Global Mining and the Uneasy Neoliberalization of Sustainable Development

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Abstract: As transnational mining firms have sought to position themselves as drivers of sustainable development, a key component of their efforts has been the implementation of social development programs in their areas of operation. This paper situates the expansion of corporate-led development in the mining sector as part of an ongoing reconfiguration of the frameworks and processes through which mineral production is governed, interpreting such initiatives as illustrative of “roll-out” neoliberalization. Based on an analysis of firm-led development at the Pierina gold mine in Andean Peru, I explore how the mining company has been able to advance a version of sustainability broadly compatible with contemporary large-scale mining. Taking on the role of development agent, however, is not an uncomplicated endeavor in that it has left the firm subject to escalating development claims from nearby populations. In this context, I raise the question of whether the mining industry’s adoption of notions of partnership and participation amounts to a strategy for diffusing responsibility when necessary and deflecting the claims of affected communities.

Keywords: mining; Peru; community development; resource governance; neoliberalization

1. Introduction

“We promote the integral sustainable development of the communities within an environment of social peace, of peaceful coexistence, in which the population is convinced that…we are strategic partners in their integral sustainable development.” (Head of community relations at Pierina, 2008, author interview).
As the above quotation puts on display, the global mining industry is awash with notions of sustainable development. For a group of economic actors on a perpetual quest to locate and to extract nonrenewable natural resources, this championing of sustainability may appear curious. Notwithstanding, many of the world’s most prominent hard-rock mining companies have gone to lengths in recent years to make clear their commitments to promoting more environmentally friendly and socially inclusive forms of mineral-based economic development. One important way in which mining companies have sought to operationalize the concept of sustainable development has been to implement community-level social development programs in their areas of operation. These initiatives are typically considered part of firms’ burgeoning corporate social responsibility (CSR) agendas; they are regularly pointed to by the industry as evidence of its concerted efforts to align its policies and practices with broader and longer-term socio-environmental objectives.

In this paper I investigate the history of firm-led social development at the Pierina gold mine, an open-pit operation in the north-central Peruvian Andes owned by Minera Barrick Misquichilca S.A. (MBM), a Peruvian subsidiary of the Toronto-headquartered mining giant Barrick Gold Corporation. Pierina is one of a growing number of transnational “mega” mines to be constructed in Peru following neoliberal reforms in the 1990s, which reopened the country’s mining sector to foreign direct investment and spurred a renewed flurry of interest in the Andean region’s extensive mineral deposits [1-4]. Since production commenced at Pierina in 1998, MBM has carried out a series of community-level development initiatives addressing concerns such as health, education, infrastructure, and agro-pastoral improvement. The principal targets of this social development program have been eighteen primarily Quechua-speaking small-scale farming communities that surround mine operations and constitute what MBM considers to be Pierina’s “area of influence”.

The analysis presented here situates the expansion of corporate-led social development in the mining sector as part of an ongoing reconfiguration of the frameworks and processes through which large-scale mineral extraction and its socio-environmental impacts are governed. In particular, I interpret such initiatives as illustrative of “roll-out” neoliberalization, a concept useful for signaling the construction and consolidation of neoliberalized modes of governance, or what has been referred to as the more “creative” moments of neoliberalization [5,6]. Based on evidence from Pierina, I explore how taking on the role of development agent has allowed the mining firm to advance a version of sustainable development that is broadly compatible with—and thus implicitly seeks to legitimize—contemporary forms of capital-intensive large-scale mining. The neoliberalization of development governance also, however, has left the firm subject to escalating claims in the realm of benefit distribution from the “local” communities that have assumed a somewhat privileged position within the corporate-led development regime emerging at Pierina. As this and other mining firms have negotiated such claims, I raise the question of whether the industry’s widespread adoption of notions of participation and partnership has constituted a tactic for diffusing responsibility when necessary and deflecting the claims of nearby populations. To the extent that this is the case, the paradoxical possibility emerges that in the realm of social development, CSR in the mining sector has come to involve the shifting of responsibility onto other parties.

In the next section of the paper, I draw on concepts from critical geography—resource governance and roll-out neoliberalization—to situate the growth of firm-led social development in the mining sector within the context of broader shifts in the nature of resource regulation. I then present an
analysis of both how the global mining industry has come to advance discourses and strategies of sustainable development as well as the forces shaping this move. The fourth section investigates the provenance of MBM’s social development agenda at Pierina, exploring how the firm designed this agenda in ways that take for granted contemporary forms of large-scale mineral extraction. In the fifth section, I explore the roll-out of social development initiatives at Pierina and the efforts by nearby populations to make development claims on the firm. I also discuss the industry’s use of ideas and mechanisms of partnership and participation in the context of these escalating claims. In the conclusion I reflect on the ramifications of this study for our understanding of the political economy of sustainability. While the material presented here broadly supports the contention of a growing number of scholars that powerful economic actors have co-opted notions of sustainable development as a means of continuing existing economic trajectories, it also suggests that in doing so new arenas of socio-political struggle may be created. My analysis of the Pierina case is based on twelve months of qualitative research undertaken in Peru between 2006 and 2009. This included interviews, focus groups, and participant observation in three of Pierina’s area-of-influence communities as well as interviews with officials from industry, government, and civil society.

2. Reconfiguring Extractive-Sector Governance

The organizational and institutional frameworks through which decisions are made regarding resource development and its socio-environmental ramifications have undergone considerable transformation in recent decades. Research from nature-society scholars has drawn attention in particular to a trend away from state-centric modes of resource regulation occurring in many parts of the world [7-9]. In order to capture these reconfigurations to the sites and scales of resource decision-making, researchers have deployed the term resource governance. In doing so, they have drawn on a broader body of social-science literature that has posited a more general shift from government to governance in the realm of socio-economic regulation [10,11]. Use of this term is not meant to suggest that state authority and regulations have disappeared. For one, while the widespread resource-sector liberalization of the 1980s and 1990s has in many instances limited the direct role of states in resource production (i.e., through the denationalization of previously state-owned operations), states typically maintain a pivotal role in mediating resource access due to the fact that sub-surface minerals remain public property [12-15]. Moreover, throughout much of the Global South, including in Peru, recent decades have witnessed advances in the development of state-based environmental regulations [4,16]. What the concept of resource governance is helpful in signaling, however, is the extent to which decision-making in the resource sectors increasingly occurs through the interaction of a more diverse and multi-scalar constellation of state, hybrid, and non-state actors and institutions. The “scaling-up” of resource regulation can be seen, for instance, in the growing relevance of transnational legal regimes for investment decision-making in the mining sector [17,18]. Analysts also note the heightened influence of differently scaled civil society actors (e.g., NGOs, activist networks, and grassroots social movements) and the emergence of an assortment of “informal” regulatory mechanisms, like unofficial popular referendums and participatory environmental monitoring committees [19-22]. While the concrete impacts of these “non-traditional” actors and institutions on patterns of mineral-resource development should not be assumed [23], the central point is that “the
concept of ‘governance’ captures something significant about the way resource production is regulated by a proliferation of non-state actors, their interrelationships with one another, and with the state” ([7], p. 276).

An important feature of these regulatory rearrangements has been the growth of corporate-centered modes and mechanisms of resource governance. This is seen in the proliferation of frameworks and strategies associated with CSR. Following Sadler and Lloyd ([6], p. 613), CSR can be defined as “the notion that companies should accompany the pursuit of profit with good citizenship within a wider society.” On the one hand, the increasing prominence of CSR in business discourse and practice should be viewed within the historical context of “a continuing unfolding contest about the appropriate relationship between business and society; part of an evolving social contract whose values and expectations shift over time”([24], pp. 1065-1066). On the other hand, the turn towards CSR can be interpreted as a response to the increasingly well-organized social resistance to corporate misbehavior of recent decades [25]. Importantly, CSR has been perhaps most aggressively advanced as an approach to regulation in the extractive sectors [26]. In the mining and hydrocarbon industries, this is evidenced in the growth of firm-specific and industry-wide codes of conduct, in efforts to institute voluntary reporting initiatives for social and environmental performance, and in the expansion of firm-led social development initiatives [27-32]. The label of “self-regulation” often applied to governance mechanisms like these is often misleading given the ways in which state policy and transnational regulatory frameworks have influenced the development of CSR in the extractive sectors [17,33]. It is nevertheless important to recognize how the trend towards corporate-centered regulatory schemes represents a relocation of decision-making and rule-setting authority to the private sector. In this sense, the growth of firm-led social development regimes in the mining sector should be seen as a reconstitution of power relations in matters of mineral-based development.

The concept of roll-out neoliberalization is useful for interpreting the establishment of corporate-centered modes of resource governance. While early work on neoliberalism tended to focus on its more destructive aspects (i.e., the dismantling of Keynesian-era social and environmental regulations), geographers Peck and Tickell devised the concept of roll-out neoliberalization to address what they observed as “the purposeful construction and consolidation of neoliberal state forms, modes of governance and regulatory relations” ([5], p. 384, emphasis in the original). Scholars have since utilized the concept to understand the establishment of neoliberalized regulatory initiatives such as market-based conservation schemes [34] and CSR initiatives such as corporate codes of conduct and ethical trading programs [6]. This framework, I suggest, is also helpful for conceptualizing the widespread institutionalization of corporate-led social development regimes in mining regions. Before discussing how firm-led development has been rolled out at Pierina, I first present an analysis of how and why the global mining industry has sought to position itself as a driver of sustainable development in the context of the above-detailed trend away from state-centric modes of resource regulation.

3. Mining and the Sustainability Challenge

Considering broad trends in the mining industry’s promotion of notions of sustainable development is important given the appearance in the last two decades of inter-firm collaborations focused on advancing what is referred to (by its promoters) as “sustainable mining”. The formation of the Global
Mining Initiative (GMI) was an important step in this respect. The GMI was launched at the 1999 Annual Meeting of the World Economic Forum in Davos, Switzerland by executives from nine of the largest mining firms in the world: Anglo American, BHP Billiton, Codelco, Newmont, Noranda, Phelps Dodge, Placer Dome, Rio Tinto, and WMC Resources. According to its members, this initiative constituted “a leadership exercise with the objective of reaching a clearer understanding of the positive role the mining and minerals industries can play in managing the transition to sustainable development” ([35], p. 18). Towards this end, in 2000 the GMI commissioned the International Institute for Environment and Development to undertake a two-year dialogue and research initiative called Mining, Minerals, and Sustainable Development (MMSD), which entailed a global review of industry practices and led to a series of reports and working papers. Though the MMSD process was billed as inclusive and consultative, it came under criticism by activists, who viewed the initiative as primarily advancing a corporate agenda [36]. Notwithstanding, findings from MMSD have served as a foundation for sector-wide CSR standards, most notably the “Sustainable Development Framework” of the International Council on Mining and Metals (ICMM), an industry group that represents 19 of the world’s major mining and metals companies (including Barrick) as well as 30 national and regional mining associations and global commodity associations. The reach of the ICMM’s standards is suggested by the group’s most recent annual report, which contends that member firms “employ 800,000 of the estimated 2.5 million people working in the mining and metals sector, with interests at over 750 sites in 58 countries across the globe” ([37], p. 26).

Several factors are significant for understanding the motivation of mining firms to forge these collaborations around issues of sustainable development. The first is the ascension of sustainable development in global politics. A concept propelled onto the world scene by the 1987 Brundtland report of the World Commission on Environment and Development, sustainable development was becoming virtual orthodoxy within policy circles when the GMI was formed in 1998 [38-40]. However elusive and malleable the concept may be [41,42], the rise of sustainable development reflected a growing consensus that future forms of economic development must better integrate social and environmental concerns. For the mining sector, the significance of this imperative should be understood within the context of a long-standing debate over whether and under what conditions mineral extraction contributes to development in producing regions [12,43]. While mining advocates of various political stripes (from classical modernization theorists to nationalist leaders to World Bank officials) have held that wealth generated via the exploitation of non-renewable mineral resources can serve as a catalyst for broader-based development, the industry’s track record often tells a less sanguine story. Examples indeed abound of extractive economies characterized by boom-and-bust cycles, extreme divergences of wealth and poverty, long-term negative human health effects, and legacies of environmental degradation [12,44-48]. It is on the basis of these experiences that mineral endowments are now not uncommonly considered a “curse” for extractive regions (for analysis of the resource curse theory see [12,43]). While debates over the mining-development nexus are not new, the rise of sustainable development as a policy objective has signified that mining’s contribution to development (or lack thereof) is now judged against a broader set of social and environmental criteria [26,49,50]. Industry attempts to advance a collective response to the sustainability challenge can thus be seen as a proactive effort to shape evolving expectations related to the performance of their sector. In the late-1990s, when the GMI was launched, the immediate impetus to do so was the
upcoming World Summit on Sustainable Development (WSSD) in Johannesburg. After having had little presence at the 1992 Earth Summit in Rio de Janeiro, industry leaders were especially eager to play an active role in deliberations at the 2002 WSSD [36].

The second factor is an explosion of socio-political opposition generated by an expanding mining frontier. In the 1980s and 1990s, more than 90 countries liberalized their mining sectors, thus “freeing up” extensive tracts of territory for mineral development [14,51]. In the words of one analyst, this worldwide trend granted mining firms “unprecedented access to a larger portion of the earth’s surface than ever before” ([13], p. 79). Much of the new mining activity facilitated by liberalization has taken place in “greenfields”—areas with little or no history of extraction [52]. These shifting patterns of investment in turn have led to a series of conflicts in which populations affected by mining activities have assumed a pivotal position [20,21,53,54]. In many of the world’s new mining frontiers, resistance movements have become increasingly more vocal and well organized, often with the support of national and international activist networks. Opposition has typically crystallized around the negative social, cultural, economic, and ecological impacts of extraction. Importantly, popular protest and mobilization against the expansion of mining activities has at times challenged firms’ access to target minerals, even in situations when state approval has been granted. In this context, industry efforts to position mining as a catalyst of sustainable development should be seen as part of a broader strategy to secure continued resource access in the face of mounting opposition.

A third factor relates to techno-organizational trends that hold the potential to make mining an increasingly less-attractive development strategy. Of particular significance here is the trend towards “mega” mining. One way in which firms have addressed the decline over time in the grade/quality of mineral reserves has been to progressively scale up production through the application of capital- and energy-intensive technologies [48,55]. In the case of gold mining, this is seen in the turn towards open-pit techniques and the use of cyanide heap leaching to process ore. The development of such technologies has helped to make possible the profitable exploitation of spatially diffuse ultra-low-grade mineral deposits, thus facilitating the expansion of the mining frontier. However, several key characteristics of these systems of “mass destruction” [56] cast doubt on mining’s promise as a driver of sustainable development. For one, radically scaling-up production tends to increase the footprint (in spatial and environmental terms) of mining operations, due to both the increased quantity of inputs (e.g., land and energy) required as well as the higher volumes of wastes generated. In addition, these operations often entail dramatic new human-health risks, such as those associated with the utilization of large quantities of toxic chemicals like cyanide. The sophisticated technologies used also have a tendency to make contemporary large-scale mining more “exclusive” in its labor and input requirements, the result being that nearby populations often find it difficult to participate directly in the mining economy, either as workers or as providers of goods and services. Further, given increases in the rate at which these operations extract and process ore, their lifespans may be relatively short, in some cases just a few years. For these reasons, while the adoption of mega-mining techniques may be a sound economic strategy for firms, the value of this method of extraction as a socially inclusive and ecologically friendly development strategy is more questionable. This helps to further explain why the mining industry has felt the need to remake itself as a driver of sustainable development.

As advanced by the industry, sustainable mining includes a number of key elements. One central focus has been eco-efficiency, or the utilization of “cleaner” production and waste-management
techniques [57]. In this arena, sustainable forms of mining are thought to be achievable through the more efficient and environmentally sensitive use of inputs (e.g., water, explosives, fuels, chemicals) and disposal of wastes (e.g., tailings, scrap metals, waste rock). Emphasis is also placed on more comprehensive planning in the realm of post-closure mine-site rehabilitation. Innovation in the realm of eco-efficiency may in reality have various exogenous drivers, including pressure from NGOs and activist groups and the development of national regulations and international standards [26]. Nevertheless, it is now common for mining firms to proclaim their proactive dedication to continual improvement in their environmental management, including by voluntarily signing on to non-binding agreements, such as the recently elaborated International Cyanide Management Code [58].

Community-level development is another central component of sustainable mining as imagined by the industry. Mining firms have regularly set up shop in “frontier” areas characterized by a lack of infrastructure and services. As such, they often have been compelled to occupy themselves with matters of social reproduction, in particular for workers and their families. Recently, however, firms’ involvement in social development has expanded to focus on affected populations, who may or may not be integrated into the mining economy. As Kapelus [27] observes, the commitment of companies to these “local communities” is now a dominant theme within industry CSR programs. It is by actively fostering community development—through programs related to health, education, the promotion of local businesses, institution building, etc.—that firms have sought to further demonstrate their dedication to the principles of sustainable development and to achieve their oft-referenced “social licenses to operate” [30,33,59]. In an analysis of CSR in the mining industry, Yakovleva [32] identifies three common governance models for community development initiatives in the sector: the company-led approach (through which initiatives are planned, executed, and evaluated internally by the firm), corporate foundations (through which program development is outsourced to separate organizations, which usually maintain ties to donor companies), and the partnership approach (through which firms seek the involvement of other parties, such as NGOs and government agencies). The choice of governance model is not trivial: each entails a distinct distribution of decision-making power and accountability. Overall, however, what the rise of corporate-led development signifies is the growing authority of the private sector in issues of sustainable development in mining regions.

In the next section of the paper, I explore how this neoliberalization of sustainable development has allowed MBM to design a social development agenda at Pierina broadly compatible with contemporary forms of mega mining. Through an analysis of the plan for social development put forth in the mine’s Environmental Impact Study (Estudio de Impacto Ambiental, or EIA), I draw attention to how the plan positions large-scale mineral extraction as a driver of development and a modernizing force, while at the same time leaving ambiguous what projects will actually be carried out and by whom (thanks in part to the deployment of notions of partnership and participation).

4. Constructing Sustainable Development at Pierina

The Pierina gold mine is located roughly ten kilometers north of the city of Huaraz in the Peruvian Department of Ancash, at an altitude of between 3,800 and 4,200 meters. It is an open-pit operation that utilizes a cyanide heap-leaching process to extract gold from crushed ore. The mine employs about 450 full-time workers as well as a fluctuating number of temporary laborers. Between 1998—when
operations began—and 2008 the mine produced approximately 7.1 million ounces of gold. Pierina is one of two mines that MBM operates in Peru, the other being its Lagunas Norte gold mine in the Department of La Libertad, which began operations in 2005. Barrick owns two additional South American mines, one in Chile (Zaldívar, a copper mine) and the other in Argentina (Veladero, a gold mine). While South America is home to only four of Barrick’s 26 total mines (others are located in Canada, the United States, Tanzania, Australia, and Papua New Guinea), its South American properties are responsible for 25 percent of the company’s total gold production and approximately half of its net profits, thanks primarily to lower-than-average cash costs per ounce at these mines. As such, Barrick’s South American operations have represented an integral component of the firm’s global strategy. As Aaron Regent, Barrick’s president and CEO, expressed during a recent site visit to Pierina, “Peru, in particular, has been a motor of development for the corporation” ([60], p. 4).

As one of the first mega mines to be constructed in Peru following neoliberal reforms in the 1990s, Pierina also holds an important place in Peru’s recent mining history. During the early years of neoliberalism in Peru, much foreign direct investment in mining went towards developing large-scale gold operations. In addition to Pierina, the Yanacocha gold mine in the Department of Cajamarca was built during this period. Co-owned by Newmont Mining Corporation and the Peruvian firm Buenaventura, Yanacocha is considered the largest gold mine in South America. These new large-scale gold mines have led to a surge in gold production at the national level: 208,000 kilograms of gold were produced in Peru in 2005, up from less than 10,000 kilograms in 1989. This increase in gold production (along with the spectacular recent rise in the price of gold) has contributed to the overall growth in mineral exports experienced in Peru in recent years. In 2008, mining exports totaled US$18.7 billion, or approximately 60 percent of total Peruvian exports.

Increased mineral production has also made the mining sector a significant supplier of state revenue, as is witnessed in the fact that 25 percent of total taxes collected by the Peruvian state derived from the mining sector in 2007. Through a mechanism known as the canon minero, a significant percentage of the taxes paid by mining companies—about US$1.6 billion in 2007—are devolved to local, provincial, and regional governments and used primarily to fund development initiatives. While the mining boom of the last two decades has thus clearly increased the importance of mineral extraction to the Peruvian state (at both national and sub-national levels), since 2007 mining sector tax contributions have diminished. In 2009 only 11 percent of the taxes collected by the state were from mining, and the amount distributed through the canon minero has declined to just over US$1 billion, due mainly to declines in the prices of many minerals (though notably not gold).

That MBM developed Pierina at a time when sustainable development was emerging full-force on the world stage can be seen in how the firm designed its CSR agenda for the mine. The provenance of this agenda can be traced to Pierina’s state-mandated EIA [61], which was prepared by the consulting firm Klohn Crippen-SVS and submitted for approval to the Ministry of Energy and Mines (Ministerio de Energía y Minas, or MINEM) in August of 1997. Significantly, the MINEM is the very agency charged with promoting private investment in the mining sector. In this context, skepticism has emerged regarding the MINEM’s capacity/will to represent the interests of potentially affected populations in the EIA-evaluation process, especially given the fiscal importance of mining to the state [16]. Indeed, analysts have noted a not uncommon sentiment that EIA approval constitutes a mere administrative formality [62]. To the extent that this is so, the EIA procedure grants to firms a degree
of latitude to establish the bounds of their own regulation, as for matters not covered by state norms and standards, the EIA, once approved, defines the reach of future state oversight.

Pierina’s EIA, along with addressing a range of concerns related to environmental management, presents a set of guidelines for how MBM plans to promote social and economic development in its new area of operation. As rationale for these activities, a section of Chapter 4 entitled “Socio-Economic Impact Mitigation” [63] acknowledges that the positive effects of mining “are not always seen at the regional level or local level” ([63], p. 38) and that worldwide there is an ever-growing recognition of “the need to promote the social development of the inhabitants of communities living close to mining operations” ([63], p. 38). Accordingly, MBM puts forth in the EIA a Social Development Action Plan for Pierina with the following five stated objectives ([63], p. 39):

- To promote the self-sustained economic development of the local inhabitants by optimizing and improving the existing local resources.
- To introduce appropriate technology to increase the yield and productivity of their main activities such as farming and livestock raising.
- To improve the standard of living through programs aimed at raising health and nutritional levels, and promoting both formal education at a primary level and technical education.
- To develop an urban reorganization program to optimize the use of the basic service infrastructure to be developed.
- To draft and execute an Information, Education and Training program that will include all the activities to be carried out in the area according to the goals that have been set.

In the 20-page plan itself [64], included as an appendix to the EIA, MBM proposes an assortment of initiatives, which are grouped according to three themes: economic activities, quality of life issues, and town development. In the realm of economic activities, the plan focuses on strategies to improve agricultural activities and animal husbandry. Regarding quality of life issues, the plan describes a number of initiatives to improve health, education, and nutrition in the area. The town development section deals primarily with the enhancement of basic community infrastructure, including public buildings, water treatment plants, sewage networks, and electricity distribution systems.

It is significant that little consideration is given in the plan to promoting socio-economic development by directly involving nearby populations in the mining economy, for instance as permanent mine workers. As justification for this, the EIA states plainly that the residents of area communities should not expect to compete for full-time jobs on offer at Pierina: “Many of these positions will require technical training in modern mining practices and equipment which would be beyond the current capabilities of the local populations” ([63], p. 39). Also at issue is the lifespan of the proposed operation. The EIA continues: “Moreover, most of the employment opportunities will be limited to the expected duration of the Project which is approximately 15 years” ([63], p. 39). The EIA is thus careful to dampen any expectations that planned mineral development at Pierina would provide lasting and significant direct economic benefits to nearby populations, considering this possibility to be unfeasible largely due to the techno-organizational character of mining at Pierina (and mega mining more generally), namely the need for a relatively small and highly skilled labor force and the short project lifespan. Taking these “constraints” ([63], p. 39) as given, MBM shifts the focus away from
mining, constructing a social development agenda aimed at improving non-mining livelihood activities, in particular agriculture and ranching, with the objective being to encourage “self sufficient and healthier communities” ([64], p. 1).

It is certainly the case that MBM portrays itself in the EIA as willing and capable of directing a program to achieve this aim. The firm, in short, takes on the role of development agent. More than this, however, MBM presents itself as modernizing force. The plan is peppered with the idiom of improvement: agro-pastoral training and teaching units will be infused with “modern production concepts” ([64], p. 4); horticultural production will benefit from “new technologies” ([64], p. 5); agriculture will incorporate “the advantages of rational and efficient production” ([64], p. 5). In the area of water management, the plan considers it vital to teach residents “modern, technically sound, methods to irrigate their fields” ([64], p. 3). Significantly, environmental concerns permeate the new modernity that MBM plans for the area: not only will modern production strategies be linked to “a strong notion of environmental protection” ([64], p. 4), but more generally the plan “seeks to educate local inhabitants to understand and appreciate the impact that they have on the environment” ([64], p. 3). For a mining company planning to blast away the side of a mountain and bathe the ore it extracts in a sodium cyanide solution, this proposal to instruct nearby communities in the intricacies of environmental protection may appear disingenuous. Nevertheless, given the extent to which the mining industry has adopted ideas and discourses of eco-efficiency (and ecological modernization more generally) in reference to their production processes and waste management, it is not surprising that these notions have migrated into firms’ social development agendas.

While MBM clearly sees itself as a primary driver of modern development, the firm also infuses its social development agenda with notions of participatory development (which encourages the active involvement of local populations in development projects) and partnership development (which promotes voluntary, multi-stakeholder initiatives). The firm thus declares its ambition “to encourage a cordial and respectful approach towards the inhabitants of the area, thus creating a sense of partnership” ([63], p. 37). MBM’s commitment to “a public participation process” ([63], p. 38) is witnessed, according to the EIA, in the fact that the firm has approached community leaders to determine how mining might aid them in achieving their development goals. In the Social Development Action Plan, MBM portrays itself as assuming a role not of benefactor for nearby communities, but of strategic partner in their development. For example, taking into account the “endemic poverty” ([64], p. 1) that exists in the area, the plan underscores MBM’s desire to provide “the initial impetus towards achievement and maintenance of Sustainable Development in the area” ([64], p. 1), rather than becoming a “continuous source of welfare” ([64], p. 1) for local populations. A partnership approach is also manifest in MBM’s proposals to involve state agencies and NGOs in its programs. The plan states, for instance, that to better accomplish the goals laid out in the section on economic activities, MBM “may encourage” ([64], p. 4) the participation of not only the Peruvian state development program FONCODES, but also the United Nations and USAID.

Given that the Social Development Action Plan is said to establish “guidelines” for MBM’s development programs at Pierina, the details of several proposed initiatives are surprisingly concrete. In discussing efforts to improve sheep ranching in the area, for instance, the plan identifies the precise breed of sheep that will be introduced (Corriedale); in the town development section, data is given on the square footage of buildings—schools, first aid centers, communal halls, and chapels—to be
constructed. On the whole, however, the plan is marked by its lack of specificity. For instance, while the “communities” in the vicinity of the mine are clearly the principal targets of the plan, few details are provided regarding the social or spatial reach of specific programs. In the section on economic activities, the plan proposes the establishment of a series of “modules” in the areas of agriculture, livestock raising, and forestry; however, the particulars are nebulous regarding the populations that will participate in and benefit from these initiatives. Flexibility to design projects that respond to the particularities of specific socio-ecological contexts is of course a noble quality in a development program. Nonetheless, the plan’s ambiguity has the effect of ultimately placing decision-making authority regarding the execution of programs in the hands of the firm, which may choose to take action or not depending on a variety of factors, including changing financial imperatives. The ambiguity of the firm’s obligation to implementing proposed programs is compounded by the lack of a budget, or any indication of the quantity of resources to be dedicated to the plan. In this context, while the fact that information on intended social development initiatives was included in the EIA signifies that these activities are now subject to the oversight of state regulators, the plan’s lack of concreteness suggests that compliance would require only a minimum of effort.

Significantly, the plan’s vagueness also derives from its deployment of notions of participation and partnership. On the one hand, it is often unclear whether the specific state agencies and non-state actors identified in the plan have in fact committed resources to proposed programs. On the other hand, the language used to discuss these supposed partnerships at times results in uncertainty regarding who will actually carry out the project. In addition to exhibiting a neo-Malthusian sensibility, the following passage regarding family planning initiatives exemplifies this haziness: “A large or excessive number of children will not allow poor families a healthy socio-economic development. Family planning education should start in lower school and proceed through all school years and include adults as well. A local NGO called IMPARES could be of help in this effort” ([64], p. 14).

In sum, three points can be drawn from this discussion. First, MBM’s social development agenda for Pierina essentially takes as a given the fact that the firm’s exploitation of the Pierina gold deposit will not offer significant and long-lasting opportunities for nearby communities to benefit from mining through direct involvement in the mining economy. As such, by shifting the focus of its social development activities to non-mining livelihood activities, the plan advances a version of sustainable development compatible with techno-organizational trends within the mining industry. Second, despite clearly seeking to portray itself as an agent of development, MBM actually commits to undertaking very little in this plan, with the result that it retains significant authority to undertake projects that suit its needs. Third, notions of partnership and participation as utilized in the EIA contribute to an ambiguity related to who ultimately will be responsible for carrying out referenced projects. In what follows, I examine how the firm’s social development agenda has been rolled out since the late 1990s. I detail how the firm has been subject to escalating development claims from communities in Pierina’s area of influence, and I discuss the mining industry’s deployment of notions of partnership and participation in the context of these claims.
5. Roll-out and Claims-making

It is noteworthy that while the social development agenda as laid out in Pierina’s EIA focuses on promoting “self-sustained economic development” ([63], p. 38) through the improvement of existing agro-pastoral activities, it by and large sidesteps the matter of how these activities would be negatively affected by MBM’s land-acquisition program, through which the firm purchased more than 3,500 hectares of mainly cropland and pasture from communities and individuals in order to develop Pierina. Though the EIA suggests ways in which mining’s impacts on local resources would be mitigated, it does not provide a comprehensive analysis of how area livelihoods would be affected by these impacts, in particular the loss of access to land. Community-based interviews, however, made clear that MBM’s early proposals to undertake social development initiatives were in fact deeply intertwined with firm-community negotiations over land transfer. In my two case-study communities that sold land to MBM, residents were clear that they considered promises of development support made by the firm during these negotiations—in areas like health, education, infrastructure, and agricultural improvement—to be strong incentives for them to alienate their properties. These were not the only incentives; others included the monetary proceeds deriving from the sale and the hope for employment at Pierina, which residents recalled that MBM officials had suggested would be available for them at Pierina, despite the proclamations of the EIA. Yet, ongoing social development assistance was one of the main benefits that residents expected to enjoy from the sale of their land and subsequent mine development. In one community, which sold more than half of its land base to the firm (about 250 hectares of primarily high-altitude natural grassland that had been used for sheep and cattle ranching), a villager recalled the following regarding visits made by MBM officials to her village during land-transfer negotiations: “Well, they came here to the plaza. And they called us all for a meeting and told us that they would help us with everything; with our animals, with growing more potatoes.” Another resident remembered: “[MBM] was going to help. It was going to provide us with jobs, [assist with] our farming. Everything, everything…so we thought surely we were going to live better.” In another community, which sold more than 1,500 hectares of land to MBM, an interviewee provided an oral accounting of all the things that MBM had promised during land-transfer negotiations, including irrigation canals, reservoirs, new homes, a medical post, and a market. Summing up, he reported that MBM officials had proclaimed that they were going to make the community “modern.”

Since gold production began at Pierina in 1998, MBM has indeed carried out a series of social development initiatives in these and other communities near to mine operations. Barrick reports provide information on the dollar amounts dedicated to these programs. Between 2002 and 2008 the firm maintains that it expended a total of US$11,163,774 on “community giving” at Pierina, with this amount divided among three sub-categories: “donations” (US$674,356), “community initiatives” (US$2,828,626), and “infrastructure development” (US$7,660,792). These figures apparently do not include contributions made through the Solidarity with the People Mining Program (Programa Minero de Solidaridad con el Pueblo, or PMSP). In 2006, following a presidential campaign in which a windfall-profits tax on mining operators was explicitly debated, the administration of newly elected Alan García pursued an alternative option in negotiating the PMSP with the mining industry. Through this program, mining firms agreed to make “voluntary” contributions to create local and regional
fondos (funds) that would promote social development in these firms’ areas of operation. Consistent with a “partnership approach” to community development, these fondos would be managed by companies in conjunction with local and regional government officials and civil society representatives [2]. Since 2007, MBM has pledged approximately US$30 million to create such fondos at its Pierina and Lagunas Norte mines. Even with these PMSP monies, however, it is notable that the funding dedicated by Barrick’s Peruvian subsidiary for community development initiatives constitutes but a fraction of MBM’s net profits, which totaled US$470.9 million in 2007 alone.

Housed in an office just inside the mine’s main entrance, MBM’s community relations staff at Pierina has been charged with carrying out firm-led social development initiatives in the mine’s area of influence. According to officials from this office, Barrick has developed a social responsibility guide that lays out three “lines of action” for the firm’s community-level development initiatives: productive-economic, education, and health. While this provides guidelines for programs at Pierina, however, firm officials stressed that initiatives are designed in consultation with area residents. The mechanism through which this consultation is carried out is the participatory workshop. As one community relations official reported, it is during these workshops that the problems and needs of communities are identified and particular projects are prioritized. Further, as was suggested in the EIA, to then implement these projects, MBM often forges “strategic alliances” with pertinent state agencies and NGOs. As such, even with explicitly company-led community development initiatives, the firm has sought to infuse its efforts with notions and mechanisms of participation and partnership.

Table 1 provides information on MBM-led social development projects in one area-of-influence village. Based primarily on interviews with villagers, this is not meant to be a comprehensive accounting of the support that MBM has provided to the village. It does, however, suggest the range and extent of the projects that have been carried out as part of the firm’s social development agenda, including projects undertaken through the PMSP (garment manufacture, improved irrigation, and the computer center). Not included are two other initiatives that MBM considers to be part of this agenda. One is a temporary and rotational work initiative through which residents of nearby communities are hired to work on a short-term basis—typically for three months per year—at Pierina. This hiring occurs through intermediary companies (most notably the transnational firm Adecco) and residents perform primarily manual labor jobs in areas such as canal construction and reforestation. The other is an initiative to sponsor the establishment of community-based businesses, which MBM then contracts for goods and services. At least sixteen such businesses have been created through this initiative and the firm has run training workshops for their managers. These two programs are notable in that they focus on what was largely eschewed in MBM’s early social development plans: forging direct economic linkages—however limited they may be—between area residents and the mining economy.

MBM has targeted populations closest to mine operations for its social development efforts. This has included funding a series of programs in conjunction with the NGO World Vision in the town of Taricá, where the firm built a housing complex for full-time workers and maintains administrative offices. However, it is the communities that sold the land necessary to develop the Pierina deposit that have been the principal focus of the firm’s community development efforts. The firm designates these communities now adjacent to the mine site, along with several located along the mine’s main access road, as being within the mine’s “direct” area of influence. Meanwhile, an outer band of communities is considered to be within Pierina’s “indirect” area of influence. In general, according to Pierina staff,
the direct area-of-influence communities receive a greater allocation of the firm’s social development support. As such, the residents of these “inner circle” communities inhabit something of a privileged position within the corporate-led development regime established by the firm, while those of the “outer ring” are not as privileged within this system. As one resident of an indirect area-of-influence village expressed regarding the implications of this categorization, “We don’t have rights. This is why they don’t want to support us with works, with anything.”

### Table 1. MBM social development initiatives in an area-of-influence village.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Improvement</td>
<td>Villagers receive support to either refurbish their existing dwellings or to build new homes. If existing homes have been damaged by blasting at Pierina, MBM provides the materials and executes the refurbishment. In the case of new home construction, the firm donates the materials and provides technical guidance, while villagers provide the labor, which includes adobe production.</td>
</tr>
<tr>
<td>Educational Scholarship</td>
<td>At least two villagers have obtained scholarships to undertake technical studies in Huaraz through a competitive program run by MBM.</td>
</tr>
<tr>
<td>Guinea Pig Breeding</td>
<td>Families were given improved breeds of guinea pig, new cages in which to raise them, and technical assistance.</td>
</tr>
<tr>
<td>Garment Manufacture</td>
<td>Young women received training in garment manufacture, including mechanical sewing techniques.</td>
</tr>
<tr>
<td>Improved Irrigation</td>
<td>A sprinkler irrigation system was installed into villagers’ fields.</td>
</tr>
<tr>
<td>Computer Center</td>
<td>A computer center was equipped in a building on the village plaza.</td>
</tr>
</tbody>
</table>

Through the roll out of its social development initiatives, MBM has become a pivotal agent of development in the area, especially within the communities that immediately surround mine property. As evidence of this, in one of these communities, while villagers had worked in the 1990s with a number of state development agencies to carry out projects related to potable water and irrigation, these agencies have had little presence in the village since Pierina was constructed. Firm authority is even seen in the prominent role that MBM takes in the management of the local PMSP fondo at Pierina. While this fondo was designed on the basis of state guidelines and local government officials participate in its administration, MBM maintains a strong role in fund decision-making, as is seen in the fact that the fondo is managed by an organization that also administers firm donations and runs the high school in Taricá that MBM established for children of full-time workers.

Importantly, as MBM has taken on authority in local and regional development, it has also become the focus of escalating claims for support, especially from area-of-influence communities. Fieldwork indicated that underlying this claims-making is a general sentiment among the residents of Pierina’s area-of-influence communities that MBM should be providing significantly more social development support than it does. Indeed, despite the unambiguously idyllic picture of its social development programs that the firm presents in its public relations documents, many residents expressed frustration regarding what they considered to be a lack of development support from the firm—a dissatisfaction also noted by López Mas and Condori Luna [65] and Chero Senmache [66]. One interviewee from a direct area-of-influence village reported: “[MBM] hasn’t made good on anything. They offered a lot.
They were just making us believe things. After that, nothing. Now, to get any little thing for the village, we go to them begging, imploring. And how much wealth are they availing themselves of?” This quotation suggests that the feeling that MBM should be doing more to promote social development in the area is, on the one hand, rooted in a general sense of inequity: while the firm has extracted significant wealth from what used to be community lands, residents do not feel that they have received their due of mining’s material benefits. On the other hand, this statement points to how this frustration derives from the position that MBM has not fulfilled the promises that it made during land-transfer negotiations. Indeed, within my two case study communities that had sold land to MBM, these original agreements were a constant reference point for residents as they expressed the feeling that mining had not delivered on its development promises.

In the context of these unfulfilled expectations, community residents have over the years ventured to claim a greater share of mining’s material benefits from the firm, including in the form of further development support. In one village, leaders sought to hold Pierina officials accountable for earlier development pledges (in particular related to a road-construction project that had not been completed) by communicating directly with—and pleading their case to—Barrick executives in Chile and Canada. In another community, residents have undertaken a series of protests and marches in recent years as a means of pressuring the firm to carry out projects that community members consider were promised to them during land-transfer negotiations. Also, in the most dramatic community mobilization to date at Pierina, area-of-influence communities came together in 2006 to voice disapproval over their treatment under the firm’s temporary and rotational work program and to demand higher wages. The communities organized a protest that shut down mine operations for more than a week and led to a violent episode between protestors and a group of police officers exiting mine property. As a result, a negotiation was established in which the firm agreed to raise community residents’ wages.

A comprehensive assessment of community mobilization at Pierina is beyond the scope of this paper (see [3,19,21] for analyses of mining-related social mobilization in the Andes). What is significant for the topic at hand is that by assuming the role of development agent, the firm has become the target for a series of claims by villagers who are discontented with the level of material benefits that they receive from mining. To a certain extent, then, the firm’s CSR programs have opened up an arena of struggle for area residents—a new socio-political sphere in which they might pursue their interests and claim support from what may be considered the most powerful development agent in the area. For the mining firm, of course, becoming the subject of increasing demands is something that must be navigated carefully. On the one hand, while providing community-level social development support may be expected practice in the global mining industry [49], taking on long-term or hard-to-discard obligations is rarely in a firm’s strategic interests [59]. This is particularly the case for a company, like MBM, that is in the process of ramping down production at Pierina and now plans to end extraction there in 2013. On the other hand, dismissing and neglecting claimants runs the risk of further protests and bad publicity, which may prove counterproductive and disrupt the stability of mine operations. In other words, the neoliberalization of sustainable development is not an altogether uncomplicated process for mining firms; they run the risk of taking on more than they bargained for.

It is in the context of this dynamic that notions of participation and partnership may be increasingly functional to the global mining industry. While these two approaches to development are well-established and contain considerable merit in their own right, their widespread deployment by the
mining industry can also be interpreted as part of an effort to diffuse expectations about what the private sector can in the end be held responsible for in the realm of social development. A number of statements made recently by the ICMM are notable in this respect. For instance, a position statement put out in 2010 by the industry association entitled *Mining: Partnerships for Development* [67] states that while its members seek to ensure that mineral extraction enhances local and national development, these development outcomes, “are beyond the exclusive control of companies.” Also, referring to industry-sponsored research on mining and development, an ICMM representative recently reported to the UN Commission for Sustainable Development: “The key lesson is that no one party working alone can deliver sustainable development. It is critical for key stakeholder groups to work in partnership: companies, governments, civil society, and international donor agencies” [68].

While at one level, statements like these are uncontroversial, in a context in which mining firms have increasingly taken on the role of development agent (in the process becoming the target of increasing claims), it may not be a stretch to read them as an effort to shift some unwanted expectations and responsibilities onto other parties. At Pierina, we have seen how the groundwork for this was laid in the firm’s utilization of notions of partnership and participation in the EIA, which contributed to an ambiguity regarding who would be ultimately responsible for carrying out projects, with MBM actually committing to little. In the roll-out of its programs, while MBM has undoubtedly taken on a significant degree of authority in social development concerns in the area, its efforts to forge partnerships in these endeavors could be seen in part as a reminder that the mining firm should not be expected to do everything, especially given the mine’s upcoming closure. When asked about the firm’s policy of involving other actors (particularly the state) in its development project, the head of community relations stated, on the one hand, “there is one responsible party in these matters, which is the state, and we all know it.” On the other hand, he continued, the issue of sustainability requires that the state be involved, “because we are not going to be here forever.”

Community fieldwork revealed a sentiment that MBM’s efforts to involve third parties (the state, NGOs, or contracting firms) in its social development agenda constituted a means of shifting the blame around when projects did not get implemented or when delays were experienced. Indeed, in the case of the village that sought to hold Pierina officials accountable for a road project that had not been completed, one of villagers’ main demands was that MBM assume full responsibility for the construction of the road, rather than seeking to involve third parties (including contractors). The view that the multi-party nature of initiatives allowed MBM to transfer responsibility to other actors when things went wrong was not an uncommon one. This would suggest that the partnership approach used by the firm lacks legitimacy at the local level. Nonetheless, notions and mechanism of partnership and participation may be more and more useful for mining firms as they seek to present themselves to broader audiences as drivers of development, while at the same time deflecting claims from affected populations that might entail longer-term and hard-to-discard obligations. This strategy in the realm of social development may be particularly relevant to an industry whose activities are increasingly transitory (given the trend towards shorter lifespans for operations) and offer relatively few opportunities for nearby populations to benefit directly from their activities, given the industry’s increasing exclusivity in labor and input provisioning. In sum, this discussion raises the paradoxical possibility that strategies of corporate social responsibility in the mining sector increasingly have come to involve the shifting of responsibility onto other parties.
6. Conclusions

Authors have sought to understand the rise of sustainable development as an emergent regulatory framework, in particular exploring how engagements with discourses and policies of sustainable development have been pursued in response to tensions—or “contradictions”—emerging from how our relationship to nature is organized within present-day capitalist economies [41,48,69,70]. While acknowledging that notions of sustainability hold the potential to pose critical challenges to current economic trajectories, what this work has drawn attention to is how certain versions of sustainable development have been co-opted by powerful economic actors (often in the face of growing environmentally based socio-political opposition) as a means of continuing these very same trajectories. Said another way, sustainable development has come to be promoted as a means of reproducing existing capitalist relations of production and ensuring continued accumulation.

Material presented here for the most part corroborates this line of analysis. At Pierina, MBM has advanced a version of sustainable development that is broadly compatible with—and thus implicitly seek to legitimize—contemporary forms of capital-intensive, large-scale mining. As has generally been the case with the global mining industry, the brand of sustainable development rolled-out at Pierina essentially takes extraction for granted: the question of whether or not to mine has taken a backseat to the question of how to mine “better” [26]. In this way, MBM has clearly espoused what has been referred to as a “weak” conceptualization of sustainability (one that assumes a high degree of substitutability between human and natural capitals) rather than a “strong” version that might question large-scale mining at a more fundamental level [41,71]. Importantly, lying behind the firm’s capacity to promote its preferred version of sustainable development is a neoliberalized mode of development governance, through which significant authority is vested in the private sector.

This paper, however, also indicates that firm-centered social development regimes in the mining sector may also open up new arenas of socio-political struggle. At Pierina, this can be seen in the escalating attempts by nearby populations to make claims of development support on MBM. In this respect, the neoliberalization of sustainable development is not a wholly trouble-free process for the mining industry; rather, it entails risks that must be negotiated. As the sector has gone about this negotiation, I raise the proposition that notions of participation and partnership have been strategically useful to the industry in that they offer recognized frameworks for presenting mineral extraction as a driver of development, while also diffusing unwanted responsibility and deflecting the claims of affected communities. In this way, notions of sustainable development continue to be deployed and reworked within struggles over how and by whom the material benefits of mining will be distributed.

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