

# **Community Displacement in Peru**

An overview of the mining industry

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Columbus stepping off of his ship in 1492 is an important date in history for what it signifies. It is an evocative symbol of the importance global interrelationships play in the world at present. These relationships are important because when people come in contact, consciously or unconsciously, they share their societies, cultures, environments, and biology. Night soil from European ships, for example, changed the landscape of North America. The ships that carried the explorers from the old world used dirt as ballast to increase the weight of the ship's decreasing the chance of capsizing. In that dirt, earthworms along with a cornucopia of other organisms travelled with the sailors. When ships arrived in the new world, they would dump their ballast to take on cargo. After the ballast is dumped, the newly introduced organisms are an unexpected addition to the environment and their contact irrevocably changes the landscape (Mann 2011).

To understand contact it is worthwhile to investigate the unique ways each culture understands and is affected by global interaction. In the western tradition contact is understood only in terms of how it can increase accumulation. Untethered by concern for side-effects, increasing production is the ultimate goal (Rashford 2012; Rai, et al. 2011; Marx and Engels 1848; Martin 2012). Resource accumulation is necessary to provide for growing global populations. However, in considering global resource accumulation, there are many examples where one group of people are prevented from procuring what they need to survive so that another group may live luxuriously. For example, this occurs when resources gathered in a region do not provide for the local populace, but instead for a foreign interest. Such is the state in Peru where foreign backed extractive industry drives the economy. The government may benefit, but the people who are closest to the mines continually protest the mines presence. Three people died on June 3<sup>rd</sup> 2012 in Cajamarca protesting the mines and social inequality (Torres and Marco 2012).

To better understand how these relationships have developed it useful to provide a historical and current overview of the global, national, and regional relationships in the Andes of Peru. Currently, the mines are in a discordant relationship with the communities of the Andes. The regional communities have seemingly received little value from the wealth that the companies extract from the land. In addition to disagreement over community relationships, the environmental regulations are decided by members of the central government who have dissimilar motives than the rural regional communities. Currently, regulations focused on encouraging investment have led to lax government environmental standards (Polo and Cavero n.d.). Despite increasing economic growth, the social, environmental, and political cost of mining in the Andes make considering alternative methods of political power distribution worthwhile.

The paper is broken into five distinct sections. The first section of the paper deals with the history of mining and foreign involvement in Peru. The second section will outline who the main stakeholder groups are. The third section will weigh the positive economic impact of the mines and the negative environmental and social impact. The fourth section will encompass oppositions to change and how they can be overcome by stakeholders at international, national, and local levels. The fifth section will outline goals for change and discuss what achieving these goals can mean to local and international stakeholders. The paper is inspired by two months of experience in two separate communities on the Andean plateau. The paper presented is mainly produced from an extensive literature review on the subject. By the end of the paper, it should be possible to identify affected parties and how their current relationships shape the situation and to understand methods and solutions that will lead greater numbers of local participants to feel that their communities and the land is being respected.

I. A history of exploitation: the history and relationships that frame the current debate

At the opening of Lima University in 1918, Alberto Salomon outlined the Peruvian central government economic policy of “...advocating communication with the wealthy peoples of the world and for the attraction of the capital. Which they have in abundance and which we lack”. His words have carried into the twenty-first century. In 1993, a new constitution was written that guarantees free market competition (Constitución Política del Perú 2010). The constitution encourages foreign investment by reducing trade tariffs and allows direct foreign investment into the country (Sotelo 2010). The policies and laws established by the Peruvian government that coddles foreign investment, to the detriment of local interests, is a recurring issue in Peru. The history of Peru, a story shared across much of South America, is a saga of subservience to colonial and neo-colonial powers. Pizarro killed Atahualpa in 1532 and claimed Peru for Spain. Following the conquest, a succession of foreign powers has played major roles in the development of the nation. After Spanish rule, British investment funded the emerging Limeño Oligarchy. Then foreign nations, led by the United States helped Peru create the current neo-liberalization policies that give almost free reign to multinational companies (Galeano 1973). The control other countries have exerted over Peru has many factors. The most important, it could be argued, is the abundant natural wealth. The history of Peru contextualizes how policies that favor multinational companies over local community interests are the result of long standing relationships of exploitation recreated in a global capitalist market place.

### *Colonial Peru 1532-1824*

The Spanish crown had a simple objective in the conquest of South America. The goal was to gain riches to fund warfare and trade in Europe (Robins 2011). The ransom for Atahualpa was two rooms filled with gold. The mines of Potosi, located high in the Andes of present day Bolivia, produced the majority of the Spanish fortune in Silver. The coins were so ubiquitous that the silver from Potosi mines travelled as far as China and filled the coffers of old world powers, such as the Netherlands and Britain (Robins 2011). The rich mineral resources seemed to be a great blessing, but instead have been a curse on the development of the country. Colonial powers and neo-colonial interests extract raw material without developing other industries in the nation. In the fifteenth through eighteenth centuries, the raw material was refined in Europe as part of the Atlantic trade. Extraction has only increased in importance entering the Twenty first century. Extraction is undertaken by multinational companies in an industry where one company, Newmont, had 4<sup>th</sup> quarter earnings in 2010 of \$896 million (Coumans 2012). To satisfy investors, these companies need to constantly mine in order to be profitable. Based on ore lode estimates, Peru is ranked as one of the top six most mineral rich nations making it an important site for mining companies (Ernst&Young 2011). The extraction of resources from Peru has a legacy of creating divisions between social and ethnic groups in Peru.

The Spanish first arrived in the Andes in 1531 under the command of Francisco Pizarro, a man whose pre-conquest career was pig farming. Pizarro proceeded to capture and kill the Incan leader Atahualpa and claim the central Andes for the crown of Spain (Starn, Degregori and Kirk 2005). The expanse of land he claimed includes Peru. Ecuador and Columbia lie to the north, Bolivia and Chile to the South and Brazil forms the eastern border. It is a territory with 82 distinct climates of the 104 that exist in the world (Huayla 2012). The three most drastically

different regions are the Andes, the coast, and the Amazon. Each has a unique history and distinct communities and cultures lie within each region. Despite the great diversity each area shares a common history. Pizarro found in Peru what all the conquistadors of Spain searched for in the new world. He found silken cotton fabrics, gold, silver, and other precious metals. He laid claim to the wealth of the Incan empire and the natural resource wealth of Peru which had made the Incans great. The apparent blessing of natural resources, however, proved to be a curse for the indigenous people of Peru.

The resources gave Spain a reason to keep a tight stranglehold upon the Peruvian territory. To manage resource extraction and funnel wealth to Spain, a caste system developed in Peru. At the lowest rung are African slaves and “indios”, or native people. The indios, in particular, received harsh treatment and engaged in forced labor. They made up the majority of the workforce in mines, guano fields, and sprawling plantation-style *haciendas* (Robins 2011). The next level up is the *mestizo (criollo)*, who have mixed American and Spanish heritage. The bourgeois of Peru consist of people who, born in Peru, trace their lineage through Spanish parentage. The elite class above the *criollo* bourgeois class is individuals who were born in Spain. The peninsular Spaniards received preferential placement and ruled over the other extremely wealthy in political affairs. The impact of this caste system is still felt today in the association between fairer Spanish skin and modernism and an association between darker native skin and rustic cultural traditions (Cochachin 2012). The caste system has not only indirectly led to racism, but also has laid the foundation for exploitation of indigenous populations and wealth accumulation by foreign investors.

The problems the natives faced began with the diseases the European conquerors brought with them (Robins 2011). Spreading from Panama in 1524, small pox and influenza swept south

through the Incan empire decimating the population. Internal Incan politics also gave Pizarro an advantage before he ever set foot in modern day Peru. The Incan empire was embroiled in a civil war following the untimely death of Huayna Capac. His passing is thought to have been caused by a disease from the old world. In fact, Pizarro's successful overthrow of Atahualpa is mainly a result of the civil war that divided the kingdom. When Atahualpa met Pizarro, he was still enjoying victory over his half-brother, Huascar, and underestimated Pizarro and his force. His arrogance eventually led to his death, since that is what allowed him to be lured into and caught by a trap set by Pizarro (Starn, Degregori and Kirk 2005). While capturing Atahualpa played a large role in the folding of the kingdom, disease and the epidemics between 1572 and 1635 caused the fall of the Incan Empire. Due to disease, the population of what is now modern day Peru plummeted 93 percent from 9,000,000 in 1520 to 600,000 in 1620 (Robins 2011:15). Along with the diseases, the Spaniards implemented policies that actively dismantled Andean communities.

Two policies in particular that lead to the ruination of communities are the *encomienda* system and *mitas*. *Encomienda* refers to the post-conquest system put in place by Francisco Pizarro that began the process of subjugation. In this system, native populations were assigned to a Spanish lord who was responsible for the people, but could also extract a tax in the form of labor. The system acted to "convert" large swathes of the population at a time, and provide a labor force to Spanish land owners (Robin 2011:14). These policies were not favored by Spain, but to ensure a productive relationship with new world nobles, the Spanish crown gave ground and allowed *encomienda* policies. Mining policies in the colonial period added to indigenous hardship in the form of *mitas*, or a quota system. Once the Spanish crown developed the Peruvian mines, to keep them working at peak efficiency they needed to expand their workforce.

Slaves were not an option, because they were too costly to lose to the dangerous work of mining. Instead they used the natives for this dangerous work. In 1573 the fourth viceroy of Peru Francisco Alvarez de Toledo developed a system to generate free labor for the mines. The purpose of the system, along with other institutional changes, was to introduce systematic control of the native populations (Britannica 2013). The idea for the mita was taken from the former Incan rulers. The mita requires a quota of laborers from communities near mines to serve as laborers. The law as it is recorded is not as negative as how it was actually implemented. The law required the workers to be paid and limits were placed on how long each service period could be.

However, in actual practice, the mine owners took advantage of the native people. The natives often did not receive payment on time, if at all. In addition, upon returning home, *Caracas*, who are responsible for making sure the community meets their quota, would intercept the workers and conscript them for service again. Being conscripted did not excuse a community member from obligations at home. Being away from home only increased what goods the worker needed to provide to maintain a respectable social position. The fear of being conscripted by *Caracas* and responsibilities that awaited the laborers at home discouraged them from returning to their communities.

From the beginning of the mita, local communities were torn apart and the people who left often did not return to their homes. They instead remained behind to become wage laborers or fled to a new community. These men, who are called *foresteros*, did not return because of the large financial obligations that awaited them at home, and the likelihood that if they returned they would be conscripted again by the local authorities. In the initial mita “13,500 men were initially pressed into this service in Potosi” (Robins 2011:33). Along with the forced labor, the mines drew people to them because of the potential for profit. In fact, although the mitayos made

up a significant segment of the workforce, the actual mining was undertaken by wage laborers. The people conscripted under the mita served to carry the ore out of the mines. The labor conditions were horrid and many clerics condemned the conditions, yet defended the mining as the lifeblood of Spain. One colonial official describes the condition of the workers “For these unfortunates, all of the nights are very bad... overloaded with one hundred pounds of weight, through caverns filled with horror and risk...” (Robins 2011:77). The horrid conditions of the mines, coupled with the enforced labor on haciendas created a foundation of mistrust between the indigenous peoples, and the Spanish and criollo bourgeois. The institutionalized racism of the colonial period carried over into independence, where freedom from Spain did not translate into freedom from oppression for the Indigenous community.

### *Peruvian Independence*

After the colonial period, independence spurred on by Simon Bolivar and San Martin in 1823 seemed to be an opportunity to end social divides. Unfortunately, with two distinct social classes emerging following the war, independence for Peru did not mean the end of inequality. Two social classes emerged because the people who fought for independence were not the marginalized indigenous groups, but the coastal Bourgeois Creoles who resented Spanish control. Following the war the institutions that formalized racism continued to operate with only a change in patrones.

One vivid example of the class system in Peru are the haciendas that dotted the countryside. The haciendas are large farming tracts of land most of which were owed by a member of the gentry class with European background. The tracts of land were so large; one person would own the entire side of a mountain or a valley. The remnants of the estates are still present in high altitude villages, like Pariakaka, where the ruins of the past patron’s many houses

lay in ruins (Huayla 2012). The people who lived on these large estates were obligated to work for the land owner as a tax for living on his property. These farms concentrated power in the hands of the few, with the majority of arable land owned by the Patrons. The haciendas were the backdrop to constant struggles of the people against the land owners. Early on disputes over water were especially important as communities had to compete with haciendas that had priority water rights until the twentieth century (Starn, Degregori and Kirk 2005). Halfway through the twentieth century continued peasant riots against the concentration of power in the hands of a few families could no longer be ignored. After winning the election in 1963 President Belunde signed agrarian reform law 15037 in 1964. However the law did not go far enough and peasant unrest continued to rise. A military coup lead by General Alvarado removed Belunde from power. The new military regime implemented a more sweeping reform that sought to bust up the estates fully. To do this, General Alvarado passed agrarian reform law 17716 in 1969. The law was successful, but the influence the rich families in Lima had hampered the implementation of the law. The 'free' media was largely in favor of preventing the reform since it was owned by six land-owning families in Lima. Such maneuvers by Elites in Lima gave Land owners enough time to dismantle and sell all of their equipment, and ensure they had enough other resources to weather the loss (Wilson 1979). Since the largest land owners had diverse portfolios, the newly burgeoning peasant communities in need of investment received none from the wealthiest classes. Therefore despite General Alvarado's good intentions, the land reform in 1969 did little to actually change the power relations in Peru.

During the colonial period, peninsular Spaniards ruled from afar. After independence, rich landed gentry ruled from Lima. At every juncture the indigenous people who live on the land that is being reaped are not part of the decision making process. Rather than be given a

voice, the communities must riot and be abused to be heard. In another part of his speech commemorating the opening of the University of Lima, Alberto Solomon captured the problems of Peru “After the Declaration of Independence, the new nation was unable to shake off the example left behind them by the former masters and which had made a deep impression in the national soul ; and our democratic life, inconstant and vacillating is sufficient proof of the small influence exercised in the life of a people by a change of institutions which -is not accompanied by change of direction.” (Salomon 1918). The unfair power distribution created a system of repression that unduly burdened rural Andean communities to bear the brunt of labor. While the internal power dynamics created an aura of distrust, the mineral wealth of Peru solidified their place as a supplier in international economics. Foreign investment has been backed throughout history by foreign and domestic government policies. These policies have contributed to the weak internal industry in Peru and helped solidify the powerful position foreign financiers hold in Peru. Mining companies have been able to have a large impact in Peru because of the nation’s singular reliance on extractive industry.

Government policy was largely informed by the wishes of mining companies because the companies wielded immense economic power. The strength of the foreign interests was their investors. Financial backing allowed Foreign business to consistently outbid local interests. Even when the Peruvian capitalists got ahead, in this early period the foreign capitalists had a better understanding of how to manipulate the system. After mining recommenced following the war of independence, the majority of the mines were owned by Peruvians. However, Peru engaged in liberal economic policy to pay for independence, but in so doing doomed domestic industry. When the Peruvian companies competed on the free market, larger older foreign companies were

able to enter into the market and buy up all of the Peruvian mines. Within three years of 1905 the most valuable properties had been purchased by foreign capitalists (DeWind 1987:26).

One businessman who tried to resist the foreign business take over was Lizandro A. Proano. Señor Proano owned a mining operation and smelted his ore through the American company of Backus and Johnson. Trying to take greater control of the refinement process, Proano attempted to open his own smelter. Building the smelter sent Proano \$750,000 into debt. Seeing an opportunity, Backus and Johnson bought Proano's debt which included the majority shares of his company. Proano fought the hostile takeover for ten years in the courts. By the time he won the case, Backus and Johnson had already decommissioned the smelter and mined the richest veins in Proano's mine, effectively eliminating him from the game (DeWind 1987:27).

Foreign nations acted to sink Peru in debt when the new nation was founded. When the war of independence was over, Peruvians substituted Spanish rulers for English creditors. The Limeño Oligarchy lived in such opulence that their debt kept them as attachés to English investors (Galeano 1973). The debt prevented Peruvians from dictating their own development and instead they developed according to how their debtors saw fit. The railways serve as a perfect example of foreign control. When the railroads were built, they were built like the spokes of a wheel connecting sources of production to the ports. The construction of these railways prevented internal development because the passages did not link internal communities to each other (Galeano 1973:199). Coupled with development, multinational companies were able to guide policy decisions as well.

Mining interests guided policy because the government throughout its history has tried to attract investors. However, what the policy makers did not consider is that these foreign investors took more out of the country than what they gave. Eduardo Galeano, an Uruguayan writer, saw

the writing on the wall for what these external investments meant for internal development “...when imperialism begins exalting its own virtues we should take a look in our pockets...it does not ease social and regional tensions...it spreads poverty even more widely and concentrates wealth even more narrowly...it assumes proprietary rights to chart the course and fix the frontiers of progress...” (Galeano 1973:207). In 1950, the Peruvian government created a special commission to rewrite the legal code. The goal of the commission was to update mining regulations from 1900, in order to promote foreign investment and mining. One company in particular was extremely influential in the development of the Mining Code in 1950.

The Cerro de Pasco Corporation was a mining company created by a group of investors in New York. Their operations ran from 1902 to 1974 with multiple mining sites around Peru (DeWind 1987). President of Cerro Pasco in 1950, Robert Koenig, claimed the mining company even had an economic advisor working closely with the government in writing the law. Koenig stated the mining code his company helped write was “one of the most favorable – if not the most favorable – Foreign climates for U.S. investment in the world” (DeWind 1987:77). The new tax codes reduced the taxes mining companies had to pay, allowed companies to hold mining concessions indefinitely, and allowed them to sign special contracts with the government. The right to hold concessions indefinitely allowed for the mining companies to monopolize deposits and develop them at their leisure. They were able to afford these large land concessions because the tax rate was only 20 soles per hectare to be paid annually. In 1965 it raised to 55 soles (DeWind 1987). The tax code was also favorable to foreign companies because they could exempt up to half of their profits from taxes for an ‘exploration fund’. However, the actually cost of exploration nowhere near justified the amount of money the companies where allowed to set aside, creating a windfall profit for investors. Finally, maybe the most notorious addition to the

mining code is Article 56. Article 56 permits the Peruvian president to sign special contracts with mining companies. The conditions of these contracts stipulate that all taxes are waived on any new developments until all the costs have been made back (DeWind 1987). The new code made mining in Peru extremely profitable and provided the catalyst for the future growth of Foreign companies in Peru.

Following the mining code of 1950, business continued in Peru with large companies and other countries reaping the mineral wealth of Peru while returning very little to the country's coffers. General Alvarado overthrew the entrenched oligarchy in 1968 as a self-proclaimed champion of the people. His action ended haciendas with the agrarian reform law, and socialized all major industries in Peru. Despite his goals, the companies were mismanaged and corrupt. The state inefficiencies led to food shortages and power failures. The fallout of these failures was his removal from office in 1975. Peru continued to have financial difficulties throughout the rest of the seventies and into the eighties accompanied by little change in the state for the indigenous cultures and rural communities.

The next major difficulty for Peru came during the first presidency of Alan Garcia. President Garcia was a young man at the time who claimed to implement sweeping populist reforms and regain Peru's economic potential. Unfortunately, his claim that he was not going to spend more than 10% of GDP on foreign debt was not well received by debtors and international investment interests. Since Garcia would not pay back Peru's debt, creditors stopped lending money. A lack of new cash flow coupled with sweeping populist reforms sank Peru deep into debt. The economic problems were accompanied by social unrest in the eighties. Almain Guzman, a former philosophy professor incited a Lenin-Marxist Mao inspired communist revolution. The communist party was known as the Sendero Luminoso (Shining Path). The

guerilla civil war they started led to the deaths of somewhere between 66,000 and 70,000 people. Half were killed by the rebels, half were killed by the government (United States Institute for Peace 2013). With the nation in crisis, no established parties offered an alternative. Thus creating the opportunity for a dark horse candidate, running on a populist platform, to win the election. His controversial policies guided Peru out of immediate crisis, but those same policies irreversibly opened the door to international influence and helped solidify mistrust between rural inland campesinos and coastal elite Limeños.

### *Economics and Policy of the Twentieth and Twenty-first Century*

The last president of Peru in the twentieth century was Alberto Fujimori. His regime is an especially important portion of Peruvian history to understand. Under his control a new constitution was drafted and Peru was opened fully to the privations of the world market place. Following the combined presidencies of Belunde and Alan Garcia, Peru was facing a large debt and the Sendero Luminoso insurrection. The debt roared through the eighties reaching \$1.6 billion by 1990 (Crabtree 2000). Garcia ran under populist policies guaranteeing reforms for landless peasants, urban populations, and rural communities. However, to appeal to the rural indigenous voting bloc, Garcia promised to not pay off the enormous foreign debt as a snub to foreign interlopers. Not paying off the debt was Garcia's attempt to show his allegiance lay with the people. However, not paying off the debt led to triple figure inflation. Coupled with the body toll rising across the nation the people rejected Garcia and his populist party APRA in 1990. In his first election in 1985 he won 53%. By 1990 Garcia had mismanaged his way into one of the ten worst economic crises of all-time (Torres and Marco 2012). Traditional parties bore the blame for the economic woes. APRA received 22% of the vote while both liberal Izquierda Unida and conservative Partido Popular Cristiano fared equally poorly (Crabtree 2000).

Fujimori won as a dark horse candidate who managed to mix populist reform and a hope for a change in the system the people wanted. He presented an authoritarian option in place of the democratic systems that seemed to be ineffectual (Crabtree 2000). Fujimori won promising to not institute drastic measures. However to overcome the debt, and raise the funds to put down the rebellion, he acquiesced to the demands of the international community (Kay 1996).

Fujimori travelled to the United States in 1990 and met with the IMF, World Bank, and Inter-America bank. There, because of the enormous debt Garcia refused to pay, Fujimori accepted external demands and implemented policies to integrate Peru into the international economic community. He implemented economic reform in four waves. In 1990 all government subsidies were ended and prices quadrupled. In 1991 the borders were opened to foreign companies. The most drastic measure comes in 1992 with the *auto-golpe*. The auto-golpe is when Fujimori dissolved congress and declared a state of emergency. Finally in 1993 a new constitution is written with a unicameral legislature and increased presidential powers (gci 275 2009). The successive interventions were ultimately an economic success. Through the privatization a little over 3 billion dollars flowed into the treasury between the years of 1990-1995 (Stephenson 2003). Furthermore inflation fell from 14.2% in 1991 to 4.7% in 1992 (Kay 1996). The privatization allowed for funding earlier populist presidents could not manage.

Despite the increase of projects around election time, the reversal of Peru's economic fortune did little to change the plight of the poorest people in the nation (Kay 1996). The people who needed the most help saw little change because their needs did not match the goals of the authors of the economic intervention. The organizations and companies that provided the capital for Peru to rebuild their economy were chiefly concerned with how the lenders would be affected if Peru was to default on the loans again. Due to these fears, funding was not directed to social

programs designed to help poor communities. Some of the suggested social programs that could have been implemented with the funds include “(1) service the debt... (2) invest in projects designed to stimulate the economy (3) alleviate poverty and generate needed employment or (4) monetize the dividend in order to provide finance capital for the export sectors.” (Kay 1996:65). The economists who orchestrated the fix, led by Finance Minister Carlos Bolona, called social programs “governing with an eye on the opinion polls” and did not support the spending programs (Kay 1996:66). While that may have been a valid criticism, because no action was taken to increase jobs or end poverty, the economic fix did little to change the plight of the campesino. This was reflected in the passage of the constitution in 1993. The constitution passed, but only by 52% and in the Andes it received the lowest amount of support (Stephenson 2003). In addition mining interests gained a number of victories during the Fujimori regime in the clauses of the constitution. The constitution allowed the beginning of land grabs that today have resulted in a large majority of the Andes and the Amazon being owned by mining companies instead of the communities that live there (Greene 2006). The story of the sixteenth century continued under Fujimori, with foreign interests ultimately being more important in deciding the growth of Peru than the wishes of the people who make up the country’s majority campesino/indigena population.

Moving into the twenty-first century, the Peruvian government and multinational corporations have begun to face increasingly more organized indigenous, agricultural Amazonian/Andean movements. Despite these few inroads for indigenous rights being written into the Peruvian legal code, the political scene is still dominated by the foreign companies.

In the new century, a few pertinent laws have increased the agency of indigineous peoples, creating a space for their opinions to be recognized. President Ollanta Humala signed the

“prior consultation act” within the first year of his presidency in 2011. It is a landmark act because it is the first law in Peru that gives indigenous cultures a role in deciding land usage. The law was passed to honor Peru’s commitment to the ILO convention 169, an international tribal rights law Peru signed in 1993 (International 2011). The law is a step in the right direction, but it does not go far enough. The law is non-binding, so even if indigenous people disagree with a project, the executive branch makes the final decision. In addition, the wording of the law is favorable to large business interests. For example, consultation begins before exploration, not before the concession is given. The land is still owned by the corporate interest and negative development remains a threat (PeruvianTimes 2012).

While recently there have been minor victories for the people of the land, contracts and legal decrees developed in the 1990’s and 2000’s mean foreign interests enjoy a favorable investment climate in Peru. The legislative decree no.25809 ratified agreements with the ‘Overseas Private Investment Corporation’ in December 2002. The agreements guarantee protection for private investors. In addition a set of laws in 1991-1993 set up stability contracts (EncyclopediaNations 2013). Specifically, the ‘Law of Foreign Investment Promotion’ signed in 1991 recognizes the rights of foreign companies. The ‘Framework Law for Private Investment Growth’ and the ‘Regulations of the Private Investment Guarantee Systems’ signed in 1991 and 1992 respectively lay the legal foundation for the contracts (Sotelo 2010). These contracts attract foreign investment by guaranteeing companies the terms of their contract will not change during the duration of the agreement. In addition, these contracts guarantee equal competition and place the Peruvian government on the same level as a corporation before the civil law code. These contracts and the laws that establish them have made Peru one of the most open investment

climates in the world. The openness of the market has been reflected in a growth of annual investments by 9.8% through 2008 (Sotelo 2010).

## II. Mining stakeholders

People have been living in the Andes for 8,000 years. There is evidence of ancient human habitation in a cave named Itarrero outside of Cajamarca. Humans coalesced into recognizable communities as early as almost 4,500 years ago or around 2500 B.C. (InterKnowledge Corp. 2007). The rich resources the Andes have provided from the diverse flora and fauna to the precious metals have made it an area where many unique rich cultures have flourished. These resources however exist in a complex web and any decision on how to use the resources influences the availability of others. People living, or invested, in the Andes are concerned with how the resources of the Andes are used, although for different reasons. While each community, business, and individual is unique, three broad categories can help define the stakeholders in the Andes. Those three categories are the 'indigenous' highland Andean communities, the multinational mineral extraction companies, and lastly the central Peruvian State government.

### *Local Communities*

During the conquest of 1532, Spanish priests recorded storehouses of fine fabrics and grain across the Incan Empire (Starn, Degregori and Kirk 2005). The people who have lived on the land since these times, and trace their ancestry through the Incan Empire and other South American cultures, have developed a special knowledge of the land. That knowledge manifests in a sustainable agriculture system designed for the unique climate variability of the Mountains. Along with the practical knowledge, a cultural identity has evolved where the land and mountains are sacred. The Andean identity encompasses a wide range of divergent beliefs held by the people who live in the Andes, and trace identity through South American, as opposed to

European, ancestry. Andean identity can represent traditional long held moral codes for some, or an identity that juxtaposes neo-liberalism. These facets of Andean identity are the most relevant to describe the general beliefs of opponents of large scale mining. Even though there are people who identify as an Indigenous Andean, but do not identify with these qualities. These forms are worth discussing because these images of Andean identity are constructed by people who use Andean/Amazonian culture to form part of their self-identity, or use it to express political opinion (Fabricant; Huayla 2012).

Andean moral traditions are parts of identity in Peru that come from a source distinctly non-European. Sheila Walker coins the term Afro-genic to describe her work in uncovering ‘Africanisms’ in society. Africanisms are facets of modern society that developed from uniquely African roots (Walker 2001). In much the same way, intercultural Quechua studies is a study into the Andean roots of Identity, or Andean-genic. The Andean traditions are particularly strong in rural communities where the traditional moral code guides day to day life decisions. Andean spirituality is defined by a belief in the sacredness of the mountains, and an effort to maintain balance between humans, the spiritual, and nature. The most admirable qualities in the Andean tradition are care and respect. Among other factors, the reliance on agriculture also means Quechua morality supports a view of the environment where the land is equal to people. A relationship between humans and the earth more resembles siblings than subjugation by people (Huayla 2012). The moral Andean identity is important, because it is these identities Western culture and mining override or ignore. When Andean moral identity is denied, Western influence is viewed more as an oppressive force and something to be resisted. From a defensive Quechua moral perspective, the infrastructure change in the town of Pariakaka, Cajamarca is an example of negative changes Western ideology wrought.

Before the introduction of potable water systems and paved roads, Pariakaka was a traditional high altitude Quechan community that adhered to traditional agriculture and interconnected social obligations. Stewardship over the environment was a by-product of the traditional lifestyle since the health of the environment determined the success of agriculture.

The town changed once regionally implemented development projects entered the region during the nineties. Before the projects, water was supplied by streams that start in the glaciers at the mountain peaks and run through the village. To make sure everyone in Pariakaka received clean drinking water, the people who lived at the higher elevations had to be good stewards of the water supply. They could not throw trash into the streams because after the higher elevation neighbors use the water, the same water needs to be used by lower elevation neighbors. However, after potable water was installed into the homes, the people of the town began throwing trash into the streams, heedless of the affect it might have. The water may not supply the people of the village anymore, but it still is the water that feeds the fields and livestock. By polluting the head waters, it damages the health of the entire water system and the flora and fauna it nourishes. The roads paved through Pariakaka also were constructed without thought to the effect on the balance between humans and nature the people of Pariakaka had struck. The roads were paved through the lower sections of the village, despite the majority of people living in the highland areas. Once the road came through, the people saw it as the main means of commerce and abandoned their higher elevation homes. However there was a reason the homes had been built at higher elevation. The new road passes directly through the avalanche danger zone. Therefore the new infrastructure has dawn the people from a safer area and led them to build their homes in a dangerous one (Huayla 2012). The Pariakaka example goes to show Western practice super cedes Quechua identity in sometimes unforeseen ways.

Andean identity can also be meant to refer to the communities affected by mining operations. The definition used here for the local community comes from McMahon and Remy's *Large Mines and the Community* published by the Word Bank;

- “1. population directly linked to the operation (those who reside on lands acquired by the mining company);
2. population residing on lands adjacent to or near the mining operation (any area that will be affected by changes to the environment, infrastructure, population movements or commercial traffic); and
3. population residing in nearby towns (towns of more than 1 000 residents that will be affected by the construction of camps or access roads, or by becoming a provisioning, lodging, or recreation center for the mining company and its personnel).” (144)

The local populations have two different organizational structures. The first is state structure and the second is the campesino community.

The state, or government structure, of the regional governments is composed of the political actors who represent local populations. The regional structure is organized into towns of various sizes headed by a Mayor and town council. The larger regional towns represent the small surrounding towns in regional politics (Yanac 2012). The regional groups represent the people better than the central government. Regional Peruvian populations identify their local elected officials as more trustworthy than government officials operating at the national level (National Democratic Institute 2005).

Despite preferring local governors, frustration with the government's general inability to deal effectively with the Sendero Luminoso threat, left many of the small villages feeling vulnerable. These towns are small and are made up of groups of families that share communal land. To deal with these threats the communities formed organized bands of men whose job was to defend the community and mediate community disputes. The groups were called *campesinos ronderos* and utilize egalitarian democracy to guide decision making process (Starn, Degregori and Kirk 2005; McMahon and Remy 2001). The agrarian communities have been able to adapt

how they govern to changing circumstances. However the interest foreign companies have in precious metals form a new stakeholder Andean communities must now contend with to maintain governance over their land.

### *Foreign Mining Companies*

Panoro Minerals Ltd. financial brief outlines the mineral wealth of Peru “In 2009, Peru was the world's top silver producer the second-largest producer of zinc and copper, and the third-largest producer of tin and bismuth. In lead and molybdenum it was in the fourth place and it was the world's sixth-largest gold producer.” (Earnest and Young 2011; EncyclopediaNations 2013). In addition Peru ranked second in copper production in Latin America. To understand the affect mining has on the landscape, it is useful to analyze the Barrick and Newmont mines in Cajamarca. Barrick is a multinational corporation based out of Canada. The Barrick Company is involved with two ventures in Peru. They are involved in the Pierina mine 10km outside of Huaraz and the Lagunas Norte mine in La Libertad region (Norberto Costa 2011). Of particular focus in this paper is the mining operation at Pierina which is located in Cajamarca. The Pierina mine produces 100,000 ounces of gold and is projected to have 300,000 more ounces in existing mining veins (BGC 2013). Majority shareholder Newmont mining company conjoined with Buenaventura and the World Bank operates the largest gold mine in the world in Cajamarca Peru. The mine consists of seven active open pits and occupies six square miles of space (Lowell and Perlez 2005). The entire operation is collectively known as the Yanacocha mine. The mine was originally projected to produce 400,000 ounces a year, but is now producing more than 3,000,000 ounces a year (Converso and Santana 2011). The mediator between the indigenous communities and the multinational mining companies is the central government. However, the

central government has its own motives for supporting development that need to be understood in a socio-historical context.

### *Central Government*

In 1821 Peru was declared free, and liberation was won in 1824 (About-Peru-History 2012). With independence a central government was formed that ideally mediates competing interests but also approaches situations with its own agenda (Hammer 2012). The central government agenda changes from president to president depending on the policies they wanted to implement (National Democratic Institute 2005). No matter the form it takes, the central government has consistently been concerned with its own preservation and pursuing the strategy that seems most beneficial to prosperous development. (Salomon 1918). In the modern age, the central government has relied on neo-liberal policies to increase the nation's gdp. Foreign extractive industry has taken advantage of neo-liberal policy and fostered the central government's dependency on foreign investment. The Mining Canon law passed in 2001 means the amount of national income gained from mining now equates to 50% of income tax in Peru (Polo and Caverro n.d.).

Local communities, international mining companies, and the central government all interact and play a role in deciding resource use. However although these three parties recognize each other, they do not have equal power. These relationships are a result of both traditional structures of repression and modern power relations. The unequal relationships play an important role in determining who benefits the most from mining, and who benefits the least.

### III. The dilemma: positives and negatives of "megamining" in Peru

The stakeholders in Peru seek to gain different benefits from mines being opened in the Andes. Corporations that fund the projects seek to make a profit off of the mining operations. For

the central government, mining operations are the key to becoming integrated into the global economy. To the communities affected by the mining projects, they represent a source of income. While the mines can provide these benefits, as mining is currently being carried out the benefits are unevenly distributed among the stakeholders. Outlining the positives and negatives serves to discover who currently benefits the most from mining and who receives the negative side-effects of this destructive industry.

### *Positives*

Mining has been a part of Peru since pre-Incan times, a fact mining companies are quick to state. Mining has been part of the country, but it is being performed on a larger scale than ever before. With the increased size, the mining companies are aware they come in greater and greater contact with the community. More contact with the community for a mining company usually leads to civil unrest. Riots are a serious concern for investors in the extractive industry. Uncertainties over the severity of riots led one informant to fear a loss of billions of dollars in investment (Limeno 2012). The concern is valid, as Ryan Dube from Market Watch describes “Authorities are counting on the development of a pipeline of mining projects worth about \$53 billion in order to reverse declining production in Peru's mining sector.” (2012). To avoid riots and strikes that can slow work and stop investment, the mine's have an invested interest in maintaining positive public relations in order to gain the communities' trust (Emery 2011) To garner respect, mining companies point out their role in economic development and their funding for public works projects.

“Fujishock” seemed to end economic woes with the neo-liberal policies he implemented. Since the nineties, the Peruvian central government has used foreign investment as a lynchpin in

maintaining economic strength. After taking office, Ollanta Humala underpinned his plan for a *gran transformacion* saying the Conga (mining) project is essential to make a difference (Torres and Marco 2012). GDP derived from mining investment has increased 260% between 1995 and 2010 (Russo 2010). Furthermore, the Ministry of Energy and Mining (MEM) projects \$30 billion in U.S. currency to be invested into Peru in 2013 (AQR 2013). The large amount of investment serves one of the major ways companies demonstrate their importance. The economics are not the only way mines maintain benefactors. The public work projects also play a pivotal role in gaining supporters.

The public works projects include archaeology sites, hospitals, and roads. In addition mines claim to bring jobs and capital to a region. These efforts led by corporate social responsibility contracts seek to placate and win populations over to the cause of the mines. Among mining companies, Barrick based out of Canada prides itself on their involvement with local communities. In 2011 they spent close to \$2.4 million on development projects associated with the Pierina mine. Including the purchase of goods and services from the surrounding community they spent over \$100 million (BGC 2013). These projects resonate with the local community members, and are often successful in placating communities that feel their quality of life has improved proportionately to the wealth of the mines. For example, in 2008 the International Finance Committee implemented a project in Cajamarca that attempted to aid in money distribution from the mining sites. Their efforts led to positive responses from local mayors, but less satisfactory responses from other local officials. (Bebbington, Bury and Turner 2009).

Creating programs dealing with how to use money set aside by the companies for use in the communities is not a simple process. There is often confusion over the role different

stakeholders are to play in the decision process. Companies are able to control the decision making process of how the funds are to be used in a way that will not hamper the mining industry. Dissident citizens claim that many of the projects implemented are not projects the community wants, but instead are beneficial to the companies. Examples are when mining companies say they are building infrastructure. This can mean they are paving roads to and from the mine site (Converso and Santana 2011). In order to deal with these accusations that mining companies are not truly being considerate of communities, the companies create and emphasize their Corporate Social Responsibility (CSR) contracts. CSR agendas are established to make sure the mining company upholds a high standard of sustainability and rehabilitates communities after they leave (BGC 2013). Barrick in particular implements a program with high standards for the community. As a global company their website indicates they have a 16 point inspection with an extensive environmental review board.

Many people also support the mines because they are more stable than other organizations that have existed in the Andes (Steve 2013). The Sendero Luminoso provides a perfect example. The Sendero Luminoso rebellion ended in thousands of deaths and thousands more displaced by the conflict (United States Institute for Peace 2013). The memories of such hardship make the mines seem like not such a bad option. While compared to open rebellion the mines are not so bad, they are still very harmful to the environment and local communities

### *Negatives*

The “mega mines” create a number of issues for the communities in which they operate. In particular environmental degradation and social unrest dismantle unique cultures and breakdown communities. Mining is a resource intensive industry. The operations of a mine take

a heavy toll on the land because they require large amounts of space and release pollutants into the surrounding environment. These environmental hazards and the impact they have on the health of human and livestock populations are noticed by the people who live near the mines. The mines, however, do not usually engage directly with the locals about the pollutants they are causing. Success in a region by how well they uphold their CSR agenda. They claim the agendas absolve them of culpability if an incident does not violate their CSR contract (Himley 2010). The little communication that does occur with the locals is usually minimal with interactions being mainly outreach development projects. However the policies they follow in implementing development programs come from global initiatives and do not fit the needs of the local Peruvian communities. The lack of information the surrounding communities receive about the mines also contributes to the problem because villagers are more likely to conflate other problems with the mines. When the communities are not informed about the mine's affects, all environmental health problems tend to be contributed to the mines whether real or imagined. The poor communication between mines and local stakeholders leads to protests, which creates a new unique set of problems to be solved. Furthermore, beyond the immediate conflict, closed mines are a source of environmental degradation. The long lasting effects reveal the shortcomings of capital income gains, and destroy mountain tops which are an important source of faith and an important symbol in Quechua traditions.

The land itself is destroyed in the process of modern mining. The mining operations of both Barrick and Newmont use an open-pit, classic valley-style leach pads operation. The open-pit mining is when instead of digging tunnels, earth is removed in layers moving progressively deeper. Valley style leach pad refers to how the ore is removed. Once it is excavated, the ore is moved to large pits elsewhere in the mining site where chemicals are mixed with the rock to

remove the precious metals (DeWind 1987). Open pit mining is the most destructive form of mining because the strategy is to simply remove all of the earth, digging top-down. The corporations engage in open-pit mining because there are no regulations preventing it, and it is the most effective mining technique when mining for low mineral content. The mines of today are searching for smaller and smaller amounts of mineral relative to the amount of earth that must be excavated to reach it. Often less than 1 percent of excavated rock actually contains the sought after minerals (Fields 2003). The scale of excavation at the mine sites is breathtaking. The For example, the Yanacocha mine removes 600,000 tons of earth daily (Converso and Santana 2011).

The rock that is crushed during ore extraction and the chemicals used to separate gold and precious minerals from the unwanted ore can cause severe damage to the environment. The leftover ore creates acid mine drainage (AMD). AMD happens when the crushed mineralized rock, water, air, and certain micro bacteria come into contact with each other. The crushed ore has a greater surface area than non-crushed rock inducing more rapid chemical reactions (Bebbington and Williams 2008). The problem AMD causes is it lowers the ph. of surrounding water ways, creating water that is too acidic for fish populations (Fields 2003). In studies conducted in Peru, trout populations have declined downstream from mining operations. In addition, livestock that drink from affected water sources tend to have a higher mortality rate (Yanac 2012;Converso and Santana 2011).

Barrick company's Lagunas Norte mine has contaminated the water of three nearby reservoirs. Studies undertaken by Asociacion Marianista Accion Social (AMAS) and the University of Trujillo found there are elevated levels of iron, nickel, aluminum, and other heavy metals. The higher metal content lowers the ph. of the affected waters. When the ph. levels

become too highly acidic, falling below 5 ph., the water cannot sustain life. By 2010, the waters in the Perejil reservoir, the Perejil River, and the Black River ph. have increased in acidity from 8.5 to 4.8. The study further links the increased acidity to the presence of chemicals used during the mining process in the bodies of water (Norberto Costa 2011). The water pollution does not only affect local communities, but also affects the water quality of communities well down stream of the mining operations. Gallito Cego is located along the Pice Rio 150 km away from the Yanacocha mine. The fishermen there claim that trout populations have plummeted since the mine came to the area. One fisherman states they used to catch 40 to 35 kilos and now catch nothing. The loss of livelihood is forcing emigration and abandonment of the subsistence practices used for centuries (Converso and Santana 2011).

Raised acidity is not the only issue. The solutions used to leech gold and silver ore from the rock contain a variety of carcinogenic chemicals. The heavy metals in the solutions include cyanide, chromium 6, and manganese among others (Fields 2003). These chemicals technically exist in a closed loop and are not ever intentionally released into the environment. However, due to the large size of these operations and the poor oversight, leakages and spillages occur at the mining sites. The mines in Peru are not the most efficient systems. The Pierina mine had 313,000 liters of ore solution escape second level containment during 2009 and 2010. Along with the spills, Barrick mining company accumulated 16 regulatory actions during 2008-2011 at their mine sites in Peru (BGC, Steve 2013). The solution also breaks containment in more simplistic ways. The carcinogens can enter the surrounding ecosystem through rain water according to geologist Steven Blodgett. The leaching solution evaporates into clouds and is released into rain water. Along with the subtle ways the environment is affected, large spills create a problem that cause spikes in health problems and social conflicts. The Newmont Mining Company is

responsible for the spill of a mercury truck in 2006. 330 pounds of the chemical spilled on a 25 mile stretch of road. Locals attracted to the subsistence, they could not identify, collected the mercury and took some of it home. Local cases of mercury poisoning began appearing in the hospitals. Newmont authorities responded by engaging in mercury education with the communities (Lowell and Perlez 2005).

The mines send shockwaves through the communities, and affect the water supply of so many because of the location of the mines. The mines are located on the plateaus that constitute the head waters of the water supply for the entire Andes. The effects can be felt at great distances despite the mining concessions only developing .08 percent of Peruvian land (Velarde 2013). The location of these developments affects the health of the entire system. The mines are located in the same areas that the water reservoirs are located. These water supplies are increasingly important as rainfall has become less and less reliable over time, and coastal agricultural has added to the strain on these mountain reserves. When the mining companies claim a mountain they are doing more than destroying the environment, they are taking water from the people of Peru (Bebbington, Bury and Turner 2009).

Starting with the presidency of Garcia, and continuing into the presidency of Humala, Peru has seceded 25,889,992.35 hectares to multinational mining companies, or 12% of all Peruvian territory (Torres and Marco 2012; Velarde 2013). These lands are sold out from under the communities that live on the land. If a community does not want to move for a mine, the laws in Peru support the companies over the people. The removal, whether cajoled or forced, leads to ‘mining induced displacement and relocation’ (MIDR) which leads to “...the resettlement effect, defined as the loss of physical and non-physical assets, including homes, communities,

productive land, income-earning assets and sources, subsistence, resources, cultural sites, social structures, networks and ties, cultural identity and mutual help mechanisms.” (Downing 2002).

MIDR creates different consequences in different regions of the world. In Peru, relocation programs negatively affect communities because there is no oversight to make sure relocation is culturally appropriate for rural agriculture based communities. There is no serious government oversight as part of the central government’s continued efforts to attract foreign investment. Since these are companies, without exterior inducement, they only engage in development projects to the extent that it will placate enough social unrest to raise profits. If it costs less for the company to withhold investment they will do that instead (Emery 2011). The relocation towns created by the multinational companies are not appropriate for agriculture based subsistence systems. The houses are placed too close together, which infringes on livestock space. The new communities are also built in locations inconsiderate of soil fertility. Locations more often than not are not moved far enough away from the mine, and suffer the same effects of the pollution that would have been encountered at the original town location.

To replace the loss of livelihood companies offer work through adjunct companies and a small number of development projects. The mining work only provides a short term fix to income issues. The mining companies only hire people under 29 and fire people over 35 (Yanac 2012). In addition, local community members are only hired for menial labor jobs or contract work through support industries such as cooking and cleaning. Locals are not given higher skill jobs because of the nature of modern extractive technologies. Mining companies require a small highly skilled labor force and the corporations feel locals cannot learn these skill sets (Himley 2010). The development projects implemented by the mining companies often do not successfully address increasing jobs, or reinforcing the infrastructure of local communities. For

example in the Cajamarca region, during the time the Yanacocha mine has been open, Cajamarca has moved from the fourth poorest region to the second poorest region (Converso and Santana 2011). La Libertad, where Laguna Norte is located, has the poorest towns in Peru. In some areas, 95% of the population lives below the poverty line (Norberto Costa 2011). Even when communities are not displaced, the affect mining has on the environment adversely affects communities located close to the pits.

After mines are decommissioned, they can still negatively affect the environment. The closed mines release dust clouds into the air that contain toxic chemicals. An example is a mine in Libby Montana that is contaminated with asbestos. In the surrounding communities, due to dust clouds containing the toxicant, lung cancer mortality was 1.2–1.3 times higher than expected when compared to Montana and the United States overall (Fields 2003). The threat of these environmental issues is the most immediate problem facing these mining-affected communities. Mining closure is an issue Peruvians are going to have to deal with sooner rather than later. The Pierina mine is slated to close at the end of the 4<sup>th</sup> quarter of the fiscal year in 2014 (Andina noticias 2010).

#### IV. Changing the equation: obstacles against readdressing mining in Peru

Social-conflict between the central government and mining protesters has led to 15 deaths between November 2011 and July 2012. Along with the deaths, of the 247 conflicts that occurred during June of 2012, 150 are related to conflicts over environmental health (Torres and Marco 2012). These conflicts occur due to miscommunication between stakeholders, the ineffectual position local authorities' hold in establishing the land terms of use, and corruption in government and mining companies.

#### *Ambiguity*

One of the largest sources of miscommunication between stakeholders is the nature of the contracts mining companies sign to gain excavation rights. These contracts are called “stability contracts”. They were part of the economic neo-liberalization plan developed by Fujimori in the nineties. The contracts guarantee the economic conditions under which they are signed will not change during the duration of the agreement (Sotelo 2010). Despite the agreement made between the government and the business interests, local authorities understand the contracts as continually negotiable (McMahon and Remy 2001).

Corporate social responsibility (CSR) agendas have created a new space where new negotiations may be possible. While this is true, they can also serve a more nefarious purpose. CSR agendas can help the megamines avoid blame by having documentation proving their commitment to environmentally and socially responsible mining. By signing international contracts, ensuring good faith, and producing strict guidelines, these companies appear to be holding themselves to a higher standard. In addition to these contracts, the CSR agendas surpass the regulatory requirements set by the state . Going beyond what is strictly required can alleviate concerns in the community, but it is more often not as beneficial as it first seems. These self-regulatory policies are neither as strictly enforced as mutli-stakeholder regulation, nor are the mining companies’ operations transparent to the public (Polo and Caverro n.d.).

The Yanacocha mine in the Cajamarca region has affected the quality of the drinking water that enters Cajamarca city. However, the mining company has been able to avoid taking responsibility for the contamination because of ambiguity over whose role it is to clean the water when the normal cleaning measures are insufficient. Outside Cajamarca the Milagro treatment plant is responsible for cleaning the water before it enters the city. Despite their best efforts, the facility is unable to clean water that has heavy metals. They have neither the equipment nor the

expertise to deal with the contaminated water. They are even lacking the tools to test the water. Workers at the facility gauged the contamination of the water off of how opaque it was even though the only real way to test for heavy metals is a chemical test. Milagro had to request the World Bank to perform water test studies to even make sure the water was contaminated. The test found that in 13 water canals humans depended upon, all 13 exceeded safe levels of contamination. The heavy metals that they found contaminating the water are chemicals used in the mining process (Converso and Santana 2011). Before the World Bank study, there was no way to reliably determine if the water exceeds the safety requirements for human consumption. The mines do not perform these tests or undertake clean-up, because the contamination happens far enough away from the mine they can claim the heavy metals may have come from another source.

Even when the community is informed, and prepared to take legal action against the mining companies, they are too often ineffectual at creating change. In order to petition the government and fight the mines legally, the affected communities have to go to the courts in Lima. Just as Lizandro A. Peruano was stymied in the courts, modern communities fair just as poorly (DeWind 1987). The political environment in Lima is unfamiliar and the grievance process is too often unproductive for the people (Bebbington, Bury and Turner 2009). Institutions so far have been unable to alleviate much of the mining induced stress because of the divisive nature of the issue. If an NGO, Company, or religious organization tries to support mining, they are distrusted by the local communities. If a group goes the other way and raises concern over the human and environmental costs of mining, the central government and mining companies paint them as anti-development or worse.

Threatening economic collapse also serves to prevent opponents to mining from making their voice heard. General manager of Yanacocha Javier Velarde commented to RPP noticias about the importance of mineral companies not being interfered with by local oversight committees. Velarde expresses concern that oversight committees will hinder the speed at which mines can commence new projects. If these projects are slowed down, investment into Peru will halt, destroying the mining industry in Peru (2013). The fear of withdrawing investment is held over Peru preventing the government from making too many effective moves against the entrenched companies. A member of the board of conglomerates that runs the Yanacocha mine tends to phrase the debate in terms that place Peru as a minor player fortunate to receive investment. Mining makes up 40% of the Peruvian economy, yet globally mining based in Peru only makes up .2% of the global economy. The spokesman goes on to say if Peru stopped encouraging foreign investment, it would be easier for the companies to open mines in new countries rather than deal with stricter laws in Peru (Converso and Santana 2011).

Miscommunication is an issue for some community members, but affected communities know they are affected, and the mines know they are producing harmful waste. Institutions and legal action are ineffectual, despite NGO's, like Defensoria del Pueblo and competent statesmen fighting for the rights of local communities. Miscommunication and inefficacy reign supreme, in spite of the efforts of the people, because there is a long sordid history of corrupt Peruvian officials.

### *Corruption*

Corruption has been an issue in Peruvian history since landed gentry began exploiting native Amazonian and Andean populations. Even some of the most populist leaders have been guilty of corruption. Among the food shortages and high inflation, it was later discovered Garcia

had been taking money from Peruvian coffers throughout his 1985-1990 presidency (Converso and Santana 201; Torres and Marco 2012). Fujimori was even more corrupt than Garcia.

Throughout his presidency he bought politicians to ensure his re-election. His corruption finally saw the light of day in 2001 when a recording of his chief advisor bribing a politician surfaced.

To avoid his crimes, Fujimori fled to his homeland Japan. He has since been extradited and is now serving a sentence of 25 years for his crimes (Starn, Degregori and Kirk 2005). Reports on

corruption under Ollanta Humala prove it is still a major issue. Defensoria del Pueblo found

under the current administration 4,000 of Peru's government bureaucrats are corrupt, i.e. readily

take bribes (2012). One example of corruption is the way political parties maneuver around

quotas for the number of minorities that must run for office. Peru is a diverse land with 75

languages being spoken across the country. This diversity is not represented in government

where the majority of politicians are affluent Lima. To try and encourage a more accurate

representation of the people in elected office, the government instituted a quota system. The

system dictates in an election every party must have 30 women running, 20 young people, and 15

members of indigenous culture groups. To avoid following the diversification intent of these

quota laws, parties will have a young female indigenous person run for office to fulfill all three

of their requirements at once. This strategy so far has been effective at limiting minority

involvement in politics. For example, of the 26 representatives for each region in Peru, only 6 are

women, even though half the population is female (Torres and Marco 2012).

Corruption is not only rampant among elected officials, it is also a problem among people in affected communities. Local mayors, policemen, and angry community members are often bribed into silence. There is a history of local mayors engaging in dealings with the mining companies and settling disputes without the input of the community (Informant 2012). In

addition the mines are often able to settle civil unrest by buying off the right people. When people visit the mines, the companies always pay for everything and give away free items to encourage support (Yanac 2012). In addition, people who are not a part of protests against the mines question the moral intentions of the people protesting. Many people believe the protests have less to do with wanting to actually create change, and more to do with getting as much ‘free’ money out of the mining companies as possible (Informant 2012).

Among the most corrupt people are the police. One informant commented that the police are generally known to be very corrupt. For example, if an individual was driving while intoxicated, it is possible to avoid jail by bribing an officer (Serafin 2012). Police corruption is something the mines are adept at using to their advantage. The police force of many of the rural districts, where mining occurs, are extremely underpaid. Because of this, they are allowed to operate as mercenaries in their free time. The mining companies will hire these off duty policemen to come in uniform and defend their mines from protestors. The effect is an inversion of the purpose of the police. The officers defend their contractors instead of the community they swore to protect (Converso and Santana 2011).

Along with taking advantage of the financial situation of the police, the mines are able to use their wealth, and control over regions to ignore environmental damage and suppress community outcries. When the companies have control over a region, they do not face external pressure to correctly implement the environmental restoration programs they outline in their CSR agendas. For example, in the twenty year history of Newmont’s involvement in the Cajamarca region, they have fulfilled almost none of their development promises (Torres and Marco 2012). These mining companies are able to hide many of their morally questionable acts because there are no regulations demanding transparency. One local healer says he has many mine laborers

come visit him. They have a range of health problems, affecting the workers' lungs and heads mainly (Poncho 2012). The mines, however, avoid caring for these people, and accepting responsibility for the maladies they caused, by firing the workers (Yanac 2012). It is easier to hire new workers from the people attracted to areas of mining development, than to care for the workers they already have. It is possible the mining companies are not intentionally mistreating the local population. However, documents from the mining sites prove the companies have knowledge of the health problems they are causing. Converso in his Film Open Pit takes it upon himself to search the trash of Yanacocha mine for evidence. Among the trash, he found reports that indicate the mining companies knew the workers they were laying off had unsafe levels of mercury poisoning from working in the mines (2011). The mines are able to silence opposition by buying people off without every updating their practices that are detrimental to the health of local populations and the environment.

#### V. The Face of Change: what are community solutions, and who should share power

In order to maintain a profitable business model, mining proponents have managed to influence the government and local stakeholders. The continuing status quo, however, is not sustainable. It cannot be maintained, because affected populations have been effectively silenced. When legal institutions do not give people control over the development of their communities, it leads to unrest and the ruination of cultural practices. In addition, the lack of adequate compensation for losses of livelihood and land denigrate the communities further by removing resources necessary to maintaining or improving quality of life. Ways of taking action to change the current system are not easy. Even in creating change, it is difficult to say what the outcome will be. One thing is for certain, mining cannot be sustainably performed, without unacceptable collateral, if the community does not support the industry (McMahon and Remy 2001). To

increase community leadership, three main strategies persist throughout community mobilization literature. Community action can increase community agency in policy-making, encouraging transparency and international attention and more effectively using the resources provided by mining companies to reform the relationships between stakeholders.

### *Community Organization*

“Cuando el gobierno tiene susto, la gente son alegre” (Author 2012). When the government is afraid the people are happy. It is a phrase spray painted on the side of a home in Carhuaz. It sums up the attitude of the people who see the government as an enemy contrary to their desires. To have a voice, the people instead turn to community action and organization. Local level community organization has a long history in the Andes as an effective means for communities to see their desires carried out. In the twenty-first century, local level organization serves to unite disparate people affected by the mines, organize protests to voice concern, and outline the policies communities wish to see implemented.

The formation of a strong community identity is pivotal to organizing and vocalizing complaints with mining practices. To create groups that unite disparate people under a banner requires organizations to identify a common thread. In the Andes, indigenous symbols and history are being used in the modern era as a rallying point against mining proponents. The appropriation of these symbols serves to unite people by their shared cultural history against the increasing neoliberal agenda of the state. These symbols are effective, because in addition to creating an identity for different people to rally behind, indigenous morality and philosophy supports the use of sustainable, ecologically friendly development projects (Hall 2008). An example of the efficacy of community identity formation comes from Peru’s southern neighbor.

In Bolivia, the agro-economic complex has created many of the same issues for their Andean communities that mining has caused for Peruvian Andean communities. To counter the problems of land loss, Bolivian communities have formed an organization called Movimiento Sin Tierra (MST). The organization is over 50,000 strong and uses ideas of indigenous rights and political organization based upon the traditional ayllu model (Friedsky 2005). Through their organized efforts, MST has successfully gained land for ayllu communities, influenced policy regarding land development, and have broken up the stranglehold that the agro-industrial complex maintained over the countryside of Bolivia until the late twentieth century (Fabricant 2012).

Another example of the efficacy of organization comes from the story of the settlement of Lima's many pueblos jóvenes, or communities formed when squatters infiltrate an area and claim the land for themselves. To prevent the police from dispelling squatters trying to create a settlement on unused land, the squatters have to organize and present a unified front (Starn, Degregori and Kirk 2005). In the same way, the rural communities must be united in confronting the injustices perpetrated by mining companies and the state.

Forming a group is only the first step to enacting community level change. The next phase is to take that organization's complaints to the streets. The way that this is performed is through marches, roadblocks, and strikes. Despite the danger posed by police and paramilitary, these forms of protest are the only available conduit to make their voices heard. An informant talking to Himley describes the situation as the people being ignored by the companies, with few promises kept by the companies. In this atmosphere, the community organized protests do lead to change in the affected communities. When an area protests, the people are able to gain attention

by blocking roads and calling for the resignation of governors found to be ineffectual (Dube 2012).

The Newmont mining company has dealt with the effect of protests in the Cajamarca region. A new copper project slated to begin in 2013, 2014 has been moved to the backburner after continued protest. Protesters rose up, because the proposed project would have replaced four natural water basins with artificial reservoirs (Jamasmie 2012). Along with preventing undesirable development, protests serve to remove unpopular elected officials from positions of power. An example is the unrest that followed the privatization of the electric company in Arequipa. The people of Arequipa resented the privatization because of the exorbitant prices that the private firms would charge coupled with the fact that the public companies were operating optimally. The protests in Arequipa ended with the government calling a state of emergency. Following the protests, the privatization was thwarted. Culpability for the protests fell upon newly elected President Alejandro Toledo and his cabinet officials. The protests resulted in the firing of cabinet officials (Arce 2008). These protests can unsettle the status quo and garner attention for the plight of effected Andean communities. However, as mentioned earlier, these protests often turn violent and over time there have been more with increasing fatalities (Torres and Marco 2012). Therefore, while protests play a role in garnering attention and preventing mining action, less violent forms of securing community rights need to be created to reduce the need for as many protests as currently occur.

### *Political power for the Local Communities*

Creating an atmosphere where protest can be reduced is a multifold process. To decrease the need for protest, there needs to be the development of more spaces where community

organizations and concerned local stakeholders have grounds upon which to make their arguments. Two important steps are to hold mining companies accountable to their Corporate Social Responsibility (CSR) agendas and to increase the transparency of mining operations such that local actors understand the effects of the mines and have an unbiased set of statistics to reference when they make their claims. In regards to the illnesses and problems that the mines create, local stakeholders often refer to their problems in vague terms, never clearly identifying the source of complaint (McMahon and Remy 2001).

To create change, it is important that the mining companies see change as the most profitable move for the company. The goal is to be as profitable a company as possible. An example of the importance of profit is Barrick mining company. They recently have had to sell some of their mining operations and are actively trying to exhaust the veins they have now before opening up new mines. The reason they are doing this is not to prevent unnecessary destruction, but because they believe this model is the most financially sound one. Therefore, developing already open mines simply is the most profitable option to attract investors on the open market (Seeking Alpha 2013). It is important then that the mining companies see environmental degradation and social unrest as insurmountable road blocks to profit. A way to encourage mines to be more environmentally friendly is to increase international pressure to a point that it affects their profit margin.

Increasing international pressure and calling for greater community involvement does not automatically mean the community will be helped. The CSR agenda Barrick employs at the Pierina mine uses the language of participation as a method of avoiding obligation. Barrick mine acknowledges that they will not be in the area for an extended period of time. Therefore, when they talk about development projects, they are vague about who is responsible for implementing

them. On the Barrick website, in the commitment to community responsibility section, the social work is provided through "...forged partnerships with a number of well-respected organizations such as World Vision Canada, the African Medical & Research Foundation (AMREF), CARE International, the Cisneros Foundation, the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria and numerous others." (BGC 2013). These partnerships divert responsibility when a project is not finished as promised. Diffusing responsibility makes it harder to blame the company. Local informants around the Pierina mine voiced this concern, saying the mines do not follow through and ignore the effect they have on the region (Himley 2010). While the CSR causes problems, it also has inadvertently created a new space for public protest to gain traction. Barrick mining company mentions they hold themselves to a high standard and value input from community members "...During all stages of the mine life we maintain a dialogue with local communities, thorough formal and informal communication mechanisms." (BGC 2013). Following their CSR agenda, Barrick signs contracts with local communities, promising certain things. When these promises are not delivered on, the contracts signed serve as a point of reference (Himley 2010). The protests are relied on over public forums hosted by the mines, because dissident voices are prevented from being a part of the hearings. Therefore, many of the grievances against the mine are not on any official record (Converso and Santana 2011). Despite the setbacks, emphasis on social responsibility by the companies that began in the late nineties has created a new space for local communities to engage with the mines.

The CSR agendas provide one space for community grievance, but to further this goal respected institutions need to be created to monitor water health, land health, and corruption. However, this is a difficult task, because the divisiveness of mining leads most institutions to be quickly written off as biased in one direction or the other. An example of one institution that may

serve as a model for future oversight committees is the Ombudsman office. The Ombudsman office has a slightly respected position, because it is associated with the government, which grants them political authority. At the same time, it is independent enough that cynical rural stakeholders are not as mistrustful as they would be of a committee that responds to the executive branch (Bebbington, Bury and Turner 2009). In the same way that CRS contracts create a space for rural stakeholders to argue, institutions producing the most un-biased facts possible can provide a similar stage.

There needs to be a change in the laws that currently favor mining, and institutions need to be established which can voice and implement the desires of community stakeholders. The laws concerning mining are developed to appease the mining interests and encourage foreign direct investment on a neoliberal model. Since the legacy of foreign favoritism mars the history, indigenous Andean/Amazonian communities have developed a distinct distrust of the state government (Cochachin 2012). Therefore, the affected communities need to develop and support policy guidelines made by community members. In 2008, representatives from 49 indigenous community organizations across the Andes came together in Bogota, Columbia to create the Bogotá Declaración. The declaration consists of 28 points that outline demands for recognition of basic rights and the enforcement of community decisions regarding their development (Hall 2008). Declarations, such as this one, serve as a good example of the kind of codes that need to be developed by local communities. The declarations play an important role, because they serve to vocalize the desires of indigenous communities and create a document that serves as a clear outline of community wishes. Such documents can prevent mining companies from taking advantage of ambiguities in local desires in order to minimize the amount of development they must undertake.

While these codes play a role, they are ultimately ineffectual if they are not enforced. In order to have more enforceable codes, government institutions need to reflect community desires better, or new institutions with regional governance and central government power need to be created. Currently, the department that oversees mining ventures is the Ministry of Energy and Mining (MEM). Unfortunately, their efficacy at preventing mega-mines from taking advantage of communities is questionable, because one of the directors of the MEM represents mining companies. Along with regulating mines, MEM is also the ministry that is supposed to encourage foreign investment in Peru's mining sector (Bebbington, Bury and Turner 2009). The conflict of interest means that current policy develops with little attention to synergy with community desires or management of land and water use by the mines. The lack of government oversight means the mining companies oversee their own community outreach in order to earn their "social license to operate" (Himley 2010). However, these initiatives usually only entail agreeing to non-binding agreements, meaning the companies are able to appear concerned without actually having to undergo shifts in how they operate.

While currently having questionable efficacy, the non-binding agreements that the companies agree to are, in theory, good initiatives. Technically the Newmont mining conglomerate upholds itself to the same standards in Peru it must uphold in the United States, where environmental regulation is much stricter (Bury 2004). Since these initiatives are not adhered to in practice, a role the Peruvian government can play is to enforce the regulations that the mining companies set forth for themselves. Ensuring the mining companies understand and accept their role as one of the main culpable parties for environmental degradation would create a new precedent for the mines to adhere to (Polo and Caverro n.d.).

By following stricter regulations against environmental degradation and undergoing minor institutional reforms, mining companies can play a role in funding community development programs. Implementing strategies that can provide both short term and long term help to affected communities, the mining companies can help offset many of the problems they create when they enter an area. As these policies are currently being carried out, it has resulted in more favoritism and cronyism instead of noticeably effective development (Bebbington, Bury and Turner 2009). To counter-act the cronyism, there needs to be the development of institutions that can control and over-see the transfer of funds in order to ensure development projects have the intended effect. Third-party companies acting as intermediaries between communities and mining companies have been successful at this role. In dealing with land deals to the Yanacocha mine, one co-operative named “Atahualpa Jerusalem de Porcon Alto Cooperative” engages in an entrepreneurial form of management. In conjunction with a NGO and a Belgium based company, the cooperative was able to successfully negotiate for the implementation of fishing, forestry, and environmental initiatives from the Yanacocha mine in their deliberation. The international actors working for the cooperative were well versed in corporate negotiation. Using their international partners understanding of how contracts work, the co-operative was able to use that knowledge to express their desires in terms that Newmont mining company was forced acknowledge (McMahon and Remy 2001).

Encouraging community organization, establishing institutions that can carry out the desires of concerned communities, and re-conceptualizing fund distribution from the mining companies all can play a role in developing the strength of communities and further solidify their role as agents in their own development. While all of these play an important role, it is the personal opinion of the author that the moral ideology inherent to traditional Quechua culture

would provide a positive framework within which to develop policy. The moral atmosphere under which policy is created is important, because it will change the parts of development that are emphasized as important (Deal 2009). Martin Huayla compared Western neoliberal capitalism and Andean/Amazonian sustainable agriculture as the difference between domination and coexisting. Considering this, it is useful to explore the “basic” Quechua ideology as informants explained it and to understand some of the ways that Quechua culture may provide a more environmentally friendly and socially appropriate model to development.

### *Quechua ideology*

Quechua knowledge systems provide a useful framework in guiding policy decisions, because it would realign the goals of development to more sustainable goals. In the twenty-first century, mining companies have tried to become active partners in developing areas affected by their work. The mining companies claim they will enter the area and teach the locals about sustainable and environmentally friendly development. There is a slight contradiction, since the mining is a destructive industry whose operation in mines like Yanacocha remove 100 tons of earth for every ounce of gold extracted (Himley 2010; Converso and Santana 2011).

While mining companies claim to introduce sustainable practices, they are overlooking the fact that Quechua ideology is already a sustainable cultural model. Key indigenous theories include the idea of flow, the importance of Patsa Mama (the earth), and adaptability. The idea of flow means that people are not necessarily looking for balance as much as they are trying to move forward. It is natural for there to be periods of deprivation; as long as one works to overcome the obstacles those periods create (Hammer 2012). This philosophy can be applied to the mining industry to plan for the long term affect. For example, Although the mines may be

detrimental to the health of the environment in a short term model, it is important to make sure the mining companies account for the damage they cause to ensure that it does not leave a lasting scar.

Another important trait of the Quechua perspective is adaptability. The way Andean farmers have been able to adjust to continually changing climate situations is by having rotating planted fields at different elevations with multiple crop species at each elevation. The same adaptability can be applied to handling mega mines. It can be applied in the sense that new, innovative mining technologies should always be tried in different mining sites. It is important to develop technologies that not only reduce costs, but also focus more on preventing pollution from leaking into the surrounding ecosystem.

This leads to the final important component of Quechua ideology that should be applied to the mining industry. It is the idea of interconnectedness between *Patsa mamma*, the people, and spirituality (Huayla 2012). The inclusivity of all three perspectives means that when deciding development paths, Quechua ideology considers the effect any actions have on the people and the earth. The spiritual element is important, because it is a universal moral code. A strong guiding moral code is important to create internal drive and follow through on policy (Deal 2009). The moral code of the Andean Quechua cultures is an especially compelling one to use, because the earth receives respect equal to humans (Huayla 2012). Thus, if Quechua ideas were enforceable by policy, companies would be required to respect the earth and the people that they are infringing upon.

## VI. Conclusion

Mining has led to the physical and cultural displacement of rural Peruvian communities, causing those communities to be further marginalized by society. To overcome the hegemony that has allowed these inequalities to arise, action has to be taken at local, national, and international levels. By inciting grassroots movements, increasing transparency and accountability of mining corporations, and raising awareness of the issue at an international level, new spaces where change is possible are created. Creating these new spaces is an important step, but it is equally important to maintain local community leadership roles. If local communities are not the ones actively creating and leading development, the chance of any change in the rural Andes is almost non-existent. Even development led by well-intentioned NGO's fail if there is not enough community excitement over the issue. This leads to one final comment on the role anthropologists can play in the mining crisis.

Anthropology can play a role in the mining crisis by organizing community groups to formulate ideas for the type of development the community would like to see implemented. Utilizing the community action cycle can lead to better involvement. The community action cycle has two main steps. The first involves group meetings where ideas are generated. The second is active outreach by local participants to friends and neighbors to increase awareness for the issues and increase community involvement (Hammer 2012). The community action cycle is a particularly useful tool, because the ideas are generated by the community where the projects are planned for development. This synergy increases the likelihood of the development being successful, since it is not being driven by foreign stakeholders.

Another role for the trained ethnographer is that of a social specialist. A social specialist can work with communities to articulate exactly what they expect of a mining company when it enters an area. Such experts can reduce confusion later on in the relationship between a mine and

community when the community feels it is being mistreated (Szablowski 2002). Finally, anthropologists can join experts from other disciplines to create objective research reports on the quantitative and qualitative effects of mining.

Anthropologists can help aid the marginalized communities to achieve a higher quality of life that is difficult to obtain due to structural barriers. While the anthropologist can play a role, it is a state of affairs that will only be changed by the decisions of the indigenous populations. These people are not going to give up and have been fighting with a tenacious will for their right to the land. With the advent of increased connectivity in the twenty first century, more international attention can provide the indigenous population with the backing they need to effect the structure of mining procedure in Peru. Hopefully, in the twenty first century, the marginalized communities will finally be able to wrest a larger portion of control of policy and maintain that position. Ideally, the change will usher in a new era where Quechua culture gains greater prominence. The goal is not to surpass Western capitalism, but become equal to it.

Having a greater balance between these philosophies can construct a model where Quechua culture can contribute an understanding of humanity's place in the larger ecosystem. Learning that all actions have consequences teaches the importance of sustainability, because people need to understand that once something is destroyed it cannot come back. As pressure on resources increase globally, finding sustainable models are important, like those provided in Quechua ideology. Sustainability means using more resources that can be renewed, rather than depending solely on non-renewable goods. Learning how to live more in tune with nature is a quality that, if successful in Peru, can serve as a model for other Nations moving forward. As learning how to live in a sustainable manner is becoming increasingly important in the world, an equal mix of Quechuan and Western cultures offers the hope of a bright future.

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