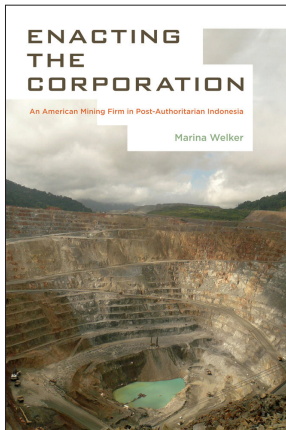


BOOK REVIEWS

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.

Vladimir Poddubikov

Kemerovo State University / Moscow State University

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