



Contents lists available at ScienceDirect

The Extractive Industries and Society

journal homepage: www.elsevier.com/locate/exis



Original article

The socio-political dynamics of transnational mining in Argentina: The cases of Puerto San Julián and Esquel in Patagonia

Daniel Roy Torunczyk Schein*

Universidad Nacional de La Plata-Conicet, 51 e/124 and 125, Street, Ensenada, 1925, Buenos Aires, Argentina

ARTICLE INFO

Article history:

Received 8 April 2015

Received in revised form 1 August 2016

Accepted 1 August 2016

Available online xxx

Keywords:

Mining

Socio-political dynamics

Patagonia

Santa Cruz

Chubut

Argentina

ABSTRACT

The purpose of this article is to analyze and compare the socio-political dynamics of two different mining projects in Patagonia, Argentina. In Puerto San Julián, AngloGold Ashanti (AGA) and the provincial mining development company of Santa Cruz (known as Fomicruz in Spanish) have been operating Cerro Vanguardia, the first large-scale gold mining project in the province of Santa Cruz, since 1998. In contrast, a transnational mining operation was successfully blocked in Esquel, in Chubut province by Argentina's first socio-environmental movement in 2002. The main question of this paper is to determine which socio-political conditions resulted in the politicization of transnational mining development in one location but not the other. To address this question, I argue that it is important to understanding how transnational mining development reshapes the socio-political conditions at the sub-national level. This article is based on more than fifty semi-structured interviews in these localities with key players, including local political authorities, representatives of AGA, mining workers, inhabitants of the town, and militants of the social movement, between February and March 2011, and in April 2012.

© 2016 Elsevier Ltd. All rights reserved.

1. Introduction

“If Cerro Vanguardia did not exist, today San Julián would be a ghost town. We must learn to know the country as a whole. And we also ought to demand environmental care and reinvestment of profit to the companies in the communities. We will do it and we will work on it (Applause) . . . because we know that is an important resource for the provinces, for its inhabitants and for the country (Applause) [. . .] If we can do it in Santa Cruz, we can do it throughout the country (Applause)”.

Cristina Kirchner.¹

“We dreamed of nationalizing the conflict, so the first day when I went to Jacobacci and saw that other people spoke was a joy for me, just like when we were talking to San Juan [. . .] Esquel will not be alone; we will work in solidarity because we do not

want mining in Esquel, in the province, in Argentina, or in America”

Chuni Botto.²

The socio-territorial conflicts in Argentina and elsewhere in Latin America include different processes of contestation by local communities and indigenous people related to the development of extractivist projects (Svampa, 2011; Bebbington and Bury, 2013; Helwege 2015). In this context, it is relevant to analyze and compare the socio-political dynamics of two different mining projects in Patagonia at the local level in Argentina. In Puerto San Julián, AngloGold Ashanti (AGA) and the provincial mining development company of Santa Cruz (known as Fomicruz in Spanish) have been operating Cerro Vanguardia, the first large-scale gold mining project in the province of Santa Cruz, since 1998. In contrast, a transnational mining operation was successfully blocked in Esquel, in Chubut province by Argentina's first socio-environmental movement in 2002. I will compare these two cases in order to answer the following question: What socio-political conditions aided or impeded transnational mining development in these locations? Put another way, what conditions resulted in the politicization of transnational mining development in one location but not the other?

* Correspondence to: 3100, Charcas, Street, 6th floor, Apartment A, Autonomous City of Buenos Aires, 1425, Argentina.

E-mail addresses: danieltorunczyk@gmail.com, danielroschein@gmail.com (D.R.T. Schein).

¹ The stenographic version of Cristina Kirchner's discourse. Former president of Argentina (2007–2015). (Translation by the author) in the speech delivered at the opening of parliament on March 1st, 2012. <http://frenteparalavictoria2011.blogspot.com/2012/03/discurso-completo-de-cristina-fernandez.html>, (Web site consulted on October 12, 2012).

² Chuni Botto, member of the AVAE. Interview with the author 20.03.2011.

To tackle this question, I argue that the comprehension of economic forces is important; however, it is even more important to understanding how transnational mining development reshapes the socio-political conditions at the sub-national level in Patagonia (Torunczyk, 2015). Mining resources are situated at the local level and it is at this level that socio-environmental conflicts may or may not appear. I will describe and compare the socio-political dynamics in these two cases to explain the transformation of Puerto San Julián in Santa Cruz from a cattle town to a mining town, as well as the emergence and persistence of resistance to mining in Esquel in Chubut.

I will first present some of the prevailing issues of transnational mining development in Argentina. Then, I will briefly describe the key points of my theoretical framework based on a socio-political comparative perspective. In the largest section, I will describe why and how Puerto San Julián became a mining town, and why and how opposition against mining emerged in Esquel and is still active today. Finally, the conclusion will look at different ways that the development of or resistance to transnational mining projects affects the relationship between society and politics.

2. Methodology

This article is based on qualitative research methodology and observation notes from fieldwork and previous articles written about the subject. I conducted 50 semi-structured interviews in Esquel and Puerto San Julián with key players, including local political authorities, representatives of AGA, mining workers, inhabitants of the town, and militants of the social movement, between February and March 2011, and in April 2012. All of the interviews were recorded and transcribed verbatim, providing a large quantity of information to draw upon for this research. More important than the number of interviews is the richness of the information they have yielded. It is important to highlight the insight they provided in understanding why a mining development generates antagonist positions in different communities, and how these perceptions change over time.

3. Transnational mining development and socio-environmental conflicts in Argentina

Traditionally, mining has not been considered as important an economic sector in Argentina as it has in other Latin American countries such as Chile, Peru, or Bolivia (Brown, 2012). By mid-1990, mining contributed only 0.50 percent to the Gross Domestic Product (GDP) of Argentina (Catalano, 2004). However, like other countries in the region during the 1990s, Argentina implemented comprehensive neoliberal reforms to mining legislation in order to attract transnational investments in this sector (Svampa et al., 2009b; Christel and Álvarez, 2011).

Transnational mining development in Argentina is unique compared with other federal countries in the region, such as Mexico or Brazil. The amendment of the Argentina Constitution in 1994 produced two important modifications concerning the development of mining projects: First, the federal State transferred the original ownership of natural resources to the provinces, renouncing its right to regulate or produce in this sector.³ This effectively placed the decision to develop mines at

the discretion of the provinces. Second, the 1994 constitutional reform also introduced third-generation rights, including environmental rights (art. 41) and the rights of indigenous peoples (art. 75). It also gave constitutional recognition to various international treaties and conventions, including the ILO Convention 169 (2000), and the United Nations Declaration on the Rights of Indigenous Peoples (2007). These two reforms highlight the economic and political decentralization of natural resources to the sub-national level while emphasizing the extent of social and environmental rights at the federal level. In spite of the impressive development of mining projects in the country, only two consultation processes were held: one in Esquel and Comarca Andina, Chubut, in 2003, and another in Loncopué, Neuquén, in 2012 (Svampa and Viale, 2014, p.181).

The first organized social protest against a transnational mining company occurred in Esquel in Chubut, in 2002. Since then, transnational mining development has become radically politicized, and we have since witnessed the progressive spread of socio-territorial conflicts in more than 10 of the 23 provinces in the country. In the last decade alone, more than 70 socio-environmental movements have emerged throughout Argentina. In 2006, these socio-environmental groups united to form the Unión de Asambleas Ciudadanas (UAC). As a result of these movements, nine provincial legislatures passed legislation forbidding open pit mining between 2003 and 2011 (Svampa and Antonelli, 2009). These laws are still in place in seven provinces (Chubut, 2003; Tucumán, 2007; Mendoza, 2007; La Pampa, 2007; Córdoba, 2008; San Luis, 2008; Tierra del Fuego, 2011). In the other two, the laws were sanctioned and later repealed (La Rioja 2007–2008, and Rio Negro 2005–2011). More research is needed to fully understand the dynamics of each of these laws, and why some remained in place while others were repealed.

In political terms, when Nestor Kirchner (2003–2007) came to power in 2003 at the federal level, he promoted transnational mining development as a State Policy. His successor (and his wife), Cristina Kirchner (2007–2015), has continued in the same direction. In 2012, she created the Organización Federal de Estados Mineros (OFEMI). This organization, which brings together the mining provinces, has a goal of expanding their share of the mining rent and unifying provincial responses to socio-environmental conflicts.

According to Julio De Vido, Minister of Federal Planning, Public Investment, and Services, the mining sector in Argentina “went from about \$7000 billion USD to \$15,200 billion USD of GDP, about 3.2 percent Argentina’s GDP, and export growth increased from \$2100 billion USD to \$6500 billion dollars USD between 2003 and 2013”.⁴ However, these official figures should be treated with caution, as statistics in Argentina are unreliable. Direct jobs in this sector increased from 35,000 to 72,300, and the number of active projects in different phases (prospection, exploration, and production) jumped from 42 to 701 in the same period of time.⁵ Direct jobs created in the mining sector have increased from 13,867 in 2002 to 29,308 in 2012 (Svampa and Viale, 2014). That said, mining only represents a 0.8 percent share of the GDP (Helwege, 2015).

In sum, for the federal government and many provinces, mining development would be a key factor for sustained economic growth and an opportunity to position Argentina as an important world

³ At least in the mining sector; in May 2012, the federal government has recovered the control of the oil privatized company YPF (Yacimientos Petrolíferos Fiscales). See http://www.diputados.gov.ar/secpar/dcultura/noticias/2012/noticia_0006.html. (Website consulted on June 1, 2012).

⁴ “Las inversiones mineras alcanzarán los US\$ 3.858 millones en 2014” <http://www.telam.com.ar/notas/201403/55060-las-inversiones-mineras-alcanzaran-los-us-3858-millones-en-2014.html>. (Website consulted on March 12, 2014).

⁵ Website consulted on April 12, 2014.

player in the mining industry.⁶ However, for many local and indigenous communities, mining is contested because the socio-environmental impacts are higher than the promised economic benefits.

4. The socio-political perspective and studies of mining development in Patagonia

Most of the empirical research on mining development in Patagonia has focused on political ecology and social movement theory. I suggest that those perspectives are lacking a deeper comprehension of the socio-political dynamic of multiscalarity, which includes different actors (social, economic, and political) at multiple levels (subnational, regional, federal, and global) (Svampa and Viale, 2014 p. 200).⁷

The most recent studies explain the emergence of mobilization in Esquel in 2002–2003 from a political ecology perspective by examining ecological distribution conflicts (Martínez-Alier, 2004), with emphasis on endogenous factors related to different valorizations between the mining company, the local community, and environmental justice (Walter and Martínez-Alier, 2010; Urkidi and Walter 2011) or it explains how Esquel's model of mobilization succeeded in certain communities in Patagonia, but not others (Renauld, 2013).

While these works do make valuable contributions in terms of understanding different reasons the socio-environmental movement emerged in Esquel, they give little attention to the subsequent socio-political dynamic of conflict at the subnational level, even though those works were written ten years after the uprising in Esquel, and therefore could offer insight into the aftermath of the uprising. The notion of political opportunity structure (McAdam et al., 1996) emphasizes a structural explanation which fails to acknowledge the dynamic and relational dimensions of social mobilizations (Fillieule and Mathieu 2009 p.537; Fillieule, 2006).

Within the limited number of articles written about the emergence of transnational mining development in Santa Cruz, there is not a single reference to the Cerro Vanguardia mining project and how it was affected by these mobilizations. An economic structural explanation is applied, suggesting that mining development is a consequence of imperialism, where national or provincial governments are responding directly to the interests of the transnational mining companies (Scheiwrtzer et al., 2011).

Along a similar line, another work suggests that the development of transnational mining is a direct consequence of the crisis of the livestock exporter model in Santa Cruz (Andrade, 2011). There are two problems with this interpretation: the first is the economic determinism assigned to big capital; the second is the idea of historical continuity without distinction of the process of natural resources exploitation or political transformations in Argentina since the formation of the Argentina nation State.

A regional analysis of Patagonia gives greater emphasis to the State in the transformation of productive models (Galafassi, 2008). However, this approach did not sufficiently weigh the importance of socio-political dynamics at the sub-national level. Because of these limitations, it is difficult to use these studies to explain why transnational mining projects have been welcomed in some

Patagonian provinces and not others. As I will explain in-depth in my examination of the Puerto San Julián case, the transformation of the economic structure in Santa Cruz is an important factor in understanding transnational mining development; however, other Patagonian provinces, such as Chubut, have suffered a comparable crisis in the livestock sector but have not seen similar increases in transnational mining development.

In order to overcome the limitations of previous research in this area, I will highlight the socio-political dynamics of mining development between the State, mining companies, and environmental social movements. I believe that this approach can better explain the emergence of mining development and its opposition by the socio-environmental movement as a process, including the perceptions of the actors and a more precise, coherent analysis, not only from the perspective of social movements but also from the political actors and representatives of the mining company.

By using this theoretical framework, I will frame socio-political dynamics (Flam, 1994; Fillieule et al., 2009) in opposition to the notion of political opportunity structure (McAdam et al., 1996) for two main reasons: first, socio-environmental conflicts are dynamic, and should be understood in a relational way to other actors, both political and economic, instead of in a structural and one-dimensional way to social movements. Second, in the case of socio-environmental conflicts, there is a misuse of the concept of “scale shift” (Tarrow, 2010), which refers to different levels where mobilizations occur (local, sub-national, federal, or global). Because these scales are not equally weighted in terms of shaping mobilization, understanding the socio-political dynamic at the sub-national scale is central to understanding the probability that mining development will occur.

In order to present a complete picture of this dynamic, I will take into account the construction of local history in Puerto San Julián and Esquel. Then, I will explore the socio-political conditions that explain different dynamics of mining development in those locations. Finally, I will explain how these seemingly opposite cases create the conditions of legitimacy for mining development and for its opposition at the subnational and national levels.

5. The case of Puerto San Julián: from cattle town to mining town

The export of sheep cattle was the main economic activity for Puerto San Julián since its foundation in 1901 up to the end of the twentieth century. However, this model experienced a deep crisis at the end of the 1980s. The Cerro Vanguardia mining project appeared as a response to this ovine livestock crisis in the town of 9202 inhabitants.⁸ In this context, in the early 1990s, the South African group AGA (92.5 percent) and Fomicruz S.A (7.5 percent) began exploiting the Cerro Vanguardia mining project without any social opposition from the local population.

There are a number of possible explanations for the lack of social opposition: the distance (150 km) between the mine and the town; a lack of environmental awareness on the part of the local community; or the enthusiastic support of the people of the mining project. The livestock elite was also in favor of the project, as it allowed them to sell their fields which had become unproductive due to the exhaustion of the livestock export model. Fundamentally, though, Cerro Vanguardia is the result of the clear political will of the Santa Cruz government, which created its own mining development company, Fomicruz, in 1988 (Law no. 20157), and implemented comprehensive mining investment promotion

⁶ As Jorge Mayoral, Secretary of Mining said: “By the end of the decade of 2020, we hope that Argentina would be a great mining player in the world. By the end of this decade, we aspire to be a major player of copper in the world, of gold, in the short time of silver, leaders of lithium borate and phosphate”, *La Revista Minera*, 8 de marzo de 2010. (Translation by author). <http://revistaminera.wordpress.com/2010/03/08/argentina-quiere-convertirse-en-potencia-minera-mundial-en-una-decada/>. (Website consulted on March 12, 2012).

⁷ The notion of subnational refers to the local and provincial level.

⁸ Countrywide census (2010). National Statistics and Census Institute.

policies in 1993⁹ (federal). The creation of Fomicruz was an important innovation in relation to mining in the country, where the sector was exclusively in private hands: it allowed the province to capture a larger proportion of the mining rent than would otherwise be possible, since mining legislation leaves little negotiation room for the provinces, imposing a cap on provincial royalties at a maximum of three percent of the pit-head value of mineral extracted (Mining Investment Law 24.196).¹⁰

Today, the mining sector has had the highest growth in the Gross Geographic Product (GGP) of Santa Cruz, reaching a rate of 104 percent between 2003 and 2011. This sector represents 54 percent of provincial exports: gold exports account for 24 percent (US\$438.2 million); silver exports for 20.4 percent (US\$373.8 million); and other minerals account for 9.5 percent (US\$ 173 million).¹¹ Jobs in the mining sector have seen a significant increase as well, from just 523 in 2003 to 2097 in 2010 (latest available figure).¹²

5.1. From corporate establishment to corporate social responsibility

When deciding where to develop their mining project, AGA had a choice of two competing municipalities: Puerto Deseado, and Puerto San Julián. San Julián was chosen because it offered better infrastructure conditions, and made major concessions to the company in order to secure the project. Daniel Gardonio, former mayor of Puerto San Julián explained:

They told me their needs and it was an endless, difficult negotiation. It was difficult because I had to give the company things that were not available to residents of San Julián, in order to convince them to settle.¹³

Thus, the best lands in the town, which overlooked the bay and had previously housed the soccer field of an important team to the town, were sold to the mining company, who used the land to build houses for the management personnel. The inhabitants of San Julián opposed the sale of the land, but former mayor Gardonio succeeded in convincing the population that the money would be used to revitalize the town, including rebuilding the port and the waterfront promenade. The granting of these lands to the mining company by the former mayor involved the loss of important scenic and symbolic spaces to the local population. At the same time, it established a division among the inhabitants in San Julián: those who work for Cerro Vanguardia, and the rest of the community.¹⁴

⁹ Antonio Gerez, lawyer of FOMICRUZ, interview with the author, Rio Gallegos, Santa Cruz 03.03.2011.

¹⁰ The mining provincial royalty has passed from 1 percent (Provincial Law 1992/88) to 3 percent (Provincial Law 2012/2333 art. 22).

¹¹ In second place, the oil and petrochemical industries contribute to 25 percent of provincial exports. Crude oil amounts to 23, 4 percent (US\$ 428, 1 million) and natural gas to 0, 9 percent (US\$17, 1 million). In the third place, the fishing sector amounts 18 percent (US\$ 312, 7 millions) of GGP. With regard to the participation of income by source, 48 percent are provincial and 52 percent come from the federal government by way of federal tax revenue-sharing and income derived from royalties from mining oil and gas. Undersecretariat for Economic Planning, Ministry of Economy and Public Finance: [//www.mecon.gov.ar/peconomica/dnper/fichas_provinciales/Santa_Cruz.pdf](http://www.mecon.gov.ar/peconomica/dnper/fichas_provinciales/Santa_Cruz.pdf), (website consulted on mars 5th,2012)

¹² Ministry of Interior and Transport.

¹³ Interview with the author, 04.04.2012.

¹⁴ As Claudia Malik de Tchara, the Dean of Puerto San Julián Academic Unit of the National University of Austral Patagonia Interview with the author, 06.04.2012. The economic and spatial difference that established extractive industries create between the workers of the company and the rest of the society is not unique to transnational mining. The same phenomenon occurred in the times of the national state-owned company Yacimientos Petrolíferos Fiscales (YPF) in others oil towns in Argentina as Svampa and Pereyra pointed out (2003:106) «The spatial fracture also had other modalities, eg. in the same locality the social hierarchy ("to be or not to be of YPF ") and labor hierarchy (the category of membership) could be expressed through the existence of distinct neighborhoods rather than separate localities». (Translation by the author).

In spite of the emergence of a CSR global agenda at the end of the 1990s, the mining development of Cerro Vanguardia was a top-down process based on the political will of Santa Cruz's authorities and economic criteria by the mining company. As Cisneros and Christel (2014, p. 181) stated, this is a common pattern in Argentina and Ecuador: "a form of mining governance that rejected civil society's demands for enhanced participation in decision-making". However, as a consequence of the "Esquel effect" (Svampa et al., 2009a) in 2003, a process of resistance against transnational mining development began to spread across many Argentina provinces; as a result, AGA started to deploy a corporate social responsibility (CSR) strategy.¹⁵

Santa Cruz is one of the least democratic provinces in the country (Gervasoni, 2010; Gibson, 2012). Since the return of democracy in Argentina in 1983, the ruling party, (the Justicialist Party, Partido Justicialista) has governed the province uninteruptedly and retained control of the legislature. Clientelistic practices, "an exchange-based political relationship and a common tool in coalition building in patrimonial and neopatrimonial societies", are widespread within the political structure (Durazo Herrmann, 2012:121). In that sense, the CSR strategy established a new clientelistic dynamic between the mining company and a large part of the community. The distribution of allocations aims to avoid raising suspicions about environmental issues among the community.

As Rodrigo Samitier, one of the few members of the Asamblea Ambiental de Ciudadanos in Puerto San Julián, pointed out: Pollution was a concern, but people would prefer pollution over the mining company leaving. That's the reality: people prefer to work. There is a certain resignation. They are resigned to it as well and they are happy. The company subsidizes the hospital, the soccer school, and even the village feast.¹⁶

However, even though Cerro Vanguardia was promoted as an economic alternative to a population that was mostly unemployed at that time, only very few locals were hired by the mining company, as Javier Castro, former worker at the mining company and the head of Asociación Minera Argentina (AOMA), said:

Of the 2000 people who completed all of the mining company's training courses, only 80 were selected to continue in the application process. From that group of 80, only eight were selected!¹⁷

People began to distrust AGA and the information that they had been provided when two of the primary concerns about the safety of mining development – water scarcity and drought – began to occur in the town.

5.2. The emerging of rumors among the local population: cyanide and water

The scarcity and pollution of water, the use of toxic substances such as cyanide, were among the recurring fears of local people during the interviews I conducted in Puerto San Julián. However, It's difficult to know whether these fears are founded or not. The absence of independent scientific studies of these issues, and the

¹⁵ It is difficult to fully grasp the effects of CSR on a local community without first having an in-depth understanding of different approaches and their meanings (Owen and Kemp, 2014,). For an analysis of CSR from the perception of stakeholders in Argentina, see Mutti et al. (2011). A comprehensive discussion about CSR exceeds the scope of this paper, which is focused instead on explaining how CSR has evolved in the particular case of Cerro Vanguardia. Further research is needed in order to explore the relationship between CSR and clientelism.

¹⁶ Interview with the author, 06.04.2012.

¹⁷ Javier Castro, president of Argentina Mining Union, interview with the author, Puerto San Julián, Santa Cruz, March 9, 2011 (translation by the author).

fact that Formicruz SE is a direct partner of the transnational mining company, only increases the amplitude of the rumors.

5.2.1. Cyanide

The use of cyanide in the mining process was one of the subjects more highly contested by socio-environmental movements in Argentina because of the possibility of cyanide spills and its toxicity for human beings and pollution of water and air. In response to a social mobilization, provincial laws forbidding open pit mining explicitly make reference to the use of cyanide. Both sides of the conflict put forward arguments about the effects of cyanide that are radically opposed.¹⁸

According to Adolfo Valvano, Community Relations Manager from AGA, the company uses cyanide in the process of extraction only under the strictest controls.¹⁹ Cerro Vanguardia has a cyanide processing plant which recovers 90 percent of cyanide, he says. For the company, criticisms of cyanide use are baseless, because flora and fauna in the region have not been affected by the use of this heavy metal. As Valvano said:

If the region had been polluted, these wild animals would have died. They eat grass and drink water from the streams that run in the area. After thirteen years, there would be no animals left.

Notwithstanding, many inhabitants worry about the likelihood of pollution linked to cyanide in the area. As the former mayor of Puerto San Julián (1995–2003), Daniel Gardonio, explained:

Yes, the animals are there, but they do not drink water from there because they are frightened by the company's alarm system. Let's say there is always some fear, especially when we hear about a leak at the tailings dam (and there have been several) because we have too little information about it.²⁰

Other studies have shown the effects of pollution are often not seen immediately, but in the medium- to long-term (Li, 2015). However, in the specific case of Cerro Vanguardia, there has not been an independent environmental study done to date to either confirm or refute the fears of the local population.

5.2.2. Water

Pollution of the water table and the consumption of large amounts of water by the mining company are two other fears that are spreading in the community as rumors. While AGA has implemented an environmental participatory monitoring program, allowing any person to test the quality of water, it is important to note that people can only take the water sample to the laboratory stipulated by the mining company. Sending samples to an independent laboratory is not permitted.²¹ Farmers, in particular, are fearful about water scarcity. Daniel Gardonio, former mayor and president of the Rural Society of Puerto San Julián explained:

I talked with the farmers of the region, and they told me that their water wells had dried. They do not have the means to do a study to know what happened. Coincidentally, Vanguardia has been exploiting there. I do not know if the two things are related. (. . .) For a farmer, it is really difficult to strike a balance; without water, farming becomes impossible; that's the end of the story.²²

AGA dismisses what the farmers say, as Valvano stated: "Cattle establishments in the field have water points of 10 m or 12 m. There is nothing to do with water to 120 m".²³ Until the provincial government undertakes a hydrological study to assess whether or not there is a correlation between the lack of water on the farms and water intake by the mining company, the only discussion about this issue is in the form of rumors.

5.3. The after-effects of mining: development agency of Puerto San Julián

The Development Agency of Puerto San Julián was created in 2004 to avoid repeating the history of emergence, splendor, and decadence of other mining towns in Latin America. The agency, which is fully financed by Cerro Vanguardia, is unique in Latin America.²⁴ The aim of the agency is to promote economic alternatives to help offset or replace mining in the future. In 2008, experts and the local population agreed that the document be titled *Participative plan of sustainable development of Puerto San Julián and influence zones: San Julián thinks San Julián 2020*, which covers economic, social, and institutional aspects of future development in the region.

We will have to wait until 2020 to see if these development projects will achieve the expected results. However, the local development agency has sought to build a social legitimacy from a mining project which was born without any public consultation by responding to a new context characterized by the rise of socio-environmental contestation against mining development. As Valvano conceded:

That move of the Argentina's provinces has much to do with what happened in Esquel; it was a turning point.²⁵

The emergence of the socio-environmental movement in Esquel in 2002 marked a before and after in the relationship between transnational mining companies and local communities in Argentina (Svampa and Antonelli, 2009).

The Development Agency of Puerto San Julián appeared one year after at the peak of the Esquel crisis, in order to build a process of social legitimacy of mining companies not just before the mining project, but throughout its duration. It was established as a non-Governmental Organization (NGO) in which the most important political, social, and economic local actors are represented. In 2009, it formalized the first agreement of Corporate Social Responsibility. Funds will no longer be distributed in a discretionary manner, but through the agency.²⁶ The distribution of funds by the Development Agency, however, has not helped to create a new space for social participation. In fact, it has strengthened the power of the local government since 2003 by giving it new economic resources which have permitted its re-election in 2007 and again in 2011.²⁷

The Development Agency of Puerto San Julián emerged as an attempt to build the social legitimacy of the mining activities of AGA at the end of the 1990s. In spite of this mandate, it does not provide any answers to questions about environmental issues, or the health of the inhabitants of this town, or economic continuity when mining activities come to an end. On the contrary, it seems the CSR initiatives of the agency act as a mechanism of economic

¹⁸ As Sikkink (1991, p. 26) points out "In trying to understand how protagonists saw their world, I have taken seriously the intentions of the participants in these debates as they expressed in interviews and publications. I have seen concerned not only with what they say but how they say it: the words, images, metaphors, and symbols of political life".

¹⁹ Interview with the author, 09.04.2012.

²⁰ Interview with the author, 09.04.2012.

²¹ An anonymous source. Interview with the author, 16.04.2011.

²² Interview with the author, 09.04.2012.

²³ Interview with the author, 09.04.2012.

²⁴ Under an agreement signed by the mayor and Anglo-Gold Ashanti in 2010, the amount of corporate social responsibility was established to 1 percent of dividends from the mining company. Interview of the author with Nelson Daniel Gleadell, current mayor of Puerto San Julián, 16.04.2012.

²⁵ Interview with the author, 09.04.2012.

²⁶ Claudia Mansilla, manager of the Development Agency of Puerto San Julián. Interview with the author, 18.04.2012.

²⁷ Raúl Gardonio, former mayor and the present president of the Rural Society. Interview with the author, 18.04.2012.

cooptation by AGA and allows the local power to reinforce clientelist practices.

6. The case of Esquel: The persistence of mobilization against transnational mining

Since the emergence of *Asamblea de Vecinos Autoconvocados de Esquel por el No a la mina* (AVAE-Self-Appointed Neighbors' Assembly Saying No to Mining against Looting and Pollution) against the mining project "Cordón Esquel" in 2002, mining development has been called into question not only at the local level but at the subnational level in the province of Chubut. "Cordón Esquel" was planned to begin in 2003, by the Canadian mining company Meridian Gold. The project is located 30 kilometers from Esquel, surrounded by mountains and close to Los Alicerces National Park. The social mobilization against the mining project by the Esquel and others neighboring communities forced a non-binding plebiscite about the project which led to its interruption. The political response from the provincial legislature was the enactment of a law (5001) in 2003 which allows mining exploration but bans mining exploitation. Since 2002, there has been an impasse; the provincial government has not succeeded in passing a law allowing mining activity in the province, and the social movement has not been able to change the ambiguous law that allows for exploration but not exploitation.

I believe that the politicization of this mining project and continuity of this environmental social movement is linked to the particularities of the socio-political dynamic at different levels (local, provincial, national, and transnational).

6.1. *Esquel's local history: the formation of environmental awareness and the Mapuche presence*

At the subnational level, it is important to take into account two things: Esquel's local history and that Esquel has a more open political system than Santa Cruz (alternation of political parties at the provincial level and the presence of opposition parties at the provincial legislature) (Gervasoni, 2010). There are three primary aspects of Esquel's history that help to explain the uprising of AVAE: first, there is the influence of urban migrants, most of them professionals, who chose to live in Esquel because of the beauty of the place and their desire for a connection with nature (Weinstock, 2008). As Marta Sahores member of AVAE explained, "In Esquel, we are many who come from abroad because we love this place, this nature, this daily contact with nature".²⁸

Second, in 2001, the indigenous Mapuche community Huisca-Antieco, located 60 km from Esquel, refused a request from the company to explore its territory.²⁹ The mining company then moved into its territory clandestinely without respecting ILO Convention 169. The Mapuche community denounced the company to the provincial government, drawing scrutiny and making the presence of the mining company in Esquel known publicly for the first time. In spite of this negative feedback, the Chubut government appeared to place the interests of the mining company before those of its own people. As Gustavo Macayo, lawyer of Mapuche communities and member of the AVAE, said:

The province was unwilling to recognize indigenous rights and did not recognize the right to consultation and especially did not recognize indigenous law in the field of mining. We sent a note to the General Directorate of Mines. They said that they did

not have to consult anyone; that they had dealt with the mining code, that in this case, the indigenous law did not have any influence.³⁰

Third, it is worth noting that during the 1980s, an important provincial social mobilization that managed to stop the installation of a nuclear dump in the central area of Chubut by the National Commission of Atomic Energy of the Nation emerged in the province (Rodríguez Pardo, 2006). Several members who were part of this movement played an important role in the constitution of the AVAE. In addition, several professionals in the community, including chemists, biologists, lawyers, and others, were able to use their professional expertise to develop an independent understanding of the mining company and its practices, including the potential environmental impacts of mining activities. Unlike in Puerto San Julián, the research done by these local professionals at the grassroots level gave credibility to and helped politicize the rumors about cyanide and water.

Transnationalisation of mobilization against mining has played an important role in the constitution of the AVAE. The AVAE was inspired by the case of Tambogrande community in Peru, which successfully stopped a transnational mining project in June 2002, by holding a binding referendum (Arce, 2014; Li, 2015). In the case of Esquel, the referendum was not binding, but the population was so strong in its rejection of the mining project that the provincial government had no choice but to recognize it. The project was rejected by 81 percent of voters (11,605), with a turnout of 70 percent of the population; only 18 percent of voters (2567) were in favor of allowing mining development (Svampa et al., 2009a). As Gustavo Macayo explained:

We started to inform and communicate online with other communities. We learned that Peru had stopped mining through a referendum. We identified with Tambogrande people because there was much fruit production the population refused the mining because it affected all its fruit production, which was famous throughout Peru. We saw reflected in that town and it was that the path we took and we started doing activities.³¹

In the first phase of mobilization, the AVAE's primary focus was on the harmful effects of cyanide to the health of the population. AVAE questioned the so-called "expert" opinion being spread by the mining companies that cyanide use was safe, and pointed out the passivity of local and provincial political authorities. Members of the emerging socio-environmental movement used the opposition to cyanide to rally the community and gather signatures on a petition demanding the completion of a binding plebiscite on the authorities of the City Council. Later, as distrust of the mining company grew, the movement expanded to others concerns related to mining exploitation, such as the use of heavy metals and excessive water consumption, to name a few. The original slogan "No Cyanide" became "Saying No to Mining against Looting and Pollution".

6.2. *The repertoire of protest and the Argentina national crisis of "December 2001"*

The emergence of the socio-environmental movement in Esquel occurred during one of the deepest political and socio-economic crises in Argentina's history, known simply as "December

²⁸ Marta Sahores, member of the AVAE. Interview with the author. 01.03.2011.

²⁹ For more detailed studies about others Mapuche communities against extractivist projects in the province of Neuquén, in Northern Patagonia, see Savino (2016).

³⁰ Gustavo Macayo, member of the AVAE. Interview with the author 15.03.2011.

³¹ Gustavo Macayo, member of the AVAE. Interview with the author (15.03.2011). On December 2003, three months before the referendum, Marta Sahores member of the AVAE was to attending a meeting organized by OXFAM mineral policy center and Mining Watch in Tambogrande.

2001", which triggered a cycle of politicization of Argentinian society against the consequences of neoliberal reforms of the 90s and the political class (Svampa, 2005).³² That cycle of protest³³ (Tarrow, 1995) has two predominant players: the movement of unemployed workers (Svampa and Pereyra, 2003) and the assembly movement of Buenos Aires (Mauo and Rossi, 2015). Those social movements gradually lost prominence as the socioeconomic situation improved in the second half of the 2000s, thanks to the policies adopted by the former president of Argentina, Néstor Kirchner (2003–2007).

In spite of the fact that, at the time, approximately 25 percent of the population in Esquel was unemployed, and 40 percent affected by poverty, the social protest did not result in the formation of a social movement against structural adjustment policies, or the demand for the mayor or governor to resign. The AVAE used assembly and other forms of protest which had been successfully used by other social movements, ultimately triggering a new cycle of mobilization related to the politicization of mining projects. The AVAE uses innovative methods of protest, combining mechanisms of direct democracy with institutional tools (mechanisms of indirect democracy with the use of the environmental rights), and the construction and diffusion of popular knowledge against the expert knowledge.³⁴

The results of the AVAE referendum provoked a broad debate on mining in Chubut between the ruling party, the Radical Civic Union (Unión Cívica Radical, UCR), and the opposition party, the PJ, which blamed the government and supported the claim of the AVAE.³⁵ On April 9, 2003, three weeks after the referendum, the Provincial legislature passed a Law number 5001, banning "metal mining exploitation and the use of cyanide in mining production processes", but allowing mining exploration.³⁶ The enactment of this law occurred within the context of an election year for a governor seeking to shut down the influence of AVAE. However, this action had the opposite effect, as conflicts around mining became a national issue, and in Chubut, the conflict remains open after more than 13 years.

7. Conclusion

In this article, I have analyzed the main factors behind the politicization, or lack of politicization, of a mining project at the local level. In order to perform this analysis, I studied two communities in Patagonia, Argentina, who had very different social dynamics and effects at the sub-national and national levels.

I proposed that it is necessary to understand the socio-political dynamics affecting the mining projects in both communities to have a complete understanding of why transnational mining development is politicized in some communities but not others. The case of Cerro Vanguardia project in Puerto San Julián, Santa

Cruz, is one of the first extractive projects of its kind in the country. It has been ongoing since the late 1990s and has boosted mining activity in the province. Conversely, in the early-2000s, the AVAE managed to stop mining not only in the town of Esquel but throughout the province of Chubut and triggered socio-environmental protest across the country.

Most of the previous work on the subject of transnational mining development focused on analyzing the socio-environmental conflicts from the perspective of social mobilization or political ecology. The comparison of the cases in this article is a contribution to the study of this subject in this region. In particular, there had been no previous study addressing the case of the Cerro Vanguardia project in Puerto San Julián. And, while the AVAE had been analyzed in previous works, this article contributes a more complex reading, taking into account the multiple scales (local, subnational, national and transnational), the local history, and the characteristics of politics at the sub-national level.

Both cases became paradigmatic for opposite reasons. Cerro Vanguardia was the first transnational exploitation project of this kind in Patagonia, becoming a successful example of mining in the province and the rest of the country for political and economic sectors that support this type of extractive project. In Esquel, on the other hand, the AVAE successfully politicized a mining project in the country for the first time, triggering a cycle of socio-environmental conflicts. This mobilization against transnational mining development has become a model for other communities struggling in Argentina. My analysis also showed that the shift in relations between the company and the community, from a corporate establishment to a corporate social responsibility (CSR) strategy, was the result of the company's response to the socio-environmental crisis in Esquel, Chubut, at the end of 2002.

This study provides a number of important insights that highlight the need for more in-depth research in the future from the socio-political perspective that I proposed in this article. For example, more research is needed on the Cerro Vanguardia project in order to examine the relationship between CSR strategies by transnational mining companies and clientelism at the sub-national level. Regarding the case of Esquel, the socio-environmental conflict in Chubut remains unresolved, thus requiring additional study in order to understand the relationship between socio-environmental movements and institutional politics in that province.

Acknowledgements

I would like to thank the two anonymous referees who provided valuable suggestions for improving the final version of this article. I am also grateful to Chrissie Cloutier, for her assistance in proofreading this article. This article is part of my doctoral research, founded by the Fonds Québécois de recherche Société et la culture (FRQSC).

References

- Andrade, L., 2011. De la mita a la megaempresa transnacional: siglos de saqueo en Abya Yala. Aproximación Al Impacto De La Minería En Santa Cruz, (without a date).
- Arce, M., 2014. Resource Extraction and Protest in Peru. University of Pittsburgh Press, Pittsburgh.
- Bebbington, A., Bury, J. (Eds.), 2013. Struggles: New Dynamics of Mining, Oil, and Gas in Latin America. University of Texas Press, Austin.
- Brown, W.K., 2012. A History of Mining in Latin America: from the Colonial Era to the Present. University of New Mexico Press, Albuquerque.
- Catalano, E., 2004. Antecedentes y estructura histórica de la minería en Argentina. In: Lavandaio, e.E., Catalano, E. (Eds.), Historia De La Minería Argentina. Tomo 1. Servicio Geológico Minero Argentino (Segmar), Buenos Aires.
- Christel, L., Álvarez, L., 2011. La puerta de entrada al capital extranjero en el sector minero argentino. Análisis del debate de la ley de Inversiones Mineras (1993). Realidad Económica (IADE) 259, 106–127.

³² Social protest was harshly repressed by the police killing more than 36 people nationwide and led the fall of five president between 2001 and 2002 (Svampa, 2005).

³³ This notion refers to three different phases that characterize a cycle of collective action: the emergence, the upswing and the downswing.

³⁴ In mid-December 2002, two lawyers members of the AVAE filed an application for amparo on the basis of the right of each individual to enjoy a healthy environment (Article 41 of the National Constitution). On February 19, 2003, the provincial judge Claudio Petris accepted the amparo banned all kinds of mining works at the site, requiring compliance with provincial law 4.032 Environmental Impact.

³⁵ Daily Record (2003) Honorable Legislature of the Province of Chubut. http://www.legischubut2.gov.ar/index.php?option=com_content&view=article&id=478:sesion-887-25-y-27-03-03&catid=37:ano2003&Itemid=189, (Website consulted on June 1, 2012).

³⁶ Honorable Legislature of the Province of Chubut. <http://www.chubut.gov.ar/ambiente/imagenes/5001.pdf> (Website consulted on March 3, 2011).

- Cisneros, P., Christel, L., 2014. The democracy deficit of corporate social responsibility in post-neoliberal times: an analysis of the Argentinian and Ecuadorian experiences. *J. Clean. Prod.* 174–182.
- Durazo Herrmann, J., 2012. Clientelism and subnational politics in latin america. In: Hilgers, T. (Ed.), *Clientelism in Everyday Latin American Politics*. Macmillan, New York, pp. 121–136.
- Fillieule, O., Mathieu, L., Péchu, C. (Eds.), 2009. *Dictionnaire Des Mouvements Sociaux*. Presse de Sciences Po, Paris.
- Fillieule, O., 2006. "Requiem pour un concept. In: Gilles Dorransoro (Ed.), *Vie Et Mort De La Notion De "structure Des Opportunités Politiques"*. La Turquie conteste Presses du CNRS, Paris, pp. 201–241.
- Flam, H., 1994. *States and Anti-Nuclear Movements*. University Press, Edinburgh.
- Gervasoni, C., 2010. Measuring variance in subnational regimes: results from an expert-Based operationalization of democracy in the Argentina provinces. *J. Polit. Latin Am.* 2 (2), 13–52.
- Gibson, E., 2012. *Boundary Control: Subnational Authoritarianism in Federal Democracies*. Cambridge University Press, New York.
- Galafassi, G., 2008. *Acumulación Y Hegemonía En las Tres Patagonias: Una Lectura Crítica Sobre la Historia Regional* (Website consulted on August 15, 2012) [http://theomai.unq.edu.ar/Theomai_Patagonia/Galafassi%20_\(tres-Patagonias_Acumul-Hegem\).pdf](http://theomai.unq.edu.ar/Theomai_Patagonia/Galafassi%20_(tres-Patagonias_Acumul-Hegem).pdf).
- Helwege, A., 2015. Challenges with resolving mining conflicts in Latin America. *Extr. Ind. Soc.* 2 (1), 73–84.
- Li, F., 2015. *Unearthing Conflict: Corporate Mining, Activism, and Expertise in Peru*. Duke University, Duke.
- Martínez-Alier, J., 2004. *El Ecologismo De Los Pobres: Conflictos Ambientales Y Lenguajes De Valoración*. Barcelona, Icaria.
- Mauro, S., Rossi, F., 2015. The movement of popular and neighborhood assemblies in the city of buenos aires, 2002–2011. *Latin Am. Perspect.* 42 (2), 107–124.
- McAdam, D., McCarthy, J.D., Zald, M.N., 1996. *Comparative perspectives on social movements. Political Opportunities, Mobilizing Structures, and Cultural Framings*. Cambridge University Press, Cambridge.
- Mutti, D., et al., 2011. Corporate social responsibility in the mining industry: perspectives from stakeholder groups in Argentina. *Resource Policy* doi:<http://dx.doi.org/10.1016/j.resourpol.2011.05.001>.
- Owen, J., Kemp, D., 2014. Mining and community relations: mapping the internal dimensions of practice. *Extr. Ind. Soc.* 1 (1), 12–19.
- Renauld, M., 2013. *El Efecto Esquel: El Análisis De La Difusión Y De La Ampliación De La Movilización Socioambiental En La Patagonia 2002–2009: Un Estudio Comparativo De Las Experiencias De Acción Colectiva En Esquel, Ingeniero Jacobacci, Los Antiguos Y Perito Moreno*. Social Sciences Faculty, Universidad de Buenos Aires (PhD Thesis).
- Rodríguez Pardo, J., 2006. *En la Patagonia No. Crónica de la epopeya antinuclear de Gastre. Veinte años de movilizaciones que impidieron el basurero atómico en Chubut*. Edición Proyecto Lemu, El Bólon.
- Svampa, M., 2005. *La Sociedad Excluyente, La Argentina bajo el signo del neoliberalismo*. Taurus, Buenos Aires.
- Savino, L., 2016. Landscapes of contrast: the neo-extractivist state and indigenous peoples in post-neoliberal Argentina. *Extr. Ind. Soc.* 3 (2), 404–415.
- Scheiwtzer, A., Godoy, P., Rauque, M., 2011. *Recursos naturales y Modelos de Desarrollo en conflicto en el espacio andino santacruceño*. *Parráfos Geográficos* 10, 191–214.
- Svampa, M., Antonelli, M. (Eds.), 2009. *Minería Transnacional, Narrativas Del desarrollo y Resistencias Sociales*. Biblos, Buenos Aires.
- Svampa, M., Pereyra, S., 2003. *Entre La Ruta Y El Barrio*. Taurus, Buenos Aires.
- Svampa, M., Viale, E., 2014. *Maldesarrollo. La Argentina Del Extractivismo Y El Despojo*. Katz, Buenos Aires.
- Svampa, M., Bottaro, L., Alvarez, M., 2009a. "Los movimientos contra la minería metalífera a cielo abierto: escenarios y conflictos. Entre el "efecto Esquel" y el "efecto Alumbraera". In: Svampa, Antonelli, M.M.y. (Eds.), *Minería Transnacional, Narrativas Del Desarrollo Y Resistencias Sociales*. Biblos, Buenos Aires, pp. 123–178.
- Svampa, M., Bottaro, L., Álvarez, M., 2009b. La problemática de la minería metalífera a cielo abierto: modelo de desarrollo, territorio y discursos dominantes. In: Svampa, M., Antonelli, M. (Eds.), *Minería Transnacional, Narrativas Del Desarrollo Y Resistencias Sociales*. Biblos, Buenos Aires, pp. 29–50.
- Svampa, M., 2011. *Néo-développementisme extractiviste, gouvernements et mouvements sociaux en Amérique latine*. *Problèmes d'Amérique Latine* 3 (81), 101–127.
- Tarrow, S., 1995. Cycles of collective action: between moments of madness and the repertoire of contention. In: Mark, T. (Ed.), *Repertoires and Cycle of Collective Action*. Duke University Press, Durham (N.C.), pp. 89–116.
- Tarrow, S., 2010. *Dynamics of diffusion. mechanisms, institutions, and scale shift. The Diffusion of Social Movements. Actors, Mechanisms, and Political Effects*, by Rebecca Givan, Kenneth Roberts, and Sarah Soule. Cambridge University Press, Cambridge.
- Torunczyk, D., 2015. *Souverainetés en Conflit: industrie minière transnationale, politique subnationale et mouvements socioenvironnementaux en Argentine. Une Analyse Comparée Dans Les Provinces De Chubut Et De Santa Cruz*. PhD Thesis. Departament of Sociology. Université du Québec à Montréal.
- Urkidi, L., Walter, M., 2011. Dimensions of environmental justice in anti-gold mining movements in Latin America. *Geoforum* 42, 683–695.
- Weinstock, A., 2008. *Oro por espejitos de colores. Voces y acciones del No a la Mina de Esquel en la disputa por el modelo de desarrollo*. Master Thesis. Social Sciences Faculty. Universidad de Buenos Aires, Buenos Aires.
- Walter, M., Martínez-Alier, J., 2010. How to Be heard when nobody wants to listen: community action against mining in Argentina. *Can. J. Dev. Stud.* 30, 281–301.