The dynamics of local community movements opposing corporate projects and their strategies for a social license to operate: Lessons from the Extractives sector in South America

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Abstract
This essay discusses the different mining company influence strategies to gain community acceptance or a social license to operate from communities who are initially opposed to their projects. I provide examples of how mining companies via strategies such as CSR try to weaken and divide community movements opposed to their projects by making them more dependent on them. CSR therefore in circumstances of community rejection can be considered to be a manipulation tool to co-opt the community and win over a social license to operate. I also illustrate how mining companies can exert their power on the government and State regulators, which is not surprising given we are in a neo-liberal globalized world with a shrinking State and growing corporate power. I finish by offering recommendations for community movements opposing the installation of any high impact projects in and around their territory.

Contextual background to Mining community - conflicts
There are currently 400 conflicts involving communities and extractives projects in Africa, Asia and the Americas (Ejolt, 2014). The reasons for community resistance to such projects relate to ecological/environmental, cultural and economic/livelihood related threats.

Many indigenous peoples hold different and contrasting worldviews to the dominant neo-liberal western one where mountains and water are a form of pachamama or sacred mother earth and as such should not be harmed. Instead the environment is seen in holistic way with human life and development and should not be harmed. The defense of nature, which is the basis of many Indigenous resistance movements, thus becomes both a defense of the source of livelihood as well as a defense of cultural identity (Escobar, 2006).

Environmental justice related conflicts are largely resisted by affected communities and residents together with civil society organizations (CSOs). Together these groups can be labelled as social movements. The fact that rural communities assisted by grassroots CSOs can collectively resist multinational mining companies and States implies that the former can assert power over the latter during certain periods in the struggle for environmental justice.
The rest of this essay will attempt to provide useful knowledge and analysis for such community social movements engaged in the struggle for social and environmental justice against private company projects. The empirical research is based mainly on mining community conflicts in Latin America, however I would emphasize that the lessons learned can be applicable to other geographical and sector contexts involving community opposition to business projects. More specifically the essay will examine and discuss how companies use and wield their power to dampen and fragment social movements opposing their mining projects. Secondly the discussion will outline some ways communities can prepare, confront and counter the corporate strategies to prevent the undesired project from commencing operations.

**Dependence levels: How do social movements against large projects differ from traditional social movements?**

Traditional social movements theory and literature has mainly dealt with subjects concerning equity such as racial, sexual, age and disability equality and rights. Such equity subjects create festering grievances, as opposed to the immediate and sometimes kneejerk reactions shown by local community residents who face the siting of a large operation or are already feeling its impact (Walsh et al, 1997; McAdam et al, 2010; and McAdam and Boudett, 2012). Even the Business and NGO literature has to date only dealt with cases of CSOs advocating for corporations to change their behaviour and policy and not asking for them to cancel their proposed multi billion dollar projects as in the case of mining company – community conflicts, which is much more of a radical request.

Moreover in terms of power relations both main protagonists (the State and social movements) in traditional social movements are independent of one another in terms of daily interactions and relations. However, in the context social movements, which consist of local community residents opposing the installation of large projects within the community, there is a clear level of interaction between both actors due to physical proximity and impacts.

This implies more complex power dynamics between both the corporation and the local community/social movement. Due to the daily interaction between both sets of actors it means that there are dependence levels that each group has with the other, and whoever is more dependent on the other actor has less power in the over the other in the relationship (Frooman, 1999).

Therefore it is imperative that the social movement can remain as independent as possible from the large (private sector) project if it is to succeed in its aims to prevent and resist the installation of the mining project. On many occasions the movements exist to protect their autonomy from extractive activities, which represent a threat to their independence.

In such a context it leads to a war of positions between company and local community/social movement opponents. It is difficult to imagine that any community members would be in favour of the environmental and social impacts generated by mining projects such as to water sources, dust pollution, increased social problems and local inflation. As such one would assume all communities would be opposed and resist all nearby mining projects, however this is not the case.
As argued by McCarthy and Zald (1977) most groups are unable to take collective action to address their grievances. The prevailing factor that pacifies any community or movement against mining is that of economic dependence and power, in specific corporate power.

By Independent or autonomous I mean communities that have their own economic livelihoods unrelated to the large project, a long and rich history of living in the region, a strong identity and place attachment amongst others. In short independent communities do not need the large project such as the mining company in order to thrive. Independent communities often base their culture, identity and livelihoods on the sustainable use of the very natural resources and land that extractive activities threaten to deplete such as arable land and water. Moreover, autonomous communities have their own organic ideas and understanding of what development really means. This probably does not align with the western capitalist based notion of development around the exploitation of natural resources in exchange for economic growth leading to a trickle down effect for government to invest in public services and locals to gain low-income employment in the hope to eradicate poverty.

A more Dependent community is one where the community as a whole is economically dependent on the economic opportunities provided by mining for its survival. These communities also have a more recent identity as residents are economic migrants who come from other regions. I should state from the outset that both categories of independent and dependent communities are not static and concrete.

Instead within these contexts there is a constant tug of war between segments of the communities and companies to make the other more dependent on itself, and hence have the upper hand in terms of power. The following section of this essay will outline and analyse some of the corporate influence strategies to combat and weaken local community social movements pushing for autonomy whilst resisting the mining project. Despite the empirical examples originating from a mining and South American context I would stress that this data can be applicable and relevant to other industries and geographic regions.

The Dark side of resisting business
It is worth beginning this section on corporate influence strategies by briefly outlining the dark side of company – community conflicts felt by social movements activists, who pay the ultimate price with their lives. A review conducted by NGO Global Witness in 2014 called “Deadly Environment” stated that between 2002 and 2013 at least 908 citizens had been murdered in the world whilst trying to defend land and the environment. The highest murder rate was in 2012 and 2013 which indicates a worrying rise in fatalities. One of the main drivers for these assassinations is attributed to mining and extractives activities with 150 of the deaths taking place in the context of this sector.

Many of the activists were killed during anti-project protests especially in Peru (46) and the Philippines (41). The report by Global Witness states that in most cases the perpetrators are either unknown or are State security forces. However, the authors posit that there would be political and even private sector interests implicated somewhere along the chain of responsibility. The rest of this essay, however, will focus more on battles between corporations and local community social movements of a much less violent nature, more related to manipulation tactics and which are also much more commonplace.
Corporate Social Responsibility (CSR) as a Corporate strategy to counter social movements

In communities where factions of the local community have mobilized to oppose a nearby project the management of this project will react in order to maintain and protect the projects' acceptance, legitimacy, reputation or what is often referred to in the extractives sector as the Social license to operate. The main fear multinational corporations have is that local social movements could create roadblocks to their operational sites which would mean large financial costs and moreover negative publicity on a global scale (Franks et al, 2014). As a consequence whether intentional or not (something I cannot speculate on) this corporate legitimation strategy to win over a social license to operate weakens and divides the opposition movement and community.

Mining companies will use instruments and influence strategies such as Corporate Social Responsibility (CSR) development related investments (such as in health, education, income generation, culture) to increase the dependency levels of communities on them where there is opposition to the mining project, and hence win over a social licence. In more dependent communities even though sentiment is overly negative towards the mining project (due to its many impacts) the community is unable to collectively organize due to its reliance on the mining projects for an income.

Several researchers have already written about corporate influence strategies or CSR is designed to thwart local community resistance movements. Kraemer et al (2013) give an account of pro-company “goons” in the State of Orissa in India who threatened and beat up local activists who were vocally resisting the proposed Vedanta mine. The main story of the paper outlines how Vedanta Mining (a London listed mining company) was able to co-opt a local community opposition leader to the proposed bauxite mining project via an educational scholarship.

Vedanta mining also purportedly used CSR to a large extent to quash the local community social movement in opposition to the mining project. Kraemer et al (2013) recount the example of how CSR was literally used as weapon to counter local resistance to the mining project where members of a cricket club sponsored by Vedanta mining beat up local community protestors with the company purchased cricket bats. Company hired spies were also present to add pressure at any local event where activists and community members would vocally object to the mining project. Therefore it can be argued that CSR can be used as a manipulative tool to counter local resistance to mining projects and gain a social license to operate.

Authors such as Bebbington et al (2008); and Urkidi and Walter (2011) also explain how mining companies in South America were able to use CSR benefits and investment to co-opt local community opposition to mining projects which essentially weakened and divided the social movement. All eight mining companies in the eight communities I researched also have well structured policies, Key performance indicators on the implementation of CSR, departments, staff and generous budgets dedicated to CSR or community relations/investment. The reason given by the companies for investing so heavily in local community CSR is down to their own internal organizational CSR focused values and also because they “need healthy communities in order to thrive”, in other words a social license to operate. The mining companies like most other large corporations claim to be close to
their local communities by engaging in “dialogue, partnership and consultation” with them in order to be “good neighbours” and “respect human rights”. The fact that companies have appropriated terminology from social justice movements can also be evidenced as an initial sign of co-optation (Coy and Heeden, 2005). CSR is driven by a clear aim to gain legitimacy, enhance reputations and gain the social license to operate so that the corporate can continue to operate unchallenged and in relative peace.

Much of the management literature claims that CSR is a win-win situation for both company and community. However, we should ask ourselves whether CSR in contexts where there is outright community opposition and resistance to a new project is just as moral and correct (from the community perspective)? What would the consequences of an aggressive CSR and stakeholder engagement policy be in these contexts of community rejection and social movements opposing the company? According to the United Nations Guiding Principles of Business and Human rights companies should always dialogue and listen to affected communities in order to respect their human rights. However these United Nations Principles make no mention about the dangers of co-optation that company lead dialogue and consultation can bring about in context of local community opposition movements to corporate projects.

My empirical research at the mining communities in South America showed that the company’s CSR actions lead to a division and dilution of the resistance movements in each of the six cases where there was a substantial degree of local collective opposition to the mine.

Examples of such CSR investment from my own field research in South American mining communities include training/capacity building courses to help with employment and income generation; investment in local infrastructure and public services, community centres; offering scholarships; paying for electric and water bills; sponsoring cultural acts and shows; offering a vehicle; paying financial compensation for environmental and structural damage to housing; resettling people to new homes; offering communities to take part in impact identification processes; and even to learn more about their own indigenous culture amongst many others.

**CSR as a Divide and Rule tactic**

At all the communities one segment of the community always refused to partake in receiving any of the abovementioned CSR activities whereas the other section gave into temptation and was co-opted. Once the companies gain some local support having divided the opposition movement they go to great lengths to communicate this to the world via photographs and even video evidence to demonstrate local community support for the company.

Companies also constantly aim to identify who the most powerful and influential local community leaders are in adherence with stakeholder theory that is espoused by the CSR related consultants. Once companies have identified the leaders of the movements they will also attempt to discover what price if any this person has to be silenced. At a community in the Huasco Valley in Chile a local priest and leader of the opposition movement to the proposed gold mine explained:
“that mining company’s representative came in through the same door you did last month and offered me a brand new pick up truck 0 km, he knows I’m vocal in my opposition to the mining project….of course I didn’t accept but maybe I should have and then written on the side of the car ‘Look what the mining company buys”

Corporate intelligence on the local community context is a vital strategy to exert power and control over the local community movement via manipulation strategies. It was often the case that when a community had emerging movement in opposition to the mine they would attempt to dialogue with the resistance leaders to see how they could come to a compromise. According to a movement leader in a Northern Chilean community resisting a large tailings dam, the company had offered him a blank cheque in exchange for his silence. He did not accept and his community continues camped outside for weeks in a roadblock to the tailings dam still in late December, 2014. In the same community the mining company had offered compensation payments to just one group, which had accepted and consequently lead to internal conflict and the movement becoming fragmented.

In addition the line between gathering intelligence on “stakeholder profiles” and conducting surveillance of opposing local social movements is thin. Residents, including the former head of security at the mine in the central Brazilian mining community explained that the mine spies on certain local community residents and especially on employees. Brazilian Mining giant Vale was accused and denounced to the authorities by a former employee of phone hacking and spying on activists against the construction of the controversial Amazonian dam Belo Monte in 2013.¹ Undertaking surveillance can help corporations learn more about those opposing them and consequently devise strategies to discredit, marginalize or co-opt them and hence further weaken the resistance against the mine.

In a central Brazilian mining community residents often replied to my questions around the lack of local community social movement leaders by explaining that whenever such leaders emerged and become vocal they would be invited to have meetings with the mining company and thereafter these individuals became quiet. In the same central Brazilian mining community the company had realized that at a neighbouring Quilombola (Maroon – settlement made up of descendants of African slaves who had escaped slavery and maintained certain African traditions) a young educated lady had become very vocal and created a social movement against the mine and its expansion plans, which would affect her community’s territory and way of life. As a manipulation strategy the mining company stepped up its CSR activities in the community and managed to gain more support from other elder pro-company leaders within the same Quilombola who wanted to receive courses in making biscuits, have their electricity and water bills paid and have a closer relationship with the mining company.

For the younger leader this was very little compensation for all the environmental impacts to their land and water sources from the nearby mine, as such she took legal action against the mine for the risk it posed to a traditional heritage community protected by Brazilian law. After significant “stakeholder engagement” with other elder pro-company leaders at the Quilombola the young activist leader became ostracized by much of her community as a trouble maker and “intellectual extremist”, she received anonymous death threats and apparently had her car breaks tampered with. The young woman leader

¹ http://www.portugues.rfi.fr/geral/20140214-ongs-apresentam-provas-de-que-vale-e-belo-monte-teriam-praticado-espionagem
consequently had to leave her Quilombola community and her lawsuit against the mining company is still being judged by the justice system in Brazil. Once again a mining community was left divided by the actions of CSR and corporate influence.

**Corporate Manipulation and Lobbying strategies**

We must not forget that States are supposed to keep Corporations in check. The fact we live in a globalized capitalist dominated paradigm where privatization is preached and practiced by States, Multilateral institutions and business schools is evidence that States fully support corporate power. Moreover the line of separation between the State and Corporations is increasingly blurred with questions arising over who regulates who?²

With reference to the same central Brazilian mining community residents also referred to the gold mining company as “the almighty” and how it “calls the shots” in the community. As an example the company’s own head of community relations told me how she had told the local municipal government to cancel a public hearing to debate the issue of detonations from the mine as the company believed it was not the right moment to have such a public debate. This example highlights the vast power the mining company exercises within a city of 85,000 inhabitants. Residents in Northern Chile also complained at the overly close relationship between the gold mine and local and even national government.

One good example of a manipulation strategy to gain corporate legitimacy and further divide the local resistance movement against the mining project was how the mining company created its own “false indigenous leaders”. The movement against this gold mining project was made by the indigenous Diaguita people who argued for their indigenous peoples rights to self determine whether they should have a mega-mine in their territory. The mining company very intelligently decided to provide free legal services to many other very low-income community residents to obtain official State certification that they too were Diaguitas. Having indigenous status in Chile also means access to additional social benefits.

Once the mining company had helped “create” more Diaguita people the company additionally went on to provide cultural courses to help these people learn about their Diaguita identity. Furthermore the mining company chose some of the new “Diaguita” people it had helped to certify and install as new Diaguita leaders, or as referred to by Urkidi and Walter (2011) as “False leaders” loyal to the mining company who could publicly speak on behalf of company nationally and internationally.

One of the main contributions by this Canadian gold mining company in this period around 2006-09 was the publication of a book called “Etnia Diaguita” (Diaguita Ethnicity in English) by an Anthropologist hired by the company. One of the main arguments in this mining company sponsored book was that the Diaguita people traditionally were a mining people and not so dependent on agriculture. It becomes self evident a to why the mining company would be trying to influence Diaguita history and culture.

Having given an account of the different strategies used by companies to dissolve and divide local community movements opposed to the company projects, I know move on to analyse the possible strategies available to the same community movements to confront these corporate projects.

Community movements strategies
The likelihood of success for local community movements to confront a private sector funded large project depends very much on the objective of the movement. Typically the aims will be either one of two, firstly to make the project more responsible which entails mitigating all harmful impacts to the local community and environment; or secondly simply to prevent the installation of the project.

Movements pursuing the former objective will have a much higher chance of success as all large corporations have policies on stakeholder engagement, CSR, community relations and human rights which translates as mitigating all the negative social and environmental impacts. In other words making a “necessary evil” “less evil”. Large corporations also have sophisticated grievance mechanisms for dealing with community complaints around negative impacts. In short corporations would be pleased to explore with community movements on how they could operate in a less harmful manner due to their quest for a social license to operate. The emphasis in the previous sentence was on the word “operate” because this is the non-negotiable item from a corporate perspective, large companies will not be willing to pull the plug on a large project despite calls from community resistance movements, the companies would however happily try to accommodate grievances and concerns so that there is some sort of a “win-win” scenario.

As such the rest of this essay will focus on movements (often involving indigenous peoples) who are not interested in “impact mitigation” and “co-existence” with high impact industries such as extractives operations as the simple existence of such projects represents a threat to the autonomy, identity and traditional livelihoods of these people.

For such groups opposing the installation of large corporate funded projects the challenge is much tougher because of the current dominant neo-liberal political economy. It is worth unpacking the present political economy in order to provide contextual background to the scale of the challenge facing social movements, and in addition to help point out where resistance movements can channel their claims and demands.

The ultimate decision for the installation of large impactful projects in any location in the world belongs to State authorities. Despite the fact that many countries such as Peru, Chile, the Philippines and others have signed international conventions upholding the rights of indigenous peoples to give Free, Prior and Informed Consent\(^3\) to projects on their lands the implementation and respect of this concept and international has rarely been respected by States or Corporations in practice. Consequently community social movements would need to appeal to their respective national justice systems and courts to request the project be suspended or cancelled. In this current dominant neo-liberal paradigm where the market is considered as the main actor for providing development and governments play the role of facilitator for business in bringing development to its people it is most probably that State actors will be keen for any large private sector investment to take place considering the economic benefits that would theoretically bring about with jobs, tax revenues and even CSR.

There are no known cases of community movements groups convincing a private sector company via “stakeholder consultation or engagement” to cancel its plans to invest in new

\(^3\) See ILO Convention 169 on Indigenous and Tribal Peoples Convention and The United Nations Declaration on the Rights of Indigenous Peoples, 2007
operations based on the human rights impacts. Assuming the company has projected a healthy profit from the investment it would see no reason to abandon this opportunity.

Therefore considering governments and businesses are most likely give their strong support to the project, what strategies should local community movements follow to deny the installation of private sector projects on their land? There are several toolkits available for communities to resist such large projects using legal and political mechanisms. However there is a void of literature that advises communities opposed to large extractive projects on how they should mobilize at a social level especially in relation to the tactics and strategies used by the companies and State to gain the social license to operate. I dedicate the rest of this essay to providing recommendations to community social movements on dealing with these corporate influence strategies, based on empirical examples:

- **Educate about Corporate Co-optation strategies:** Based on the corporate influence strategies outlined above, all social movements should learn about the divisive, co-optation, manipulation and CSR strategies companies will use to weaken and fragment community opposition movements. Moreover resistance movement leaders from the outset should regularly educate the members especially from the community that the company will soon embark on a strategy to divide and rule over them via CSR related initiatives. Using examples to educate the community movement of how other companies have attempted to dissolve local social movements such as the ones outlined above would be an effective way for movements to remain cohesive and resist temptation to negotiate and dialogue with the company.

One real example comes from the Ngöbe-Buglé community in Panama who successfully fought off a copper mining project. The community leaders from the very beginning decided to never show any internal differences to outsiders. Their main principle was to always show a united front externally in order to succeed. The community knew the government and State actors would take advantage to accentuate their differences and thus weaken the resistance movement.

**Get organized collectively, reach out to international CSOs, use the legal channels and attempt to hold a local referendum:** Two success cases of local community movements pushing large foreign mining projects out of their territory come from Peru (Tambogrande) and Argentina (Esquel). At both communities local organization, strong collective identity and action for local democracy and power lead to the communities holding referendums over the proposed gold mining projects.

At Tambogrande, Peru in 2002 the community organized itself well and were opposed to the mine from the outset. They were linked with Latin American Mining Justice NGO OCMAL who internationalized their campaign, which brought much more public attention to their struggle. They formed organizations and raised money


5 For further information see [http://nodirtygold.earthworksaction.org/voices/tambogrande_voice#.VHuaP4u2Za](http://nodirtygold.earthworksaction.org/voices/tambogrande_voice#.VHuaP4u2Za)
to explore economic development alternatives to mining. They researched likely effects of mining on their fragile water resources. The citizens conducted a petition and even held a referendum in 2001 to allow citizens the chance to exercise their right to determine their own economic development. The referendum result was overwhelmingly against the proposed mine.

The Canadian gold mining company offered the local community a million shares to purchase their support (and weaken the opposition movement). The community was able to resist this generous offer as it had been so well organized and created such a strong collective identity and objective. After further protest to rid the mining project the Peruvian State finally was forced to tell the company to abandon the project citing financial irregularities as the official reason.

A similar story occurred at Esquel in the Argentine Patagonia where the community organized itself well. It made links with international NGOs and held a referendum whereby the community rejected the Canadian gold mining project by 94%. The company had no choice but to leave despite trying very hard to convince the local community to accept generous CSR projects and investment. Again, due to the strong collective identity within the community resistance movement residents did not feel comfortable and/interested in personal gain over the collective aim, which was to have a gold mining free community.

One useful and relevant final example is of the case at Ngöbe-Buglé in Panama. The Ngöbe-Buglé indigenous people via a strong, cohesive and united community social movement managed to change the Mining Code law of Panama so that mining activity can never take place in their territory, which has an estimated copper reserves for the next 2000 years. The movement protested in their thousands for three years and dialogued with the Panamanian government via mediators from the United Nations and the Catholic Church. The Ngöbe-Buglé movement lost three members’ lives due to State repression whilst protesting, which was a high price to pay. The Panamanian government had initially awarded the mining licence to a Korean mining company, which it had to cancel after the final agreement with the Ngöbe-Buglé people. This case can clearly be considered a success for a community movement opposing a large project.

**Concluding remarks**

Within the current dominant neo-liberal paradigm we can expect increasing levels of private sector funded large projects (such as extractives, natural resources based and infrastructure) to be approved by States and governments to operate on land belonging to indigenous people and rural based societies. Recent history has shown a rejection by indigenous and rural communities of these new projects being imposed on them as they represent a threat to their livelihoods, autonomy and identity.

The task facing such communities who decide to collectively resist these projects is a large one to say the least. These projects are sponsored by the State and executed by multi million or billion dollar enterprises. Governments, business and even certain NGOs frame such investment as being good for local development and poverty eradication due to the jobs and economic growth they can bring locally.
Therefore any collective resistance to such projects can be met with by physical force and harsh violence (Global Witness, 2014) and most certainly by counter mobilization strategies based around CSR and compensation aimed at breaking up the resistance movements and gaining a social license to operate. These corporate influence strategies can divide, dissolve and delegitimize the local opposition movements to the proposed projects.

As such community movements need to be well prepared to anticipate and face these tactics and also be organized enough to create national and international links to NGOs who can help create media campaigns to generate public support. Large multinational corporations are very sensitive to their image and reputation, it is something they guard and protect with all their might.

If the local community is genuinely in opposition to the proposed project then the movement should attempt to organize a local referendum ideally recognized by an external organization (Civil Society or ideally a State actor) aimed at deciding whether the project should go ahead as planned or be abandoned.

This question is essentially about the ability and right of local communities for self-determination and deciding its own local economic economy as opposed to having this imposed on them by the State authorities. Accepting a high impact mining project such as mining could easily wean the community off their traditional livelihood, their land and instead become dependent on mining for the few decades of exploration. It is difficult to see how the community could continue with the same identity and traditions if this were the case. This would appear to be the price to pay for globalization and neo-liberal capitalism.

Bio

Rajiv Maher has a PhD in Management from Cranfield University, UK, which researched eight different mining affected communities in Brazil and Chile. The research attempted to understand what influences the positions community members take towards the mining projects. He uses a social movements perspective to make sense of how communities mobilize and resist mining projects and stakeholder theory to understand why some communities co-exist happily with mines.

Rajiv has nine years of experience researching and practicing in CSR and development. Rajiv currently works as senior advisor at the Danish Institute for Human Rights in the Human Rights and Development department. Rajiv’s current research interests are around local economic democracy and collective resistance to extractive sector projects and their strategies for a social license to operate.

The views of this paper do not in any way represent those of the Danish Institute for Human Rights

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