MINING CONFLICTS IN PERU: EXPLORING THE RAMIFICATIONS
OF THE NEOLIBERAL ORDER

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In honor of those whose experiences have ignited the cry in my heart for social justice.
“Hay, hermanos, muchísimo que hacer.”
There is, brothers, so much to do.

--César Vallejo, Los Nueve Monstruos
ABSTRACT OF THE THESIS

Mining Conflicts in Peru: Exploring the Ramifications of the Neoliberal Order
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Over the past twenty years, mining conflicts in Peru have multiplied. In the early nineties, President Fujimori implemented neoliberal policies that privatized and deregulated the mining industry, and allowed transnational mining corporations to disregard the local impact of their activities. Residents near mining operations soon experienced the destruction of their environment and their means of survival. In response, communities often resisted mining operations and challenged mining interests. Companies countered with strategies to mitigate opposition and protect their interests. The Peruvian state mostly followed neoliberal practices of accommodating foreign investment, showing indifference towards affected communities. This study examines the case of La Oroya and its struggle against the U.S.-based mining company, Doe Run Peru, by placing the actions of the community, transnational companies, and the state within a broader context of global neoliberal policies and communities elsewhere challenging their effects.
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CHAPTER 1
INTRODUCTION

MINING CONFLICTS IN PERU

Land has been taken, water has been contaminated, access to resources has been hindered, health has diminished, indeed, entire ways of life have been compromised, all as a result of mining activities. In an increasing awareness of the ramifications of mining, people throughout the world, those directly affected by mining and those concerned with the well-being of their neighbors, have risen up in protest against such mining operations and the entities that support them, namely, national governments and corporations. As many mineral-rich countries have opened up their borders to the investment of transnational mining corporations, those persons seeking to protect their resources, their health, and their livelihoods have frequently found themselves at odds with the state, which seems to be ever more allied with transnational mining companies. This narrative is all too familiar in Peru, where the number of mining conflicts as of July 2011 reached fifty-seven throughout the country, according to the Ministry of Energy and Mines (La Republica Peru 2011).

To fully understand current mining conflicts in Peru, one must first recognize the political and economic context in which such mining conflicts have multiplied, that is, within the neoliberal order. Neoliberalism, manifested as global free-market capitalism, is a political-economic theory that claims development is best achieved through the tenets of “deregulation, privatization, and withdrawal of the state from many areas of social provision” (Harvey 2005:2-3). That is, all industries, services, and resources should be opened up to the market so that unfettered transnational corporations (TNCs) may assume control of them. This ideology has been implemented in many countries at the urging of international financial institutions, namely the World Bank and the International Monetary Fund (IMF), in a climate of economic crisis (Harvey 2005; Johnston 2011; McMichael 2000). Through “structural adjustment programs,” poorer, heavily indebted countries underwent an economic and social overhaul, stipulated by the IMF and the World Bank, in exchange for loans received from the two institutions. The government of Peru, followed suit and accepted such
stipulations, effectively establishing a neoliberal economy. This shift to neoliberal policies had grave consequences for communities throughout the world, and of concern here, those persons affected by mining in Peru.

Here, I will analyze how the current political and economic order has shaped mining conflicts in Peru, offering a case study of the social conflict in La Oroya. Recognizing that “resource disputes tend to be interest-centered and value-centered conflicts,” I will examine the interests of the actors involved in mining conflicts in Peru, in this case the state, communities, and TNCs (Muradian, Martinez-Alier, and Correa 2003:778). I will evaluate the role of the central government of Peru in mining conflicts within the context of the neoliberal order. Then, I will look at the position taken by communities in response to mining, focusing on the residents of La Oroya. I will also inquire into the ways in which transnational mining companies have sought to deal with community grievances and resistance towards their operations, in particular Doe Run Peru, which operates in La Oroya. Ultimately, by examining the La Oroya conflict in this way, I seek to contribute to the broader understanding of mining conflicts in the context of the global economic order.

**THE CASE OF LA OROYA**

In the town of La Oroya, Peru, where the country’s largest poly-metallic smelter has been contaminating the area since 1922, when U.S.-owned Cerro de Pasco Corporation built the facility (Peruvian Times 2009),¹ social conflict has ensued. In 2007, the Blacksmith Institute, a non-profit organization dedicated to eliminating pollution in communities at risk, regarded La Oroya as one of “the world’s worst polluted places.” For almost a century, the people of La Oroya have suffered the devastating health effects of being exposed to the smelter’s emission of toxic pollutants, including lead, arsenic, cadmium, copper, zinc, and sulfur dioxide (Blacksmith Institute 2007). Several health investigations have evaluated such exposure, finding that ninety-seven percent of children under six years old in the town have blood-lead levels high enough to be associated with growth and learning impairment, gastrointestinal complications, anemia, brain damage, seizures, coma, and premature death (Center for Disease Control and Prevention 2005; Fraser 2006; Sánchez-Triana and Awe

¹ The events concerning the conflict in La Oroya described here date up to March 2012.
Studies have also shown that adults in areas with such high lead exposure can experience elevated blood pressure, which results in higher risk of cardiovascular disease, and subsequently mortality (Center for Disease Control and Prevention 2005; Sánchez-Triana and Awe 2007). Moreover, women who are pregnant and are exposed to lead contamination can carry lead to the fetus, which “adversely affects fetal brain development” (Center for Disease Control and Prevention 2005:26). In view of the devastating costs to human health, many affected residents and concerned advocates have directed their grievances at the Peruvian state and the company that has operated the smelter for the past decade, Doe Run Peru.

**CHRONICLE OF DOE RUN PERU**

In 1997, as part of neoliberal restructuring, the Missouri-based mining corporation, Doe Run, owned by the Renco Group, purchased the metallurgical complex in La Oroya from the Peruvian state-owned Centromin, which had controlled the plant since its nationalization in the early seventies (Peruvian Times 2009). Upon purchasing the complex, Doe Run Peru, a subsidiary of Doe Run, agreed to mitigate its environmental impact within ten years through their PAMA contract (Programa de Adecuación y Manejo Ambiental, or Environmental Remediation and Management Program), declaring the company would invest $18 million in the program (Reuters 2009). According to Anna Kramer (2011:1) of Oxfam America “Instead, the company allowed toxic elements used in the smelting process to contaminate La Oroya’s air, water, and soil.” Indeed, an environmental study and government inspection records indicated that since Doe Run began its operations, concentrations of lead, sulfur dioxide, and arsenic in La Oroya’s air increased (Peruvian Times 2009; Shipley Hiles and Walker Guevara 2006).

This increased contamination occurred as Doe Run sought to prolong its cleanup attempts by requesting extensions for compliance with the PAMA from the Peruvian government. The first extension was formally requested by Doe Run to the Ministry of Energy and Mines (MEM) in 2005 and was granted to them by the Finance Ministry in 2006, giving the company almost three additional years to meet the PAMA requirements. However, nearing the October 2009 deadline, Doe Run began to press for another extension to meet its PAMA commitment, purportedly due to lack of finances. With a debt of $110 million to its
suppliers, Doe Run Peru’s smelter operations were already dwindling from March to June 2009 (Cespedes 2009; Wade and Velez 2010). Consequently, its creditors cut its cash-flow, and, in turn, its suppliers would not sell the company the concentrates it needed to operate (Cespedes 2009). In April 2009, fifteen Peruvian mining companies offered a $175 million rescue credit to Doe Run, under the conditions that its parent company, the Renco Group, would cover Doe Run’s $156 million financial shortfall and that Doe Run Peru would pledge all of its shares to the government of Peru to guarantee the company’s environmental cleanup efforts (Cespedes 2009; Peruvian Times 2009). However, in June 2009, even after accepting the loan, Doe Run cried insolvency, and operations at the plant never resumed (Cespedes 2009; EFE 2009).

Nonetheless, Doe Run continued urging the government of Peru to grant another three-year deferment of the company’s adherence to its environmental obligations. Doe Run Peru’s Vice President for Environmental Affairs, Jose Mogrovejo, insisted that the company be allowed to delay the commitment to clean up at La Oroya because of priorities in redeeming Doe Run Peru’s credit (Guerra 2009). Meanwhile, the government of Peru proposed that such a delay might be granted if the company would inject at least $100 million in fresh capital, as opposed to the $30 million Doe Run suggested, and if the company would yield all of its shares to the government as collateral to ensure Doe Run would reach an agreement with its creditors (EFE 2009). Then, in September 2009, the government of Peru approved a thirty-month extension for the company’s compliance with the PAMA (Soko 2009).

The new decree, providing the second PAMA extension to Doe Run Peru, designated the first ten months a period to establish funding for the ‘sulfuric acid plant and modification of the copper circuit’ and for the restarting of plant operations. The second stage defined a period of twenty months for the company to complete the sulfuric acid plant. The deadline set for the first phase was July 27, 2010, a deadline Doe Run did not meet (Mariluz 2010). As a result, on July 28, 2010 (Peru’s Independence Day), President Alan García announced that the government would cancel Doe Run’s operating license for failure to meet the requirements of the second PAMA extension, accusing the company of ‘playing games’ (Associated Press 2010; Wade and Velez 2010). The Ministry of Energy and Mines added that Doe Run had not acquired the finances necessary to “improve environmental safeguards
at the smelter, which was idled in June 2009 because of the company’s money problems” (Associated Press 2010:1). During this first phase, the government had requested Doe Run secure funding for its outstanding debt of $110 million with its creditors and $150 million for its investment in the agreed upon environmental program in La Oroya, which, obviously, Doe Run had not succeeded in doing (Wade and Velez 2010).

Despite the verbal declaration of the president, the actual decree stipulated that only after the second phase of twenty months could the supervising agency of energy and mining investment (known as Osinergmin) order the halt of operations. After the first phase of ten months, the agency could only impose fines on Doe Run if the terms had not been met. Under this stipulation, on August 2, 2010, the Ministry of Energy and Mines (MEM) of Peru notified Doe Run and Osinergmin of the breach but did not indicate the possibility of closing of the complex in La Oroya (Mariluz 2010). Subsequently, on August 5, 2010, Doe Run announced that it was working with its creditors on a plan to restructure the company, promising that they would reach compliance with PAMA and secure funding within the twenty-month period, that is, by March 2012 (Doe Run Peru 2010; Mariluz 2010). With no plan settled upon as of December 2010 though, the MEM further requested that the government’s regulatory agency of competition (known as Indecopi) recognize Doe Run’s $259 million debt related to the PAMA agreement. The MEM’s calculation took into account an original $163 million owed for the environmental investment, an additional $18.2 million for failing to provide two letters of guarantee, and $77.7 million in interest since Doe Run’s initial PAMA deadline in January 2007 (Dube 2010). Such attempts to hold Doe Run Peru accountable for its debt, however, would only be met with the company’s aggressive campaign to assert its claims against the government of Peru.

Amidst talks of restructuring or possible liquidation of the company in light of such debts, in January 2011, Doe Run Peru announced its intention to begin arbitration against the government of Peru for $800 million dollars before the World Bank’s International Centre for Settlement of Investment Disputes in the U.S. The company claims that the government of Peru has violated the Trade Promotion Agreement with the U.S., citing “unfair and inequitable treatment” and the failure of the state to provide “protection and security” for Doe Run Peru. As argued by the Renco Group, the government of Peru and Centromin (now Activos Mineros), the state-owned mining company that operated the complex in La Oroya
before Doe Run, did not complete their contractual obligation to clean up the soils of the area (Renco Group, Inc. 2011; Salazar 2011). However, according to environmental organizations and health experts, soil remediation would be ineffective without the sulfuric acid plants first capturing emissions because the contaminants would continue to pollute the remediated soil (Cederstav et al. 2011; Center for Disease Control and Prevention 2005). Nonetheless, the Renco Group, Inc. (2011) claims that Doe Run Peru “is in compliance with its obligations to complete various environmental projects,” adding that it has “exceeded its contractual obligations and has made significant additional investments to improve conditions in the La Oroya community,” whereas, the group argues, the government of Peru and Centromin have not. Renco Group, Inc. (2011:1) adds that the two entities also “have refused to accept responsibility for the claims brought by the citizens living in and near the town of La Oroya,” displacing the blame for the contamination.

Subsequently, in late February 2012, Doe Run also sued the government of Peru before Indecopi (Nacional Defense de la Competencia y de la Protección de la Propiedad Intelectual, or National Defense of Competition and Protection of Intellectual Property) to have the government of Peru removed as a principal creditor (Andina 2012). Such a move surprised the government of Peru, which, along with Doe Run Peru’s other creditors, had recently met to discuss the restructuring of the company, rather than its liquidation. Despite the lawsuits of Doe Run against the government though, the Congress of Peru is considering a bill that would allow Doe Run to reopen the metallurgical complex by May 1, 2012 (Andina 2012; Dow Jones Newswire 2012; Mariluz 2012). Correspondingly, the current administration of Ollanta Humala supports the reopening of the plant, reportedly because such an action might reduce social conflict in the area. Government officials claim that restarting operations would create job growth in La Oroya, after having lost around 3,500 jobs in 2009 when the plant shut down (Mariluz 2012). In projecting the reopening, officials also assert that Doe Run must meet its environmental commitments and fulfill its PAMA (Andina 2012).

**Changes in La Oroya**

While the government of Peru deliberates though, one should note certain changes in La Oroya since Doe Run’s financial troubles immobilized operations in 2009. When Doe
Run first closed its gates, workers took to the streets in protest, and unions sought state intervention in the matter to salvage their jobs (Cespedes 2009). Of the 3,500 workers that would lose their jobs, however, seventy percent, within a year and a half, left La Oroya to find work elsewhere. Moreover, many of La Oroya’s residents that relied on the economic activity of the complex relocated. When the smelter was operating, eighty percent of La Oroya’s 67,700 residents depended on the commercial activity generated by the industry. By September 2010, that percentage diminished to less than thirty percent of the 32,000 inhabitants that remained in the town (El Comercio 2010). Along with these demographic changes in La Oroya, since Doe Run has not been operating its smelter, which emitted one hundred tons of toxic gases daily, levels of lead in the air have finally dropped below the maximum amount allowed (Cederstav et al. 2011; El Comercio 2010). Nevertheless, protests by Doe Run Peru workers have continued, alongside the company’s persistent pursuit to restart its operations. Correspondingly, community resistance to Doe Run Peru’s presence has also remained. Bearing in mind the evolution of the conflict in La Oroya, one must look further into the political and economic context in which a transnational mining company is permitted to operate, after having breached governmental contracts and exposing a town to such contamination without amends.
CHAPTER 2

THE NEOLIBERAL ORDER

Behind the recent sequence of events in La Oroya is the modern free-market regime, known as neoliberalism. To make such a connection though, we must first inquire into how this paradigm gained prominence throughout the world, and in Peru specifically. Here, we shall also evaluate the role of the state within the neoliberal order. As neoliberalism has been prescribed globally, it is important to understand what the implications of neoliberal policies have been regarding local communities. In turn, we shall look at how communities have responded to such sweeping changes. More specifically, we shall examine how neoliberal restructuring of the Peruvian economy has affected the mining industry and its consequences for local populations. The case of La Oroya will be the focus, once more, illuminating how neoliberal policies have helped shape the current conflict there. In this way, we shall be able to locate mining conflicts more clearly within the global neoliberal order.

THE SHIFT TO NEOLIBERALISM

First, it should be noted that neoliberal theory in its original conception is quite contradictory to the practices of neoliberalism. The principles of this theory were first developed in the 1940s by a small group of free-market advocates concerned about the potential demise of capitalism. The meetings were led by economist and political philosopher Friedrich Von Hayek, and economist Milton Friedman was in attendance. The group held that the state should not intervene in the market, but should, rather, rely on market signals regarding investment and capital accumulation. Moreover, the state should refrain from “centralized state-planning,” for the state may be swayed by the interests of the public (Harvey 2005:19-20). With the state’s withdrawal, they argued, individual freedoms would be protected (Harvey 2005). These ideas remained mostly peripheral throughout the 1960s and early 1970s, but they did not take root until Britain and the U.S. adopted neoliberal policies in 1979 (Harvey 2005:22). This shift, however, was only decided upon after the theory was first tested in Chile, following the U.S.-backed violent overthrow of
democratically-elected President Salvador Allende in 1973. The state would intervene after all, using whatever means necessary, including coercion and violence, to make certain neoliberal practices were instituted (Harvey 2005). Indeed, all forms of dissent were repressed under the regime of Augusto Pinochet.

Chile’s economy was restructured to align with the neoliberal principles promoted by Chilean economists trained at the University of Chicago under Milton Friedman. Pinochet selected the group to secure loans with the IMF to revive Chile’s economy. Adhering to the tenets of neoliberalism, the economists “reversed the nationalizations and privatized public assets, opened up natural resources (fisheries, timber, etc.) to private and unregulated exploitation (in many cases riding roughshod over the claims of indigenous inhabitants), privatized social security, and facilitated foreign direct investment and freer trade” (Harvey 2005:8). The experiment proved fruitful “in terms of growth rates, capital accumulation, and high rates of return on foreign investments” (Harvey 2005:9). However, high poverty rates persisted around thirty-five percent, and improvements in employment and distribution of services favored the urban working classes (McMichael 2000:156). Then, with the Latin American debt crisis of 1982, a more “pragmatic and less ideologically driven application of neoliberal policies” became necessary (Harvey 2005:9). Nonetheless, the outcomes of the Chile experiment were encouraging for Margaret Thatcher and Ronald Reagan, who subsequently adopted the neoliberal approach.

In a time of increasing inflation and unemployment, policy workers in Britain and the U.S. turned to neoliberalism. Seeking to solve Britain’s economic crisis of stagflation, in 1979 Prime Minister Margaret Thatcher began to employ neoliberal policies by cutting state-sponsored social programs, challenging trade unions, privatizing public resources, reducing taxes, and opening the country to foreign investment (Harvey 2005:23). President Ronald Reagan would implement the same procedures in the U.S., but Paul Volcker, U.S. Federal Reserve Bank chairman in 1979, initiated this neoliberalization first by dramatically raising the interest rate to combat inflation. The effect of the “Volcker shock” would be “a long deep recession that would empty factories and break unions in the U.S. and drive debtor countries to the brink of insolvency, beginning the long era of structural adjustment” (Henwood 2003:208). Reagan then sought to use U.S. influence in the World Bank and the IMF to ensure that the rest of the world implemented neoliberal policies.
Plans to institute such reforms depended largely upon the increasing debt of states in the southern hemisphere. As interest rates rose and credit was restricted, many southern states fell into a “debt trap.” With the economic recession in northern states that hindered import purchasing, southern states experienced a drop in export revenues. As well, southern states suffered from increases in oil prices, which accounted over twenty-five percent of their debt (McMichael 2000:127). These states could no longer afford to pay the interest on their debt, so the IMF and the World Bank intervened to prescribe their solution. These two entities were formed at the 1944 Bretton Woods conference in a plan to reconstruct the world economy after World War II. Originally, the IMF was to extend credit to countries that had suffered through war or colonialism to “stabilize national currency exchanges,” and the World Bank was to fund development projects in these states. Together, the institutions would “stimulate new production” and expand global trade between northern and southern states (McMichael 2000:47). Both based in Washington D.C., the IMF and the World Bank operate on government subscriptions, and voting rights are issued according to the amount of shares a state holds. The U.S. is the largest shareholder in the IMF and the World Bank, giving it the power to significantly influence policy-making (Johnston 2011:87). During the 1980s debt crisis, the involvement of the IMF and the World Bank shifted to the role of debt managers, a move the Reagan administration would first test with Mexico (Harvey 2005; McMichael 2000).

As Mexico defaulted on its debt repayment due to the “Volcker shock,” in 1982, the Reagan administration sought to implement neoliberal policies in Mexico in exchange for rescheduling the country’s $80 billion debt. After the defeat of President José López Porillo, who strongly opposed debt management through the international financial order, newly elected Miguel De La Madrid accepted the bailout package offered by the international financial institutions, northern states, and banks. The IMF supplied $1.3 billion, foreign governments $2 billion, and banks $5 billion, and the Mexican government correspondingly implemented the required economic reforms. The national policy changes to be instituted included cuts in social provision, deregulation of labor, and privatization of state industries. Now, borrowers had to bear the burden of debt repayment, “no matter what the consequences for the livelihood and well-being of the local population” (Harvey 2005:29) A successful
experiment, the involvement of international financial institutions in Mexico became the template for global economic governance (Harvey 2005:29; McMichael 2000).

Through this “debt regime,” the IMF and the World Bank sought to manage the global economy by rescheduling the debt and offering additional loans to indebted states that would agree to the rules and procedures set by the institutions. McMichael (2000:165) writes, “Debt became a powerful form of political leverage under the debt regime when the multilateral financial agencies strengthened their control over national policy making by assuming the lending role”. Using debt to coerce countries into neoliberal policy reforms, the structural adjustment loans of the IMF and the World Bank stipulated that borrowing states repay their debt, privatize state industries and services, cut social welfare expenditures, lower tariffs for foreign investment, limit credit, and restrict labor to suppress wages (Harvey 2005; Johnston 2011; McMichael 2000). Loans from the World Bank that were once lent to finance improvements in public infrastructure, or “project loans,” became “policy loans,” tied to free-market economic reforms (McMichael 2000:164). Before, most states pursued “development” by managing their own economies with international assistance for industrialization, what McMichael (2000) refers to as the “development project.” The debt regime of the IMF and the World Bank reversed this plan though, replacing it with global economic governance, or “the globalization project.” In effect, the two institutions became “the centers for the propagation and enforcement of ‘free-market fundamentalism’ and neoliberal orthodoxy” (Harvey 2005:29).

Ultimately, this strategy of debt management by the World Bank and the IMF sought to secure open markets, which depended on privatization, deregulation, and transnationalization of investment. In a “new round of ‘enclosure of the commons,’” as Harvey (2003:158) describes, “Assets held by the state or in common were released into the market where overaccumulating capital could invest in them, upgrade them, and speculate in them.” This required the constant opening of up of new markets for investment, through the privatization of public holdings, such as natural resources, forests, and water. The effect of these austerity measures has been detrimental to locals, who may rely on state provision, while granting an advantage to transnational corporations that are eager to invest in the now-privatized resources. Indeed, as McMichael (2000:186) observes, the globalization project has “concentrated market power in the hands of transnational corporations and financial
power in the hands of transnational banks” (McMichael 2000:186). Thus, through this neoliberalization, the wealth of transnational corporations has increased exponentially. Simultaneously, global inequality has risen, especially in states where austerity measures were imposed (Harvey 2005; McMichael 2000).

**The Role of the State**

Most neoliberal policies were not instituted through democratic measures, but rather, as conditions governments were forced to accept in return for structural adjustment loans. Through the demands of the IMF and the World Bank, Johnston (2011:87) explains, “the national sovereignty of poor countries is frequently overridden.” He continues, “No one elected the representatives of these organizations, yet they have the power to impose economic policies that affect the lives of millions of people” (Johnston 2011:87). As these two institutions prescribe neoliberal policies for governments, “the role of the state,” then, “is to create and preserve an institutional framework appropriate to such practices” (Harvey 2005:2). First, the state is the necessary mechanism through which neoliberalism is employed in a country. Key neoliberal measures such as the privatization of assets, deregulation of markets, and cuts in social spending are all procedures that must be mandated by the state. Adhering to the globalization project, the state yields its labor protections and subsidies of health, education, food prices, and producer credit to prioritize financial credit protection, foreign investment, and commercial exports (McMichael 2000:186). Second, the state is responsible for maintaining the neoliberal order, namely, through supplementary legal means and its control over military and police forces (Harvey 2005). If any opposition to the consequences of neoliberal policies appears, the state is to employ its power to ensure the new order is not compromised. This may be done by creating laws that prohibit protests against the opening of the market, as well as using violence to quell dissidents. In this way, the state also becomes a “global manager” of the neoliberal order by promulgating and defending neoliberal policies within their own economy (McMichael 2000:134).

As a “global manager” promoting the neoliberal order, there has been a noticeable degree of state accommodation with transnational corporations investing in the country. Although neoliberal practices vary over time and among different states, Harvey argues (2005:70-71) that “in the event of a conflict, the typical neoliberal state will tend to side with
a good business climate as opposed to either the collective rights (and quality of life) of labor or the capacity of the environment to regenerate itself” and will “typically favor the integrity of the financial system and the solvency of financial institutions over the well-being of the population or environmental quality.” That is, the neoliberal state will compromise the well-being of its populace in seeking to promote corporate interests. In attempting to service debt through commercial exports, for example, states remove domestic protections and sell local natural resources to transnational corporations, which “threatens social and environmental sustainability” (McMichael 2000:158). In addition, the neoliberal state often welcomes the participation of transnational corporations in governance through “writing legislation, determining public policies, and setting regulatory frameworks (which are mainly advantageous to themselves),” occurring “sometimes through secretive consultation” (Harvey 2005:76-77). Through this collaboration, the objectives of transnational corporations are respected by the state, while the interests of the people are neglected. The promotion of the interests of transnational corporations is then twisted to be understood as the promotion of public interest by equating any form of foreign direct investment with “development,” regardless of its human, social, and environmental costs.

**Effects of Neoliberalism**

The costs of privatization, deregulation, and state withdrawal have resulted in widespread discontent with neoliberal practices. Grievances have mainly arisen in response to the effects of “accumulation by exploitation” and “accumulation by dispossession” (Harvey 2003, 2005:159). “Accumulation by exploitation” refers to the processes by which capitalists exploit labor power for profit, put forth by Marx. Although workers have sought to secure adequate wages, gain employment protections, and organize unions, the globalization project has hampered, and even reversed this process. In northern states, the opening of the global market resulted in “industrial restructuring, offshore investment, public works downsizing, labor demobilization, and rising unemployment.” Consequently, the global exploitation of labor has expanded to include “peasant contractors, maquila workers, child labor, casual female and male labor, sweatshop work, plantation labor, homework, and even slave labor,” all to the degradation of human capacities (McMichael 2000:182).
Harvey (2005:159) describes “accumulation by dispossession” as a “continuation and proliferation of accumulation practices which Marx had treated of as ‘primitive’ or ‘original’ during the rise of capitalism.” The contrast of “accumulation by dispossession” refers to:

the commodification and privatization of land and the forceful expulsion of peasant populations; the conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights; the suppression of rights to the commons; the commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neocolonial, and imperial processes of appropriation of assets (including natural resources); the monetization of exchange and taxation, particularly of land; the slave trade; and usury, the national debt, and ultimately the credit system as a radical means of primitive accumulation and accumulation by dispossession. (Harvey 2003:145; 2005:159)

McMichael (2000:182) observes that the exploitation and expropriation of communal lands was also a feature of the development project, wherein states justified such actions “in the name of national development.” The globalization project operates likewise, “exploiting weaker communities in their hinterlands (such as forest-dwellers or peasant villages), in order to build dams; to expand mines, plantations, and commercial farms for export revenues; or to relocate other displaced peasants” (McMichael 2000:182). Through accumulation by dispossession and accumulation by exploitation, then, individuals, rights, resources, and entire ways of life are disregarded and translated into commodities, as objects with an exchange value to be traded in the market. “For at the heart of liberal and neoliberal theory,” writes Harvey (2003:166), “lies the necessity of constructing coherent markets for land, labour, and money.” Thus, to the detriment of local populations, the neoliberal order gives precedence to transnational corporations seeking to accumulate wealth.

In reaction to these deleterious practices, people throughout the world have risen up in protest. Harvey (2003:166) lists some of the various struggles:

the struggles of the Ogoni people against the degradation of their lands by Shell Oil; the long-drawn-out struggles against World Bank-backed dam construction projects in India and Latin America; peasant movements against biopiracy; struggles against genetically modified foods and for the authenticity of local production systems; fights to preserve access for indigenous populations to forest reserves while curbing the activities of the timber companies; political struggles against privatization; movements to procure labour rights or women’s rights in developing countries; campaigns to protect biodiversity and to prevent habitat destruction; peasant movements to gain access to land; protests against highway
and airport construction; literally hundreds of protests against IMF-imposed austerity programs.

The social movements that formed as a result of such encroachments in the 1980s have been as diverse and specific as the conflicts themselves but all driven by struggles against “accumulation by dispossession.” Many of the counter movements call for stronger regulation to protect local interests, and some of the movements urge the withdrawal from the global market. The transnational anti-globalization movement also eventually mobilized, rejecting entirely the notion of a “self-regulating global market” (McMichael 2000:183). This movement has sought to challenge the neoliberal order by confronting IMF and the World Bank, demanding the re-appropriation of the commons, and “demanding a space within which national, regional and local differences could flourish” (Harvey 2003:188). Also referred to as the global justice movement, the movement has, more broadly, focused on “the lack of democratic participation, violations of labor and human rights, environmental degradation, and cuts in education in social welfare,” essentially calling for a rollback of neoliberal policies, and the establishment of democracy (Johnston 2011:96).

Moreover, many local movements have linked with the transnational movements and formed ties with international NGOs to gain support in the global arena. This has often required the local movements to reframe their experiences from land and class-based struggles to environmental or ecological concerns. For example, residents threatened with the expropriation and the flooding of lands because of dam projects the Uruguai river basin in Southern Brazil originally perceived their experience solely as a local land rights struggle. However, after acquiring international NGO support and placing their struggle within an ecological framework, they were able to reach a settlement with the Brazilian energy company ELETROSUL (Rothman and Oliver 2002). The collaboration with the international NGOs also proved significant in terms of the “boomerang effect,” whereby local actors ally with transnational activists from global movements and organizations that then exert pressure on national elites and state actors to effect policy change (Keck and Sikkink 1998). As Rothman and Oliver (2002:129) observe, “local-national-international ties...provided leverage in negotiations with the Brazilian government.” Similarly, the Narmada movement in India drew upon its transnational allies in protesting the construction of World Bank financed dams that would forcibly resettle over two million people (McMichael 2000). With
the support of transnational NGOs, like Oxfam, the Environmental Defense Fund, and Friends of the Earth, Khagram (2004) argues, the local Narmada Bachao Andolan, or Save the Armada Movement, was able to pressure the World Bank to the point of withdrawing its plans for the largest project, the Sardar Sarovar dam.

Seeking to protect their livelihoods from accumulation by dispossession, local counter movements begin to question the global economic order that attempts to assimilate states into its regime, through what Sachs (1992:112) refers to as “cosmopolitan localism.” In the Andes of Peru, for example, indigenous activists have sought to preserve their traditional culture and farming methods against the industrial agricultural practices introduced through national and global “development” initiatives. One of the founders of the local NGO to protect peasant technologies, PRATEC (Proyecto Andino de Tecnologías Campesinas), expressed, “to decolonize ourselves is to break with the global enterprise of development.” By not conforming to the programs of the global, or even national, path towards development, the local indigenous groups challenge the state and the neoliberal order that seek to subsume all modes of life into a Western concept of development (Apffel-Marglin 1997; McMichael 2000). While this case is unique in its efforts to protect traditional Andean culture by pursuing an alternative framework of development, it is important to note that most movement grievances are still aimed at the state. Local, national, and transnational movements that pursue strategies of local lobbying, “the boomerang effect,” and or protests directed at the World bank and the IMF are all ultimately regarding the state as the sovereign mechanism through which their objectives can be enacted (Johnston 2011). “Cosmopolitan localism,” then, is an understanding that brings into question the effect of external forces on the local context, which often leads to the challenging of these state-implemented policies.

**NEOLIBERAL RESTRUCTURING IN PERU**

Eventually, the global shift to neoliberalism would reach Peru, too. Prior to these reforms though, the political and economic climate in Peru wavered from free market advocacy to complete objection of such a notion. For example, under General Juan Velasco (1968-1975) and then during Alan García’s first presidential term (1985-1990), policy makers “made a series of decisions that inhibited private investment, closed the country off from international trade, and destroyed public finances” (Fretes-Cibils, Humphrey, and
Polastri 2007:47). That is, the state did not favor the privatization and transnationalization of their economy, but rather, pursued national economic growth and social integration through central state planning, similar to “the development project” (McMichael 2000). More precisely, as McClintock and Vallas Trujillo (2005:28) outline, the governments of García and Velasco “rejected the principles of the free market: they nationalized U.S. companies, they raised tariff barriers, and they defaulted on their external debt.” Between these two administrations though, Presidents Francisco Morales Bermúdez (1975-1980) and Fernando Belaúnde Terry (1980-1985) both attempted to integrate Peru into the international economic order. Morales Bermúdez sought to meet IMF demands and renegotiate Peru’s external debt, and Belaúnde made free market reforms that favored foreign investment (McClintock and Vallas Trujillo 2005:70,72). Belaúnde also signed an agreement with the IMF, committing to neoliberal principles, but amidst a global economic recession and internal economic troubles, the state was unable to fulfill its promise. García was then elected as a leftist solution to the economic woes many voters associated with the Belaúnde’s neoliberal rhetoric (McClintock and Vallas Trujillo 2005:73).

During García’s first administration, Peru was one of the leading countries in opposition to the neoliberal reforms instituted by the IMF and the World Bank. As a populist, García openly rejected imperialism and capitalism and sought to defend the people first by not conforming to the international economic order (McClintock and Vallas Trujillo 2005:76). During his inaugural address, he announced Peru would only be paying ten percent of its external debt, and he tried to convince other Latin American states to do the same. Moreover, García cancelled the exploration contracts of three U.S. oil companies because the taxes stipulated in the contracts were unsatisfactory. When one of the companies failed to renegotiate the contract, the president expropriated the oil deposits and transferred them to a national firm. García’s strong stance, however, was not viewed favorably by international financial institutions. Thus, they retaliated with a financial embargo that revoked all foreign aid to Peru. In part because of this embargo, as well as the Latin American debt crisis, Peru’s economy declined (Green 2003; McClintock and Vallas Trujillo 2005). Seeking an exit from economic despair, in 1990, Peruvians elected President Alberto Fujimori.

An agricultural engineer with a masters degree from the U.S., Fujimori came into politics promising honesty, technology, and work as an average citizen with a campaign
slogan that read, “A President Like You.” Once elected, he became known for his pragmatism, stating that his mathematical studies in the U.S. “enriched his logic with a mathematical premise that all problems have a practical and scientific solution” (Jochamowitz 1993:185). With this mindset, attempting to regain ground in the world economy for Peru, Fujimori quickly transformed the country’s economy to comply with the tenets of neoliberalism and accepted the stipulations of the IMF and the World Bank (Aste Daffós 1997). He announced the “reinsertion” of Peru into the international financial arena and through economic shocks, known as Fujishock, his economic minister immediately “eliminated price controls and practically all state subsidies” (McClintock and Vallas Trujillo 2005:164). When the rate of inflation from the shocks incited popular discontent, Fujimori appointed a new economic minister that further integrated Peru into the international financial order through a set of neoliberal reforms that “drastically reduced tariffs and tariff barriers; unified and liberalized the exchange rate system, permitted interest rates to float freely, put an end to laws that protected labor stability, eliminated public monopolies” and promised to privatize all public enterprises (McClintock and Vallas Trujillo 2005:165). In 1991, the Congress of Peru also approved a measure to allow unregulated foreign direct investment. In 1992, Fujimori’s administration signed into law the promise to sell state-owned industries, including “banks, tourism, mining, transportation, and cement” (McClintock and Vallas Trujillo 2005:171). The same year, facing democratic constraints, he staged a self coup d’état, shutting down Congress and suspending the constitution, which he said were impeding his ability to secure the nation in a time marked by national terrorism. Nonetheless, through Fujimori’s sweeping economic reforms, Peru was effectively transformed into a neoliberal state.

**Neoliberalism and Mining in Peru**

As the Fujimori regime welcomed foreign companies to take over profitable state-owned natural resources, the most lucrative privatized industry, the mining sector, became the means by which the Fujimori administration planned to increase export income and tax revenue, as well as help pay its external debt (Aste Daffós 1997:43-44; De Echave et al. 2009). Mining would be Peru’s “specialization” in the global market, their path to economic growth (McMichael 2000:164). With the privatization of the industry, as well as the rapid
expansion of existing private mining operations and the approval of smaller mining company petitions, from 1992-1995, foreign direct investment in mining increased 17.3% in Peru (Aste Daffós 1997:55-59). This deregulation of foreign direct investment and privatization of the industry removed social protections and permitted mining to proliferate throughout the country, including areas where mining activities never occurred. From 1991 to 1997, titles to mining rights increased from 2,258,000 hectares to 15,597,000, and by 1999, such rights claimed around twelve percent of Peru’s territory (De Echave 2005:2). In just over a decade, more than one hundred state owned mines were privatized (De Echave et al. 2009). By 2003, mining accounted for 54.5 percent of the state’s total exports, while only accounting for 6.6 percent of Peru’s GDP (Póveda 2007). As Bury (2005) declares, to date, Peru does not seem to be reaping the full economic benefits of its natural resources.

On the other hand, transnational mining companies have been given a considerable advantage to profit from the neoliberal reforms. Aste Daffós (1997:95) explains that the accumulation of transnational mining companies has, indeed, been fueled by the reforms, including the privatization and deregulation of mining, as well as the low cost to reproduce the workforce, and the intensification of exploitation coupled with the weak TNC internalization of environmental costs. The neoliberal policies of privatization and deregulation allowed transnational mining companies to freely expand without restrictions. Moreover, the cost of labor for TNCs is relatively inexpensive in Peru, but transnational mining companies also opt for using machinery (especially in open-pit projects), which also reduces the cost of labor. With the increase in technologies brought by transnational mining companies, extraction of minerals was intensified (De Echave et al. 2009).

Although this expansion and intensification increased productivity for the TNCs, the costs to the environment and communities have been infinite, dramatically altering the lives of locals (Aste Daffós 1997; Bury 2005; De Echave 2005). Essentially, the state authorization of TNCs to freely expand their operations without restrictions has conferred to mining companies the right to encroach upon communal lands. As De Echave (2005:2) points out, “By the end of the last decade, of the 5,680 recognized communities with property titles, 3,126 (that is 55% of the total) were in zones affected by mining.” However, transnational mining companies in Peru, without having to adhere to strict environmental regulations, often disregard their local impact, or “externalize” the cost onto the environment
and local communities. Thus, by harming nearby residents without recompense and taking advantage of low labor costs, transnational mining companies in Peru have effectively accrued wealth through “accumulation by dispossession” and “accumulation by exploitation” (Harvey 2003).

Granting transnational mining companies legal concessions to expand their operations, while simultaneously exploiting and neglecting the rights of locals, reflects a neoliberal accommodation by the Peruvian state to TNCs. According to neoliberal principles, the Peruvian government has legally mandated and adhered to the principles of privatization, deregulation, and transnationalization, which favors TNCs over the populace. This bias represents the broader contradiction between neoliberal ideology, that claims to protect individuals through the free-market, and neoliberalism in practice, that protects TNCs. Along with broad neoliberal reforms, some of the ways in which the state under Fujimori directly sought to accommodate transnational mining companies include exempting mining companies from paying royalties for the extraction of minerals, the refrain from taxation on mining companies’ profits until their initial investments had been recovered, and the introduction of a “fiscal stability agreement,” whereby the state promised not to change its fiscal policies without the approval of extractive companies (Arellano-Yanguas 2008:19).

While Peru would subsequently receive a thirty percent tax on mining company profits, these compromises appear to be an indication of an alliance between the state and transnational mining companies.

The relationship between the Peruvian state and transnational mining companies has also been sustained in efforts to regulate the environmental impact of mining companies. Interestingly, at the recommendation of the World Bank, to secure the “sustainability of development,” the state was encouraged to implement some type of environmental management program for the mining industry (De Echave et al. 2009:297, 301). Taking heed of the international financial institution’s suggestions, the government of Fujimori approved a plan to reputedly regulate mining in 1993. The state appointed the Ministry of Energy and Mines (MEM) for the task, although the MEM has no background in environmental management (Arellano-Yanguas 2008; Bebbington and Bury 2009). With its new function, the MEM’s responsibilities include, “promoting investment in new mining operations; granting mining concessions; reviewing and approving the environmental evaluations that
allow mining companies to move into exploration; and approving environmental impact assessments prepared by companies to enter into the exploitation phase” (Arellano-Yanguas 2008:26). Such a regulatory measure appears to be contradictory to neoliberal philosophy, which urges against regulation. However, by assigning the MEM the conflicting roles of simultaneously promoting and regulating the plans of mining companies (of which, the ministry is known for the former), the state not only exhibits its bond with transnational mining companies, but also its compliance with neoliberal practices (De Echave et al. 2009). Conferring the responsibility of environmental management to the MEM, which encourages foreign direct investment in mining, shows that the Peruvian state is not seeking to control the impact of mining exploration and expansion, but instead, is facilitating the process.

In addition, the Peruvian state has encouraged the involvement of mining companies in local policy. During his second term, after an about-face in his political convictions that coincided with Peru’s turn towards neoliberalism, President García implemented the ‘mining program of solidarity with the people.’ Through this program, mining companies were given the latitude to voluntarily contribute funds in the regions in their respective regions and to allocate those funds at their own discretion. Arellano-Yanguas (2008:19) informs that the business association of the extractive industries, National Society of Mining, Oil and Energy (SNMPE) “played a crucial role in the negotiation of the program.” This agreement in particular “presents an image of the government as a defender of mining companies’ interests” (Arellano-Yanguas 2008:19). That is, the state’s collaboration with TNCs appears to override any concern for the interests of affected residents. García (2007) makes this point clear in his article, ‘The Dog in the Manger Syndrome,’ wherein the president calls for the further privatization of lands for extraction by foreign investors, supposedly to foster development. Attempting to invalidate popular opposition to such expansion, García’s article aligns his government with the neoliberal order.

The Peruvian state’s backing of TNCs and the neoliberal order is also demonstrated by state decisions to resort to violence when citizens protest the local effects of neoliberal reforms. When local residents threaten the compromises between the state and TNCs, and hence the neoliberal order, the government of Peru has deployed its police and military forces to suppress the dissidents. The second administration of García, for example, was noted for its “hardening” and “increasingly hostile attitude” towards social movements that
objected to mining operations, using “state military and intelligence services...to resist and investigate such movements” (Bebbington et al. 2008:2900; Taylor 2011:427). For example, when residents voted “NO” in a community referendum regarding the Rio Blanco project of the Chinese Zijin Consortium, García lashed out against church groups for their presumed involvement, declaring, “Just like I do not like the governments of Venezuela or Argentina to intervene in policy, I also do not like the Vatican to intervene in policy.” Prime Minister Jorge del Castillo also criticized NGOs for “misinforming the local populace,” stating towns that reject private investment do not deserve public services (U.S. Embassy Lima 2007:Section 4). García now saw foreign investment in the extractive industries “as a motor of GDP growth and tax revenue” and was prepared to suppress demonstrators who disagreed (Taylor 2011:428). In one instance, the president mandated the use of state force to quell protestors who were trying to save local farmers’ lands and livelihoods from the Cerro Mogol mining project of the TNC, Vale. The Peruvian state’s resolution to use violence against citizens who oppose the local ramifications of mining operations is exemplary of the neoliberal state’s need to maintain the current order.

**THE CASE OF DOE RUN PERU**

The state’s adherence to the neoliberal agenda is also made evident in the case of La Oroya, where the TNC, Doe Run Peru has been operating for the last decade. To begin with, the purchase of the metallurgical complex was part of the privatization scheme of Fujimori’s neoliberal reforms in the nineties. As noted, the state-owned company, Centromin, had been operating the company since the seventies, under Velasco, until the shift to neoliberalism. Unlikely to meet its environmental obligations, Doe Run Peru sought the favor of the government in extending the deadline of its commitment. The Peruvian state, driven by ideals of foreign investment, granted the company the requested extensions, twice. Cederstav et al. (2011) highlight that Doe Run is the only mining company in Peru to have ever received an extension on their PAMA. Nonetheless, such concessions are consistent with the state’s trend of accommodating transnational mining companies. Thus, these allowances can also be located within the neoliberal agenda that promotes foreign investment to protect TNCs, rather than a regulatory framework that protects people and their environments.
Considering the extensions granted Doe Run Peru and the state’s adherence to neoliberal policies, the cancellation of Doe Run Peru’s operating license by García’s administration appears to be contradictory. However, one must be reminded that the state is concerned with investment for export revenues. At the time of the government’s announcement, Doe Run Peru was indebted to its creditors and did not have the capacity to operate because of its lack of finances. Doe Run Peru’s failure to secure funding, coupled with the fact that the TNC had failed to fulfill the first portion of its environmental agreement, perhaps, constituted the “games” García declared Doe Run Peru was playing, just before revoking the company’s license to operate. However, as revealed previously, Doe Run Peru was never officially closed down. Instead, the transnational corporation has been attempting its restructuring, and Congress is planning to review a bill that would grant Doe Run Peru another extension on its PAMA commitment. The current administration of President Humala, who was once perceived to be an anti-mining activist, also seems to believe reopening the plant would reduce social conflict (U.S. Embassy Lima 2007). As we shall see, however, the state’s attachment to neoliberalism inhibits it from responding to, much less resolving, social conflicts related to mining.
CHAPTER 3

SOURCES OF CONFLICT AND COMMUNITY RESISTANCE TO MINING

They didn’t just take our grandparent’s land like that, but they also brought the damn smoke which began to hurt us. If you had visited us earlier, if you had been born before, you would have seen that the smoke was already damaging us here in our community. You see, all the animals were dying, the horses, the cows, the sheep...They would toss and turn, they’d go mad, they became blind and they died. That’s what our grandmother told us; she told us that they all died, even the cows, all of them. So what they did was denounce the Cerro de Pasco [Corporation].

-Adela

Mountain Voices

Recounting the experiences of La Oroya residents since the U.S. owned Cerro de Pasco Corporation began operating in the town, Adela (1995) reveals that mining conflicts are not a recent development in Peru. Indeed, conflicts related to mining are prevalent throughout the history of mining in Peru. In the first half of the twentieth century, conflicts between communities and mining companies erupted mainly over land dispossession and, then, over the harsh working conditions experienced by those whose land had been taken. With the expansion of mining during the fifties, labor issues remained the dominant source of conflict, but the environmental effects of mining also began to spark community protests (De Echave 2005). Even though management of the mining industry in Peru has been passed back and forth between foreign companies and the state, as has been the case in La Oroya, community grievances against mining have never subsided. Indeed, as José De Echave (2005) states, mining conflicts have only multiplied in local communities since the advent of neoliberalism. As a result, Peru has witnessed a rapid rise in mobilizations of people calling for changes to be made in the mining industry.

SOURCES OF CONFLICT

To understand why mining is often met with resistance though, one must first fully understand the impact mining can have on a community. As Bebbington et al. (2008:2891)
explain, mining activities can result in the dispossession of resources, including land, water, and, most obviously, minerals, all culminating in a “loss of a way of life.” As well, mining can adversely affect the quality of land people live and work on, the water they drink and the air they breathe, further damaging their sustenance. Arellano-Yanguas (2008:25) adds that opposition to mining may be provoked by unmet employment expectations, grievances brought about by the “arrogant behavior” of persons from the mining sector and the “lag between the start of a mining operation and the generation of revenue that can benefit a population,” along with the dispossession and contamination of local resources. Moreover, Muradian et al. (2003:787) found that communities oppose mining operations when “the economic benefits and environmental burden of the mining project are unfairly distributed between the mining corporation, the central government, and the local population.” A closer look at some of the many examples in which communities have been confronted with the ramifications of mining activities in Peru will help to solidify such findings.

**Land Rights**

First, as mining ventures require extensive land use, people living within areas subject to potential extraction are, as mentioned previously, at risk of having their land expropriated. In the highlands of Ancash, for example, the land acquisition by the Antamina mine has displaced farmers in the area (Póveda 2007). Similarly, in Piura, a proposed mining project by the Canadian Manhattan Minerals engendered much controversy, as twenty-five percent of the town of Tambogrande would have had to be resettled. The apprehension about displacement was so great amongst residents there that the government cancelled its contract with the mining company (De Echave 2005; Póveda 2007). Communities in Cusco have also contested the Tintaya mining operations for more than twenty years, as over two-thousand hectares of their land has been taken for the mining activities. Wiping out entire pastures in an area where farming is the major economic activity in the area, the land acquisition by the mine has thereby destroyed residents’ means of survival (Póveda 2007). In the same way, the Yanacocha mine in Cajamarca has displaced locals, as the mining company has acquired

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2 The Yanacocha mine, or Minera Yanacocha, is a joint venture among the U.S.-based Newmont Mining Corporation owning 51.35% of its shares, the Peru-based Buenaventura with 43.65% of its shares, and the International Finance Corporation of the World Bank with 5% of its shares.
residents’ lands for its operations, and those who have not had to resettle have been forced to change the way in which they use the land due to the mine’s presence. For example, people who occupied higher elevations to let their livestock graze the land have had to move their activities to lower elevations, as the Yanacocha mine has claimed the mineral rights to the higher land the residents once used (Bury 2005).

**Water Rights**

Like the land-claim in communities where mining occurs, rights to water use have also spurred conflict where people rely on local waters for their survival. This is illustrated in the region of Moquegua, as people voiced their discontent with the Quellavaco mine’s underground water usage of the Chilota River in a predominantly farming area that needs the water for irrigation purposes (Póveda 2007). In the same way, farmers’ concerns in Piura were raised, as the Tambogrande mining project sought to use area waters for its operations, which would dramatically affect irrigation efforts for farmers (Póveda 2007). Moreover, as a result of the operations of the Yanacocha mine in Cajamarca, some residents there have also seen a decrease in access to water, which they, too, need for irrigation (Bury 2005). Recently, the same transnational mining corporation, Yanacocha, has also ventured to drain four lakes in the Cajamarca for its Conga project, which has the potential of generating over ten billion dollars in profit for Yanacocha. The company says gold deposits lie beneath two of the lakes, and the other two emptied lakes would be a space to dump the waste and residue created by the extraction of the first two. Since the lakes serve as headwaters for the area, this would not only affect access to water for locals but also the quality of water for people throughout the region (El Comercio 2011).

**Environmental Degradation**

Beyond land and water dispossession, intensive processes of extraction also have detrimental impacts on local environments and are often a source of conflict. In the region of Ancash, for instance, the Pierina mine’s activities have caused landslides that have destroyed houses in the area, although some argue that the landslides did not occur because of mining operations (Póveda 2007). Similarly, the activities of the Yanacocha mine in Cajamarca have affected the quality of land there, as residents have witnessed erosion of the land (Bury
Another community, in La Libertad, has also seen harm to their land, as the underground works of the Mina Horizonte-Retamas have damaged the infrastructure to town of Retamas above (Póveda 2007). In another way, because many residents have been forced to move their agricultural activities to a particular area as a result of the Yanacocha mine’s land acquisition in Cajamarca, the now highly occupied land is used intensively, “decreasing land fertility” for residents (Bury 2004:88; Bury 2005:236).

Moreover, in the Pasco region, as a result of the noncompliance with environmental regulations by the Volcan, Milpo, Atacocha, Brocal, and Aurex mines, ten farming communities have been negatively affected by the “environmental legacies” that the mining companies have failed to claim responsibility for, whereby “ongoing, damaging impacts of past mining and smelting operations...pose a serious health and environmental problem” to local populations, to the extent that the natural reserve in Pasco has been declared under emergency by the Congress of Peru (Póveda 2007:445, 338). Similar concerns were raised about the environmental impact of the Tambogrande mining project, as deforestation for the mine’s occupation could change wind patterns, potentially spreading dust and pollution (Muradian et al. 2003). The implications of such detrimental effects are further exemplified, as the people in the city of Huraraz have called for greater environmental protection from the Antamina and Pierina mines (Póveda 2007:444).

**Environmental Contamination**

Along with the damages to local lands, communities near mines have also been the victims of water contamination and air pollution. In Cajamarca, people reported in a case study that their water “is now cloudy, smells bad, tastes terrible” as a result of the Yanacocha mining activities, adding that “they believe the water is responsible for human and animal health problems, as well as crop yellowing and stunting” (Bury 2004:85). For this reason, residents near Cerro Quillish have mobilized to prevent the Yanacocha mine from expanding its operations to their area, citing concerns about water pollution (De Echave 2005; Póveda 2007). Likewise, in Huancavelica, people are demanding the cleanup of the Ucanan and Opamayo rivers running through their community that have been polluted by acid waters from the Buenaventura and Lircay mines (Póveda 2007). The possible acidification of water for the people in Tambogrande, too, has caused unease (Muradian et al. 2003). Moreover, in
Apurimac, people have experienced multiple forms of destruction to their environment by the Southern Peru Copper Corporation’s mine, including damage to pastures, water canals, and archaeological sites (Póveda 2007). The same mining company, Southern Peru Copper Corporation, has also polluted the air in the regions of Moquegua and Ilo through their smelter operations (Póveda 2007).

With these detriments to local environments, local residents also experience health complications due to contamination by mining companies, much like the maladies described in the case of La Oroya. In the communities of Choropampa, San Juan, and Magdalena in the Cajamarca region, where the Yanacocha mine operates, for example, a truck carrying material from the mine spilled one hundred and fifty-one kilograms of liquid mercury over a twenty-five mile stretch, poisoning local communities (Cabellos and Boyd 2002; De Echave 2005; Póveda 2007). Residents in the area, not knowing what the substance was, began picking it up with their bare hands, and some people, thinking it was a remedy similar to one their ancestors used took the mercury home and applied it to the skin of ill family members. Once the mining company became aware of the spill, they paid locals to clean up the substance, without any protective gear, and company trucks hauled it away. Still, since many locals were immediately exposed to the spilled mercury, they have had to suffer the devastating health effects (Cabellos and Boyd 2002). According to this type of direct exposure to elemental mercury, the Environmental Protection Agency lists the health symptoms as: “tremors; emotional changes (e.g., mood swings, irritability, nervousness, excessive shyness); insomnia; neuromuscular changes (such as weakness, muscle atrophy, twitching); headaches; disturbances in sensations; changes in nerve responses; performance deficits on tests of cognitive function,” noting that “at higher exposures there may be kidney effects, respiratory failure and death” (U.S. Environmental Protection Agency 2010:1). In the documentary Choropampa: The Price of Gold, the people within the affected community described experiencing such symptoms (Cabellos and Boyd 2002).

Poverty in the Face of Wealth

Along with exposure to harmful contaminants, destruction of local environments, and land and water dispossession, the perceived economic benefits of mining are also a point of conflict for communities contesting extraction. One government cable from the U.S. embassy
in Lima states that communities often oppose mining operations because of “their own experience of continuing poverty in the face of wealth” (U.S. Embassy Lima 2007:Section 7). Indeed, a recent study revealed that mining regions in Peru have the highest rate of infant chronic malnutrition, Cajamarca (where Yanacocha operates) heading the list with over forty-six percent of children under the age of three suffering from anemia and acute respiratory infections that constitute chronic malnutrition (El Comercio 2012). In his analysis, Arellano-Yanguas (2008:36) also found that “the geographical coexistence of large mining operations with rampant poverty” gives rise to social discord. Moreover, Keith Slack (2009:5) points out that indigenous and campesino communities near mining have long “felt excluded from receiving the economic benefits of the country’s natural resource wealth,” which is still a source of conflict concerning mining today. Even though the government has created programs intended to distribute mining taxes and royalties back to communities affected by mining, implementation of these initiatives has been deficient (Arellano-Yanguas 2008). This shortfall is made evident in that the quality of life for residents near mining operations has not significantly improved (Tanaka et al. 2009).

**Question of Sovereignty**

Another point of resistance to mining and an underlying source of conflict is the notion that the sovereignty of communities is being threatened by mining companies. That is, as communities are confronted with the expropriation of their local resources, the forced alteration of their way of life and organization of their community by mining companies, local residents call into question the power of mining companies in their community and in their lives and seek to defend their autonomy (Tanaka et al. 2009). In this way, Tanaka et al. (2009:8) explain, communities “express the tension between the rights of a community to maintain its integrity and the rights of a company that invests.” Such a depiction makes plain the ideological basis for conflict in that mining companies are viewed as external forces unrightfully invading and transforming the lives and livelihoods of communities (Tanaka et al. 2009). This understanding can be considered a form of “cosmopolitan localism,” in that local actors perceive their struggles in the global context, that is, within the neoliberal order (Sachs 1992).
Yet, as De Echave (2005) points out, legal avenues for communities to have their interests respected do not exist. Moreover, Arellano-Yanguas (2008:27) argues that “widespread suspicion of collusion between Peru’s government and mining companies erodes the authority and the legitimacy of the state,” further limiting any channels for communities to have their interests genuinely considered. The analysis of Muradian et al. (2003:787) also found that “people mistrust the company and the central government...because of a long tradition of corruption at any level in the Peruvian society,” which was exacerbated during Fujimori’s regime that “blended illegality with authoritarianism.” Thus, the lack of a state mechanism to protect communities’ rights, as well as the unequal power relationship between communities and mining companies that allows for mining companies to violate such rights “has led to the open questioning of the current neo-liberal model, of the reforms implemented in the 1990s, and of the role of international bodies such as the World Bank in promoting the mining industry” by affected populations (De Echave 2005:5). “Cosmopolitan localism” then becomes “a question of preserving or asserting human and democratic rights within broader settings, whether a world community or individual national arenas” (McMichael 2000:269; Sachs 1992).

**Sources of Conflict in La Oroya**

Illustrative of this unequal power-relationship and the many underpinnings of mining-related conflicts described is the case of La Oroya. In La Oroya, residents recount the changes that occurred in their community when a foreign mining company entered the area with the intention of building the metallurgical plant. One resident of La Oroya, Amador (1995:Section 1), remembers:

> When the former Cerro de Pasco began to operate with its chimneys and its fumes in the region of Yauli - La Oroya, it was a way of not respecting people’s dignity, because the Oroyinos of San Jerónimo used to work with livestock and some with agriculture...even the potatoes that were planted were practically destroyed [by the pollution] and nothing could be harvested. Most of the highland animals began to die from an unknown disease, according to the story of my grandparents. All of this changed their lives.

This description, like that observed in the testimony of Adela (1995:Section 1) above, reveals that the community of La Oroya has been experiencing the ill effects of mining since the U.S.-owned Cerro de Pasco Corporation was established in the area in 1922. Once the
smelter started operating, residents began to see the devastation of their land, their water, their crops, their animals, their health, their way of life (Adela 1995; Amador 1995). Although jobs were offered to the locals, many workers recognized the harsh working conditions and sought to improve them. For example, former union activist Eliseo, who worked at the smelter when it had already been transferred to the state-owned Centromin, said, “I would tell my colleagues that it was not right for us to work in contaminated areas in inhuman conditions, with noise that exceeded the permissible limits, toxic gases which would remain in the room in the lab because of the lacking of a ventilation system” going on to say that he and his colleagues “complained so that the company reduce the volume of smoke and toxic gas that is spilled over the population daily (Eliseo 1995:Section 7). “However,” Eliseo (1995:Section 8) added, “the company, as well as the government, turned a deaf ear to these complaints.” Alluding to the same history of negligence concerning the consequences of mining in La Oroya, Amador (1995:Section 4) explicates:

The smelter has produced hundreds of thousands of millions of dollars. They have taken the gold, the silver, but there hasn’t been equitable appropriate social development. They have destroyed the campesinos, the communities, and even their workers, who have been paid miserable salaries, get sick, and whose families must live in small one-room houses. The people of the area have received very little, I don’t know how one can measure the development of the area or how we can evaluate it, other than by concrete facts, and they have received almost nothing.

Here, Amador’s (1995) testimony makes clear that the people of La Oroya, have experienced the many ramifications of mining operations that cause hardships. As McClintock and Vallas Trujillo (2005:44-45) observes, the U.S.-owned Cerro de Pasco Corporation along with the many transnational companies operating in Peru in the early 1900s, “locked themselves into countries that welcomed them, extracted their non-renewable resources, did not worry about the impact their operations had among the native population, and sent their profits abroad.” Such a bleak history surrounding the mining operations in Peru and the smelter in La Oroya, as evidenced by these testimonies, only seems to foreshadow the present conflict.

When Doe Run took over operations of the smelter in 1997 as part of Fujimori’s privatization program of the mining industry, the contamination of La Oroya only continued. Exposed to the contaminants emitted by the smelter for generations, today, many residents of La Oroya and civil society organizations at their defense are still contending for the health of
the people, for their community, for their lives. Not all La Oroya residents have been united in this battle though, as many people in the town depend on the smelter and the commercial activity connected to it for their source of income. In fact, many protests in La Oroya over the past few years have been led by Doe Run workers worried about saving their jobs at the smelter, rather than concern over community health (Mines and Communities 2010). Taking this into account, the interests behind protests related to the smelter in La Oroya today appear to be divergent, making the conflict ever-more complex. To further understand the conflict in La Oroya, one should recognize some the characteristics of mobilizations reacting to mining operations in La Oroya and elsewhere in Peru.

**Mobilizations against Mining**

Given that communities are without an institutional space to have their voices heard regarding mining activities, they must pursue other routes to ensure their grievances are considered (Tanaka et al. 2009). One way in which residents have exerted their influence is by mobilizing the community in open protest marches, blockades, and general strikes. For example, after President Toledo gave thousands of hectares of land at Cerro Mogol to the transnational mining corporation Vale, farmers who could potentially lose their croplands, pastures, woodlands, and water sources, joined with community members to protest the mine’s activities in 2007 (Taylor 2011). Refusing to passively comply with the plans of the mining company and the central government, the people marched to the gates of the company, demanding their own investigation of the mining operations. When a subsequent dialogue with the then regional government of Cajamarca proved unsuccessful, two thousand protestors mobilized for another march to demand direct observation of the mine’s activities (Taylor 2011). Some were permitted to enter, as the demonstrators outnumbered the eighty armed police, while others began a blockade outside of the company gates that would last at least until representatives of the MEM, the Cabinet Office in Lima, and the regional government would meet for negotiations (Taylor 2011). The delegation arrived and, ostensibly, agreed that the Cerro Mogol project was unsuitable and that their large mining equipment should be removed from the site. However, because the people were aware of the central government’s long-standing alliance with transnational mining corporations, as mentioned, the protestors continued the blockade for another ten days and initiated a hunger
march on the regional government after receiving word that the mining company would continue its exploration at Cerro Mogol (Taylor 2011). Gaining the support of the media and neighboring provinces, the protestors responded with an interprovincial strike (Taylor 2011). President García’s subsequent attempt to crack down on mining protests only gave rise to more demonstrations of people angered by the central government’s backing of transnational mining corporations, as further evidenced regarding Cerro Mogol (Taylor 2011).

Another instance of community mobilization, beginning during Fujimori’s administration and extending through Toledo’s term, involved protests of locals in Cajamarca resisting Yanacocha’s plans to expand to Cerro Quilish. Although the municipality had made claims to protect Quilish as a water supply for the area, after legal proceedings instigated by Yanacocha, the central government via the Ministry of Energy and Mines permitted Yanacocha to recommence its exploration (Bebbington et al. 2008:2896; De Echave 2005). Once more, as the central government sided with the transnational mining company, local populations mobilized support of “municipal authorities, professional bodies, political parties and movements, churches, universities, neighborhood associations, and youth groups” paralyzing Cajamarca and the mine (Bebbington et al. 2008:2897; De Echave 2005:5). As a result, the MEM reversed its decision and Yanacocha “withdrawed its request for permission to explore in Quilish” (Bebbington et al. 2008:2897; De Echave 2005). Similarly, Taylor (2011) found that the unyielding collective action of the locals at Cerro Mogol eventually resulted in the halting of drilling operations and the removal of the transnational mining company’s equipment. Thus, in certain circumstances, the mobilization efforts of communities in defending their interests against transnational mining corporations have succeeded.

Like the case of Cerro Quilish and Cerro Mogol, community resistance in Tambogrande towards the plans of Canada-owned Manhattan Minerals proved to be effective. Along with mass demonstrations, the district municipality and the Frente de Defensa de Tambogrande (The Tambogrande Defense Front) initiated a referendum to have locals vote on the proposed mining project in 2002, the verdict of which was “NO” to mining in Tambogrande (De Echave 2005, Muradian et al. 2003). In the Tambogrande case, too, those would have been adversely affected by mining, namely farmers, gained the support of “medium-sized farmers, smallholders and day-laborers, teachers, traders, the Catholic church, and in general the various social sectors of the locality and the region” all at the
defense of the community (De Echave 2005:4). In the same region where Tambogrande is
defined, Piura, several communities also joined in solidarity to protest the Rio Blanco project
of previously British-owned Minera Majaz in 2005, now owned by Chinese company Zijin
Metals, whose copper mining project was said to negatively affect locals’ organic agriculture
production (Slack 2009; U.S. Embassy Cables 2005). Then, in 2007, three districts of Piura
united in a referendum that rejected the Rio Blanco project (Slack 2009; U.S. Embassy Lima
2007). According to documents from the U.S. Embassy (U.S. Embassy Cables 2005), the
allies backing the communities in protests and the referendum included Catholic priests,
leftists, national teachers union (SUTEP), ronderos (community patrolmen) and non-
governmental organizations (NGOs). As similar alliances appear to be common throughout
other mining conflicts in Peru, including La Oroya, let us look at the involvement of these
local and transnational organizations in community resistance to mining.

**LOCAL AND TRANSNATIONAL SUPPORT**

One important organization, CONACAMI (Coordinadora Nacional de Comunidades
Afectadas por la Minería, or National Confederation of Communities Affected by Mining)
was set up in 1999 after forty impacted communities came together to analyze their
experiences with mining at a meeting organized by CooperAcción, another national NGO
that also works with communities impacted by mining. Seeking to strengthen its
organization, CONACAMI formed alliances with other NGOs and “devoted an enormous
effort to supporting the local populations in conflict” with the original objective of defending
“the economic, social and cultural rights of the local populations against the mining
operations” (De Echave 2005:3). This aim would be reevaluated though, once the
impediments of the current legal framework in failing to address the rights of communities,
as previously mentioned, were realized. Recognizing the experiences of communities in Peru
in the context of global mining conflicts, then, CONACAMI sought to build alliances within
international networks to foster support for their cause (De Echave 2005). Manifested as the
“boomerang effect,” by forming partnerships with the international networks of activists that
are able to pressure state actors and national elites, local organizations are, in turn, able to
gain political leverage for their cause (Keck and Sikkink 1998). One renowned transnational
organization paralleling the current objective of CONACAMI is OXFAM, which is not only
reported to have advocated referendums like the one regarding Majaz (U.S. Embassy Lima 2007), but has also initiated an Extractive Industries campaign to promote justice for communities affected by mining throughout the world, including Peru (Oxfam America 2012). Turning again to the case in La Oroya, we shall see the involvement of such NGOs and other actors who have extended their support in solidarity with the community.

**Mobilizations in La Oroya**

Like residents located near other mining activities in Peru, residents of La Oroya lack an institutional framework to have their interests addressed. In the conclusion of the U.S. Center for Disease Control and Prevention (2005:34) report, the team found:

Many stakeholders feel unrepresented. Concerned members of the community and critical stakeholders are not part of this team. Some community members believe their opinions and concerns are not considered by Doe Run Peru management or government decision-makers. Community members and stakeholders do not have a safe and open forum to express concerns and offer solutions.

Given that many residents of La Oroya are not provided the space to make decisions or even voice their concerns regarding the smelter in their community, mass demonstrations would appear to be the most viable route for those affected. However, protests in La Oroya have generally only been staged by Doe Run workers and those economically dependent on the activity of the complex seeking to keep Doe Run operating, regardless of their PAMA contract. Residents of La Oroya who call for Doe Run to fulfill its environmental obligations, rather, are persecuted for their position, especially those who make their stance publicly known (Kramer 2011; Romero 2009; Slack 2012).

Although those who stand in opposition to Doe Run’s negligence of its environmental commitment face harassment and death threats, reportedly from Doe Run workers and affiliates, they are not impeded from joining each other in solidarity (Kramer 2011; Romero 2009; Slack 2012). For example, many concerned parents have convened to establish the Movement for the Health of La Oroya (MOSAO) after their children were diagnosed with having high levels of lead in their blood (Kramer 2011). Moreover, eleven La Oroya residents have sought restitution from Doe Run and the Renco Group through legal proceedings in St. Louis, Missouri, where Doe Run is based, for the health detriments they have experienced as a result of lead contamination (Salazar 2011). Along with other
communities affected by mining, the residents of La Oroya demanding justice for the sake of their health, for their lives, also have the backing of local and transnational NGOs, including CooperAcción, Peruvian Society for Environmental Law, Oxfam, InterAmerican Association for Environmental Defense, Earth Justice, Public Citizen, the U.S. Presbyterian Church, and the Catholic Church, as observed in the support offered by archbishop Pedro Barreto Jimeno. Recently, many of the local civil society organizations also formed a coalition, “La Oroya for a Change,” with a platform urging the Congress of Peru not to allow Doe Run to reopen in May 2012 unless the company completes its PAMA and institutes “the highest environmental standards to ensure the health and of the population of La Oroya” (La Oroya Por Un Cambio 2012:1; Slack 2012:1). Through the “boomerang effect,” such a network can prove to be useful in gaining political leverage, as many of these organizations have resources through which they can advocate for residents of La Oroya on a global scale to then influence national policy (Keck and Sikkink 1998). For example, Oxfam initiated a campaign to get the U.S. Congress to reconsider the claims made by Doe Run that the government of Peru has violated the Free Trade Agreement, and instead, push for Doe Run to be held accountable for its environmental degradation of La Oroya (Kramer 2011). Affiliates of the U.S. Presbyterian Church, as well as Earth Justice, Public Citizen, Peruvian Society for Environmental Law, and the InterAmerican Association for Environmental Defense have also written letters to Secretary of State Hillary Clinton and Secretary of the Treasury Timothy Geithner, imploring them to reevaluate the history of the conflict in La Oroya and Doe Run Peru’s repeated breaches of its environmental contract, before responding to the requests of U.S. Congress members being lobbied by the Renco Group Inc. that seek to have the secretaries intervene in the conflict on Renco’s behalf (Cederstav et al. 2011; Steiner 2011b). Particularly noteworthy here is that most of these organizations, as well as La Oroya residents, are not calling for the closure of the metallurgical complex, or even the removal of Doe Run from La Oroya, simply that the company complies with its original environmental contract with the government of Peru.

La Oroya residents have not sought to block Doe Run’s operations for several reasons. De Echave (2005:3-4) explains that there are “old mining areas,” like La Oroya, and “new mining areas,” like those in Piura. In “new mining areas,” local populations often completely reject mining activities because “mining is not compatible with their conception
of development” (De Echave 2005:4). In “old mining areas,” like La Oroya, people have asked that “their economic, social, and cultural rights, which [have] been affected by the mining, be recognized. They [have] sought to establish a relationship of mutual respect between the people and the mining companies, demanding that the companies bring their activities into line with the people’s aspirations for better living conditions” (De Echave 2005:3). Perhaps, this plea for a restitution of rights is pursued, rather than diametrically opposing Doe Run’s operations, because many residents have relied on the activity of the complex for their own economic stability. Also, one must consider that the smelter in La Oroya has been operating since 1922, whereas the referendums in Piura were initiated during the recent exploration phase of projects. Nonetheless, the community of La Oroya is divided, between those dependent on the smelter’s operation for their own income, who have pressed for Doe Run’s reopening without concern for the company’s violation of its environmental contract, and those who want nothing more than for Doe Run to fulfill its PAMA commitment.

Seeing that Doe Run has yet to meet their environmental obligations, which should have been completed by the end of 2006, those who are concerned for the well-being of La Oroya residents have begun to question the economic order that gives precedence to foreign mining companies over local communities. Rosa Amaro, a leader of MOSAO, said “It’s like we’re pawns in a game,” adding, “What I still fail to understand is why we are exposed to the risks of an American investment but not to the environmental protections enjoyed by the citizens of the United States” (Romero 2009:1). Referring to the safeguards that are not put in place for the people of La Oroya, Rosa reflects the growing sentiment that the dignity of local communities is being compromised for foreign investment (Tanaka et al. 2009).

Contending that the rights of locals should be of foremost concern, La Oroya for a Change asserts, “We consider that the right to health, work and dignified life of La Oroya should not be below the economic interest of Doe Run Peru” (La Oroya Por Un Cambio 2012:1). In this way, as La Oroya residents, along with the many other communities affected by mining, question the authority of transnational mining companies to operate without consideration of the views held by locals, they are also challenging the neoliberal order that promotes the interests of transnational corporations over the interests of local communities. Advocating the reverse of the current order, transnational civil society organization CooperAcción has
exhorted the government of Peru, as well as the World Bank, to implement policy requiring “the free, prior and informed consent of communities” pertaining to any mining activity in their area, regardless of the phase of operations (CooperAcción 2004, 2012). By calling for local sovereignty to be respected, such an exhortation takes direct issue with the neoliberal framework that does not afford precedence to community consultation and, rather, demands companies be free from any such restrictions. While communities affected by mining and their advocates exert agency in fighting for local interests to be respected, transnational mining companies are also vying for their interests to be of primary concern. In the next chapter, we shall evaluate the strategies transnational mining companies employ in responding to mining-related conflicts.
CHAPTER 4

RESPONDING TO RESISTANCE: STRATEGIES OF TRANSNATIONAL MINING CORPORATIONS

As residents voice their grievances against mining operations in their communities, transnational mining companies have reacted to these criticisms. Their responses often seek to mollify community opposition by applying an array of strategies. Such strategies include “divide-and-rule” tactics to weaken community opposition and “hearts and minds” campaigns that seek to obtain the support of local populations (Taylor 2011:429). This “hearts and minds” strategy also coincides with the prevalent corporate social responsibility (CSR) agenda, which is implemented by TNCs in an attempt to appease locals, stockholders, consumers, and other involved parties through an ostensible concern for community welfare and so-called “development.” As well, transnational mining companies often use their political advantage within the U.S. government to ensure that mining interests are maintained abroad. Though, where local opposition is not easily placated, intimidation tactics directed at persons and groups that object to mining operations are common. In the event that mining companies are denied access by resistant communities, mining companies often pursue legal routes to override local interests. In seeking to evaluate the measures employed by Doe Run Peru in the case of La Oroya, in this chapter, I will further examine the strategies implemented by transnational mining corporations in response to local resistance.

To understand the reasoning behind the tactics used by mining companies to placate local populations, one must first consider the fundamental interest of mining companies in an area. That is, mining companies are primarily concerned with the exploitation of natural resources to generate and accumulate profit. Given that mining operations often have disastrous ramifications for nearby communities, as outlined in the previous chapter, mining interests are often in direct confrontation with community interests. Expecting to be met with some resistance, mining companies make plans to counter any opposition, to moderate threats, and to ensure profits continue. Essentially, mining companies are seeking to obtain
the “social license,” or public approval, to operate in an area (Tanaka et al. 2009). While this “social license” is not a legally binding concept, mining companies are aware that without some local support of their activities, they may be driven out of a community, as evidenced in the case of Tambogrande. Since the social climate for mining companies exploiting local resources is potentially hostile, mining companies take precautions to promote, and sometimes impose, their presence in the community.

**“Divide and Rule”**

The approach of “divide and rule,” noted by Taylor (2011), captures mining companies’ activities to foster only strategic support of mining operations. This is accomplished by offering benefits to residents living in closest proximity to operations, which, while engendering some approval, sparks dissension by alienating the rest of the community. Bury (2005:235) observed this situation in the case of residents affected by the Yanacocha mine in Cajamarca, finding that while the effect on access to natural, human, social, and economic resources varied for different residents throughout the community, Yanacocha’s initiatives favored those living nearest to current or potential mining activity. Bury (2005:Table 5, 235) defines economic resources as “access to roads, seed banks, irrigation extensions, latrines, potable water systems, money from land transactions, employment, rural credit programs, livestock supplies, markets for dairy products,” while access to natural resources includes “irrigation water supplies, land resources for livestock and agriculture, water quality, quality of land (erosion, intensification).” Human resources entail “access to formal education, technical training, health services, preventative health care, sanitation,” and social resources incorporate “access to interhousehold relationships, community organizations and leadership, local conflict-resolution mechanisms, linkages with national and transnational protest networks and groups” (Bury 2005:Table 5, 235). For residents living closest to the mine, households often experienced a negative impact on their access to natural and social resources, while they experienced a positive impact on access to economic and human resources, that is, those resources which are usually brought about by mining companies. In contrast, many households suffered from a decrease in access to natural, human, and economic resources as a result of Yanacocha’s activities, creating a social tension within the community because of the “uneven impact” from the mine and the
subsequent unequal distribution resources for local residents. By dramatically altering the livelihoods without recompense for some residents, yet providing economic benefits and human services for others, Yanacocha has effectively divided the community. Correspondingly, as the company has managed to recruit some support while alienating others, social solidarity in the community has declined (Bury 2005:235). Such a collapse in community cohesion, in turn, is beneficial to mining companies, as the risk of mass mobilizations by the community against the company is reduced.

**CORPORATE SOCIAL RESPONSIBILITY**

Some of the services offered to select residents, described above, can be viewed as a part of a broader scheme by mining companies to gain approval for their operations and mitigate conflict, namely, through CSR programs. Such a scheme has only been established within the past decade, as mining companies have attempted to re-characterize their image in the face of rising social protest (Arellano-Yanguas 2009:22-23). According to Haslam (2007), CSR principles became significant in Latin America when the public began to realize that the neoliberal reforms of the early 1990s were failing to result in development as guaranteed. The CSR agenda was thus seen as a “legitimating discourse” to help vindicate the neoliberal order and uphold its “globalized private accumulation strategies” (Haslam 2007:288, 270). This agenda encompasses a variety of potential points of conflict concerning TNC operations, including “improvements in working and supply chain conditions, community assistance and development, labour and human rights, and stakeholder dialogue and participation” (Utting 2007:698). That is, the greatest function of CSR programs is not to alleviate the harmful impact a corporation may have on a community, but rather, the goal of CSR is to justify a company’s presence so that it will be able to resume its lucrative operations. Utting (2007:709) agrees on this point, asserting that CSR “is part and parcel of a broader ‘reform’ agenda that promotes both market liberalization and self-regulation, often at the cost of labor rights, decent wages, employment security, corporate social welfare, universal social provisioning, and both state and trade union regulatory capacity.” Here, Utting (2007) not only reveals the function of CSR, but he also illuminates the discrepancy between CSR principles and the actual advancement of socially responsible practices.
In view of the motives behind CSR, it is also important to recognize the processes by which such principles have been instituted. First, CSR is not an agenda solely established by corporations. On the contrary, corporations have often been prompted to adopt CSR principles at the advising of “national and transnational civil society organizations, private corporate foundations, academic institutions, governments, international organizations, and international financial institutions, particularly the World Bank and regional development banks,” in a climate of contention for TNCs (Haslam 2007:272). Second, it should be highlighted that CSR principles are adhered to voluntarily, usually through corporate codes of conduct. International debates concerning CSR have centered on the push for legally binding, mandatory norms for socially responsible TNC operations, but corporations have managed to avert such demands. Thus, several NGOs have advocated for “certification institutions” and “multi-stakeholder initiatives,” whereby external actors are able to monitor TNCs. “Multi-stakeholder” initiatives may include the participation of NGOs and intergovernmental organizations and agencies alongside TNCs in standard-setting, monitoring, certification and verification processes regarding CSR (Koenig-Archibugi 2004:254). Yet, even when TNCs choose to participate in these “multi-stakeholder” initiatives, corporations have held the power in determining which “stakeholders” should be included or excluded in the measure (Haslam 2007:282). Nonetheless, as Haslam (2007) shows, “multi-stakeholder initiatives” have the potential to provide a space for increased negotiating power for civil society organizations and locals affected by TNC operations. Considering these underpinnings of CSR, then, let us evaluate some of the ways in which this agenda is used by transnational mining companies in Peru.

Through CSR discourse, mining companies often promise to be the purveyors of “development.” In Peru, mining companies frequently manifest such “development” by constructing roads, bringing electricity, installing irrigation, building health facilities, and contributing to local schools (Arellano-Yanguas 2008). A band of mining companies known as the “North Group,” or Grupo Norte, in Cajamarca, for example, have sought to mitigate conflict in the department through a joint strategy “to promote regional development” focusing on “road infrastructure, electricity, and telecommunications” (Arellano-Yanguas 2008:30). Companies still attempting to obtain community support for prospective operations also guarantee such projects, as Taylor (2011) shows in the case of Cerro Mogol. Yet, as
Bury (2005) and Arellano-Yanguas (2008) explicate, many of these local development projects, such as roads, irrigation, and electrification are initiated to primarily benefit mining activities. Even so, by marketing their CSR deeds to local populations, mining companies seek to reduce discord and the risk of protest to safeguard potential profit. This point was emphasized in a meeting hosted by the U.S. and Canadian ambassadors for representatives from several transnational mining companies in Peru, wherein the US. Ambassador “requested that each company develop a comprehensive list of their community projects (e.g., roads, schools, clinics, wells) to better publicize the positive impact of mining projects” in an attempt “to help improve the investment climate” (U.S. Embassy Lima 2005:Sections 1, 2, 8). First, the fact that such a conference occurred exhibits the “bond,” or compatibility of interests among the U.S. and Canadian governments with transnational mining companies (Walt 2005). This “special relationship” then provides space for the strategy of “domestic political penetration” to be implemented, whereby TNCs seek to further their interests through their political leverage with the U.S. (Walt 2005). Interesting in this case is that the U.S. is advocating “domestic political penetration” by encouraging the transnational mining companies to launch a propaganda campaign to shed a more positive light on their activities. Given in a time of rising protests against mining, such a prescription reveals plainly the motive of CSR projects -- to protect the interests of transnational mining companies.

In protecting such interests, mining companies in Peru have also sought to maintain voluntary CSR principles by taking the initiative to create their own codes of conduct. As De Echave (2005:6) puts it, “The development of such mechanisms has sent out the message from the mining industry that it recognizes certain negative consequences of its activities, and that these can be controlled without the need for new instruments of public regulation.” The National Society of Mining, Petroleum, and Energy (SNMPE), for instance, established a code of conduct supported by most mining companies in Peru, concerning itself with “transparency, equity, respect for ethnic diversity, dialogue, occupational health and safety, and the endeavor to harmonize business and production interests with the sustainable development of society” (De Echave 2005:6). Such a proclamation seems paradoxical, however, when considering the many issues surrounding mining conflicts described above. As Tanaka et al. (2009:3-4) explain though, CSR programs are aimed at convincing locals that mining benefits communities, that mining companies follow environmental regulations
and will not compete with the local residents for the area’s natural resources. Sometimes this may also require participating in “multi-stakeholder initiatives,” which includes dialogue tables common in mining conflicts in Peru. Yet, as Haslam (2007) observed, mining companies select which actors will be allowed to participate in these dialogue tables. The mining consortium, Yanacocha, for instance, has introduced multi-stakeholder initiatives, but the involvement of the community has been limited to local residents who work for the company (Open Pit 2011). Ultimately, by applying CSR in a way that generates even minimal support though, mining companies seek to obtain the “social license” to proceed with their operations.

**INTIMIDATION TACTICS**

Since the CSR agenda alone is not always effective in obtaining the “social license” to operate in an area though, transnational mining companies often resort to intimidation tactics to weaken critics and maintain control. Intimidation tactics range from video surveillance and stalking to dispersion of opposition and death threats.³ Such occurrences are evident in the case of Cerro Mogol, whereby community activists reported being the victims of attempted kidnappings and homicide by mining company security and “community relations” personnel (Taylor 2011). As well, Yanacocha’s private security forces employ intimidation tactics by openly filming locals who monitor the mine’s effect on the water supply for Cajamarca (Open Pit 2011). Furthermore, many transnational mining companies have also been charged with defaming those protesting mining activity and seeking to apply judicial pressure against them (Slack 2009; Tanaka et al. 2009:4; Taylor 2011). This is made plain during the above mentioned meeting of ambassadors and transnational mining company representatives, as the convening parties called for an end of the “impunity for those who damage private property and block roads,” referring to detained protestors of mining confrontations, who are often released at the appeal of the community (U.S. Embassy Lima 2005:Section 10). Employing the strategy of “domestic political penetration,” here, the alliance of transnational mining companies and U.S. and Canadian ambassadors seek to

³ The origin of such threats is often difficult to determine because of a lack of thorough investigation. Considering that such harassment is generally directed at those objecting to mining operations though, one can deduce the probable connections.
intervene in local policy on the behalf of mining interests. Defending private property and commercial access, the ambassadors and executives also demonstrate their allegiance to the tenets of neoliberalism, rather than concerning themselves with the grievances of the protestors. In the case of Cerro Mogol, the government of Peru adopted the position of the executives and ambassadors and had several of the leaders and organizers of the mobilizations against the transnational mining company Vale Perú arrested and charged with six to seven years in prison, as well as indemnified for disrupting the company’s operations (Taylor 2011:428). Moreover, one of the attendees of the ambassador-executive meeting sought to disperse local dissidents, as he pushed for the rotation of anti-mining teachers and priests. In response, “the Ambassadors agreed to consider this, but needed specific examples of anti-mining teachers and priests, who engage in inappropriate activities,” (U.S. Embassy Lima 2005:Section 9). Again, applying the “domestic political penetration” strategy, transnational mining companies attempt to use their influence with the ambassadors to quell opposition through state-sponsored mechanisms (Walt 2005). As the ambassadors agreed to such a measure, they also exhibit the determination of the U.S. and Canadian governments in seeking to secure investment for mining companies.

**LEGAL ROUTES**

When mining companies are unable to obtain the “social license” to operate because of community resistance, they often seek to impose their presence through legal avenues. For example, when the community near Cerro Quilish in Cajamarca rejected Yanacocha’s plan to mine the mountain for gold because of the irremediable damage the project would do to the local ecosystem, Yanacocha appealed to Peru’s highest judicial authority, the Constitutional Tribunal. Given that the TNC enjoyed the backing of the central government, the court declared that “the companies have the right to carry out prospecting and exploration work on the concessions granted in their favor,” and the MEM permitted the company to continue with its plans (De Echave 2005:5). While such an authorization amounted to an even stronger popular resistance that led the MEM to revoke its resolution, Newmont Mining Corporation, the majority owner of Yanacocha, has subsequently pursued legal routes to override community ordinances that seek to protect lands from mining (Slack 2009). Disregarding local concerns and interests, in this way, transnational mining companies use their legal
resources to force their operations on communities, an endeavor neoliberal states rarely obstruct.

However, in the event that the state does not favor the TNC, then the corporation may pursue arbitration to have its interests met through international institutions, like the International Centre for Settlement of Investment Disputes, an apparatus of the World Bank. This process is deemed legitimate wherein states have yielded to the stipulations put forth by the World Bank and the IMF. Thus, “Governments that accede to these multilateral and bilateral agreements,” Koenig-Archibugi (2004:248) observes, “limit their own freedom of action with regard to foreign investors and thus may reduce their capacity to hold corporations accountable in specific circumstances.” This strategy can also be defined as “binding,” whereby TNCs, in this case, seek to hold the governments to their commitments with international institutions. As Walt (2005:144) puts it, “The logic of binding rests on the belief that international institutions play a powerful role in sustaining international cooperation.” Although Walt refers to efforts by states to hold the U.S. accountable to international agreements, TNCs make use of this strategy to ensure states are cooperating with the neoliberal order, which ultimately corresponds with TNC interests.

**The Response of Doe Run Peru**

Like most transnational mining companies, Doe Run Peru has pursued many of the methods described here. Participating in a “hearts and minds” campaign, according to Doe Run Peru (2011:1), the company has “invested over $300 million in local environmental improvements, and implemented a series of initiatives to improve the health and welfare of the La Oroya population,” including “financial support of local soup kitchens” and contributing to the Cleft Palate Surgery Campaign. The company also states that it has “invested in local farming, agricultural and ecological preservation programs, and has financed new technology to improve the safety of La Oroya’s water supply” (Doe Run Peru 2011:1). Doe Run Peru’s involvement in the community, or at least the motive to publicize these deeds, can be viewed within a broader CSR agenda that aims to gain local support for the company, that is, to legitimize its operations for accumulation (Haslam 2007). Owner of Doe Run Peru, the Renco Group Inc. (2011:1) exemplifies this point affirming, “Corporate Responsibility is integral to our business philosophy of fostering the growth, financial
strength and performance of all the companies that we invest in.” While alluding to accountability, this statement plainly demonstrates the Renco Group’s primary commitment to business for the purposes of accumulation. Moreover, the efforts of Doe Run to display their deeds can be seen as a propaganda campaign within the “domestic political penetration” strategy that seeks to foster public support for the company.

Regardless of Doe Run’s public outreach efforts and its purported assumption of responsibility, Doe Run Peru’s attempts to eliminate lead contamination, the basis of contention with the TNC (along with the government of Peru), have been inadequate. For example, Doe Run Peru previously joined with the local government in promoting street-sweeping and hand-washing initiatives to help reduce lead contamination. However, as the Center for Disease Control and Prevention (2005:32) points out, “Without reduction of air emissions and remediation of soil, home hygiene and clean neighborhood campaigns are of little value in decreasing elevated blood lead levels.” Despite this reality, Doe Run Peru (2011) assures that it has superseded the amount required for investment to improve the metallurgical complex and that it has completed eight of the nine projects required by the PAMA agreement. Notably, as Cederstav et al. (2011) explain, the uncompleted project, which is to build additional acid plants, is crucial in substantially reducing the toxic air pollution that is poisoning the residents of La Oroya. In this way, Doe Run Peru has portrayed its environmental obligations through the PAMA as if they were part of a non-compulsory CSR agenda, although adherence to the contract is a legally binding commitment. Considering Doe Run Peru’s negligence in seeking to improve the health conditions of La Oroya residents suffering from contamination caused by the metallurgical complex, Doe Run Peru exemplifies the shortfall within CSR discourse between promoting goodwill for the community and actually benefitting the persons affected by the activities of the corporation.

Corresponding to Utting (2007), who suggests the CSR agenda is a part of the neoliberal reforms that promote TNC interests over community welfare, Doe Run’s expedient CSR investment in La Oroya comes at the cost of residents’ health. Doe Run Peru appears to have avoided responsibility for its effects on the local community by not truly seeking to protect residents from toxic pollution. Unlike other TNCs, Doe Run Peru has not incorporated multi-stakeholder initiatives that permit community participation in its CSR
agenda. As the Center for Disease Control and Prevention (2005:22) observed, some community members in La Oroya felt that “they were not fully participating in discussions and decision making regarding health impacts from exposure to contaminants.” In addition, regarding the legal proceedings of the affected La Oroya residents mentioned prior, Doe Run Peru (2011) and the Renco Group Inc. (2011) maintain that the company will not be held accountable. Instead, the TNC holds that the government of Peru is obligated to assume full responsibility for the lawsuits according to the 1997 contract between the Peruvian government and Doe Run Peru (Renco Group, Inc. 2011). By seeking to absolve itself of any responsibility and by not fulfilling its environmental obligations to the community of La Oroya, the Renco Group exemplifies a strategy of “balking,” which Walt (2005:141) defines as a “deliberate decision not to cooperate with a nation’s requests or demands.” In this case, Doe Run Peru has chosen not cooperate with the Peruvian state’s requirements via the PAMA contract because compliance would conflict with the interests of Doe Run Peru in accumulating profit.

Furthermore, the Renco Group’s case for arbitration before the World Bank’s International Centre for Settlement of Investment Disputes can be viewed as a legal route through which the company exerts pressure on the government to maintain its interests. By invoking the Free Trade Agreement between the U.S. and Peru in its declaration of arbitration, through a strategy of “binding,” the Renco Group seeks to hold the Peruvian state to its international commitment of free, unregulated trade (Walt 2005). Moreover, the Renco Group has also sought to defend Doe Run Peru by pursuing a strategy of “domestic political penetration” (Walt 2005). Through lobbying efforts in the U.S., the Renco Group has spent over three hundred million dollars to gain political leverage to secure its investment (Steiner 2011a). In a letter written by eight U.S. Congresspersons to Secretary of State Hillary Clinton and Secretary of Treasury Timothy Geithner on behalf of Doe Run Peru, the representatives recommended revoking aid to the government of Peru through the Inter-American Development Bank, if Doe Run Peru is not permitted to recommence operations (Payne et al. 2011). Calling on the U.S. government to withhold funds from Peru in the interest of the corporation epitomizes the manipulation and coercion through which the neoliberal order was initially established and, hence, fails to address the concerns of persons affected.
In addition, as common in other mining conflicts, to quell opposition Doe Run Peru has reputedly employed the strategy of intimidation. Indeed, over the years many community activists have experienced harassment and received death threats for their stance towards Doe Run Peru (Fraser 2006; Kramer 2011; Slack 2012). For example, within the most recent turn of events in early 2012 in La Oroya, community advocates including former deputy of environment minister José De Echave, Bishop Pedro Barreto, and MOSAO activist, Rosa Amaro, have all received anonymous death threats for their involvement in campaigns to hold Doe Run Peru accountable (Slack 2012). Residents have also been persecuted for participating in health studies regarding lead contamination, as Rosa Amaro experienced after an examination wherein her son was diagnosed with elevated lead levels in his blood (Kramer 2011). One doctor in La Oroya, Hugo Villa Becerra, who studied in neurology and occupational health in medical school because of the health conditions he witnessed in the town, says doctors in the hospital have been discouraged from even diagnosing lead poisoning (Fraser 2006:890). As well, NGOs opposed to mining have been targeted, as Doe Run Peru has left large lettering on a company fence that reads, “No to anti-mining NGOs...Get out of La Oroya” (Slack 2012:1).

This climate of fear, however, not only comes from the intimidation tactics of the company, but also the response of those who rely on the operations of the metallurgical complex for their own income (Fraser 2006; Kramer 2011). For instance, according to the Presbyterian Church USA (2011), two-hundred Doe Run workers attacked twenty-five students and a mission worker that were painting a mural in La Oroya. A quarter of the Doe Run employees verbally threatened the students, threw objects at them, and began to physically abuse some of the youth. Like this act of violence, Doe Run Peru is reported to have instigated many of the worker protests to pressure the government to reopen the facility by granting further allowances to the company (Mines and Communities 2010). By coupling this unique strategy of “divide-and-rule” with intimidation tactics, Doe Run Peru is able to suppress opposition with the backing of its workers. In being permitted to recommence operations for the sake of its workers, then, Doe Run Peru is free to continue its pursuit of profit without having had to first resolve the issue of contamination, the very root of social conflict in La Oroya.
Failing to adequately address the social conflicts sparked by mining activities, through tactics of intimidation, legal schemes, “domestic political penetration,” the facade of the CSR agenda, as well as the “divide and rule” strategy, transnational mining companies do not prove to be genuinely concerned with the well-being of the local communities in which they operate. Because “conflicts harm current operations’ profits and put the viability of large planned investments at risk” (Arellano-Yanguas 2008:23), such an approach seems ill-suited according to TNC interests. By inciting divisions within communities, by absolving themselves of any real responsibility towards those affected, by attempting to overturn local decrees, and by threatening anyone that objects to their activities, transnational mining companies seek only to control conflict and weaken resistance (Tanaka et al. 2009). Employing expedient measures at their own discretion, mostly without state-mandated regulations, mining companies endeavor to maintain their individual interests of accumulating profit, without concerning themselves with the best interest of local communities. When operating within a state dedicated to neoliberal economic policies, this persistent pursuit of transnational mining companies, and all TNCs alike, is made ever more facile.
CHAPTER 5

RETHINKING NEOLIBERALISM:
POSSIBILITIES FOR THE FUTURE OF MINING
IN PERU

In a moment marked by social conflicts related to mining throughout Peru, one must place emphasis on the broader context surrounding these struggles, the neoliberal order. This analysis has brought to light how the neoliberal order shapes mining conflicts, as it also circumscribes the struggles of communities throughout the world. As a consequence of the implementation of neoliberal policies, people have been confronted by transnational corporations seeking to displace local populations, to commodify their resources, and to completely transform their ways of life, all for wealth accumulation. Transnational corporations have achieved this process through the “debt regime” of the IMF and World Bank, as well as through their accommodation with the state (McMichael 2000). Mostly, the state has instituted neoliberal principles in exchange for debt rescheduling and structural adjustment loans from the IMF and the World Bank. The austerity measures tied to these loans have caused uprisings in many countries, as local populations have become the victims of the ramifications of neoliberal reforms. Local resistance has sought the support of transnational organizations to help counter the imposition of neoliberalism by pressuring the state to act on behalf of the people, not transnational corporations. Meanwhile, transnational corporations have introduced an array of strategies to mitigate resistance and legitimate their presence in local communities. Nonetheless, the state, to which grievances from social movements and transnational corporations are directed, remains the entity through which policy changes are authorized and enacted.

MINING CONFLICTS IN PERU

Mining conflicts in Peru are emblematic of the processes and relationships among the state, transnational corporations, and community resistance within the neoliberal order. Owing much to the neoliberal economic reforms implemented by President Fujimori in the
early 1990s, mining is a dominant and controversial theme of political and economic discourse in Peru, involving the foreign investors, the state, local communities and their transnational advocates. For transnational mining corporations interested in investment, the mineral resources of Peru are an attractive commodity for generating exponential profits. For the government of Peru, such profits from the mining industry are crucial in precipitating tax revenues to stimulate “development” in the country. However, for the people living near mining operations, the expansion of the mining industry has proven to be less than gainful. Their lands and resources have been expropriated, their local environments have been contaminated and destroyed, and their livelihoods have been dramatically altered, all because of mining operations. Furthermore, as communities affected by mining have been impoverished through these processes, the economic benefits of the mining industry remain reserved for transnational mining corporations. State distribution of tax revenues from mining have also proved insufficient in bringing about local “development.”

In view of their privation, affected communities have challenged transnational mining corporations and the state that authorizes the expansion and intensification of mining projects. Residents have protested mining activities throughout Peru to ensure that their access to land, their water, their ecosystem, and their ways of life are not compromised by transnational mining interests. Since the state ultimately retains the power to approve, to reject, and to regulate the plans of mining companies, communities have voiced their grievances at the state. To put substantial pressure on the state to act in the interest of local populations, communities have strengthened their cause by mobilizing local and transnational support. Local organizations in Peru, such as CONACAMI and CooperAcción, have joined in solidarity with one another, as well as formed ties with transnational organizations, such as Oxfam, to challenge the primacy conferred upon transnational mining corporations by the state. While the battle continues, community resistance has proven successful in some cases, particularly when the contested mining projects are yet under way, like that in Tambogrande.

These glimpses of victories for local residents signal a certain limitation to the neoliberal order that the Peruvian state has sought adamantly to uphold. That is, through the pressures put on the state by transnational actors, the state faces a “sovereignty bargain” (Friedman, Clark, and Hochstetler 2005). While the state may attempt to adhere to the
principles of the global economic order and favor transnational corporations, the pressures exerted by local and transnational movement alliances, through the “boomerang effect,” may influence the state’s chosen path, as seen in the Piura referendums (Keck and Sikkink 1998). The dilemma of the neoliberal state, though, is that if it yields to social movements in one instance, activists will then seek to make further advances for other causes, a fear noted by Yanacocha mining officials concerning the success of the Majaz referendum in Piura (U.S. Embassy Lima 2007). If the state refuses to respond in favor of the locals affected, however, social movements will become more organized and challenges to the state will increase, as evidenced by the case of Cerro Quilish and Cerro Mogol (Johnston 2011).

In an attempt to mitigate such resistance, transnational mining companies have applied an array of strategies, ultimately to safeguard their operations. Trying to gain support and weaken opposition regarding their activities, mining company strategies have included efforts to create divisions within local communities by offering benefits to some residents, while disregarding the negative impact of mining on other residents. In this way, transnational mining companies foster sufficient support to continue with their projects and simultaneously create a schism in the community that reduces the risk of popular mobilization against the company. More commonly, transnational mining companies have introduced corporate social responsibility campaigns, often presenting local infrastructure projects through this agenda to appease affected communities and legitimate their presence. When these efforts have not succeeded in mitigating resistance entirely, mining companies have employed intimidation tactics, such as threats and acts of violence against dissidents and the use of private security forces to scare away opposition. Furthermore, in cases when transnational mining companies have not been conferred sufficient local support for the “social license” to operate, they pursue legal avenues to override local interests. If the state does not yield to interests put forth by the transnational mining companies, the firms may pursue arbitration through International Centre for Settlement of Investment Disputes, an apparatus of the World Bank. Such a process is deemed legitimate wherein states have chosen to comply with neoliberal reforms.

Although the political leverage of transnational corporations within the neoliberal order may appear to limit the state’s ability to intervene, the agency of social movements that have pushed the state to favor local interests contradicts this notion. In Peru, the state still
holds popular sovereignty and is recognized by both transnational mining corporations and social movements as the authority through which their interests can be maintained. Even as communities have sometimes triumphed in resisting transnational mining operations through state concessions to local residents, the Peruvian government has mostly been regarded for its indifference towards communities in mining related conflicts. Often, the state has used its security forces to quell protests against mining. By employing violence against local populations that oppose the ramifications of mining, the state demonstrates its accommodation of transnational mining corporations, and, hence, its adherence to the neoliberal order. This alliance is further exemplified by the state’s inclusion of transnational mining corporations in policy-making decisions concerning the distribution of mining revenues, as well as joint efforts to mitigate resistance to mining. As De Echave et al. (2009) explain, this collaboration with transnational mining companies, coupled with the state’s inaction in addressing local grievances, in turn, fuels social conflict. So long as the state sides with transnational mining interests over community interests, social conflicts related to mining will persist.

**THE CASE OF LA OROYA**

In La Oroya, Peru, the many characteristics of the ramifications of neoliberal policies are revealed. A town severely contaminated by the operations of a metallurgical complex for almost a century now, the struggle of La Oroya residents remains unattended. Concerned community members have attempted to make their grievances known through local and transnational mobilizations, but their interests have mostly been disregarded by a neoliberal state that has continually ceded to the interests of transnational mining corporations. While the state has introduced environmental regulations to reduce the harmful impact of the companies’ operations, the state has failed to enforce such measures, granting Doe Run Peru two extensions for its environmental commitment. This lax regulation coincides with the neoliberal theory that discourages any regulation, and exemplifies the privileges offered private corporations over local concerns. Moreover, when the state decided to revoke the operating license of the company, the announcement came only after the company had already slowed its operations because of lack of funding. Thus, the state’s concern does not
appear to be for the well-being of La Oroya residents, but rather, with the revenues brought in by transnational mining operations, environmentally damaging or not.

Despite the state’s original accommodation of Doe Run Peru, community resistance in La Oroya has persevered. Community members have formed local NGOs, and national and transnational NGOs have become their advocates. These transnational linkages have brought political leverage through lobbying efforts within the U.S. government that seek to influence policy of the Peruvian government, exhibiting the “boomerang effect.” As well, local and national NGOs have formed a coalition in defense of the well-being of La Oroya residents, calling for the Peruvian Congress to hold Doe Run Peru accountable to the PAMA guidelines before the metallurgical complex is permitted to reopen. Given that the state has favored the transnational mining company in the past and that much of the local economy is tied to the metallurgical plant, the demands of local and transnational activists remain limited to the clean-up measures. Still, local actors recognize their experience as a struggle between the interests of the community and those of the transnational mining corporation.

Doe Run Peru has also recognized this struggle. Thus, to mitigate resistance and justify their presence, the company has applied strategies similar to those used by other transnational mining corporations in Peru. Doe Run Peru has attempted to gain local support by introducing a CSR agenda that has focused on local assistance through food, farming, and even cleft palate surgery. Since none of these programs addresses the problem of lead contamination, resistance to the company has persisted. Doe Run Peru has responded to these opposition groups, local and transnational, by reportedly issuing death threats and verbal abuse directed at NGOs and community activists. Often, these abuses have been perpetrated by Doe Run Peru workers, whose behavior is seen as reflective of the company’s stance towards resistance. As well, Doe Run Peru is said to have instigated many of the worker protests to guarantee additional extensions on their environmental obligations, according to news sources and many locals. When Doe Run Peru’s operating license was revoked, its parent company, The Renco Group, Inc., pursued the route of arbitration before the World Bank’s International Centre for Settlement of Investment Disputes, invoking the free trade agreement between the U.S. and Peru. In this way, the transnational corporation seeks to hold the Peruvian state to its commitment to neoliberal policies, regardless of the negligence of Doe Run Peru’s operations.
Nevertheless, the Congress of Peru’s consideration of reopening of the plant and the executive’s support of such a move, signifies that the prospects of a departure from neoliberalism are unfounded. This is further illustrated by the many social conflicts caused by mining throughout the country, wherein the central government repeatedly sides with transnational mining companies. The state may attempt a more stern approach regarding its regulatory mechanisms (like the PAMA), at least in rhetoric, but Peru’s dependency on mining revenues, their “specialization” within the globalization project, seems to inhibit the government from fully addressing the grievances within mining conflicts (McMichael 2000).

Provided that the state seeks to preserve the neoliberal agenda, however, one can presume that mining conflicts in Peru will continue to multiply. As land, water, resources, and livelihoods are taken from local communities for the wealth accumulation of transnational corporations, in the name of a global development that never quite trickles down, social conflicts will incite. This does not signify that reverting to national mining endeavors would resolve conflicts though, for as we have seen in the history of La Oroya, state-owned industries have also been negligent regarding the effects of mining on local communities. Moreover, even as countries such as Venezuela, Bolivia, and Ecuador have entered into what has been dubbed “post-neoliberalism,” the shift has not been equated with post-extraction. Rather, these governments have implemented policies and programs that enable the state to govern industries for their own economic interests (Bebbington 2009). While Peru may one day enter this post-neoliberal stage, the present concern is that the lives of local populations are being dramatically affected by a neoliberal order that puts the profit of transnational corporations before people. Until the interests of local residents are given precedence in state policy and until the voices of the people become the mandate of the state, the unrelenting exploitation and dispossession of local communities by transnational corporations will continue and will inevitably yield strife.
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