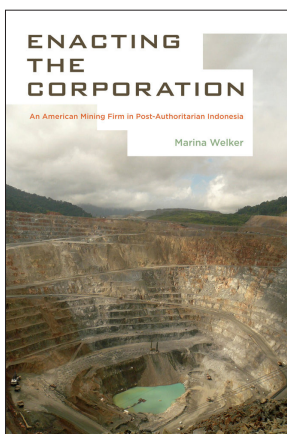


## BOOK REVIEWS

### MINING CORPORATION AND LOCAL COMMUNITIES IN INTERACTION: THE CASE OF BATU HIJAU



**Marina Welker. *Enacting the Corporation: An American Mining Firm in Post-Authoritarian Indonesia*. Berkeley & Los Angeles & London: University of California Press, 2014. 289 pp.**

As noted in the report of the United Nations Research Institute for Social Development (UNRISD) in 1995, "... rapid socio-economic changes in the second half of the 20th century brought many [people] an improvement of life, but there are millions who did not receive any benefits" (Trevogimira 1997: 24). On the contrary, they experienced a negative impact as a result of the developing infrastructure of global economy, focused on meeting the growing demand for goods and services in developed countries.

The monograph from anthropologist M. Welker of Cornell University (Ithaca, NY) contributes to the development of scientific understanding on the practice of interaction between large mining corporations and local communities, from the point of view of socio-cultural anthropology. Based on the outcomes of a two-year research into the areas of development of copper and gold deposits of the US corporation Newmont (Denver, US) in the Batu Hijau region (in the south-western part of the island of Sumbawa, Indonesia), the author draws a broad panorama of the perceptions with regard to the company by the local population, who are mainly Muslim and predominantly agrarian in their original economic specialisation. She also studies the interactions that arise between the parties, problems in their relationship, and Newmont's targeted policies to resolve them (which are particularly valuable).

During the period of development of mineral deposits on Sumbawa Island (since the mid-1990s until present), the Newmont company has acquired considerable experience in working with local communities and their integration into the corporate space; reaching, as a result, a reduction of social and ethnic tension. By virtue of the purposeful policy of Corporate Social Responsibility (CSR), and a variety of implemented measures in this regard, the author outlines that the company generally managed to resolve the underlying problems that caused various kinds of protests from the local community (violent and aggressive rhetoric of national and religious rejection), which were characteristic of the period of the start of mining operations. As a result, they can proceed towards the design of new vectors for local socio-economic development on the basis of the US corporation, its infrastructure, and its support. In synchronisation with this process, the degree of discontent with the presence of a foreign company and a large contingent of foreign experts and employees on the land of the local residents gradually

decreased. The desire for cooperation strengthened, and also some new ideas formed in the public consciousness of aborigines who gradually began to associate the feeling of stability of local communities (including their economic, social, and even cultural aspects) with the presence of a mining company in the area. How was Newmont able to achieve such an effect?

According to the main part of the monograph, Welker gradually reviews various mechanisms of the mutual adaptation of the foreign company and the indigenous communities of Sumbawa Island. It is significant that it is the corporation itself that had to change in the first place, including the top level of decision-making. The first chapter, titled *We Need to Newmontize Folk: New Social Disciplines at Corporate Headquarters* (pp. 33–66), provides a detailed analysis of changes in the company's management and its interactions with the external environment in the initial period of operation of the extractive industries in the south-western part of Sumbawa Island. This included measures such as the extension of power and budget for corporate services responsible for communication with local communities, focus on getting a Social License to Operate and a further annual holding of social impact assessment (SIA). On the one hand, these actions are significant as they entail unprecedented measures to counteract racist and anti-Muslim sentiment among the American employees of the corporation, and on the other hand they attempt to adapt the working environment and the company's infrastructure to the cultural and religious needs of its employees – Muslims employed in the region of extraction (up to the organisation of specially equipped places for *namaz*-prayer in mining areas).

Welker mentions that originally there existed two opinions with regard to the question of what should be the approach to organising effective support to local communities. The following shows that both of them successively competed in the practical activities of the company.

The first approach is based on the patronage model of interaction (reviewed in the second chapter, *Pak Cormel Is Our Regent Whom We Respect: Mine, State and Development Responsibility*, pp. 67–98), in which the company assumes a greater part of the responsibility for the maintenance of social infrastructure, the economic development of local communities, funding of cultural programmes, construction of mosques and religious schools, etc. However, the duty of the corporation lies only in providing sufficient funding, and local elites – acting as intermediaries between the company management and local people – allocate the funds. This so-called patronage approach, involving the mediation with local elites, is essentially based on the traditional foundations of social organisation of indigenous communities without disturbing the historical practices of the distribution of social and material wealth and resources.

The other approach, called the sustainable development model, is rather different and oriented towards the perspective of sustainable development of local communities, described in detail in Chapter 3, under the heading *My Job Would Be Far Easier If Locals Were Already Capitalists: Incubating Enterprise and Patronage* (pp. 99–128). This approach is about the attempts of corporations (by making use of their resources) to lay a foundation for long-term independent economic development of groups of the local population, with the potential of continuation after the completion of the regional mining activities. In this direction, Newmont has implemented extensive training programmes on the basics of modern business for local residents, in order for them to develop neces-

sary business skills. This part of Welker's monograph includes interesting facts that give credence to the special approach the managers of the organisation brought to the training sessions with the potential (mainly Muslim) entrepreneurs. To facilitate the 'immersion' of students in the semantic space of individual entrepreneurship – the free market and competitive business – the company decided to include religious lectures in the classroom. The essence of these lectures was the justification – including quotations from the Koran – with regard to the rights of Muslims and their need for doing business.

Educational work was also carried out among the local farmers in an attempt to introduce them to effective technologies of agriculture and thus contribute to the growth of the subsistence level (Chapter 4, *We Identified Farmers As Our Top Security Risk: Ethereal and Material Development in the Paddy Fields*, pp. 129–156).

Evaluating the effectiveness of the two models that were employed by the company for local community support, Marina Welker concludes that the managers of Newmont did not manage to actually run the programme for sustainable development. The reason for that was the unwillingness of many participants of the programme to positively regard the neo-liberal idea of independent development. However, any manifestation of patronage on the part of the corporation was perceived among the local populations as something more familiar. The reason is that it fits quite well with the basis of traditional social organisation (including the elements of clan structure) and the traditions of the local communities in the area of distribution of socially significant resources (with a leading role in this process for local elites). It is worth mentioning that this seems to be the logical manifestation of stability for Potestarian traditional cultures that emerge full-blown among indigenous peoples in such situations. Related examples can be found among the peoples of southern Siberia, or rather their individual rural communities, who are included in the negotiations with mining companies or energy-sector enterprises on the issue of the required compensation for damages incurred by the indigenous communities (Etnologicheskaja Ekspertiza 2005).

In the next chapter (*Corporate Security Begins in the Community: The Social Work of Environmental Management*, pp. 157–182) the author evaluates the discourse that ensued between the Newmont company, local communities, and environmental organisations on the issue of environmental safety of the technologies used in copper and gold mining in the immediate vicinity of human settlements and vulnerable ecosystems. From Welker's point of view, it is a successful demonstration of a mining company conducting its operations with a minimum of harm to the environment, which became an important step in the fight against attempts to demonise Newmont. Its evaluation in the social consciousness of local residents gradually evolved from 'Newmonster' to 'Goodmont'. In that way another significant source of tension was neutralised. However, during the start of the Newmont project in the region of Batu Hijau it caused real concerns for local communities, which in turn increased the discourse of conflict.

The final, sixth chapter of the book (*We Should Be Like Starbucks: The Social Assessment*, pp. 183–214) discloses the practice of continuous monitoring of the social impact of the company on the local communities, thoroughly analysing the selection process of social auditors, systematic check-ups of the effectiveness of corporate social responsibility policies and procedures on the public discussion of its actual agenda.

The material presented in the book by Marina Welker, *Enacting the Corporation: An American Mining Firm in Post-Authoritarian Indonesia*, is particularly interesting

in a comparative context. In fact, it features a qualitatively described case, revealing a complex system of relations between a large mining corporation on Sumbawa Island and the local indigenous communities. Techniques, problems, and results of these relations are not only described in detail by the author, but analysed with enough detail from the perspective of the socio-anthropological approach.

A comparison between the practices presented in this book and the reality of relations between indigenous peoples and mining companies in other parts of the world – including, for instance, the circumpolar territories – seems extremely promising to me.

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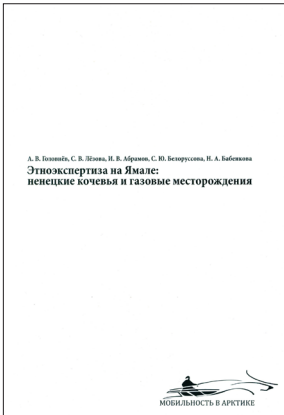
### Acknowledgement

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## NORTHERN CULTURES UNDER THE PRESSURE OF INDUSTRIAL DEVELOPMENT



A. Golovnev & S. Lezova & I. Abramov & S. Belorussova & N. Babenkova. *Ethnoekspertiza na Yamale: Nenetskie kochev'ia i gazovye mestorozhdeniia*. [Ethno-Expertise on the Yamal Peninsula: Nenets Pastures and Gas Fields.] Ekaterinburg: Izdatel'stvo AMB, 2014. 232 pp. In Russian.

There exists a wide variety of literature devoted to the role of the oil and gas industry in post-Soviet Russia, which includes not only scientific research on the impact of oil development on the Northern peoples (see, e.g., some recent works: Wiget & Balalaeva 2010; Stammer 2013; Stammer & Wilson 2006; Wiget & Balalaeva 2014; Sirina & Iarlykapov & Funk 2008; Khaknazarov 2011; Novikova 2014; Miskova 2014, and others), but also works in line with the

so-called ethnological expertise. Although there exist a number of typically Russian well-known features (see, e.g., Bogoyavlensky et al. 2002; Zvidennaia & Novikova 2010; Martynova & Novikova 2012), the latter in general fit into the generally accepted understanding of the scientific and practical research defined as a part of applied anthropology and anthropology of development.

The presented collective research refers to the genre of Russian works on “ethnological expertise” (basically known in the anthropological practice as social impact assessment), but at the same time has its own features that make this work worthy of special attention.

The book *Ethno-Expertise on the Yamal Peninsula: Nenets Pastures and Gas Fields* is written by Andrei Golovnev, a renowned specialist on the culture of the North – in particular Samoyed cultures – in collaboration with his students, members of the Institute of History and Archaeology of the Ural Branch of the Russian Academy of Sciences. The results of an actual expertise carried out in the area of geological exploration in the territory of the Kruzenshtern gas field (on the western coast of the Yamal Peninsula, July–August 2013) and the subsequent report that was prepared based on its results, lie at the heart of the reviewed work. As noted in the introduction, the report – quite acceptable for experts – would be too impenetrable for the general reader. In this regard, the authors decided, on the one hand, to greatly facilitate the language of the text, while on the other hand to talk not only about the results of the work, but also about the course of the research. The authors were perfectly able to reach their goals. The book is easy to read (you can say in one sitting) and a great number of colour illustrations (over 60), charts, and maps contribute to this greatly.

This collective monograph, which is how one could define the genre of this work, consists of two parts virtually equal in volume: the research itself (*Kochevniki i nedropol'zovateli* (Nomads and mineral developers), pp. 12–107) and appendices (*Istochniki i bazy dannykh* (Sources and databases), pp. 108–223).

There are four chapters in the research part of the work that are presented successively: the context of carrying out the expert evaluation, description, and analysis of

the boundaries of nomads and specifics regarding the organisation of Nenets' nomadic cultures, the "voice of the tundra" (statements of indigenous peoples about the future industrial development of their lands), and foresight reflections of the authors.

The presented work wins the reader over with the abundance of recent field data and the actual voices of people whose problems are being discussed. The use of several methods of fixing/describing the movement of herders, GPS-recordings of human movement during the day, maps of nomadic migrations (with annual coverage of the process) and the footage of movements/actions including photographic and video material (p. 56) should be highlighted among the authors' undisputed research achievements. A similar technique has already been used in the Russian field (Safonova & Sántha 2013a; Safonova & Shanta 2013b), but in relation to the Nenets it seems that indeed it has been used for the first time.

The final chapter of the main part of the book includes scenarios and recommendations. It represents the main factors of pessimistic (pp. 99–100) and optimistic (pp. 100–102) scenarios, as well as recommendations on compensation (pp. 102–103, 106–107), largely based on the "Declaration of co-existence of indigenous peoples and the oil & gas industry in the Nenets and Yamal-Nenets autonomous regions and other territories of the Russian North", generated by our colleagues from the Arctic Centre, University of Lapland, in the years 2007–2008.<sup>1</sup>

The section of appendices to the book includes a general characterisation of historical sources, a short story about the traditions of the nomads on the Yamal Peninsula, and an essay presenting analogues of ethnological expertise of recent times in Russia (as performed by the staff of the Institute of Ethnology and Anthropology of the RAS) and abroad (project ENSINOR). The section also contains characteristics of the legal framework with regard to indigenous peoples in the Russian Federation and the Yamalo-Nenets region in particular, and a thorough analysis of the situation with regard to the cultural heritage of the indigenous peoples of the North (pp. 108–143). In addition, the section of appendices is completed by unique primary materials of the 1926–1927 census of the indigenous population of Yamal, which is the first time ever for these materials to appear in print (pp. 143–223). The latter appendix is extremely informative, although without comments or analysis or a description of the logic of how this document refers to the contemporary problems of herders caused by the industrial development of the tundra, it remains, in my opinion, an independent text in the book.

There are at least two more general observations to be made on the provided expertise, which emerge within the context of broad reflections on the status of expert-analytical works of Russian ethnologists.

The text presented for the judgment of colleagues (as a result of the expertise) was created incidentally: this "ethnological expertise" was not ordered by industrial companies, local authorities, or by public organisations of the Nenets. Ethnologists were simply invited (p. 9) by ecologists, who conducted their own environmental expertise in the above-mentioned area of the Yamal Peninsula. This clearly describes the situation of "ethnological expertise" in Russia, whose necessity and rules of conduct have remained without legislative consolidation and regulation on the federal level for about 15 years.<sup>2</sup>

There is another problem, which is closely associated with the one above: The ethnologists participating in the project considered "the possible consequences of geological exploration without any clear picture of the planned industrial development of the ter-



ritory” (p. 15). The lack of plans for industrial development “complicated the expertise, forcing to guess about the scale of industrial invasion which they would have to deal with” (ibid.). The legislative optionality of the ethnological expertise and its informal nature led to inability to obtain the required documents and extremely complicated the task of the experts. As a result, an attempt was made to assess the possible consequences of such development on the territory of the Kruzenshtern gas field “by analogy”, by focusing on the already existing models of industrial impact on the Yamal tundra.

Through trial and errors Russian applied anthropology is trying to find entrance into the world of uneasy relations between science and the state, business, and local populations, which live in the impact zone of management decisions on a daily basis. There is no doubt that the collective monograph *Ethno-Expertise on the Yamal Peninsula: Nenets Pastures and Gas Fields* with its advantages and some, perhaps, controversial approaches is a useful step in this progressive process. This book will be of interest to all those involved in the cultures of the reindeer herders of the circumpolar world and in research in the field of applied and public anthropology.

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## Notes

<sup>1</sup> See description of the project ENSINOR on the site of the Arctic Centre of the University of Lapland, Finland (<http://www.arcticcentre.org>).

<sup>2</sup> About 15 years since the term was used for the first time in the legislation of the Russian Federation. It appeared in the law “On the guarantees of the rights of indigenous peoples of the Russian Federation”, adopted in 1999.

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