extractive intensification. These historical patterns help explain contemporary resource conflicts in regions like Cajamarca, where the Conga mining project faced sustained Indigenous resistance reminiscent of earlier anti-extractive movements.

Chile's extractive trajectory shows a more state-centric pattern. After seizing nitrate-rich territories from Bolivia and Peru during the War of the Pacific, as documented by Sater (2007), Chile developed a stronger state capacity to manage and redistribute extractive rents, particularly through CODELCO, the state copper company. This enabled Chile to weather the neoliberal transition with less extreme social dislocation than Bolivia or Peru, though extraction remains central to its development model. The geographic concentration of copper in Chile's north created regional patterns of labor militancy and environmental degradation that echo colonial-era mining, though with greater state mediation.

Across all three countries, historical patterns of extraction established during the colonial period have proven remarkably durable, adapting to changing global markets and political regimes while maintaining structural features of resource dependency, territorial fragmentation, and uneven development. Understanding these historical continuities is essential for addressing contemporary challenges of resource governance, environmental justice, and Indigenous rights in the Andean region. To grasp why extractivism has persisted so forcefully despite repeated political ruptures, we must move beyond the economic and into the colonial matrix of power. Peruvian sociologist Aníbal Quijano (Quijano 2000) introduced the concept of *coloniality of power* to describe the enduring social, economic, and epistemic hierarchies produced by colonialism. Quijano argues that even after independence, Latin America continued to be governed through racialized structures of control that stratified access to land, labor, and

knowledge. The Indigenous and Afro Descendant populations, who formed the base of the extractive labor force, were not integrated as citizens but retained as internal colonies, dispossessed, racialized, and often invisible within national imaginaries.

This coloniality was not only sociopolitical but epistemological. Walter Mignolo (2011) extends Quijano's insight, describing how European modernity projected its knowledge systems as universal, rendering indigenous cosmologies, legal traditions, and ecological understandings illegible within capitalist logics. This epistemic erasure becomes especially salient in extractive zones, where mining companies and states routinely dismiss local objections to projects as irrational, anti-developmental, or backward (Escobar, 2008). For instance, indigenous resistance to water-intensive mining in the Andes is often framed as obstructionist, even when rooted in territorial cosmovisions that conceptualize water bodies as sacred beings (Silva Santisteban, 2017). The modern state thus becomes a colonial agent, enforcing extractivist logics through legal, military, and discursive power. This is evident in the criminalization of environmental defenders across Peru, Bolivia, and Colombia, where legal systems are leveraged to delegitimize and repress community opposition. These dynamics align with Richani's (2013) *systems of violence*, in which resource-rich states adopt coercive tactics to secure investment conditions, often blurring the lines between public authority and corporate interest. This state corporate convergence echoes colonial *encomienda* systems, where private accumulation and state power were fused to exploit indigenous labor and territory.

Sectorally, Indigenous populations are overrepresented in the informal and subsistence sectors, while systematically excluded from decision-making roles in extractive governance. In mineral-rich regions like Apurímac (Peru), Potosí (Bolivia), and Tarija (Bolivia), many Indigenous communities live in close proximity to megaprojects, yet they often face the dual burden of underdevelopment and socio-environmental degradation. The health consequences of this proximity are severe and well-documented. Studies of Andean highland communities near mining operations have revealed alarming levels of heavy metal contamination, with blood tests showing mercury and other toxic metals at concentrations ten times the allowable limits established by international health standards (Harari et al., 2018; Counter et al., 2005). Indigenous populations bear the brunt of extractive contamination while lacking access to adequate healthcare or remediation resources.

Indigenous territories bear the costs of extraction: polluted rivers, damaged soils, cultural erasure, but rarely share in its benefits. The mercury contamination exemplifies this extractive colonialism, as mining companies externalize environmental and health costs onto Indigenous communities, while profits flow to distant shareholders and urban centers. Even when legal frameworks nominally recognize Indigenous land rights (e.g., ILO Convention 169 or national plurinational constitutions), implementation is frequently undermined by state-corporate collusion, technocratic insulation, and juridical fragmentation. The persistence of mercury poisoning in Indigenous communities, despite existing environmental regulations and health protections, demonstrates how juridical rights remain hollow without enforcement mechanisms that prioritize Indigenous well-being over corporate interests.

In this context, Indigenous governance demands have crystallized around a few key axes:

Territorial Autonomy and Self-Governance

Across Latin America, Indigenous movements have called for recognition not just of land ownership, but of autonomous jurisdiction over ancestral territories. In Bolivia, the *Territorios Indígenas Originarios Campesinos (TIOCs)* demand not only demarcation but also the institutional capacity to self-govern without subordination to extractive national development plans. Similarly, Peru's Quechua and Asháninka peoples demand prior consultation (*consulta previa*) as mandated by law, though in practice this process is often manipulated or ignored by mining authorities.

Environmental Justice and Rights of Nature

Echoing Gudynas's concept of *post-extractivism*, Indigenous demands frequently challenge the ontological basis of extraction itself. Rather than framing conflict in procedural terms, these movements often invoke ecological and spiritual values rooted in Indigenous worldviews (Buen Vivir, Pachamama). For example, in Ecuador, Indigenous organizations were at the forefront of enshrining the "rights of nature" in the 2008 constitution—a radical departure from Western anthropocentrism.

Free, Prior, and Informed Consent (FPIC)

As codified in international law (e.g., UNDRIP, ILO 169), Indigenous groups across

Latin America consistently advocate for genuine FPIC mechanisms. In practice, however, these demands are thwarted by uneven legal enforcement and the strategic fragmentation of communities. The consultation processes that do occur are often limited to symbolic or administrative stages, failing to result in substantive veto power or institutional co-management.

Redistribution and Reparative Development

Beyond resisting specific projects, Indigenous governance demands also include calls for redistributive justice: compensation for environmental damage, meaningful investment in education, health, and infrastructure, and long-term transition plans away from extractivism. These links present demands to historical grievances, as many Indigenous groups conceptualize extraction not as a new development, but as the latest chapter in a centuries-long continuum of dispossession.

Indigenous governance demands represent both a political critique and an ontological challenge to the extractivist state. They reject the idea that natural resources are inert commodities to be managed from above and instead insist on relational and place-based understandings of territory, sovereignty, and well-being. When viewed through the framework of Acemoglu and Robinson's institutional theory, Indigenous mobilizations can be interpreted as a direct contestation of *de facto* power asymmetries that reproduce *de jure* extractive institutions, exposing how exclusion, not inclusion, is structurally embedded in resource governance.

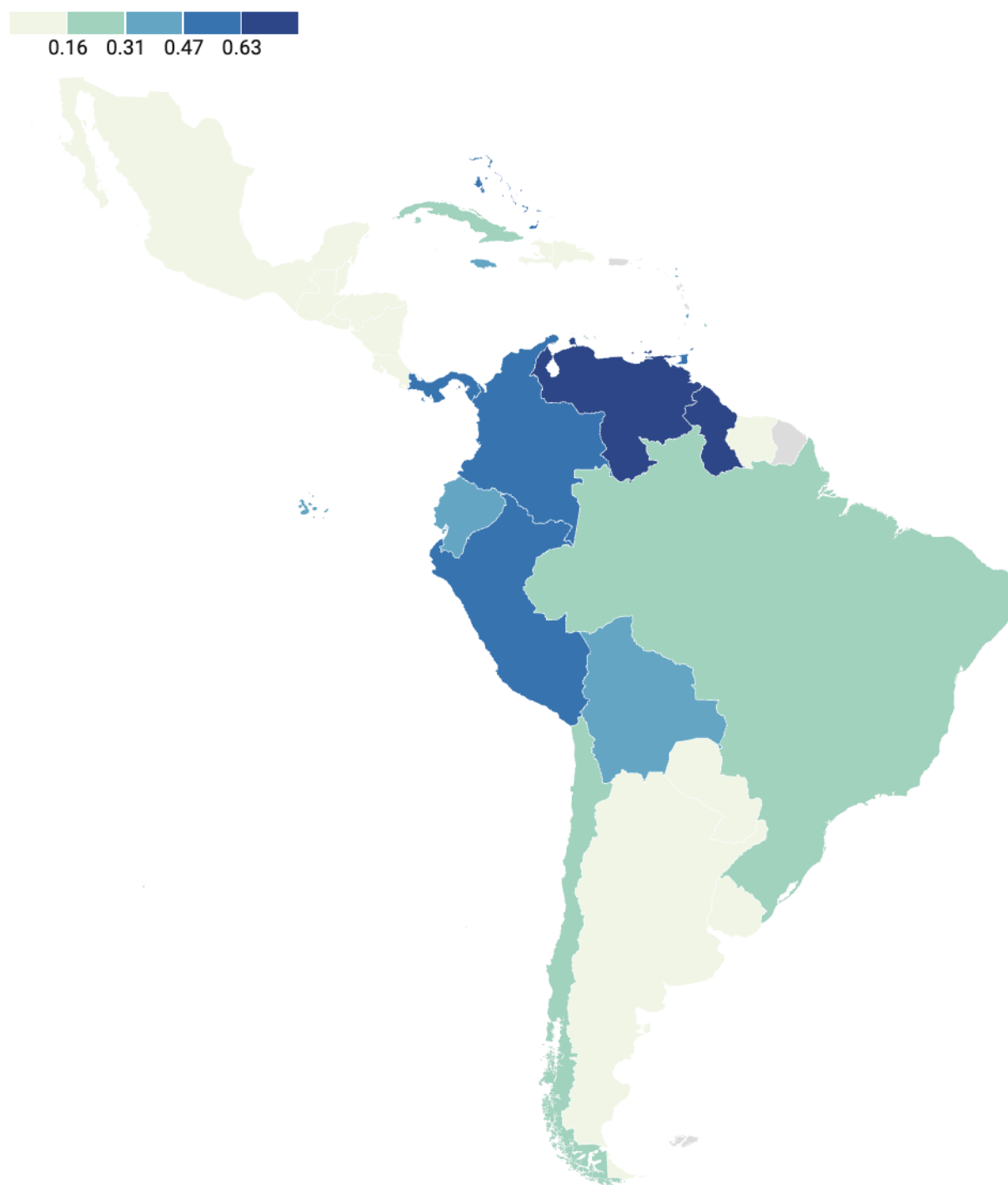
Moreover, neoliberal extractivism creates new racialized geographies of exclusion, where the “resource frontier” becomes a zone of both capital accumulation and indigenous dispossession. The TIPNIS conflict in Bolivia, the Conga mine protests in Peru, and the Mapuche resistance in Chile exemplify how Indigenous groups become obstacles to territorial projects that replicate colonial logics under neoliberal governance. Their resistance is not merely about material livelihoods but reflects what Walsh (2018) calls an *epistemic insurgency* refusal to be assimilated into the modern/colonial extractivist project. In this light, extractivism is not simply an economic model but a form of governance and territorial control rooted in colonial history and repurposed through neoliberal globalization. The durability of extractive institutions in Latin America lies in their ability to mediate elite accumulation, transnational capital flows, and state sovereignty, all while externalizing costs onto historically marginalized populations. As

long as this matrix remains intact, resource wealth will continue to fuel cycles of exclusion, violence, and resistance.

Figure 1

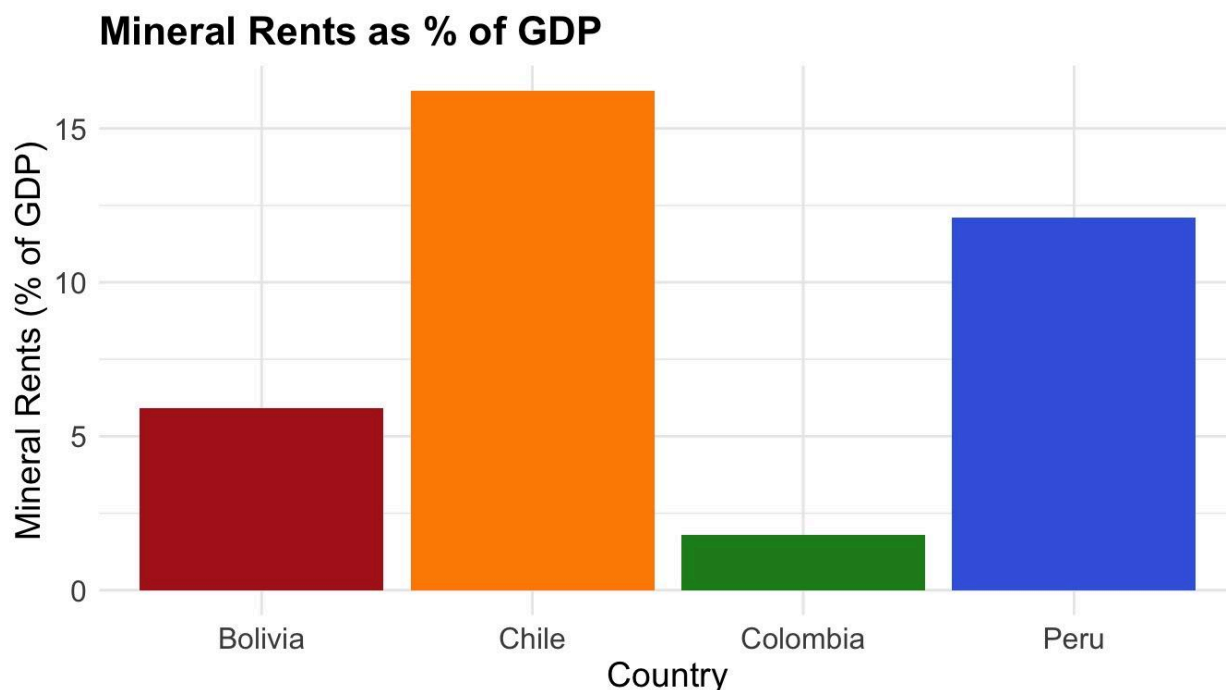
Mineral Products Exports divided by a Country's Total Exports 2023

Data from Observatory of Economic complexity



Source: Observatory of Economic Complexity. (2023). *Mineral products exports divided by a country's total exports* Visualization created with Datawrapper

Figure 2



Source: World Bank Indicators 2023, Mineral Rents as a % of GDP

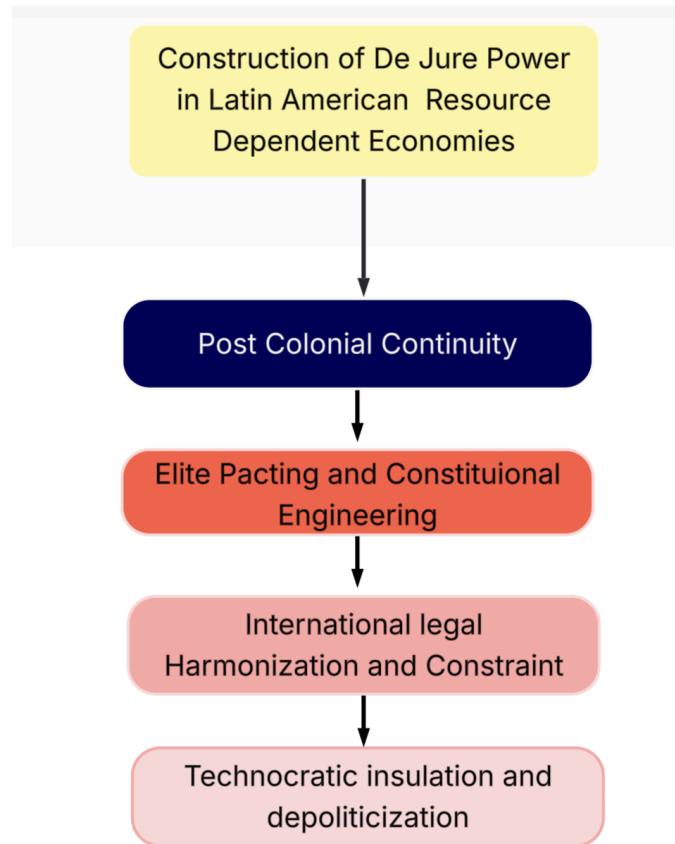
While resource wealth theoretically provides opportunities for economic diversification and social development, weak institutions and power asymmetries continue to prevent the equitable distribution of these benefits. This institutional failure is particularly evident in countries like Chile, Peru, and Bolivia, where mineral products constitute a significant share of total exports, exceeding 40% in Peru and Bolivia (**Figure 1**), yet mineral rents vary widely in their contribution to GDP. For instance, Chile, despite a lower export dependence compared to Peru, derives over 16% of its GDP from mineral rents (**Figure 2**), suggesting a deeper fiscal entrenchment of extractive industries. In contrast, Bolivia's mineral rents contribute less than 7% to GDP despite high export dependence, raising questions about value capture, rent distribution, and economic leakage. These discrepancies reflect underlying institutional differences in how resource wealth is governed and redistributed. As global demand for minerals surges, driven by the energy transition and green technologies, such patterns risk reinforcing historical trajectories of dependency and uneven development in the Global South.

III. Theoretical Framework

This study adopts a hybridized theoretical architecture that synthesizes institutional economics, political sociology, and Latin American decolonial theory to interrogate how extractive institutions in resource-dependent states systematically reproduce economic inefficiency, political instability, and socio-territorial conflict. At its epistemological core, the framework seeks to address two interrelated research questions:

1. How do historically embedded institutional configurations in extractive economies systematically reproduce patterns of exclusion, dispossession, and underdevelopment across multiple scales of governance?
2. Under what structural conditions might these institutional logics be disrupted, reconfigured, or fundamentally transformed?

To address these questions, the framework integrates three complementary theoretical strands: (1) Acemoglu and Robinson's theory of extractive institutions and asymmetrical power distribution, (2) Richani's systems of violence and security governance, and (3) Latin American critiques of extractivism as articulated by Gudynas, Escobar, and Rivera Cusicanqui. This multidimensional analytical lens enables a more nuanced understanding of how extractivism is maintained and reproduced not merely through formal institutional rules but through complex articulations of coercive practices, informal elite alliances, territorial dispossession, and systematic epistemological exclusions. The dynamics of power within natural resource management institutions in mineral-dependent economies such as Chile, Peru and Bolivia serve as a rich comparative analysis that strengthens the application of Long Run Institutional Growth theory to approach natural resource-based contestation. As outlined in Long-Run Institutional Growth theory (LRT), it traces the construction of *de jure* and *de facto* power as an endogenous variable, the mechanisms in the construction of power provide a theoretical foundation for the explanatory mechanisms around the persistence and continuation of natural resource-based social contestation in Latin America. This thesis applies LRT's endogenic view of the distribution of power as an explanatory outcome for economic performance and resource distribution by characterizing four mechanisms within the construction of *De jure* power that reinforce extractive institutional outcomes:

Figure 4

De Facto power, on the other hand, is actively promulgated through:

1. Militarization
2. Lobbying and clientelism
3. Dispossession

A fundamental tension lies in how each is constructed, de jure power (P_j) and de facto power (P_f). P_j , or de jure power, is constructed through formal but limited authority structures, while P_f is built through practical control mechanisms that undermine formal but limited authority structures.

3.1 Postcolonial Institutional Continuity

The first mechanism involves the strategic repurposing rather than dismantling of colonial extractive institutions after formal independence. In Peru and Bolivia, this continuity is strikingly evident in how the colonial *ley de minas* was methodically rearticulated into modern mining legislation that enshrines the principle of national ownership of subsoil resources, effectively overriding communal land rights and Indigenous territorial governance systems. This legal doctrine establishes the state's absolute dominion over subsurface minerals regardless of surface ownership represents not merely a technical legal provision but a foundational power relation that systematically privileges extractive capital over territorial rights. The colonial *repartimiento* and *mita* systems, which organized forced Indigenous labor for mineral extraction, find their contemporary echoes in modern concession regimes that enable territorial dispossession while circumventing meaningful consultation processes.

Bolivia, although characterized by its anti-extractivist character, reveals a similar parallel. Following the 1952 Revolution, which nominally aimed to nationalize the mining sector and dismantle the oligarchic mining state, the revolutionary government nevertheless retained and reinforced highly centralized state control over subsoil resources. This centralization, far from representing a break with colonial governance, reproduced the fundamental logic of extractive territoriality. Even under Evo Morales's plurinational state project in 2006 and 2019, which explicitly claimed to decolonize state-society relations, the legal infrastructure inherited from colonial and Republican regimes remained largely intact. The 2009 Constitution, despite recognizing Indigenous autonomy, simultaneously reaffirmed state sovereignty over strategic resources, effectively subordinating Indigenous territorial claims to extractive development imperatives and reproducing what Rivera Cusicanqui (2010) terms "internal colonialism."

3.2 Elite Pacting and Constitutional Engineering

The second mechanism operates through strategic constitutional reform processes dominated by elite negotiations that systematically safeguard property rights, investment security, and limited redistribution while constraining popular sovereignty. The 1993 Peruvian Constitution exemplifies this pattern; implemented during Alberto Fujimori's authoritarian regime and crafted with significant input from international financial institutions, it was explicitly designed to attract foreign direct investment by guaranteeing unprecedented legal

stability for investors and eliminating the state's capacity to nationalize industries without compensation (Bury 2005: 230, Crabtree & Durand 2017:113). Crucially, it declared mining activities to be of "public utility," granting the executive branch expansive discretion to expropriate land for extractive purposes.

From Arce (2014, p. 47): "The 1993 Constitution explicitly redefined the state's role in the economy, eliminating the previous constitution's provisions for strategic state control over natural resources. Article 66 established that while resources are nominally part of the 'national patrimony,' the state can grant exploitation rights to private entities through concessions that function as real property rights for tax and collateral purposes."

This constitutional order effectively entrenched neoliberalism as state policy, dramatically narrowing the policy space for substantive resource governance reform and insulating extractive capital from democratic pressures.

This pattern extends beyond Peru. In Chile, the entrenchment of neoliberal governance was institutionalized under Augusto Pinochet's regime, which commissioned a new constitution in 1974, eventually enacted in 1980 (Garretón 2003: 102, 118; Cordero et al. 2022: 147; Couso 2006: 397). Influenced by Milton Friedman and the "Chicago Boys," this constitutional overhaul laid the legal foundation for a market-oriented model that deeply restructured the Chilean economy, including its mineral governance. Under the new framework, mineral resources, particularly copper, remained under state ownership through CODELCO, yet the surrounding legal environment promoted private investment, deregulation, and capital mobility (Friedman et al. 2012). This shift entrenched a model of resource governance that prioritized macroeconomic stability and export-led growth over redistributive justice, deepening Chile's dependence on copper while limiting the democratic space for contestation and reform. Until its recent reform process, this constitutional architecture posed significant legal obstacles to meaningful Indigenous consultation rights and environmental regulation, despite Chile's position as the world's leading copper producer. These constitutions represent not neutral legal frameworks but strategic political projects that systematically privilege certain actors and interests while marginalizing others, what Bruff (2014) terms "authoritarian neoliberalism" embedded in constitutional design.

3.3 International Legal Harmonization and Constraint

The third mechanism involves the construction of supranational legal frameworks that systematically constrain national regulatory autonomy in favor of capital mobility and investor protection. Even when national constitutions theoretically permit regulatory reform, these supranational structures fundamentally reshape *de jure* power by aligning national laws with the imperatives of global extractive capital. These include bilateral investment treaties (BITs), free trade agreements (FTAs), and investor state dispute settlement mechanisms (ISDS) that enable transnational corporations to challenge national legislation in private arbitration forums beyond democratic accountability.

El Salvador's experience illustrates the disciplining effect of these mechanisms. When the government, responding to widespread community mobilization and water contamination concerns, refused to issue a gold mining license to Pacific Rim Mining (later acquired by Oceana Gold), the corporation sued under CAFTA DR provisions through the International Centre for Settlement of Investment Disputes (ICSID) "*Pac Rim Cayman LLC v. Republic of El Salvador*, ICSID Case No. ARB/09/12." *International Centre for Settlement of Investment Disputes (ICSID)*...Despite eventually winning the case, El Salvador incurred over \$12 million in legal fees defending its sovereign decision. The case demonstrates how the mere threat of international arbitration exerts a powerful chilling effect on environmental regulation, particularly in fiscally constrained states with limited litigation capacity.

Peru has aggressively pursued this legal harmonization strategy, signing more than 30 BITs, most containing ISDS clauses that severely limit its ability to modify tax regimes or strengthen environmental regulations without risking costly arbitration. These agreements effectively constitutionalize investor rights at a supranational level while systematically weakening domestic regulatory sovereignty. This transnational legal architecture functions not merely as a technical framework for dispute resolution but as a powerful governance mechanism that embeds extractivism as a hegemonic norm transcending national political cycles, which Schneiderman (2008) identifies as the "constitutionalization of economic globalization."

3.4 Technocratic Insulation and Depoliticization

The fourth mechanism operates through the strategic delegation of critical resource governance decisions to ostensibly autonomous technical agencies and specialized courts, effectively depoliticizing development trajectories and concentrating *de jure* power in unaccountable institutions with narrowly defined mandates and limited mechanisms for public participation. In Peru, this technocratic insulation is exemplified by agencies like OEFA (Environmental Enforcement Agency) and SENACE (Environmental Certification Agency). While formally established to strengthen environmental governance, these institutions are systematically underfunded, structurally subordinated to pro-investment ministries in decision-making hierarchies, and operate within a broader legal framework that prioritizes investor certainty over environmental integrity or Indigenous rights protection.

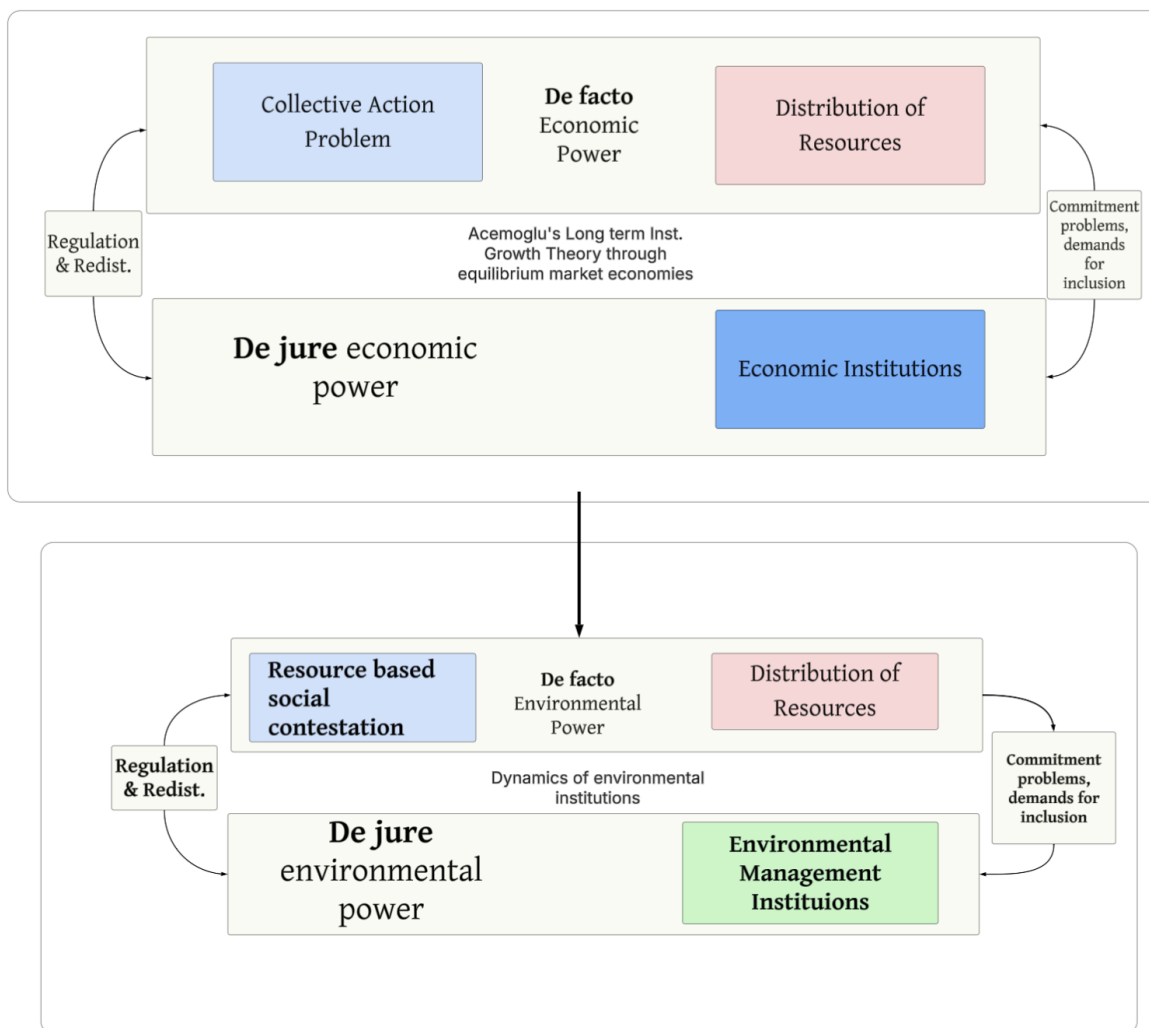
Critical decisions by these agencies are routinely overridden by the Ministry of Energy and Mines which simultaneously promotes and regulates the sector, illustrating how technocratic fragmentation serves to manage and deflect socio-environmental conflict without addressing fundamental power asymmetries (Hoyos 2019). In Bolivia, despite rhetorical commitments to participatory governance, the creation of the *Autoridad Jurisdiccional Administrativa Minera* (AJAM) reflected a similar logic of bureaucratic specialization. While ostensibly designed to streamline mining administration, AJAM functions primarily as a concession-granting body with severely limited capacity to meaningfully adjudicate complex territorial conflicts or enforce robust Indigenous consultation procedures, effectively reducing multidimensional socio-environmental disputes to bureaucratic formalities amenable to technical rather than political resolution. This technocratic insulation represents what Ferguson (1994) termed the "anti-politics machine," institutional arrangements that render deeply political questions of resource distribution and territorial rights into ostensibly neutral technical problems managed by experts beyond democratic deliberation. By fragmenting authority across specialized agencies with limited mandates, these governance structures systematically privilege technical expertise over community knowledge and procedural compliance over substantive rights protection. Thus, *de jure* power appears democratic and rule-based on paper, but its historical construction in Latin American extractive economies reveals systematic patterns of exclusion and elite capture.

It is not merely the absence of formal institutions but their strategic design and deployment that sustains extractive logics across political regimes. In resource-dependent states,

P_f frequently supersedes P_j ; militarized actors, transnational extractive corporations, and elite coalitions operate through parallel governance channels to systematically override democratic mechanisms and suppress redistributive demands. This structural power imbalance generates extractive economic institutions ($E_{(e)}$) that channel resource wealth (R) into elite-controlled accumulation circuits, effectively bypassing inclusive development pathways and exacerbating territorial inequalities.

Figure 5 illustrates a conceptual framework linking Acemoglu's long-term institutional growth theory to environmental governance by tracing how de jure and de facto forms of power shape institutional outcomes. The top diagram represents Acemoglu's original model, where economic institutions emerge from the interaction between de jure economic power (codified authority, law, and formal rules) and de facto economic power (actual influence stemming from wealth or collective mobilization). This interplay is mediated by distributional conflicts,

Figure 5



collective action problems, and demands for inclusion, which create feedback loops influencing both the structure of institutions and the distribution of resources.

The second diagram derives from and adapts this model to environmental governance. Here, *de jure* environmental power (formal environmental regulation) interacts with *de facto* environmental power (grassroots mobilization and resource-based social contestation) to shape environmental management institutions. Just like in the economic model, this dynamic is governed by regulatory struggles, redistributive politics, and inclusion demands, suggesting that environmental institutions are not neutral technical arrangements, but the outcome of contested power relations embedded in broader political economy structures. The transition from economic to environmental frames underscores the importance of recognizing environmental governance as inherently political and historically situated.

3.5 Richani: The Political Economy of Violence

While Acemoglu and Robinson elucidate institutional persistence through elite incentive structures, Richani (2016) provides an essential theoretical extension by analyzing how violence becomes institutionalized as a structural mechanism of extractive governance. His "systems of violence" framework conceptualizes conflict not as governance breakdown or institutional failure, but as a rational, predictable outcome of power configurations in contested resource frontiers. In contexts characterized by high value resource rents and fragmented rule of law, violence becomes an instrumental market regulating force strategically deployed to discipline populations, eliminate competition for territorial control, and maintain privileged access to resource enclaves.

These systems of violence are typically embedded in what Richani terms "violence market nexuses"; these are strategic alliances between state security apparatuses, private capital, and regional elites that operate within and beyond formal legality. The state, far from functioning as a neutral arbiter of competing interests, becomes simultaneously the primary enforcer and principal beneficiary of rent concentration. This theoretical lens proves particularly illuminating in contexts like Peru and Bolivia, where coercive violence is systematically deployed to manage

socio-environmental dissent, militarize extraction zones, and neutralize Indigenous territorial claims and governance alternatives.

Richani's contribution fundamentally reframes conventional understandings of the resource–conflict linkage: violence is not merely incidental to extractivism, it is constitutive of its governance logic. Extractive institutions rely on calibrated coercive enforcement to secure privileged access to contested territories, suppress alternative development pathways, and mitigate the political costs of accumulation through dispossession. Militarization of resource regions, strategic legal persecution of environmental defenders, and the systematic normalization of states of emergency thus function as institutionalized tools of extractive governance rather than exceptional responses to disorder.

3.6 Latin American Critiques: Coloniality, Neo-Extractivism, and Epistemic Violence

Gudynas (2010, 2015) and Escobar (2008, 2018) introduce a necessary decolonial critique that exposes the deeper ontological foundations of extractivist governance. For these theorists, extractivism represents not merely an economic development strategy but a comprehensive civilizational project anchored in colonial logics of territorial dispossession, racialized hierarchies, and epistemic erasure. Extractivist development paradigms impose a singular, modernist conception of value commodified nature, rationalized territory, and technocratic governance while systematically marginalizing Indigenous epistemologies and relationalities with land, water, and nonhuman beings.

Gudynas identifies the emergence of what he terms "neo extractivism": a 21st-century governance model in which states, particularly progressive and post-neoliberal governments across Latin America, assume greater control over extractive rents and strategically redirect them toward compensatory social redistribution programs. However, as Gudynas incisively argues, neoextractivism preserves the fundamental asymmetries of the colonial extractive order: the centralization of decision-making power, the violation of Indigenous territorial autonomy, and the instrumental treatment of nature as an inert resource rather than a relational entity.

Escobar extends this critique through his theorization of "epistemic disobedience" and "pluriversal politics" frameworks that call for rejection of the universalizing claims of Western

developmentalism and recognition of the legitimacy of diverse ontological systems, including Indigenous territorialities, collective rights regimes, and relational cosmologies (Escobar 2018, 2021). For Escobar, genuine transformative politics cannot be merely technocratic or redistributive; it must be fundamentally ontological and epistemic. Institutions must not only redistribute material resources but also reconstitute the foundational terms of knowing, governing, and inhabiting the world.

The material consequences of this governance paradigm manifest in what Svampa (2019) characterizes as "zones of sacrifice", territories where extractive operations systematically override constitutional protections, environmental regulations, and Indigenous rights through exceptional legal regimes that normalize violence and contamination in service of resource extraction. Crucially, these sacrifice zones are not randomly distributed but follow the colonial cartographies of racialized exploitation that have structured Latin American political ecologies for centuries. Richani (2014) and Cusicanqui (2010, 2018) extend this analysis through their concept of "internal colonization," wherein the state apparatus itself becomes the primary vehicle for reproducing colonial power relations within national territories. Rivera Cusicanqui (2010, 2018) further enriches this theoretical perspective through her concept of "internal colonialism" and analysis of the contradictory ways in which colonial logics persist within ostensibly decolonial or progressive state projects. Her work is particularly salient for understanding how even plurinational state formations, as in Bolivia, can reproduce colonial extractive logics through centralized territorial control and epistemic violence against Indigenous governance systems.

IV. The State and the Resource–Institution–Conflict Loop

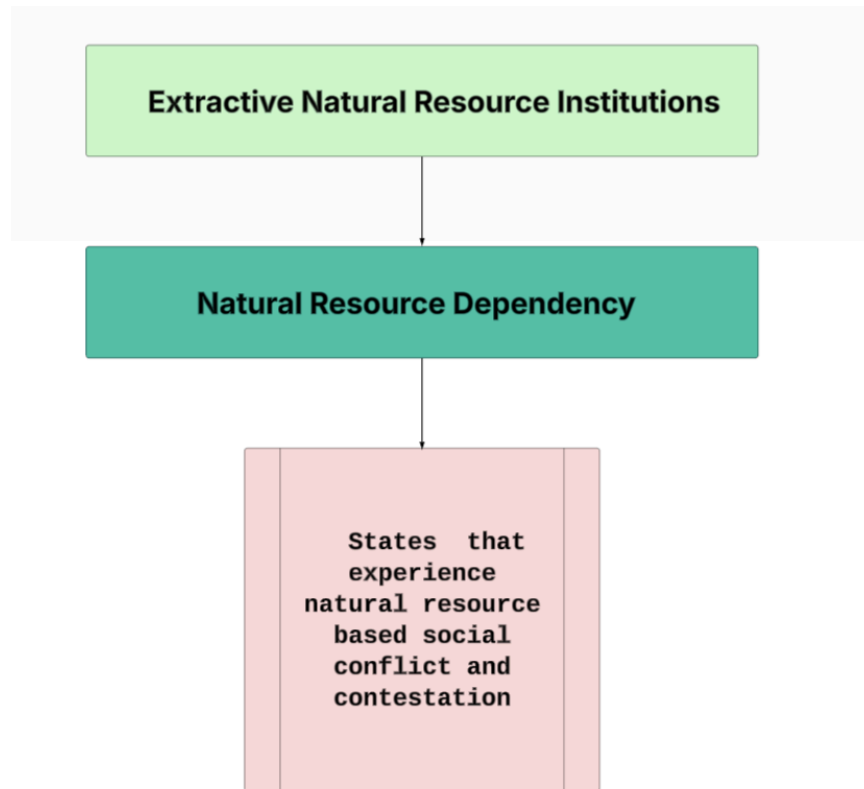


Figure 6

Integrating these theoretical perspectives, this thesis operationalizes the resource–institution–conflict loop as its central analytical framework. This recursive dynamic can be articulated as follows:

1. Resource abundance attracts transnational capital investment and generates concentrated rent flows.
2. Extractive institutions supported by asymmetrical distributions of P_j and P_f merge to capture and channel these rents toward elite accumulation;
3. Social exclusion and ecological degradation deepen across affected territories, catalyzing new forms of resistance and counterhegemonic mobilization;

4. State-sanctioned conflict and calibrated coercion are systematically deployed to suppress territorial resistance and stabilize extractive accumulation regimes.
5. State institutional responses prioritize repressive containment over structural reform, thereby reinforcing the extractive loop.

This theoretical framework conceptualizes violence, ecological degradation, and economic inefficiency not as governance failures or policy shortcomings, but as intended, predictable outputs of an institutional order calibrated to protect elite interests and extractive imperatives. Breaking this recursive loop requires dismantling the core components of this governance regime: elite rent capture, legal impunity for corporate and state actors, territorial centralization, and epistemological monism.

The state emerges as a central but contradictory actor in this framework, simultaneously the guarantor of extractive access through its monopoly on legitimate violence, the primary rent collector through taxation and royalty regimes, the ostensible regulator of socio-environmental impacts, and the mediator of resulting conflicts. This understanding challenges liberal conceptions of the state as a neutral arbiter standing above societal interests. Instead, following Poulantzas (1978) and Mann (1984), the state is conceptualized as a strategic terrain of struggle condensation of power relations that reflects prevailing societal asymmetries while possessing relative autonomy to manage class contradictions and legitimize extractive governance.

In this framework, the possibility of transformative change hinges on two interrelated processes:

1. A material redistribution of power, involving the democratization of fiscal, legal, and territorial governance mechanisms across multiple scales;
2. An epistemic reconstitution of the state itself, wherein Indigenous ontologies, communal governance systems, and nonanthropocentric environmental ethics are legitimized as substantive alternatives to extractive modernity rather than subordinated objects of multicultural recognition.

This theoretical architecture provides the analytical scaffolding for the comparative analysis that follows. It explains why institutional outcomes in Peru and Bolivia, despite divergent ideological orientations and policy regimes, frequently converge on patterns of violence, territorial conflict,

and subnational inequality and why grass-roots resistance movements increasingly articulate not only redistributive demands but fundamental ontological challenges to the premises of the extractive state itself.

The framework further illuminates how the state in resource-dependent contexts operates through what Jessop (2016) terms "strategic selectivity," systematically privileging certain actors, interests, and strategies while marginalizing others. This selectivity manifests in regulatory frameworks calibrated to facilitate investment over rights protection, in budgetary allocations that prioritize extraction infrastructure over social development, and in security apparatuses deployed to protect corporate assets rather than community wellbeing. State institutions thus function as strategic terrains where the extractive imperative is operationalized, contested, and reproduced across multiple governance scales.

Table 1: Economic indicators

Indicator	Bolivia	Peru
Economic Complexity Index (ECI)	Lower (-0.85); commodity-dependent, low diversification	Moderate (-0.60); concentrated in minerals, limited diversity
GDP per Capita (2023)	\$3,701	\$7,790
Gini Coefficient (Inequality)	42.2 (2021)	40.2 (2021)
Mineral Rents (% of GDP)	Moderate (5.90%); nationalized, redistributed rents	High (12.10%); decentralized revenue through Canon Minero, weak accountability
Oil Rents (% of GDP)	High (12.63%); state-led, politically contested	High (24.91%), concentrated in Amazon, conflict-prone

Mineral Products (% of Exports)	Higher (41.81%); politically managed but unstable	Highest (47.35%); export-driven, weak socio-environmental oversight
FDI Net Inflows (% of GDP, 2023)	0.53%	1.46%
FDI in Extractive Sector (% of Total FDI)	No available Data since 2003	23% (largest in respective share)

Sources: Economic Complexity Index (ECI) values from the Atlas of Economic Complexity (Harvard Growth Lab). GDP per capita (2023), Gini coefficients (2021), mineral and oil rents (% of GDP), and FDI net inflows (% of GDP, 2023) from the World Bank World Development Indicators. Export composition data derived from the Observatory of Economic Complexity. FDI in the extractive sector estimate from sectoral FDI analysis reports and national investment data (2023), ProInversión

Table 1 reveals the structural foundations of extractive institutional reproduction in Bolivia and Peru, where seemingly objective economic indicators mask deeper patterns of colonial continuity and elite capture. Both countries' low economic complexity indices, Bolivia at -0.85 and Peru at -0.60, reflect not merely market failures or developmental deficits, but what dependency theorists would recognize as the systematic deindustrialization inherent to extractive regimes. These indices quantify the epistemological violence that Gudynas identifies in extractivism: the reduction of diverse territorial economies to raw material exporters serving metropolitan consumption. This observation is underpinned by the fact that 58% of the income variance in

The divergent configurations of rent extraction and distribution illuminate how different institutional matrices reproduce similar patterns of exclusion through contrasting mechanisms. Bolivia's "moderate" mineral rents (5.90% of GDP) versus Peru's "high" extraction (12.10%) should not obscure that both countries remain trapped within what Richani would identify as rent-seeking coalitions, albeit organized through different state forms. Bolivia's nationalized model, while rhetorically challenging neoliberal orthodoxy, perpetuates extractive logics through state-controlled accumulation that continues to prioritize export revenues over territorial sovereignty. The politicization of resource governance in Bolivia represents not a fundamental

break from extractive institutions, but their reconfiguration under nationalist discourse—what scholars term "neo-extractivism."

Peru's decentralized canon minero system exemplifies how technocratic governance obscures rather than resolves institutional extractivism. The mechanism appears to democratize resource benefits through subnational revenue sharing, yet the data reveal this decentralization actually deepens exclusion through "weak accountability and administrative fragmentation." This paradox demonstrates Acemoglu and Robinson's distinction between de jure and de facto power: formal decentralization coexists with continued elite capture at multiple scales, from national mining companies to regional political networks that intercept canon transfers. Most significantly, Peru's concentration of 70% of FDI in extractive sectors exposes the structural dependence that transforms apparent economic "success"—higher GDP per capita, greater FDI inflows—into mechanisms of deepened peripheralization. This foreign investment pattern reveals how market-oriented policies function not as alternatives to state-led extraction but as complementary strategies within the same extractive institutional matrix that prioritizes capital accumulation over territorial justice.

Table 2 Political Indicators

Indicator	Bolivia	Peru
Global Peace Index (2024)	2.01 (Ranked 68/163)	2.18 (Ranked 99/163)
Corruption Perceptions Index (2024)	28/100 (Ranked 133/180)	31/100 (Ranked 127/180)
Indigenous Population (%)	41.5% (2012 census)	Approximately 25.7% (2017 census)

Resource Governance Architecture	State-led neo-extractivism with nationalized hydrocarbons; politicized and uneven resource distribution.	Decentralized governance with the canon minero; technocratic but marked by subnational fragmentation and weak accountability.
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Sources: Institute for Economics & Peace (2024), *Global Peace Index*; Transparency International (2024), *Corruption Perceptions Index*; Indigenous Population (%): IWGIA; Resource Governance Architecture: *Resource Governance Index*; Arellano Yanguas (2011), Hoyos (2019), Gandarillas (2021).

Table 2 exposes the political conditions that enable extractive institutions to persist despite widespread social contestation and democratic transitions. The corruption indices—Bolivia at 29 and Peru at 33—quantify the institutional degradation that accompanies resource dependency, yet these scores obscure how corruption functions not as institutional failure but as a structural feature of extractive governance. Following Richani's analysis, these indicators reveal the normalization of rent-seeking behaviors across state-capital networks that require extra-legal coordination to maintain extractive accumulation against popular resistance.

The persistence of extreme inequality, Gini coefficients above 40 in both countries alongside substantial indigenous populations, 41.5% in Bolivia, 25.7% in Peru, illuminates the racialized dimensions of extractive exclusion that liberal institutional frameworks typically overlook. This is underpinned by the fact that, while in Bolivia indigenous communities account for about 44 percent of the population, they represent 75 percent of multidimensionally poor people (UNDP 2021). These demographic patterns reflect not coincidental distributions but the colonial spatial logics that concentrated indigenous populations in resource-rich highland and lowland territories that subsequently became targets for contemporary extraction. The correlation between indigenous presence and extractive investment reveals how modern resource governance reproduces colonial geographies of dispossession.

Bolivia's "state-led neo-extractivism" versus Peru's "decentralized technocratic system" represent alternative strategies for managing the fundamental contradiction between democratic legitimacy and extractive accumulation. Bolivia's approach attempts to resolve this tension through indigenist discourse and redistributive rhetoric, yet the persistence of politicized and

uneven resource distribution suggests that symbolic recognition cannot overcome structural extractivism. Despite constitutional provisions guaranteeing Indigenous territorial autonomy and resource benefit-sharing, empirical evidence reveals stark disparities: while hydrocarbon revenues increased from \$173 million in 2002 to over \$5 billion by 2014 under Morales, Indigenous departments like Potosí and Oruro continue to exhibit poverty rates exceeding 70%, compared to 35% in urban Santa Cruz (Fabricant, 2013; Postero, 2017). Moreover, the government's pursuit of mega-projects like the controversial TIPNIS highway through Indigenous territory demonstrates how extractive imperatives consistently override Indigenous rights when conflicts arise (McNeish, 2013).

Peru's technocratic model abandons legitimacy claims in favor of administrative efficiency, yet "subnational fragmentation and weak accountability" indicate that technical solutions cannot contain the social contradictions generated by territorial dispossession (Arellano-Yanguas, 2011). The country's mining canon redistribution system, designed to channel 50% of mining taxes to producing regions, has generated what scholars term "institutional capture," where local elites and mining companies co-opt municipal governments while Indigenous communities remain excluded from decision-making processes (Hinojosa et al., 2012). Empirical analysis of Peru's 1,800+ mining districts reveals that despite receiving billions in canon transfers, producing municipalities show negligible improvements in human development indicators, while social conflicts increased from 47 cases in 2006 to over 200 by 2020, with 70% concentrated in mining regions (Defensoría del Pueblo, 2021; Scurrah, 2008).

The selection of Bolivia and Peru as comparative cases emerges not from their superficial differences in governance models but from their embodiment of distinct strategies for reproducing extractive institutions under conditions of indigenous resistance and democratic constraint. Both countries confront the same fundamental contradiction identified in this study's theoretical framework: how to maintain extractive accumulation while managing the social conflicts generated by territorial dispossession and environmental destruction.

Bolivia represents the limits of progressive extractivism—the attempt to transform extractive institutions from within through indigenous inclusion and redistributive rhetoric. Yet, the persistence of contestation despite constitutional plurinationalism reveals how symbolic

decolonization can coexist with material extractivism, demonstrating the analytical power of Gudynas's concept of epistemic extractivism. Bolivia's case illuminates how extractive institutions adapt to and co-opt indigenous resistance through discourse while maintaining fundamental patterns of territorial appropriation.

Peru exemplifies technocratic extractivism, which is the attempt to depoliticize resource conflicts through administrative decentralization and market mechanisms. The continuation of indigenous contestation despite formal revenue-sharing arrangements reveals how procedural inclusion cannot resolve substantive exclusion from resource governance. Peru's case demonstrates how extractive institutions reproduce themselves through apparent democratization and technical efficiency while deepening structural dependence and environmental degradation.

Together, these cases enable a dialectical analysis that moves beyond policy comparison toward structural critique. Both countries demonstrate how different institutional configurations—state-led versus market-oriented, centralized versus decentralized, politicized versus technocratic—function as variations of the same extractive matrix inherited from colonial spatial logics. The endurance of indigenous contestation across both contexts confirms that the source of conflict lies not in particular governance failures but in the foundational exclusions that constitute extractive institutions themselves. This comparative framework thus provides the empirical foundation for interrogating the central thesis: that natural resource governance in mineral-dependent states systematically reproduces colonial patterns of exclusion and underdevelopment across different scales and through various institutional forms, generating persistent social contestation that challenges the legitimacy of extractive governance itself.

V. Case study Peru.

Peru exemplifies how extractive institutions, rooted in colonial spatial logics, systematically reproduce exclusion and underdevelopment across multiple scales of governance while generating persistent social contestation around natural resource control. This case demonstrates the three core theoretical dynamics outlined in our framework: the persistence of Acemoglu and Robinson extractive institutions through the tension between *de jure* and *de facto* power; the operation of Richani's systems of violence in resource-rich territories; and the

emergence of epistemic challenges to extractivist governance that Latin American dependency theorists identify as foundational to alternative development paradigms.

5.1 Extractive Institutions and the De Jure/De Facto Power Divide

Peru's Canon Minero revenue-sharing mechanism reveals the profound deception inherent in extractive institutions that masquerade as inclusive governance while systematically perpetuating exclusionary outcomes. The Canon redistributes 50% of corporate income tax from mining to subnational governments, superficially embodying the broad-based participation that Acemoglu and Robinson associate with inclusive institutions. Between 2003 and 2013, over US\$9.3 billion flowed to mining-intensive provinces like Espinar and Huari, staggering fiscal transfers that should theoretically democratize resource control and enable autonomous local development (National Resource Governance Institute, 2016). This massive redistribution represents one of Latin America's most ambitious attempts at decentralized resource governance, yet its systematic failure exposes the hollowness of institutional inclusivity under conditions of structural dependence. Yet this apparent institutional inclusivity constitutes an elaborate façade concealing entrenched structures of exclusion rooted in the de jure/de facto power distinction.

While subnational governments possess formal authority over Canon resources (de jure power), actual control remains concentrated within elite networks comprising multinational corporations, urban political actors, and militarized state agents (de facto power). This concentration manifests through what Bebbington and Bury (2013) term "institutional capture", a systematic process whereby mining companies construct parallel governance structures that eviscerate formal democratic channels. In Cajamarca, despite absorbing over \$2 billion in mining canon between 2004-2014, the Yanacocha mine's parent company, Newmont, exercised total control over regional development priorities. The company's annual social investment budget of \$15-20 million systematically exceeded municipal budgets, creating patron-client relationships that rendered democratic governance obsolete. Newmont developed technical assistance programs, infrastructure investments, and employment networks that transformed local officials into corporate dependents (Slack, 2012).

Simultaneously, the militarization of extractive zones reinforces de facto power asymmetries with lethal precision: Peru's deployment of states of emergency in mining regions like Apurímac has resulted in over 40 civilian deaths since 2012, effectively criminalizing Indigenous resistance while guaranteeing corporate impunity (Coordinadora Nacional de Derechos Humanos, 2019). The Canon's inability to create developmental progress transcends mere technical deficiencies, revealing fundamental contradictions between democratic governance and extractive accumulation. As Carrillo Hoyos (2019) and Arellano-Yanguas (2011) demonstrate, the mechanism's dysfunction stems not from insufficient transfers but from its structural disarticulation from subnational capacity and democratic accountability. In Espinar, while monetary poverty declined by 36% between 2009 and 2013, the period simultaneously witnessed escalating corruption scandals, collapsing citizen trust, and explosive social conflicts culminating in the 2012 protests that left three civilians dead and triggered military occupation (Huyhua, 2018). More damning still, in Huari, which received even higher per capita transfers (\$1,847 per inhabitant versus Espinar's \$1,234), poverty rates remained frozen at 89%. At the same time, corruption complaints (84 cases between 2007 and 2013) quintupled those in Espinar (15 cases), demonstrating how resource abundance without democratic control inevitably breeds predatory rent-seeking (Zegarra et al., 2017). Despite this unprecedented fiscal influx, both provinces remain trapped in cycles of impoverishment, economic monoculture, and institutional decay.

These outcomes are not accidental but structurally determined: de facto power networks systematically channel canon resources toward urban contractors, consulting firms, and politically connected intermediaries, while Indigenous communities who bear the environmental and social costs of extraction, remain systematically excluded from both decision-making processes and material benefits (Hinojosa, 2011). The Canon thus functions as a sophisticated mechanism of exclusion disguised as inclusion, channeling Indigenous wealth toward elite accumulation while maintaining the fiction of democratic resource governance. This institutional disconnect reflects what our theoretical framework identifies as the persistence of colonial extractive logics. The Peruvian state inherited not merely legal frameworks but entire spatial rationalities from colonial structures such as centralized fiscal systems, limited indigenous representation, and uneven infrastructure investment; these structures continue prioritizing elite

control over resources while marginalizing Indigenous communities. The Canon's failure lies not in its fiscal mechanics but in its disarticulation from genuinely inclusive political participation, reproducing what Acemoglu and Robinson term "extractive institutions" beneath a veneer of democratic decentralization.

The broader fiscal architecture reinforces these extractive dynamics. Despite generating a US\$14.8 billion trade surplus in 2021, Peru experienced a negative current account balance due to massive profit repatriation; \$15.7 billion exited the country, with \$8.02 billion originating specifically from mining activities, highlighting the dependency argument developed by Prebisch and other Latin American dependency scholars. This pattern exemplifies the "value transfer" that dependency theorists identify as central to underdevelopment: far more commodity value is produced than consumed domestically, yet constant profit outflows prevent capital accumulation, creating balance of payments deficits that require external loans and perpetuate cycles of dependency.

This institutional disconnect is not merely technocratic but symptomatic of deeper structural asymmetries embedded in Peru's position within global capitalism. The Peruvian state retains *de jure* control over fiscal and legal instruments, yet *de facto* power in extractive regions is often exercised by a collusive bloc of multinational corporations, local elites, and militarized state actors. This power geometry fosters a dual state: one that distributes rents to urban centers while governing rural peripheries through coercion. Empirical evidence of this dual governance structure is extensive. In the Cajamarca region, Newmont Corporation's Yanacocha mine has operated its own security force, healthcare system, and infrastructure development programs that parallel and often supersede municipal government functions (Bebbington & Williams, 2008). The company's annual social investment budget of \$15-20 million exceeds the combined budgets of several local municipalities, creating patron-client relationships that undermine democratic accountability (Li, 2015). Similarly, in the Apurímac region, MMG Limited's Las Bambas mine has established direct agreements with community leaders that bypass regional government authorities, while maintaining private security contractors who coordinate with state police forces to suppress protests (Salas Carreño, 2019).

This discrepancy between fiscal inflows and local outcomes reflects structural asymmetries in Peru's position within global capitalism. De facto governance power often resides with multinational corporations and local elites rather than local governments, reinforcing a dual governance structure characterized by centralized urban rent distribution and coercive peripheral control. Despite generating a US\$14.8 billion trade surplus in 2021, Peru experienced a negative current account balance largely due to significant profit repatriation; \$15.7 billion exited the country, of which \$8.02 billion originated specifically from mining sector activities (Central Reserve Bank of Peru, 2022). Major recipients of these outflows include corporations headquartered primarily in the UK, China, Canada, Mexico, and the US, dominating 87% of mining investments (Ministry of Energy and Mines, 2022).

The militarization of extractive governance further demonstrates this dual structure. Peru's deployment of states of emergency in mining regions has increased from 3 provinces in 2011 to 15 provinces by 2020, effectively suspending constitutional rights while protecting corporate operations (Coordinadora Nacional de Derechos Humanos, 2021). In Espinar province, the 2012 state of emergency following anti-mining protests resulted in military control of local government functions for six months, during which Xstrata (now Glencore) continued operations under military protection while local authorities were effectively sidelined (Huyhua, 2018). This pattern reveals how the Peruvian state functions as what Jessop (2016) terms a "competition state," prioritizing global capital accumulation over territorial sovereignty and democratic governance.

Historically, tax revenue in Peru decreased substantially from 18.6% of GDP in the early 1980s to 12.2% by 1983, reflecting the impact of economic downturns and subsequent neoliberal policy reforms under Fujimori, which reduced corporate income tax from 35% to 30% while eliminating numerous exemptions to broaden the tax base (IMF 1985). Comparatively, Bolivia has maintained a higher tax-to-GDP ratio, currently exceeding 17%. Bolivia's tax regime includes a corporate income tax rate of 25%, with additional surtaxes on extractive activities and royalties ranging from 1% to 7%, calculated on mineral sales prices. Unlike Peru, Bolivia imposes stricter controls on profit repatriation from natural resources (Deloitte 2024), typically requiring reinvestment domestically.

Moreover, Peru's total tax revenue (15.9% of GDP, World Bank 2021) remains notably lower than regional peers like Chile (17.7%) and Colombia (17.7%) (World Bank 2023). Reforms under Humala's administration in 2011 transitioned royalty calculations from revenue-based to profit-based metrics, increasing state royalty income but maintaining modest effective tax rates (37-42%) (IMF 2015). Incremental tax adjustments proposed by Pedro Castillo encountered substantial resistance, highlighting corporate influence over fiscal policy. Clearly distinguishing corporate income taxes, royalty payments, VAT, and other fiscal measures will further elucidate the institutional dynamics influencing resource governance in Peru.

This pattern exemplifies what critical development theorists describe as the value transfer that is the hallmark of underdevelopment:

"There is far more commodity value produced in Peru than is consumed by its residents, which *prima facie* should lead within short measure to an expanding capitalist economy, yet it does not because there is a constant outflow of the major share of the profits, causing a balance of payments deficit. Then this financial deficit is made up by loans that in turn require interest payments, further deficits pushing the country ever deeper into the mire." (*London Mining Network 2023*)

The majority of Peru's copper exports (69.3%) went to China in 2021, while India, Canada, and Switzerland each took about a quarter of Peru's gold exports. Meanwhile, investment in Peru's mining sector is dominated by corporations from the UK (20.9%), China (17.6%), Canada (14.7%), Mexico (13.3%), and the US (13%), which together account for 87% of all forecasted mining investments (World Integrated Solutions 2021).

Through the Canon Minero, local governments of the districts in which the mining exploitation occurs receive 20 percent of royalties, of which 50 percent goes to the local communities located in the vicinity of the mine (Zambrano 2014). Earlier studies on the system report positive spillover effects and an increase in real income; yet, later analysis (Loyaza and Rigolini 2016) through district-level poverty mapping reveals a more nuanced picture. They find that mining districts have larger average consumption per capita and lower poverty rates than otherwise similar districts. These positive impacts, however, decrease drastically with

administrative and geographic distance from mining centers. Moreover, consumption inequality within mining districts is higher than in comparable non-producing districts. The dual effect of mining is noted through the better-educated immigrants required and attracted by mining activity and, second, the jobs that some community natives obtain in industries and services related to mining (Loyaza and Rigolini 2016). The equalizer impact of mining, both across and within districts, may help explain the social discontent with mining in Peru, despite its enormous revenues. This pattern suggests a 'subnational resource curse' where the very mechanisms designed to redistribute wealth incentivize corruption, disjointed public spending, and citizen disengagement (Hoyos 2019). While classical resource curse theory focuses on national-level phenomena, Dutch disease, rent-seeking, and institutional decay, subnational approaches reveal how decentralized resource revenues can create distinct pathologies within countries (Monteiro and Ferraz 2012; Caselli and Michaels 2013). Unlike the traditional resource curse observed at national levels, Peru's decentralized mining revenue system creates localized distortions that undermine governance capacity precisely where resources are most abundant. Local governments receiving substantial mining transfers often lack the institutional capacity to manage these windfalls effectively, leading to poorly planned infrastructure projects, inflated procurement costs, and rent-seeking behaviors that benefit political elites rather than broader populations.

Moreover, the sudden influx of mining revenues can create dependency relationships that weaken democratic accountability. Carrillo Hoyos's (2019) conceptualization of Peru's "subnational resource curse" builds on this literature while highlighting the specific dynamics of mining-dependent regions. The Canon Minero creates what Goldberg et al. (2008) identify as a "fiscal illusion," where citizens underestimate the true cost of public goods because they are funded by resource rents rather than local taxes. When local governments derive significant portions of their budgets from mining transfers rather than local taxes, the traditional link between taxation and representation becomes severed. Citizens have fewer incentives to monitor government performance when they are not directly funding public services, while politicians face greater pressure to maintain relationships with mining companies than with their constituents. This dynamic is compounded by the technical complexity of mining revenue flows, which makes it difficult for citizens to track how funds are allocated and spent.

The result is a paradoxical situation where communities closest to Peru's mineral wealth experience both the greatest potential benefits and the most severe governance challenges, creating the conditions for the social conflicts that have plagued mining regions despite—or perhaps because of—their resource abundance.

5.2 Coercive Territorial Governance and the Resource–Conflict Loop

The institutional failures documented above are not anomalies but structural features of what Richani (2014) theorizes as "systems of violence" political economies, where coercion, rent-seeking, and elite collusion sustain regimes of extraction. Peru's extractive territories increasingly resemble what legal theorist Giorgio Agamben (2005) calls "zones of exception," where normal legal protections are suspended to guarantee uninterrupted capital flows.

This dynamic becomes visible through patterns of state repression in resource-rich regions. The majority of Peru's 127 socio-environmental conflicts registered by the Defensoría del Pueblo in 2022, over 60% mining-related, occurred in departments like Apurímac, Cajamarca, and Cusco (Defensoría del Pueblo 2023). Crucially, over 80% of state of emergency declarations from 2011 to 2023 were linked to mining disputes (CooperAcción 2023), revealing how exceptional governance has become routine in extractive zones. In 2015, Southern Peru's Tía María project expansion triggered massive strikes and roadblocks, with state forces killing two local farmers and injuring dozens more (La República 2015). Similar patterns emerged around Las Bambas, where communities established sustained blockades while thousands surrounded an IMF summit promoting corporate mining (El Comercio 2015).

These violent responses illuminate how *de facto* power operates through what our framework identifies as "systems of violence" (Richani 2014). Rather than representing governance failures, state coercion constitutes a core technology for managing the contradictions between formal democratic institutions and extractive accumulation. Violence becomes the modality through which the state reconciles its constitutional commitments to indigenous rights with its structural dependence on foreign investment and commodity exports.

The taxation of mining corporations reveals another dimension of these power asymmetries. Pedro Castillo's 2021 election campaign promised to renegotiate mining contracts

and increase corporate taxes—proposals that generated massive popular support precisely because they addressed the fundamental inequity of Peru's extractive bargain (Peru21 2021). However, even modest tax increases that would raise the state's share of mining profits from 41% to 44% encountered fierce corporate resistance. The Chamber of Mines claimed these changes would jeopardize over \$50 billion in future investment (SNMPE 2021), while an IMF report contradicted industry claims and noted that corporations were earning 25% internal rates of return, doubling invested capital in three years (IMF 2021). More critically, analysis revealed that mining corporations avoided paying approximately US\$3.1 billion in taxes during 2021 alone (*London Mining Network* 2023).

Castillo's inability to implement even moderate reforms and his subsequent removal from office in December 2022 demonstrate how de facto corporate power constrains formal democratic governance. His successor, Dina Boluarte, faced immediate resistance from social movements led by indigenous groups, with 30 protesters killed by state forces within two weeks of assuming power (Amnistía Internacional 2023). This trajectory illustrates how systems of violence operate not merely through direct repression but through the structural constraint of democratic possibilities, ensuring that electoral outcomes cannot fundamentally challenge extractive arrangements.

Fiscal decentralization, embodied in the Canon, has also contributed to institutional fragmentation. While regional and municipal governments theoretically gain autonomy over investment decisions, they often lack the technical capacity, long-term planning tools, and fiduciary transparency to allocate funds effectively (Díaz 2016; Aragón and Casas 2009). The result is not local empowerment but what (Carrillo Hoyos 2019) calls a "subnational resource curse," where the very mechanisms designed to redistribute wealth incentivize corruption, disjointed public spending, and social contestation.

This pattern explains why previously wealthy, densely populated areas often received extractive institutions, while previously poor, sparsely settled areas often received more growth-promoting institutional arrangements that have persisted to influence economic outcomes today. The taxation of mining corporations represents a critical site of political contestation in Peru. The legacy of Fujimori's neoliberal reforms in the 1990s established a particularly

corporate-friendly mining fiscal regime, resulting in Peru's total tax revenue being just 14.6% of GDP, lower than neighboring Chile (19.2%) and Colombia (17.8%).

In 2011, the Humala government reformed the mining royalty system, switching from a percentage of revenues to a percentage of profits. While this nearly tripled state royalty revenue in 2012, detailed analysis shows these royalties still amounted to just 7-12% of corporate profits. With corporation tax at 29.5%, the combined effective tax rate on mining profits was between 37-42%, what some have called the "neo-colonial deal" of a roughly 60:40 profit split between international mining corporations and the Peruvian state.

Pedro Castillo's 2021 election campaign included promises to renegotiate mining contracts, increase company taxes, and potentially nationalize mines. However, just one month after taking office, Castillo's administration underwent a "moderate shift," proposing only incremental increases in tax rates that would raise the state's share of mining profits from around 41% to 44%. Even this modest proposal was met with fierce opposition from the Chamber of Mines, which claimed it would jeopardize over \$50 billion in future foreign investment. An IMF technical report from December 2021 contradicted these industry claims, noting that mining corporations' internal rate of return was 25% (doubling invested capital in just over three years) and that Peru's Average Effective Tax Rate was at the lower end of the international range. The IMF concluded that Castillo's proposed tax increases were "fairly cautious" and would keep "Peru in the mid-range of other mining countries." Meanwhile, more critical analysis of official figures demonstrated that in 2021, mining corporations avoided or evaded paying the full rate of corporation tax on their extraordinary profits, underpaying by approximately US\$3.1 billion. Castillo's attempted navigation between corporate demands and community resistance ultimately failed, contributing to his removal from office in December 2022. His successor, Dina Boluarte, faced immediate resistance from social movements, with 30 protesters killed by state forces in just two weeks following Castillo's removal.

5.3 Institutional Fragmentation and Subnational Resource Curse

This dynamic mirrors broader structural pathologies: the inability to translate windfalls into inclusive development, the overreliance on commodity exports, and the erosion of public

trust in both state and market actors. Peru's high mineral dependence has also stymied export diversification, reinforcing vulnerability to commodity cycles. As Zarach and Parteka (2020) show, countries with high natural resource dependence, especially on minerals and hydrocarbons, exhibit significantly lower diversification in non-resource sectors, particularly those requiring technological upgrading. This aligns with Acemoglu and Robinson's (2006) argument that extractive institutions suppress innovation by concentrating power and blocking broader participation in economic life.

For example, in the district of San Marcos (Huari province), which received some of the highest Canon transfers nationwide, the concentration of revenues failed to translate into sustained development. Public services lagged behind national averages, and corruption proliferated. Despite massive transfers, trust in local authorities eroded, leading one interviewee to claim: "Former mayors no longer live here. They have properties and have run away... People have not done anything. If someone speaks out, they are bribed... Judges and prosecutors also fall into corruption, it is a self-reinforcing mechanism, demonstrating the commitment problem outlined by Acemoglu and Robinson (Carrillo Hoyos 2019: 1139) and further reinforcing the sub-national resource curse.

The theoretical framework suggests this represents not merely institutional failure, but the reproduction of extractive spatial logics at the subnational scale. The Canon operates through cost-benefit analysis, territorial mapping, and development planning, all knowledge systems that abstract from Indigenous relationalities and reduce territories to resource inventories. Peru's mineral dependence has simultaneously stymied export diversification, reinforcing vulnerability to commodity cycles and blocking the technological upgrading that inclusive development requires. This aligns precisely with Acemoglu and Robinson's argument that extractive institutions suppress innovation by concentrating power and limiting broader participation in economic life. Countries with high mineral dependence exhibit significantly lower diversification in non-resource sectors, particularly those requiring technological advancement, a characteristic that reproduces the primary commodity specialization that dependency theorists identify as central to underdevelopment.

Yet, within this bleak institutional terrain, forms of counterpower and alternative governance are emerging. The Rondas Campesinas in Cajamarca and the Defense Front of Espinar have evolved into institutional infrastructures for community self-governance, resource monitoring, and resistance coordination. These are not merely reactive protest movements; they embody what Escobar (2008) and Walsh (2018) conceptualize as epistemic insurgencies, mobilizations that challenge the developmentalist ontologies of the state and demand recognition of Indigenous territorialities, knowledge systems, and ecological ethics.

5.4 Indigenous Resistance and Epistemic Counter-Governance

The case of Máxima Acuña, an Indigenous campesina woman who resisted eviction from her ancestral territory in Tragadero Grande, Cajamarca, represents a rupture in the foundational assumptions of liberal development theory and extractive governance regimes. Her sustained resistance against the Conga project, a proposed \$4.8 billion expansion of the Yanacocha gold mine owned by Newmont and Buenaventura, operates as what can be theorized as epistemic insurgency: a multidimensional challenge to the colonial matrix of power that structures contemporary extractivism through the intersection of capitalist accumulation, state violence, and epistemic domination (Suárez Pomar, 2021; Bebbington et al., 2018; Quijano, 2000). Acuña's possession of formal property title dating from 1994 initially appears to validate Acemoglu and Robinson's Long-Run Institutional Theory (LRT), which posits that secure property rights and inclusive institutions constitute the foundation for sustainable development (Acemoglu & Robinson, 2012). However, her repeated forced evictions beginning in 2011 were orchestrated by private security forces and the Peruvian National Police under corporate contract, often without judicial orders and accompanied by systematic crop destruction and physical violence, exposing the fundamental inadequacy of LRT's liberal institutionalist framework (Front Line Defenders, 2014).

The contradiction between de jure property rights and de facto dispossession reveals what Aníbal Quijano theorizes as the coloniality of power: the persistence of colonial hierarchies of race, gender, and knowledge that structure contemporary capitalist modernity despite formal decolonization (Quijano, 2000; Mignolo, 2011). Acuña's Indigenous-campesina identity rendered her legal title epistemically illegible within a juridical system that privileges corporate territorial

claims backed by transnational capital flows. The systematic portrayal of Acuña as an "illegal squatter" through technical cadastral maps that deliberately omitted customary land use practices demonstrates how cartographic violence operates as a technology of dispossession, rendering Indigenous territorial relationships invisible within colonial legal frameworks (Peluso, 1995; Scott, 1998). This dynamic exposes a critical flaw in LRT's analysis through Acuña's experience: its failure to account for how formal institutions themselves are embedded within colonial matrices of power that systematically exclude Indigenous epistemologies and territorial practices from legitimate governance. The theory's emphasis on institutional inclusivity obscures how liberal institutions functioned in Acuña's case as mechanisms of epistemic violence, legitimizing dispossession through procedural formalism while maintaining substantive exclusion of Indigenous territorial sovereignty.

Acuña's resistance transcended reactive opposition to become what de Sousa Santos (2014) conceptualizes as an epistemology of the South, a generative practice that challenges the monopoly of scientific rationality and asserts alternative ways of knowing territory. Her mobilization of counter-evidence through testimonies, community-generated maps, and photographic documentation of agroecological practices constituted a systematic challenge to the epistemic foundations of extractive governance (Salas Carreño, 2016; Svampa, 2019). The conflict over high-altitude lagoons Perol and Azul crystallizes this epistemic insurgency most clearly. Yanacocha's Environmental Impact Assessment (EIA) operationalized what James Scott theorizes as "seeing like a state", reducing complex hydro-social systems to technical objects amenable to bureaucratic management and market calculation (Scott, 1998). The corporate framing of sacred lagoons as "replaceable" through artificial reservoirs epitomizes what Eduardo Gudynas identifies as ontological violence: the systematic reduction of relational territories to extractable resources through techno-scientific rationalization (Gudynas, 2013; Escobar, 2008).

In response, Acuña and allied communities developed sophisticated hydro-social counter-expertise through participatory monitoring that documented the interconnectedness of wetland systems with surrounding watersheds and agricultural cycles (Vásquez, 2017; Bebbington & Bury, 2013). This knowledge production transcended empirical contestation to enact what Marisol de la Cadena theorizes as "partial connections"—practices that refuse the nature/culture divide fundamental to extractive modernity while maintaining engagement with

dominant institutions (de la Cadena, 2010). Their community-led hydrological studies didn't simply provide alternative data, they demonstrated alternative methodologies grounded in relational ontologies that understand water through the Indigenous concept of *yaku mama* (water mother), a sentient entity embedded in complex reciprocal relationships rather than an inert resource subject to technical optimization. This represents epistemic insurgency at its most fundamental level: the assertion of Indigenous cosmopolitics that refuse the ontological premises of extractive capitalism.

The Peruvian state's response to Acuña's resistance reveals how extractive governance operates through what Giorgio Agamben theorizes as the "state of exception"—the suspension of legal order to preserve the conditions for capital accumulation (Agamben, 2005). The Humala administration's declaration of emergency states in four Cajamarca provinces, 2011, 2012, suspended constitutional rights to assembly, mobility, and due process, effectively criminalizing Indigenous territorial defense as threats to national security (Amnesty International, 2013; Salas Carreño, 2016). This juridical architecture reveals extractive governance as fundamentally biopolitical, operating through what Achille Mbembe conceptualizes as "necropolitics"—the sovereign power to determine which lives matter and which territories can be sacrificed for capital accumulation (Mbembe, 2003). The deaths of at least five protesters and the prosecution of over 400 environmental defenders nationwide demonstrate how the state deploys systematic violence to secure extractive territories while maintaining democratic legitimacy through procedural formalism.

Acuña's five-year legal persecution for "illegal occupation and usurpation" before her 2017 acquittal exemplifies what Nazih Richani theorizes as "low-intensity legal warfare", the strategic use of juridical processes not to secure convictions but to exhaust resistance movements organizationally and financially (Richani, 2013). This reveals a sophisticated form of what Rob Nixon conceptualizes as "slow violence"—incremental, cumulative harm that operates below the threshold of spectacle while systematically undermining the material and psychological foundations of Indigenous territorial defense (Nixon, 2011). Acuña's resistance enacted what Walsh theorizes as decolonial praxis through her specific territorial practices, simultaneously resisting colonial domination and constructing alternative social arrangements grounded in Indigenous epistemologies (Walsh, 2018). Her subsistence farming practices maintained endemic

biodiversity and local seed systems while demonstrating territorial governance based on reciprocity and ecological stewardship rather than extractive accumulation (Walsh, 2018). Her defense of sacred lagoons advanced what Escobar conceptualizes as relational ontologies through her specific water protection practices, refusing the nature/culture dualism fundamental to Western modernity and instead understanding human-territorial relationships through principles of interdependence demonstrated in her daily agricultural practices (Escobar, 2008).

This constitutes what can be theorized as ontological governance operating through Acuña's case, territorial management practices that enact different ways of being in relationship with the terrestrial world. These practices resonate with broader Indigenous cosmopolitical frameworks such as *Buen Vivir*, which Acuña's resistance demonstrates as alternatives to development based on relational well-being rather than growth-oriented accumulation (Walsh, 2010). Acuña's recognition with the 2016 Goldman Environmental Prize demonstrates the global significance of these localized governance alternatives operating through her specific struggle, suggesting possibilities for what Santos theorizes as cognitive justice, the democratization of knowledge production and territorial governance (Santos, 2007). The case demonstrates that Indigenous territorial defense constitutes more than environmental protection; land defense is a fundamental challenge to the colonial matrix of power that structures contemporary capitalism and the *de jure* and *de facto* power over resource governance itself. This struggle is characterized by the intersection of racial hierarchy, epistemic domination, and territorial dispossession.

The dominance of the state manifests through the systematic exclusion of Indigenous knowledge systems from legitimate governance frameworks. Acuña's understanding of water through *yaku mama* concepts and her agroecological territorial practices were rendered epistemically illegible within technical-scientific frameworks that govern environmental regulation. Corporate environmental impact assessments and state technical certifications systematically excluded her knowledge, positioning Western techno-scientific rationality as the only legitimate basis for territorial decision-making. This epistemic violence enabled the dismissal of Indigenous territorial relationships as superstition or ignorance, justifying the imposition of extractive projects despite community opposition grounded in sophisticated ecological knowledge systems. The global resonance of her struggle indicates possibilities for what Mignolo theorizes as pluriversal alternatives to Western modernity through Indigenous

territorial defense practices like Acuña's (Mignolo, 2011). These alternatives constitute multiple ways of being modern that don't require the systematic destruction of Indigenous territorial relationships, challenging the singular modernity that LRT assumes as the endpoint of institutional development. This suggests that epistemic insurgency operates through cases like Acuña's not simply as resistance to extractive capitalism but as the active construction of decolonial alternatives grounded in Indigenous cosmopolitical frameworks that prioritize territorial relationship over capital accumulation, revealing the limitations of institutional theories that cannot account for the de jure/de facto contradictions embedded within colonial governance structures.

5.5 Institutional Continuity and Persistent Contestation

The Madre de Dios region critically illuminates these dynamics through extensive illegal gold mining, which has precipitated severe ecological degradation, over 100,000 hectares of Amazonian rainforest deforested, and pervasive mercury contamination exceeding WHO safety thresholds by up to tenfold (Diringer et al., 2015; UNEP, 2021). Critically, this crisis exposes not merely regulatory inadequacies but the deliberate state negligence embedded within decentralized governance, facilitating informal economies that thrive on ecological devastation and human exploitation.

The institutional landscape of Peru reproduces colonial extractive rationalities rooted in the *encomienda* and *repartimiento* systems, perpetuating stark fiscal disparities and exploitative labor relations. These historical continuities are evident in governance structures that systematically marginalize resource-dependent regions, sustaining territorial inequalities and intensifying socio-environmental conflicts. Indigenous resistance in Madre de Dios exemplifies sophisticated social contestation against state-sanctioned extractivism. Organizations such as the Federación Nativa del Río Madre de Dios y Afluentes (FENAMAD) and the Amarakaeri Communal Reserve deploy robust strategies, including litigation at the Inter-American Commission on Human Rights and community-led environmental monitoring via drones and participatory mapping. These actions represent powerful epistemic challenges to prevailing development paradigms, positioning Indigenous knowledge systems and relational ecologies in direct opposition to extractivist logics. This resistance is poignantly encapsulated by an

Indigenous leader from Amarakaeri Reserve who declared, “This is not development. This is death” (WWF, 2020), vividly articulating the epistemological rupture posed by Indigenous contestation.

Government interventions, typified by "Operación Mercurio" (2019), reflect a limited, militarized response strategy that prioritizes temporary suppression of illegal mining without confronting deeper economic vulnerabilities and institutional failures. This approach underscores the state's tendency toward reactionary governance rather than structural reform, reinforcing the cyclical nature of informality, environmental harm, and social instability. This scenario validates Richani's systems of violence framework by highlighting how resource dependency fuels sustained conflict and simultaneously illuminates the transformative potential inherent in epistemic contestation, advocating for governance models oriented toward ecological integrity, Indigenous sovereignty, and genuine social justice.

In sum, the Acuña and the Madre de Dios case represents not merely an isolated instance of individual resistance but rather a paradigmatic confrontation between extractive political ontology and Indigenous epistemologies of place and relation. It encapsulates the broader institutional dynamics explored throughout this thesis: how extractivist governance regimes strategically mobilize coercive apparatuses and juridical warfare to systematically suppress territorial alternatives; how subnational governance failures exacerbate rather than ameliorate distributional conflicts; and how grassroots movements articulate not only defensive resistance but transformative political visions for alternative political economies grounded in relational ethics, ecological pluralism, and epistemic justice. As Machado Aráoz (2015: 142) observes, such cases reveal extraction not merely as an economic activity but as a "civilization project" that must be contested at the level of foundational natural societal relationships.

Peru's extractivist model is poised for expansion rather than transformation. With copper prices forecast to increase by 25% by 2030 and potentially double by 2040 due to growing demand for electricity transmission in the energy transition, international corporations are eager to open new investments. Projects like Anglo American's Quellaveco and Rio Tinto's La Granja are projected to generate operating profits of around \$32 billion over their 30-year lifespans—six times more than their initial investment costs. Yet the rainbow of social movements in Peru is

increasingly challenging this extractivist paradigm. The popular slogan "Que se vayan todos! / They all must go!" indicates widespread rejection of both the political establishment and the economic model it upholds. Indigenous movements in particular fundamentally oppose capitalist extractivism in all its forms, conceptualizing affected regions as "sacrifice zones" where living beings count as no more than peripheral collateral damage sacrificed to profit-making and capital accumulation. Acuña's ontological stance fundamentally rejects the commodity fiction that undergirds extractive governance. Her defense of the yaku mama (water mother) and high-altitude lagoons reflects what Escobar (2018: 83) theorizes as a "relational ontology" that conceptualizes hydrological systems as sentient entities embedded in complex socio-natural networks rather than inert hydraulic assets subject to technical optimization.

Peruvian resource governance encapsulates broader institutional dynamics: how extractivist governance regimes strategically mobilize coercive apparatuses and juridical warfare to systematically suppress territorial alternatives (Svampa, 2019; Veltmeyer & Petras, 2014); how subnational governance failures exacerbate rather than ameliorate distributional conflicts (Arellano-Yanguas, 2011; Eaton, 2011); and how grassroots movements articulate not only defensive resistance but transformative political visions for alternative political economies grounded in relational ethics, ecological pluralism, and epistemic justice (Rivera Cusicanqui, 2016; González et al., 2023).

Most significantly, Indigenous resistance movements articulate not merely defensive opposition but transformative political visions grounded in relational ethics, ecological pluralism, and epistemic justice (Machado Aráoz, 2015; Ramirez, 2009). These movements challenge the foundational categories through which extractive governance legitimizes itself—"public utility," cost-benefit analysis, "free, prior, and informed consent," territorial mapping, and temporal logics positioning extraction as progress and Indigenous resistance as obstacles to modernity (Li, 2007; Ferguson, 1994). This theoretical depth enables the thesis to move beyond descriptive accounts of governance failure toward structural explanations that connect local-level corruption and institutional decay to broader patterns of global inequality and colonial continuity. Rather than treating the subnational resource curse as a technical problem requiring better institutions, the analysis reveals it as symptomatic of deeper contradictions within capitalist development models imposed on peripheral societies with fundamentally different cosmological and territorial

relationships (Rivera Cusicanqui, 2010; Salas Carreño, 2019).

V.I. Case Study: Bolivia, Extractivism, Plurinationalism, and the Limits of State-led Resource Governance

Bolivia presents a theoretically rich case through which to critically interrogate the structural limitations of state-led neo-extractivism within the hybrid institutional framework advanced in this thesis. The 2009 Constitution strengthened the position and role of the State in the economy as a response to discontent with neoliberal global capitalism. The Morales government, along with those of Venezuela and Ecuador, have spearheaded the project defined as 21st-century socialism. These limitations must be understood as historically constituted through colonial legacies and neoliberal restructuring, which together established the institutional preconditions for contemporary extractivist governance. Unlike Peru's investor-oriented, decentralized governance architecture, Bolivia has implemented a centralized and ostensibly decolonial paradigm under the Movimiento al Socialismo (MAS), characterized by strategic nationalization, progressive fiscal redistribution, and constitutional recognition of plurinationality. Yet, as this analysis demonstrates, the MAS administration systematically reproduced fundamental extractivist logics even while articulating a rhetorical challenge to neoliberal orthodoxy, territorial dispossession, coercive governance mechanisms, and epistemic marginalization. This reproduction reflects the path-dependent constraints inherited from colonial administrative structures and neoliberal reforms of the 1980s-1990s, which institutionalized extraction-centered development as the dominant political-economic paradigm. Bolivia thus exemplifies the thesis's central contention: extractive institutions can undergo superficial reconstitution in form while maintaining their essential function within hybrid governance systems.

6.1 Extractive Governance under MAS: Nationalization without Decolonization

Bolivia's Indigenous movement encompasses organizations with distinct but overlapping approaches to class and ethnic identity formation. The organizational landscape reflects a spectrum from primarily ethnic-based to class-oriented Indigenous mobilization, with most groups strategically combining both dimensions (Lalander, 2017; Postero, 2010; Albro, 2005).

At the ethnic pole, CIDOB (Confederation of Indigenous Peoples of Bolivia) represents lowland Indigenous communities through an explicitly ethnic framework, as reflected in its organizational name and political discourse. Similarly positioned is CONAMAQ (National Council of Ayllus and Markas of Qullasuyu), which represents highland Indigenous communities through traditional Andean organizational structures (Lalander, 2017; Postero, 2007). Some scholars distinguish between "Indigenous" and "Native" peoples, classifying CONAMAQ as representing "Native" communities—a designation that implies a more exclusive and purportedly authentic degree of indigeneity compared to other organizational forms (Canessa, 2012).

The remaining major organizations adopt what can be characterized as class-Indigenous hybrid identities, simultaneously emphasizing peasant economic interests and Indigenous cultural rights. These include the COB (Bolivian Workers' Central), the CSUTCB (Confederation of Syndical Unity of Peasant Workers of Bolivia), the Bartolina Sisa National Confederation of Indigenous Peasant Women of Bolivia, and the CSCIB (Trade Union Confederation of Intercultural Communities of Bolivia) (Lalander, 2017; Stefanoni, 2003). The Bartolinas' organizational name exemplifies this hybrid approach, explicitly incorporating both "Indigenous" and "peasant" identities while organizing both Indigenous and Native women under a class-based structure.

The CSUTCB represents perhaps the most significant example of successful class-ethnic synthesis within Bolivia's Indigenous movement. Emerging from the Katarista movement with support from the Catholic Church, NGOs, and leftist political parties, the CSUTCB has played a foundational role in Indigenous political vindication processes (Lalander, 2017; Rivera Cusicanqui, 1984). Despite its classification as a class-based peasant organization, ethno-cultural elements remain central to the confederation's identity and political project. The CSUTCB initiated crucial debates and conceptualizations that became fundamental to Bolivia's state refounding process, most notably the discourse of pluri-nationality that would later influence the 2009 Constitution (Postero, 2010). The confederation's 1979 political thesis exemplifies this dual identity, defining its organizational base as "Aymara, Quechua, Campa, Chapaco, Chiquitano, Moxo, Tupi-Guaraní, and other peasants"—a formulation that explicitly combines ethnic specificity with class-based peasant identity. This strategic articulation of Indigenous ethnicity with peasant class consciousness has proven particularly effective in building broad-based

movements capable of challenging both cultural marginalization and economic exploitation simultaneously (Lalander, 2017; Stefanoni, 2003).

Before examining the MAS government's redistributive policies, it is essential to trace how colonial institutions and neoliberal reforms created the structural conditions within which contemporary extractivism operates. Historically, Bolivia's political economy has excluded Indigenous peoples. Mining and extractive capitalism and imperialism, based on the exploitation of Indigenous peoples as a labor force, have characterized Bolivia's political economy since colonial times. These governments have repeatedly emphasized that the State must gain control of extractive companies in order to finance social policies and achieve economic development (Lalander 2017). Bolivia's extractive geography was initially configured through colonial mining enterprises that established racialized labor regimes and resource enclaves, particularly in Potosí, where Indigenous populations were systematically incorporated into exploitative production systems through the mita system, which conscripted 13,000 men annually constituting approximately one out of every seven adult males in the indigenous population (Cole, 2019; Robins, 2011). During the colonial period, an estimated eight million Indigenous people died in the process of silver extraction, this colonial political economy inscribed a territorialized hierarchy that privileged resource-rich regions as sites of extraction while relegating Indigenous populations to subordinate positions within the economic order, generating approximately 60% of global silver production between 1545-1640 and financing Spanish imperial expansion (TePaske, 2010).

The revolutionary transformation of 1952 marked a critical juncture in Bolivia's indigenous history, initiating what can be characterized as a systematic process of cultural assimilation disguised as liberation. This period witnessed the deliberate "peasantization" of indigenous communities—a policy that effectively dismantled centuries-old sociopolitical structures while simultaneously erasing indigenous identity from official discourse. The Agrarian Reform decree of 1953 exemplified this approach by eliminating all direct references to "indigenous peoples," replacing specific ethnic identities like Aymara and Quechua with the homogenizing category of "peasant." (Lalander 2017, Molina 2007)

This transformation represented more than administrative reorganization; it constituted what indigenous intellectual Leonel Cerruto retrospectively identified as a fundamental displacement of indigenous agency. As Cerruto observed, the 1952 revolution imposed a foreign model of land redistribution borrowed from Mexico's leftist framework, which prioritized class-based over ethnic-based identity. The revolutionary slogan "land for the peasants, land for those who work it" effectively subsumed indigenous peoples into a broader peasant class, creating what Cerruto described as a liminal identity: "they remain neither indigenous nor native." The intellectual and political response to this cultural dispossession emerged within two decades, catalyzed by a new generation of urbanized indigenous students who recognized the profound loss embedded in their supposed liberation. Under the influence of Quechua-Aymara intellectual Fausto Reinaga, these movements articulated a counter-narrative that challenged the peasantization process. Reinaga's critique, as summarized by Jesuit anthropologist Xavier Albó—"They reduced us to peasants, and they took away our status as Aymara people. Let us become Aymara again!"—became the ideological foundation for a resurgent indigenous political consciousness (Albo 2009)

This intellectual awakening crystallized into two distinct but related political movements: Indianismo and Katarismo. Both movements drew symbolic power from the figure of Túpak Katari, the 18th-century indigenous leader who had resisted Spanish colonialism alongside Bartolina Sisa. However, their political strategies diverged significantly. The Indianistas pursued direct political representation through a series of parties—from the National Agrarian Party (PAN) in 1960 to the Tupak Katari Indian Movement (MITKA) in 1978, while the Kataristas achieved greater success in grassroots organizing through the Tupak Katari Revolutionary Movement (MRTK). By the 1990s, Katarista ideology had evolved to include armed resistance through the Tupak Katari Guerrilla Army, producing influential leaders like Felipe Quispe and Álvaro García Linera, who would later occupy prominent positions in Bolivia's political hierarchy. This historical trajectory illustrates how the 1952 revolution's apparent progress masked a deeper form of cultural colonialism, one that would generate decades of indigenous political mobilization aimed at reclaiming both land and identity.

The neoliberal reforms implemented between 1985 and 2005, including privatization of state enterprises, liberalization of investment regimes, and regulatory restructuring, further

institutionalized extractive logics by reconfiguring property rights, weakening labor protections, and creating legal frameworks designed to facilitate transnational capital accumulation. The 1985 New Economic Policy (Decreto Supremo 21060), promulgated by President Víctor Paz Estenssoro on August 29, 1985, imposed neoliberal economic policies to address Bolivia's twin crises of international debt and hyperinflation (Conaghan et al., 1990). The decree replaced customs tariffs with a general 10% charge plus 10% of previously existing specific tariffs, resulting in rock-bottom rates by international standards, and eliminated all limits on imports (Webber, 2005). Subsequent hydrocarbons legislation (Laws 1689 and 1731) and the 1994 capitalization program privatized strategic state enterprises, including YPFB, transferring 50% ownership stakes to foreign corporations while generating only \$1.7 billion in investment commitments, far below projected targets (Kohl & Farthing, 2006). These reforms established juridical frameworks that not only facilitated corporate access to territories but also dismantled state regulatory capacity: public sector employment fell from 280,000 to 55,000 workers between 1985-2002, while poverty rates increased from 62% in 1989 to 66% by 1999 (Morales, 2004) the pattern of reliance exemplified by a 70% concentration of FDI into mining related activities in 2003 (OECD 2004). The period up to 2003 was characterized by protest activities against neoliberalism—roadblocks, street demonstrations, strikes, etc.—and indigenous organizations strengthened their role. At the dawn of the new millennium, the growing movement around Morales was at the epicenter of several resource conflicts, most notably during the so-called "water war" (protests against water privatization) in Cochabamba in 2000 and during the "gas war" (against gas exports to the United States through Chile) in El Alto, La Paz in 2003, which ended with the resignation of neoliberal President Gonzalo Sánchez de Lozada (Lalander 2017)

The MAS government's signature policy intervention, the 2006 nationalization of hydrocarbon resources through Supreme Decree 28701 and subsequent renegotiation of contractual arrangements with transnational corporations, enabled the state to appropriate a substantially larger proportion of resource rents, increasing government take from 18% to 82% of production value (Kaup, 2013). These revenues were subsequently channeled toward expansive social welfare programs, including Renta Dignidad (universal pension), Juancito Pinto (education subsidy), and Juana Azurduy (maternal health bonus). Regarding state control of vital

industries—primarily hydrocarbons, agriculture, and mining, the Constitution declares that the industrialization and commercialization of natural resources represent the State's key priority, and that revenues must be allocated to the common good (Articles 319 and 355) (Lalander 2017)

Between 2006 and 2018, moderate poverty declined from 60.6% to 34.6%, while extreme poverty fell from 38.2% to 15.2%, and public investment increased from 6.3% to 13.1% of GDP (Instituto Nacional de Estadística, 2019). However, these redistributive achievements were fundamentally embedded within a governance logic of strategic selectivity (Jessop, 2016), wherein the state apparatus systematically privileged extractive expansion as the cornerstone of both its political legitimacy and economic model. However, concerning Article 3 of UNDRIP on the "right to self-determination of indigenous peoples," the fulfillment of these rights depends on specific policies and national laws. However, neither a progressive legal system nor the ratification of international human rights standards regarding Indigenous rights can guarantee that these rights are always prioritized in practice. Contradictions are found in both the Constitution and the national development plan, causing a clash between ethnic rights and social welfare objectives (rights defined on the basis of class). As in the rest of the continent, rights on paper (*de jure*) do not necessarily correspond to rights in practice (*de facto*) (Lalander 2017) Law 535 (2014) exemplifies this selective institutional orientation: by prioritizing mining activities over alternative land-use regimes and systematically weakening Indigenous consultation protocols established under ILO Convention 169, the legal architecture was calibrated to facilitate rent capture while simultaneously suppressing dissent and marginalizing counter-hegemonic territorial claims (Fabricant & Postero, 2019). A crossroads in the indigenous struggle occurred in 1990, when the lowland indigenous confederation CIDOB (Confederation of Indigenous Peoples of Bolivia) organized the March for Territory and Dignity from Trinidad in the lowlands to La Paz. Indigenous peoples have struggled for decades for greater autonomy and dignity as peoples, beginning in 1989, encouraged by ILO Convention 169. Furthermore, pressure from indigenous organizations in the highlands intensified during this period. Despite the neoliberal context, several legal recognitions of ethnically defined claims were made in the 1990s. Bolivia's ratification of ILO-169 in 1991 was the result of the CIDOB initiative in 1990. However, the concrete implementation of ILO-169 and the broader right to prior consultations on

hydrocarbon activities in Bolivia were postponed until 2007, that is, after Evo Morales took office as president (Fabricant & Postero 2019, Lalander 2017).

The constitutional architecture of contemporary Bolivia reveals a fundamental tension at the heart of post-neoliberal governance: the simultaneous expansion of indigenous rights and the perpetuation of extractive economic models (Fabricant & Gustafson, 2011; McNeish, 2013). This contradiction manifests most clearly in the implementation of prior consultation mechanisms for indigenous peoples affected by extractive activities within their territories. While Bolivia has advanced further than most Latin American nations in institutionalizing these rights-based procedures (Postero, 2017), their practical application exposes the limitations of formal recognition when confronted with entrenched economic interests, characterized by "insufficient decision-making power and information on the part of the population involved, as well as irregularities and a lack of transparency in terms of compensation payments" (Bebbington & Humphreys Bebbington, 2011, p. 141).

The procedural deficiencies that characterize Bolivia's consultation processes reflect deeper structural constraints rather than mere administrative shortcomings (Perreault, 2015). These limitations become particularly evident when examining the fate of Indigenous Originary Peasant Autonomy provisions (Articles 289–296 of the 2009 Constitution), which, despite constitutional recognition and supporting legislation, faced systematic governmental resistance (Postero, 2017; Farthing & Kohl, 2014). As Canessa (2014) argues, the state's justification for blocking indigenous communities' autonomous aspirations—claiming that "the State was already Indigenous" and that "the unity of Indigenous peoples was at stake if they continued with the procedure"—reveals how plurinational discourse can paradoxically serve to contain rather than enable indigenous self-determination.

This containment strategy operates alongside seemingly robust constitutional protections. Article 385 establishes natural park and indigenous territory protections, while Articles 394–395 establish comprehensive territorial rights frameworks, declaring that "collective property is declared indivisible, imprescriptible, non-attachable, inalienable, and irreversible, and is not subject to the payment of agrarian property taxes" (Constitución Política del Estado Plurinacional de Bolivia, 2009). Yet these guarantees exist within a constitutional order that

simultaneously prioritizes poverty reduction and social inclusion through economic policies outlined in Articles 306 and 313, which establish three primary sub-objectives:

1. Generation of the social product within the framework of respect for individual rights, as well as the rights of peoples and nations.
2. The fair production, distribution, and redistribution of wealth and economic surpluses.
3. The reduction of inequalities in access to productive resources" (Constitución Política del Estado, 2009).

The constitutional paradox reaches its apex in the treatment of natural resource extraction. Articles 319 and 355 explicitly establish that "the industrialization and commercialization of natural resources shall be a priority of the State," with "profits obtained from the exploitation and industrialization of natural resources" designated to be "distributed and reinvested to promote economic diversification at the different territorial levels of the State" (Constitución Política del Estado, 2009). This framework creates what can be understood as a hierarchy of rights, where indigenous territorial protections become subordinate to broader social welfare objectives justified through redistributive logic (Gudynas, 2011; Webber, 2017). National authorities have rationalized this prioritization through what has been termed "progressive neo-extractivism"—a model that frames continued resource extraction as necessary for achieving redistributive justice and poverty alleviation, particularly for marginalized populations (Svampa, 2013; Gudynas, 2009). This approach explicitly acknowledges the "partial sacrifice of the specific rights of the environment/nature and Indigenous peoples to achieve social well-being," transforming constitutional contradictions into policy imperatives (Gudynas, 2009, p. 192).

This dynamic illustrates how post-neoliberal states can simultaneously expand formal rights recognition while maintaining extractive dependencies, creating institutional frameworks that promise indigenous empowerment while systematically constraining its realization (Postero, 2017; Fabricant & Gustafson, 2011). The result is a constitutional order that embodies rather than resolves the fundamental tensions between indigenous autonomy and extractive development, institutionalizing the very paradoxes it purports to address. This compensatory extractivism manifests what Svampa (2013) conceptualizes as the commodity consensus, a

trans-ideological embrace of resource extraction as the primary vehicle for social inclusion and development. Importantly, this consensus operates within institutional parameters established during colonial and neoliberal periods, revealing how contemporary extractivism, even when rhetorically positioned against neoliberalism, remains bound to historically constituted logics of territorial control and resource appropriation. The MAS state thus assumed a contradictory dual positionality: functioning simultaneously as regulator and principal beneficiary of resource rents, while deploying increasingly securitized governance mechanisms to discipline resistance in Indigenous-majority territories. Rather than fundamentally dismantling extractive institutional arrangements, the state reconfigured them to serve alternative political objectives, thereby entrenching centralized control and systematically subordinating grassroots territorialities to state-centric development imperatives. This reconfiguration, rather than rupture, exemplifies how deeply embedded extractivist logics remained within state institutions despite ideological shifts, revealing the persistence of colonial-derived territorial governance models that treat resource-rich lands as primarily economic spaces rather than lived Indigenous territories

6.2 Territorial Conflict and Epistemic Erasure: TIPNIS and Lithium

The TIPNIS conflict of 2011 serves as a critical inflection point in Bolivia's extractive trajectory. Between August 15 and October 19, 2011, a large number of Indigenous and non-Indigenous activists walked for sixty-five days from the lowlands to La Paz, protesting the proposed construction of a 602-km highway that would connect the department of Beni in the lowlands with Cochabamba in the Sierra, and which would cross the TIPNIS. The population living in this territory is divided. There are indigenous groups in the area that support the highway, such as migrant coca growers, who see economic opportunities in improved infrastructure. The government's vision and discourse are related to social welfare policies, and, as argued, the TIPNIS needs this highway to improve the living conditions of the isolated population in terms of access to healthcare, education, etc. (Lalander 2017)

The proposed highway through the Indigenous Isiboro Sécure National Park (TIPNIS), supported by Brazilian infrastructure loans, was designed to facilitate hydrocarbon and agribusiness expansion. Although TIPNIS was a protected area covered by Indigenous communities, the Morales government dismissed local opposition as manipulated by foreign

NGOs. When over 1,000 Indigenous protesters marched to La Paz, they were met with violent repression at Chaparina move which marked a decisive rupture between the MAS state and its Indigenous base. Despite significant constitutional advances formally recognizing the plurinational character of the Bolivian state and codifying the rights of Pachamama, these ostensibly transformative ontological shifts remained largely symbolic in practical governance.

The Brazilian Development Bank financed the TIPNIS highway project, and a Brazilian construction company was hired. This, along with the strategic interests of the oil company PETROBRAS in the project, illustrates the geopolitical transformation of the continent. Vice President García Linera firmly rejected any connection between the IIRSA project and the TIPNIS highway. The protesters—led by the territorial organization Subcentral TIPNIS and the indigenous confederations CIDOB (Confederation of Indigenous Peoples of the Bolivian East) and CONAMAQ (National Council of Ayllus and Markas of Qullasuyu)—presented a list of sixteen demands concerning respect for their territory, as well as other social, economic, and cultural demands. After several violent clashes between police forces and protesters, President Morales accepted all the demands presented. However, after a few months, the highway project was restarted, despite strong resistance and international media and academic coverage. Celso Padilla is president of the Guaraní People's Assembly/APG. During the march, he said the following:

“We want to tell the government that this is the Plurinational State. Here are the 34 communities. We want to tell President Evo Morales that the State is built by these communities. Power should not be concentrated solely in the CSUTCB, the ‘Bartolinas,’ and the intercultural communities. These communities are the ones who built it and brought it to power. Why is it forgotten so quickly?”- *Ceslo Padilla*

It should be emphasized that Padilla refers directly to the "factionalism" of the indigenous movements and mentions the three most devoted supporters of the Morales governments (CSUTCB, Bartolinas, and Interculturales, that is, the most intensely classist organizations, compared to the ethnic profile of CIDOB, with which the APG is associated). The TIPNIS conflict of 2011 revealed with particular clarity how Indigenous cosmologies and governance practices were systematically subordinated to state developmentalist agendas. When Indigenous communities mobilized against the proposed highway through their autonomous

territory, their infrastructure was explicitly intended to facilitate hydrocarbon extraction, and they encountered both physical repression and discursive delegitimation. Government officials strategically framed protesters as externally manipulated by non-governmental organizations, thereby reproducing colonial tropes of Indigenous irrationality and political incapacity. The long-term consequences of TIPNIS were manifold: trust between Indigenous organizations and the government collapsed; the MAS lost political ground in Indigenous Majority regions; and the contradictions of “plurinational extractivism” were laid bare. As Achtenberg (2013) and McNelly (2020) note, TIPNIS exemplified the state’s willingness to sacrifice Indigenous autonomy for fiscal expediency, undermining the foundational principles of Bolivia’s 2009 Constitution.

A parallel epistemic erasure manifested in the lithium-rich Salar de Uyuni, where local communities were methodically excluded from planning processes and monitoring mechanisms. Despite rhetorical commitments to “sovereign industrialization,” the state’s approach reproduced technocratic paternalism: Indigenous knowledge systems were systematically dismissed as obstacles to development, while environmental concerns were subordinated to revenue maximization imperatives. In both cases, the epistemic dimension of decolonization was effectively foreclosed, and extractive modernity remained the dominant political ontology within this purportedly hybrid system. This epistemic foreclosure reproduces colonial knowledge hierarchies wherein Indigenous cosmovisions are subordinated to Western developmental rationalities—hierarchies that were institutionalized during colonial administration and reinforced through neoliberal technocratic governance models that positioned scientific expertise above local knowledge systems.

The TIPNIS highway conflict experienced a peculiar temporary resolution that revealed the government’s shifting positions and eventual return to extractive priorities. A similar pattern unfolded in the government’s approach to lithium extraction in the Salar de Uyuni. Despite rhetorical commitments to “sovereign industrialization,” local communities, particularly Quechua and Aymara farmers, were systematically excluded from decision-making. Revette (2017) details how community concerns over groundwater depletion and soil degradation were dismissed by government officials as “irrational” or “anti-development.” This technocratic

paternalism echoes colonial era ideologies that frame Indigenous knowledge as inferior, even under a supposedly decolonial regime (Lalander 2017, Rivette 2017)

However, this apparent concession proved short-lived. Following Morales's landslide reelection in October 2014, the government swiftly reversed course and decided to proceed with the TIPNIS highway. More significantly, on May 20, 2015, Morales issued Presidential Decree 2,366, which fundamentally altered environmental governance in protected areas, many of which overlap with Indigenous territories. Morales justified this decree by arguing that national parks had been established by Bolivian elites as private reserves of natural resources. The decree authorized hydrocarbon extraction across all national territory for the purported common good of social welfare and poverty reduction, with state authorities planning oil drilling in eight of the nation's twenty-two protected areas. Vice President García Linera subsequently declared that the statute guaranteeing TIPNIS's intangibility should be amended.

This pattern of governance: initial concessions followed by renewed extractive pressure mirrors the government's approach to lithium extraction in the Salar de Uyuni. Despite rhetorical commitments to "sovereign industrialization," local communities, particularly Quechua and Aymara farmers, were systematically excluded from decision-making processes. Rivette (2017) documents how community concerns over groundwater depletion and soil degradation were dismissed by government officials as "irrational" or "anti-development." This technocratic paternalism echoes colonial-era ideologies that frame Indigenous knowledge as inferior, persisting even under a supposedly decolonial regime. The contradictions became particularly stark by 2019, when civic groups in Potosí organized mass protests demanding greater participation in lithium rent distribution and control over the industrialization process. The government's response combined co-optation with repression, with President Morales accusing protesters of "conspiring with foreign interests"—a discursive tactic that mirrored strategies employed by right-wing regimes throughout the region. The lithium conflicts exposed how, despite MAS's rhetorical innovations, extractive governance remained structurally exclusive, territorially uneven, and epistemically violent.

These cases illustrate a broader pattern in which the MAS government's initial sensitivity to Indigenous and environmental concerns gave way to extractive imperatives justified through

developmentalist discourse. The government's ability to postpone conflicts through strategic concessions, only to later reverse these positions when politically expedient, reveals the contingent nature of environmental protections under resource-dependent developmental states. Both TIPNIS and Uyuni demonstrate how Indigenous territories and knowledge systems remained subordinated to national economic priorities, despite constitutional recognition of Indigenous rights and plurinational governance principles (Achtenberg, E. 2013).

6.3 Economic Outcomes: Redistribution Amid Structural Dependency

While Bolivia's extractive model produced measurable gains in poverty reduction and fiscal revenue, it remained constrained by external commodity markets and internal institutional inertia. When global gas prices declined in 2014, Bolivia's budget deficit soared, reaching 8.1% of GDP by 2018 (IMF, 2019). This fiscal vulnerability exposed the structural fragility of the rentier model and the state's inability to decouple social investment from extractive revenues. Large-scale industrialization projects fared little better. The Bullo Bullo urea plant, a \$953 million venture meant to kickstart agroindustrial transformation, operated far below capacity due to technical flaws and logistical bottlenecks. Similarly, Bolivia's lithium industrialization efforts were hampered by geopolitical disputes, technological constraints, and domestic resistance. These outcomes support Arsel et al.'s (2016) critique of extractive industrialization as a "developmental illusion": a strategy that promises autonomy and diversification but delivers technocratic overreach and territorial exclusion. The spatial distribution of benefits further illustrates the limitations of state-led extractivism. CEDLA (2018) reports that ingas-producing municipalities such as Camiri, Villamontes, and Yacuiba, poverty and unemployment rates remained well above the national average, despite millions in hydrocarbon transfers. This disconnect affirms Perreault's (2013) concept of "dispossession without proletarianization," in which Indigenous and rural communities lose access to land and resources without meaningful integration into stable labor markets or local economic planning.

The long-term consequences of TIPNIS were manifold and devastating for the government's legitimacy: trust between Indigenous organizations and the government collapsed; the MAS lost critical political ground in Indigenous-majority regions; and the contradictions of "plurinational extractivism" were laid bare. As Achtenberg (2013) and McNelly (2020) note,

TIPNIS exemplified the state's willingness to sacrifice Indigenous autonomy for fiscal expediency, fundamentally undermining the foundational principles of Bolivia's 2009 Constitution.

These cases illustrate a broader pattern in which the MAS government's initial sensitivity to Indigenous and environmental concerns gave way to extractive imperatives justified through developmentalist discourse. The government's ability to postpone conflicts through strategic concessions, only to later reverse these positions when politically expedient, reveals the contingent nature of environmental protections under resource-dependent developmental states. Both TIPNIS and Uyuni demonstrate how Indigenous territories and knowledge systems remained subordinated to national economic priorities, despite constitutional recognition of Indigenous rights and plurinational governance principles.

The TIPNIS conflict thus represents more than a policy dispute—it constitutes a fundamental betrayal of the decolonial project that brought MAS to power. By prioritizing extractive revenues over Indigenous autonomy, the government revealed that "plurinational extractivism" functioned as a legitimating discourse rather than a genuine transformation of state-society relations. The conflict exposed the structural impossibility of reconciling Indigenous territorial sovereignty with the imperatives of global commodity extraction, forcing a stark choice between decolonial principles and developmental pragmatism. In choosing the latter, the MAS government reproduced the very colonial hierarchies it had promised to dismantle.

6.4 Resistance and Epistemic Alternatives, Comparative Dynamics: The Pluriverse in Practice

Unlike Peru, where Indigenous movements confront a state-corporate alliance, Bolivia's resistance has emerged in dialogical tension with a state that claims to represent Indigenous interests. This complexity has generated more nuanced forms of mobilization, such as "critical resource nationalism" (Tapia, 2019), which challenge extractivism from within a decolonial framework. Organizations like CIDOB and CONAMAQ, once MAS allies, have since repositioned themselves as defenders of territorial sovereignty and ecological ethics. Their critiques transcend opposition to specific projects; they advocate for alternative development

paradigms grounded in “Bien Vivir,” a relational cosmology that prioritizes harmony between human and nonhuman actors, and challenges capitalist notions of accumulation. As Escobar (2008) and Walsh (2018) argue, these discourses form part of a broader “epistemic insurgency” that disrupts dominant paradigms of development, governance, and nature.

While Bolivia has advanced further than most Latin American nations in institutionalizing these rights-based procedures (Postero, 2017), their practical application exposes the limitations of formal recognition when confronted with entrenched economic interests, characterized by “insufficient decision-making power and information on the part of the population involved, as well as irregularities and a lack of transparency in terms of compensation payments” (Bebbington & Humphreys Bebbington, 2011, p. 141). When situated in comparative perspective with the Peruvian case, Bolivia illuminates how ostensibly contrasting institutional configurations of centralized resource nationalism versus decentralized market orientation can nevertheless converge toward remarkably similar outcomes: entrenched territorial inequality, extractive dependency, and persistent grassroots contestation. Both states exhibit “institutional layering” (Boesten 2017), where preparticipation laws coexist with coercive frameworks, creating ambiguity and enabling elite capture.

While Peru's subnational fragmentation and fiscal decentralization have facilitated elite capture and governance incoherence, Bolivia's centralized model has concentrated decision-making authority in the national executive, systematically reducing local autonomy and enabling top-down governance over resource territories. Despite these institutional differences, both systems derive from common colonial administrative legacies that established centralized control over resource territories and neoliberal reforms that reconfigured but did not fundamentally transform these extractive geographies. This comparative analysis strengthens the hybrid systems thesis by demonstrating how divergent institutional forms can produce functional equivalence within extractive governance regimes.

Both states exemplify what Richani (2014) theorizes as “systems of violence,” wherein coercive and rentier dynamics fundamentally underpin resource governance rather than representing aberrations from democratic norms. In Peru, this manifests through militarized repression in Cajamarca and Apurímac, where mining conflicts are met with states of emergency

and military occupation. In Bolivia, it operates through the strategic suppression of Indigenous mobilization in TIPNIS and Potosí, where protesters are delegitimized as foreign agents and subjected to divide-and-rule tactics that fracture Indigenous solidarity.

In each case, violence functions not as a governance failure or temporary expedient but as a deliberate and systematic technique of rule or mechanism for enforcing extractive order in contested territories. This comparative insight reveals how hybrid institutions strategically incorporate both formal democratic procedures and informal coercive practices to maintain extractive hegemony. This hegemony rests on institutional foundations established through colonial territorial administration and systematically reinforced through neoliberal legal frameworks that consistently privilege investor rights over territorial sovereignty and democratic participation. The persistence of these violent dynamics across different institutional configurations suggests that extractive governance constitutes a coherent regime type that transcends particular state forms. Whether through Peru's fragmented neoliberalism or Bolivia's centralized populism, the underlying logic remains consistent: the subordination of territorial communities to extractive imperatives through a combination of legal coercion, economic dependency, and epistemological violence that delegitimizes alternative development visions.

Despite these structural constraints, Indigenous movements in both countries continue to articulate and practice alternative ontologies that challenge extractive modernity at its foundations. These movements demonstrate that resistance to extractivism cannot be reduced to environmental concerns or economic grievances; it represents a fundamental clash between irreconcilable worldviews. The persistence of these alternatives, despite decades of repression and co-optation, suggests the possibility of what Escobar (2018) terms "designs for the pluriverse"—concrete institutional arrangements that could transcend the extractive paradigm entirely. However, the realization of such alternatives requires more than local resistance or constitutional recognition; it demands fundamental transformations in global economic structures, international legal frameworks, and dominant epistemological assumptions about development, progress, and human-nature relationships. The comparative analysis of Peru and Bolivia reveals both the constraints and possibilities inherent in this transformative project.

VI. Conclusion

This thesis has demonstrated that the political economy of natural resource extraction in Latin America is not merely a product of cyclical commodity dynamics or sectoral policies but rather a manifestation of deeply entrenched institutional configurations. This thesis demonstrates that the colonial origins of institutional inequality identified by Acemoglu and Robinson extend beyond their original framework's emphasis on settlement versus extraction patterns. In the Andean context, colonial institutions like the mita labor system and extractive bureaucracies created comprehensive governance rationalities—centralized fiscal systems, racialized territorial hierarchies, and technocratic knowledge regimes—that persisted across the postcolonial transition. Contemporary extractive governance reproduces these colonial logics through seemingly progressive mechanisms: Peru's Canon Minero maintains extractive spatial arrangements while appearing to democratize resource benefits, while Bolivia's plurinational constitution formally recognizes Indigenous autonomy yet subordinates it to state control over extractive sectors.

This institutional continuity operates through what this thesis identifies as the systematic tension between *de jure* and *de facto* power. Formal legal frameworks create appearances of inclusive governance—constitutional recognition of Indigenous rights, environmental regulations, participatory consultation processes—while *de facto* control remains concentrated within elite coalitions comprising multinational corporations, state technocrats, and militarized actors. The persistence of this power asymmetry across ideologically divergent regimes reveals extractivism's capacity to adapt its institutional forms while preserving fundamental exclusions. These configurations systematically reproduce extractivism as both an economic logic and a governance rationality. By applying a hybrid theoretical framework, integrating Acemoglu and Robinson's concept of extractive institutions, Richani's systems of violence, and Latin American decolonial critiques, this study has shown how resource dependency in Peru and Bolivia operates as a recursive institutional loop. This loop not only perpetuates rentier state behavior but also entrenches elite control over both *de jure* (legal) and *de facto* (practical) power, catalyzing recurrent cycles of territorial conflict and socio-environmental violence.

Whether operationalized through private capital regimes as exemplified in Peru's neoliberal framework for state monopolistic structure, as evidenced in Bolivia's resource

nationalism, the institutional equilibrium consistently favors the perpetuation of what Harvey (2003) conceptualizes as "accumulation through dispossession." This thesis reinforces the hybrid theoretical framework by demonstrating how extractive institutions in Peru and Bolivia are maintained through an interlocking system of coercion, elite pacting, and epistemic suppression. The persistence of extractivism is not an institutional vacuum but a recursive system, where rent capture and coercive control are perpetuated through both formal and informal mechanisms. This framework advances the understanding of how extractivism is not merely an economic strategy but an ontological project, sustained by coercive force, institutional manipulation, and epistemic exclusion.

The deployment of violence as a governance tool is not an aberration but a structural feature of extractive governance. This thesis has shown that, as theorized by Richani (2014), coercion is systematically mobilized to secure territorial control and suppress resistance. In Peru, military repression during the Conga and Las Bambas conflicts exemplifies how state violence is deployed to maintain corporate access to contested Indigenous lands. In Bolivia, the TIPNIS conflict and the marginalization of Aymara and Quechua communities in lithium-rich regions illustrate how even the rhetoric of plurinationalism can serve as an ideological veil for coercive expansionism. Here, violence is not a failure of governance but a fundamental mechanism for sustaining the "extractive imperative" (Svampa, 2019).

Comparatively, both states exemplify what Gudynas (2009) has conceptualized as the "neo extractivism consensus," wherein ostensibly divergent ideological regimes converge on extraction as the principal engine of economic growth and state legitimation. As Svampa (2015) argues, this "commodities consensus" transcends conventional liberal socialist cleavages; it reflects the structural power of rentier logics across Latin American development paradigms. In both Peru and Bolivia, this has manifested in spatially uneven development patterns, pronounced fiscal volatility, and escalating socio environmental conflict in frontier zones like Cajamarca and Potosí regions that generate immense national wealth yet remain trapped in what Bebbington and Bury (2013) describe as "subterranean struggles" characterized by cycles of poverty, chronic underinvestment, and militarized exclusion.

The consistent failure of institutional reform initiatives, Peru's Prior Consultation Law, and Bolivia's constitutional recognition of plurinationalism further substantiate this thesis's central argument that formal inclusivity mechanisms prove systematically insufficient without

corresponding redistribution of material and political power. These reforms have frequently been subjected to strategic cooptation, bureaucratic undermining, or selective application to maintain rent flows, signaling what Paredes (2016) identifies as the persistence of extractive institutional logics behind a carefully constructed facade of participatory governance. However, the analysis also highlights the emergence of counter-institutional movements that contest extractive governance and articulate alternative political imaginaries. In Peru, the *Rondas Campesinas* have mobilized for communal autonomy and ecological stewardship, while in Bolivia, CIDOB has championed Indigenous self-determination. These movements do not merely resist extraction but propose "pluriversal politics" (Escobar, 2018), reimagining governance beyond the colonial-capitalist paradigm. Such epistemic ruptures challenge not only the legitimacy of extractive governance but the ontological assumptions of development itself.

At the same time, the emergence of counter-institutional movements reflects a significant epistemic rupture in extractive governance. The *Rondas Campesinas* in Peru and CIDOB in Bolivia have articulated alternative governance models rooted in communal autonomy, ecological stewardship, and decolonial epistemologies. As Escobar (2018) and Walsh (2010) argue, these movements represent not merely resistance formations but constitute "pluriversal politics" alternative governance imaginaries that fundamentally question the ontological foundations of developmentalism and state sovereignty as historically constituted in Latin America. These formations transcend conventional categorization as antimining movements; they constitute affirmative political projects to reclaim territory, reimagine economic relations, and recover epistemologies systematically erased by colonial capitalist logics of extraction and accumulation.

This thesis's integration of dependency theory and extractive institutions literature (Acemoglu & Robinson, 2006; 2012) contributes significant theoretical depth by bridging macro-structural analyses of global capitalism with micro-institutional examinations of local governance failures. While traditional subnational resource curse literature tends to focus on fiscal and political economy mechanisms, this synthesis reveals how historical patterns of peripheral incorporation into the world economy become reproduced and reinforced through contemporary resource governance arrangements. In Bolivia, for example, the post-2006 wave of neo-extractivism under Evo Morales, though couched in discourses of national sovereignty and plurinational inclusion, reproduced many of the same dependency logics. Gas and lithium

exports remained oriented toward global markets, with state-led accumulation often bypassing the participatory redistribution envisioned by Indigenous movements (Fabricant & Gustafson, 2011; Webber, 2017)

The dependency theory framework (Cardoso & Faletto, 1979; dos Santos, 1970; Frank, 1967) illuminates how Peru's mineral specialization and Bolivia's hydrocarbon and lithium extraction represent not simply comparative advantages but historically constructed positions within global commodity chains that systematically channel surplus toward core economies while perpetuating technological stagnation and institutional weakness in the periphery. When combined with Acemoglu and Robinson's (2012) extractive institutions thesis, this analysis demonstrates how colonial extractive logics become embedded within ostensibly modern governance structures like the Canon Minero system in Peru and the YPFB-led gas governance regime in Bolivia, where control over revenues remained centralized despite decentralization rhetoric (Perreault, 2013).

Second, the integration explains why technical reforms to resource governance repeatedly fail to achieve inclusive development outcomes. Dependency theory's emphasis on structural constraints (dos Santos, 1978; Prebisch, 1950) helps explain why even well-intentioned redistributive mechanisms like mining royalties in Peru or hydrocarbon rents in Bolivia cannot overcome the fundamental problem of peripheral insertion into global commodity markets. Meanwhile, extractive institutions theory (Acemoglu & Robinson, 2012) clarifies how these structural constraints become reproduced through specific governance arrangements that systematically exclude broader populations from economic and political participation. In Bolivia, attempts to reassert state control often resulted in technocratic and bureaucratic insulation that marginalized grassroots Indigenous demands for autonomy and territorial rights (Postero, 2017).

Third, this theoretical combination illuminates the epistemic dimensions of resource extraction that purely economic analyses often overlook. The thesis demonstrates how extractive institutions operate not merely through material appropriation but through the imposition of particular ways of knowing and governing territory. The Canon Minero's reliance on cost-benefit analysis, territorial mapping, and development planning in Peru parallels Bolivia's use of national development plans and lithium industrialization narratives that reframe Pachamama and Indigenous territorialities within technocratic paradigms (Sivak, 2022; Gudynas, 2009). As

scholars like Santos (2007) and Escobar (2018) argue, this reflects a broader pattern of “epistemological colonialism”, the systematic privileging of Western rationalities over Indigenous knowledge systems and relational ontologies. This research ultimately challenges the theoretical and empirical viability of extractivism, whether privateled or state-managed as a sustainable or equitable development strategy for the region. It affirms the argument advanced by scholars like Ross (2015) and Humphreys et al. (2007) that resource dependency represents not merely a function of resource abundance, but rather of entrenched institutional asymmetries and historical continuities in the exercise of power. Addressing these challenges necessitates more than regulatory reform or rent redistribution; it demands a fundamental reconfiguration of who holds decision-making power, how territory is governed, and whose knowledge systems legitimately define development trajectories. To disrupt the cyclical reproduction of resource conflict and underdevelopment, future governance strategies must transcend the compensatory state model described by Weber (2017), which deploys targeted social programs to legitimize extractivism without altering its fundamental institutional foundations. Instead, genuine transformation requires the systematic creation of inclusive institutions and equitable rent allocation mechanisms through meaningful redistribution of both *de jure* and *de facto* power. This entails not only legal bureaucratic reform but the substantive integration of Indigenous governance systems, participatory budgeting mechanisms, and robust structures of social oversight capable of challenging elite capture at both national and subnational levels.

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