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“Water yes, gold no!”

- The Effects of a Neo-liberal Development Strategy in Cajamarca, Peru

Abstract

Neo-liberal development strategies have for long been considered *the* way to achieve development and the Washington Consensus has gained influence in most countries in the world. Peru is one of its faithful followers that despite a left-wing turn on the Latin American continent has not followed suit and continues to embrace neo-liberal policies. The central government's emphasis on economic growth as a development strategy has included opening its doors to FDIs and policies adapting trade liberalization. This has brought a lot of mining activity to the country which sits on important deposits of copper, silver and gold. Especially the Andes and the northern province of Cajamarca has experienced a large increase in mineral activity where foreign transnational companies such as Newmont Mining Corporation operate large open-pit mines, including South America's largest gold mine Yanacocha. The mining activity in the region has produced many repercussions for the local population including the contamination of water resources, increasing inequality, displacement and conflict. This study builds on a case study of Cajamarca where a Minor Field Study was conducted in the beginning of 2013, largely building on qualitative interviews. Critique of the neo-liberal development model is adopted to gain understanding of the micro-level consequences produced. It also includes a wider discussion on mining's potential to generate development, a debate that has increasingly come to stress the complexity between resource extraction and local level development.

Key words: neo-liberalism, development, mining, rural livelihoods, Peru

Words: 9992

This thesis is dedicated to the people who have risked everything defending their water and livelihoods. To the farmers on the hills whose peaceful life has been disrupted by the mining operations, because their struggle counts.

List of acronyms

EIA – Environmental Impact Assessment

FDI – Foreign Direct Investment

IFI – International Financial Institution

NGO – Non-Governmental Organization

NMC – Newmont Mining Corporation

WC – Washington Consensus

WTO – World Trade Organization

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1 Introduction

1.1 Research Problem

1.1.1 The Rise of the Neo-liberal Development Doctrine

The World Bank has been, by far, the most influential actor in formulating development theory and strategy. Historically, it has been supported by classical and neoclassical economists who have equated economic growth to increasing average incomes, labor absorption, productivity growth and poverty reduction. Today, its most influential version is narrowly premarket or neo-liberal, spelled out in the Washington Consensus (WC) (Copestake 2008: 6 Sandbrook 2000:1073). However, there is a vivid discussion concerning the success of such strategies and their contribution to development. The 1980s ‘structural adjustment’ is one example of its widely debated failures (Sandbrook 2000: 1073). In some cases “governments are more responsive to financial markets than to the need of their poorer citizens” (Sandbrook 2011:1076).

The globalization of international development discourses has created a powerful tension with local perspectives, illustrated by the upsurge of anti- and post-development movements often opposing market-led economic growth (Copestake 2008:7). However, the global political economy and the dominant ideas concerning what constitutes “development” continues to be essentially liberal and market-driven (Grugel and Riggiozzi 2009:2). The political economy of Latin America has since the 1880s been characterized by the liberal era of export-led growth and the adoption of capitalist practices in agriculture and mining which has generated tensions between production for the domestic market and the global economy, a history of elite biases within governments, challenges to domestic capital formation and a large presence of foreign capital across important sectors of regional economies together with cyclical social, economic, and political crisis. Repeated crises of governance reflect regional and national conflicts over models of development (Grugel and Riggiozzi 2009:4). Latin America is the region that most earnestly incorporated neo-liberal reforms and where the model was implemented most thoroughly. However, “the results are most ambiguous at best” (Escobar 2010:2). It was these Latin American experiences which laid the ground for the creation of the WC (Escobar 2010:2).

1.1.2 Neo-liberalism in Peru

In contrast to many countries in Latin America, Peru has not followed suit on the left-wing turn taking place on the continent in countries such as Chile, Brazil, Argentina, Uruguay, Bolivia and Ecuador which have shown signals of

“repoliticization” of development issues and thus rejection of the WC (Burdick et al. 2009:1). There has been a general agreement between Peruvian economists and policy makers on the importance of sustained economic growth. Since Fujimori assumed presidency in 1991 “policies have generally conformed to neoliberal, WC views” (Copestake 2008:9). Fujimori also reworked the country’s constitution which highlights the importance of foreign investors. The country has become one of the most open and liberal economies in the world (Bury 2005:222). Successive governments have pursued a combination of conservative fiscal and monetary policies, domestic market deregulation, public sector reform, increased external trade liberalization, and recently the signed, controversial free trade agreement with the United States (Copestake 2008:9). Peru can even be understood as an “exercise in ultra-neo-liberalism” (Bebbington and Humphreys Bebbington 2011:135). Through processes of privatization and transnationalization the mining sector has turned into a key element for future development opportunities in Peru. The neo-liberal policies have modified the political context in which discussions of Peru’s development occur (Bury 2005:221). These policies have had severe repercussion for many citizens, however it is still the main development strategy followed by the central government. Only 12 per cent of Peruvians are satisfied with the way market economy works in the country compared to 27 per cent in Latin America. Peru is labeled as a free country with a partly free press (Freedom House 2013). It is a middle income country with many natural resources and an economy that has blossomed over the last fifteen years, with a GDP growth averaging at 2.9 percent per year between 1995 and 2005, and in addition, two peaceful and democratic changes in government. Despite this, Peru is one of the most unequal countries in the world with much “higher rates of poverty than its economic status suggest it should have” (Copestake 2008:2, 9, 16).

1.1.3 Mining in Peru and Cajamarca

This study will take a closer look at the impacts of one specific neo-liberal policy adopted by the Peruvian government, namely the emphasis on economic growth generated through Foreign Direct Investments (FDIs) and trade liberalization and the mining activity it has brought. It is important to analyze mining expansion as part of a neo-liberal development strategy (Bebbington and Hinojosa 2007:3). Fujimori’s neo-liberal liberalization and privatization projects made mining investment in Peru increase fivefold during the 1990s and governing elites continue to develop national growth strategies relying on mining. The Ministry of Energy and Mines have themselves said that the mining agenda is today the agenda of national development (Arellano-Yanguas 2008:23, Bebbington Hinojosa 2007:2). FDI constitutes a cornerstone of Peru’s economic restructuring and has made mining an important industry. Peru has been one of the most faithful followers of the political and economic recommendations of the International Financial Institutions (IFIs) (Bebbington and Williams 2008:3, Arellano-Yanguas 2008:10, Bebbington and Hinojosa 2007:4). This has resulted in policies aimed to facilitate and attract the entrance of large companies through guaranteeing full

advantages to firms willing to invest. In addition, institutional reforms gave companies a degree of control of rural territories with mineral deposits (Bebbington and Hinojosa 2007:4-5). 11 out of the world's top 20 mining corporations operate in Peru currently and between 2002 and 2007, the stock of FDI in the mining sector increased by 65 per cent which now accounts for around 70 per cent of export earnings (Arellano-Yanguas 2008:6).

Many large-scale mining projects are due to geographical factors concentrated in the highlands which are inhabited by Peru's poorest citizens. These communities have been affected by the consequent environmental degradation, danger to scarce water supplies and other social and economic consequences (Arce 2008:52, Taylor 2011:421). In addition, these micro-level implications of neo-liberalism under the macroeconomic and institutional reforms undertaken threaten small and medium scale agriculture in the highlands (Bebbington and Hinojosa 2007:6). In particular, the northern province of Cajamarca, with 48, 5 per cent of its territory under mining concessions, has experienced many of these problems. Transnational mining companies operating in the area have frequently encountered heavy protests which today is the most common form of social conflict in Peru (Taylor 2011:420, Omvärlden 2012, Arce 2008:52-53, CooperAccion 2012). At the moment, the world's largest mining company Newmont Mining Corporation (NMC) is developing the mining project Minas Conga in the province which would be a part of South America's largest gold mine, Yanacocha (Arce 2008: 54, Omvärlden 2012, Bebbington et al 2008a: 894). In July 2012 five people were killed during protests aimed to defend the water that is under threat by the proposed gold and copper mine (Reuters 2012). The project is Peru's largest mining project and the calculated investment reaches up to 4.8 billion dollars. The International Finance Corporation is one of the investors together with the Swedish pension fund 'AP-fonderna' (Swedwatch report #42:25, 39).

1.2 Research Question

This thesis will attempt to answer the following research question:

What effects have the central government's neo-liberal development strategy had in Cajamarca?

1.3 Statement of Purpose

The purpose of this study is to analyze how the neo-liberal development strategy followed by the Peruvian central government has affected the region of Cajamarca by conducting a local level analysis of the implications brought by mining activity in the area by performing a qualitative case study.

1.4 Theory

The theory underpinning this study builds on a neo-Polanyian critique of the neo-liberal development model posed by Sandbrook (2011 and 2000). It understands the neo-liberal strategy as the ‘disembedding’ of the economy from society, and also builds on the assumption that markets are not natural to human society. This ‘disembedding’ erodes traditional forms of economic organization such as reciprocity and results in the weakening of justice, sustainability and solidarity leading to social disorder and conflict. A theoretical framework has been constructed using several of the consequences of neo-liberal strategies such as rising inequality and hollowing of democracy, environmental degradation, cultural changes and social conflict. This framework will be applied to investigate the realm of mining in Cajamarca, which is understood as a result of the implementation of neo-liberal policies in Peru.

1.5 Method

This thesis takes a form of a case study based on a Minor Field Study conducted during eight weeks in the Andean region of Cajamarca in Northern Peru. Semi-structured interviews with a wide variety of people, all somehow affected by the mining activities, were conducted and serve as the main source of data collection.

1.6 Limitation of Study

The case study aims to produce a detailed account of the chosen case. It is acknowledge that the case study design would have benefited from the inclusion of more cases, perhaps from similar context of other mining communities in Bolivia or Ecuador and that it would add possibilities for generalization and comparison and increased robustness of research findings as they increase with the number of cases studied, however this was not deemed possible due to financial and time constraints (Hakim 2000:61-62, May 2011:233). There is also a possibility for bias due to the values brought into the field which undoubtedly affect every step of research (Bryman 2012:39).

2 Previous Studies

This section seeks to outline the current debate regarding resource extraction's and especially mining's contribution to development. Most of the authors discussed are published in peer-reviewed journals to increase the reliability and quality of the discussion. There is a wider literature on political economic change in Latin America that has been left out as I consider the below discussion as most relevant for the purpose of the study.

The debate considering mining is part of the historical and contemporary political economic landscape of Latin America and the political economic processes regarding the extraction of natural resources have shaped regions both socially and ecologically (Bebbington 2012:3). Mining can in successful cases generate new resources for development, but in others result in environmental degradation and social unrest. There is an ongoing debate concerning under which institutional circumstances the former scenario might occur and the desired relationship between mining, livelihoods and development, together with the socio-political conditions under which such institutions might arise (Bebbington and Bury 2009:1, Hujo 2012:4).

One set of proponents of resource extraction emphasize the opportunity for economic growth, private accumulation and national socio-economic development and its potential to raise living standards of poor populations and 'kick-starting' service and manufacturing sectors in developing countries. However, critics argue that extraction poses new threats to natural environments, human well-being and even the quality of democracy (Bebbington 2012:xv, Hilson 2012:133). Evidence exist on the negative effects of resource extraction and many holistic, in-depth case studies show that rural communities have suffered repercussions to their livelihoods, water, access to land and "generally for their day-to-day quality of life and ability to control the territories they claim as theirs" (Bebbington 2012:xv). Anthony Bebbington, professor of Environment and Society at Clark University, USA is one of the most prominent writers on the theme and has produced a vast amount of literature and case studies on the topic. Much of the existent literature on extractive industry in Latin America misses to analyze the political economic and environmental transformations that have resulted from extraction (Bebbington 2012:3).

The first theory questioning the benefits from primary product export was Latin American structuralism later accompanied by the suggestion that resource rich economies often lack sufficient backward and forward linkages among sectors and that especially mining was often an 'enclave' (Saad-Filho and Weeks 2013:2-3). It was then stated that growth boosted by natural resources seemed contrary to more socially desirable, broad-based and sustained development. During the mid-1980s other ills of natural resource abundance gained attention such as authoritarianism, corruption and

vulnerability to internal conflict. These outcomes became associated with the ‘quality of institutions’, and/or ‘bad’ policy making (Saad-Filho and Weeks 2013:2-3). Where institutions of democracy and rule of law are weak rents from mineral extraction provoke dysfunctional and costly behavior in the form of patronage and rent-seeking (Kolstad and Wiik 2009:5324). Thus resource extraction might put fragile democratic structures to a test and the wealth derived from these sectors could transform many democracies into autocracies (Hilson 2012:133 Haber and Menaldo 2011:1).

The widely debated theory of the resource-curse dates back to the early 1990s and attempted to explain two decades of poor economic performance in mineral-rich countries. It suggests that natural resource abundance creates economic and political distortions, leading to undermine the contributions of extractive industry to development. They also identified macro-economic instability and poor economic growth rates, disincentives for diversification, unsustainability of growth, social inequality, bad quality democracy and violent conflict as consequences of mineral extraction (Orihuela 2012: 139, Bebbington et al. 2008a:890). Two decades of quantitative studies show that the existence of the resource curse is in fact dubious (Orihuela 2012: 139). Such critique often claim that it does indeed create strong strains of dependency but that it is not a generalized phenomenon. Many instead propose a political economy explanation to the problem. The main issue with the ‘curse’ theories is that they are outcomes of failures to implement effective domestic macro-management policies rather than causes (Bebbington 2012:7, Kolstad and Wiig 2009:5317, Hujo 2012:5). Especially, neo-liberal policies that include floating exchange rates and unregulated capital flows “allow the (avoidable) negative effects of external resource flows to overwhelm their potential benefits” (Saad-Filho and Weeks 2013:2). In reality, the ‘curse’ is a result of policy decisions, and not manifestations of strong, structural weaknesses, they are also more likely to be suffered in countries pursuing neo-liberal economic policies (Saad-Filho and Weeks 2013:1).

Moreover, there are studies conducted by economists that show strikingly positive results of mining on local development (de Assis Costa 2012:1285). Contrasting, many qualitative studies performed by social scientists, tend to show mixed or negative results on the topic. One can thus identify that one main discrepancy regarding mining’s contribution to local development lies between social scientists and economists which might be influenced by the way development is defined; equated to economic growth or encompassing more social, environmental and equality factors.

The above literature review has contributed to the study’s critical approach to resource extraction’s contribution to local development. Understanding resource extraction as a result of a neo-liberal strategy can help to explain the underlying motivations behind such policy orientation but also help to understand its consequences using the critique of the neo-liberal development model. Such studies are important as countries rich in minerals have demonstrated a tendency

to invest less in human resources and show higher levels of inequality and overall poor performance on human development indicators (Hujo 2012:10). In addition, “there are few studies that directly deal with the social consequences of mining as well as the effects of potential revenues from extractive industries for social policy and development” (Hujo 2012:7). Many remedies have been proposed to cure ‘curses’ accompanying mineral extraction (Orihueta 2012:138) but few in-depth, local level studies have been performed in order to identify *what* it is that needs remedy and where policy makers should focus their attention to improve the lives of mining hosting communities. Despite mining’s ambiguous contributions to development the World Bank Group and other IFIs “have continued to encourage countries to commit to extractive industry growth as a development strategy” (Bebbington et al. 2008b:889) which makes evaluations of such strategies important. This thesis attempts to add a piece of information to that discussion by taking a closer look at consequences of mining in Cajamarca, Peru in order to answer the question: *What effects have the central government’s neoliberal development strategy had in Cajamarca?*

The micro-level consequences of mining are related to a wider debate of the macro-level implications of a neo-liberal development strategy such as the emphasis on economic growth through, in the case of Peru, trade liberalization and FDI. In the theoretical discussion below I will go further into these theories criticizing neo-liberal development strategies and their connection to local level impacts.

3 Alternative Development Models and a Neo-Polanyian Theoretical Framework

This study has taken an inductive form where data collection preceded the formulation of a theoretical framework as it is believed that it should be based on what the members of a society believe, not what theory states they *should* believe (May 2011:27, 30, 57). Furthermore, this thesis has willingly not adopted a specific definition of development as I am reluctant to impose a definition of development on the studied community. As the study's aim is not to propose an alternative development model, such a definition is also deemed irrelevant.

3.1 The Neo-liberal Development Model

In Latin America neo-liberalism came to be known as ‘market reforms’ and entailed several structural reforms aimed at reducing the role of the state in the economy, assign larger role to markets, and create macro-economic stability; one of the most significant measure were trade and capital flow liberalization, privatization of state possessions, deregulation and free markets, and labor reforms. It also advocates for free movement of goods, services and private finance (Murtaza 2011:57). However, two decades of WC policies have in many cases generated uneven growth, inequality, social conflict and shallow democracies on the micro-level (Grugel and Riggiozzi 2009:2). Even the analysts underlining the positive impacts recognize the high costs of such gains in the form of growth of unemployment and large increase in inequality and poverty (Escobar 2010:8-9).

3.2 Alternative Development Models

In the aftermath of the ‘Structural Adjustment Programs’ many scholars came to discuss alternatives to the neo-liberal development model, of particular significance was UNICEF’s critique ‘*Adjustment with a human face*’ dating 1987 followed by the UNDP’s annual ‘*Human Development Report*’ starting in 1990 which led to a focus on sustainable human development and stepped away from the exclusive focus on the growth of GNP and top-down, externally driven strategies of development previously witnessed (Sandbrook 2000: 1073).

The discourse of sustainable development has been prominent in the Western hemisphere for a long time but in developing countries the realization of the notion of sustainable development has been subjected to challenge due to the emergence of neo-liberal regimes and resulting pro-market policies (Haque 1999:197). Mainstream theories and models of development are relatively indifferent towards environmental issues related to sustainability (Haque 1999: 198). The ‘lack’ of development is according to Copestake (2008:12) partly due to a combination of cultural, political and institutional constraints which decrease the incentives of political leaders, thus government, to embrace stronger pro-poor development strategies. What is by Murtaza labeled as the “green supporters” (2011:62) underline that the World Trade Organization (WTO) has ruled against high national environmental standards, causing environmental degradation. The neo-liberal development strategy also encourages a culture of consumption which changes patterns of domestic economies and leads to westernization of culture. These changes of values also foster changes in norms of solidarity and concerns for environmental issues within traditional societies (Murtaza 2011:63).

Keynesian economists state that free markets alone will not produce development and instead propose restrictions on trade and capital flows with stronger international coordination on political, economic and environmental issues amongst others. They also claim that the assumption of full employment and perfect competition underlying neo-liberal theory is unrealistic (Murtaza 2011:56-57). Positive developmental results of the model are rather due to complimentary policies, which are not included in the neo-liberal framework, such as access to credit and social safety nets (Murtaza 2011:57).

The neo-liberal development strategy in Peru has had effect on both the macro and micro level. On the macro-level it has generated policies with a large emphasis on economic growth generated through trade liberalization and FDI. On the micro level it has resulted in mining activity which in turn, has led to several repercussions on which a theoretical discussion follows bellow.

3.3 A Neo-Polanyian Theoretical Framework

This thesis will analyze the stated research problem by adopting the Neo-Polanyian framework formulated by Richard Sandbrook (2011 and 2000). In order to demonstrate from where the themes and sub-themes used in the thematic analysis drive, they are in this section given in italics. The framework is based on the argument that the liberal ‘movement’ toward a self-regulating market economy is equal to ‘disembedding’ the economy from society. Before the adaptation of the capitalist tradition, the economy was normally embedded in

society. Markets are not natural to society but are institutionalized through the power of states (Sandbrook 2011: 418).

Sandbrook (2000:1075) writes that the strong *individualistic culture* which in the marketplace leads to innovation and growth, when moved over into the realm of social norms, erodes basically all forms of authority and weakens “the bonds holding families, neighborhoods, and nations together” the consequences being *social disintegration, moral decline* and *social disorder* (Sandbrook 2011:419). Reciprocity and redistribution are alternative forms of economic organization which act according to logic quite contrary to that of market exchange. Alternative forms of economic organization might be better suited with social priorities of *justice, sustainability* and *solidarity* than the market system (Sandbrook 2000:1075).

Another factor is the ‘disembeddedness’ of moral that lies inherently in a market economy as people in emerging market economies begin to equate wellbeing with wealth rather than traditional or religious obligations, fostering opportunism (Sandbrook 2011:419). Globalization adds further pressure to the ‘disembedding’ of economy from society as cross-border transactions have freed transnational corporations from national obligations. Neo-classical economic theory implies that corporate leaders only have to act with their shareholders in mind. At the same time, outsourcing and relocation of industry has devastated local communities and further undermined a sense of *social cohesion* (Sandbrook 2011:419).

The negative impacts generated by unleashed market forces will inevitably lead to countermovement of societal protection. This reveals a contradiction; a self-regulating market system is utopian and in a manner impossible as it ‘digs its own grave’, but on the other hand defensive actions of the countermovement interrupt the market mechanism which would eventually, lead to economic breakdown. Such a breakdown would ultimately lead to a political crisis involving the rise of extremist movements, *political conflict* and *political violence* in settings of *weak political institutions* (Sandbrook 2011:410).

Sandbrook lists six points summarizing the consequences of the neo-liberal development strategy; bellow follows the four points which are part of the theoretical framework used to analyze the researched case, each point constitutes a topic in the data analysis. The other points have been left out due to irrelevance, but also due to lack of suitable data (2011:421-423):

1. The limited contribution of economic growth to poverty reduction leads to high and increased inequalities on both the macro and the micro level and leaves democracy more formal than real.

2. By conceiving nature as a “storehouse of resources to be exploited for personal gain and as a ‘sink’ for pollutants neo-liberalism deepens the comodification of the biosphere” (p. 422). The high priority given to economic growth in addition to the relocation of polluting industries to developing countries with minimal environmental regulations, results in ecological disasters. It destroys livelihoods, extinct species, and leads to the exhaustion or decreasing quality of water, soil and air on the micro-level.
3. Globalization leads to the global penetration of mass media and the values, images and tastes they portray, leading to a westernization of cultures which includes possessive individualism, consumerism and influences on the dress, language, food and attitudes of people. This can be witnessed at both macro and micro levels.
4. Market liberalization also lays ground to instability, extreme ideologies and internal war. New forms of economic insecurity, external shocks and anti-state propositions challenge the legitimacy and coherence of states. In cases where such changes are combined with ineffective and unpopular regimes it provides an opportunity for violent protest movements at several levels.

3.4 Resource Extraction and Local Development

Mining activity in Peru is a result of a neo-liberal development model emphasizing economic growth through FDI and trade liberalization, thus the repercussion mining has produced on the local level are an effect of such policies. Institutions are important in translating resource extraction activities into development. They determinate the quality of development and how well natural resources are managed. Unfortunately, most mineral expansion takes place in settings lacking adequate institutions which adds further doubt to mining’s potential for producing development (Bebbington and Bury 2009:1). How beneficial, or damaging, resource extraction is to a country’s development also depends on its ability to form a consensus around a development strategy based on mineral exploitation (Hujo 2012:92). In recent years, the mineral price boom has increased mining revenues noticeably however; it has had a very limited impact on poverty reduction. Local level conflicts concerning mining operations have instead increased, and seem to threaten political stability (Arellano Yanguas 2008:3). There is considerable evidence suggesting that resource-rich countries have not been able to use their resources to bring about a process of sustained economic growth, and even less so considering social development or economic diversification. It is not sufficient to evaluate mineral extraction’s contribution to development by only evaluating economic policies without considering broader

human development goals such as equality, social cohesion and participation (Hujo 2012:5, 6).

The dependence on one export sector creates vulnerability to price volatility and the ‘enclave’ nature of mining creates few links to local suppliers hence weakening the multiplier effects in the local economy (Bebbington et al. 2008a:891). The concentration of ownership often implies concentration of power which generates risk for capture and bias. The large rents generated and lack of transparency in their management run the risk to generate corruption and to erode the quality of government. Another problem is the fact that the state often respond to corporations and foreign powers rather than their own national citizens generating issues of legitimacy, often generating conflict (Bebbington et al. 2008a: 891-892).

Moreover, in Peru the Andean culture plays a vital role for development with its own perspectives on rural poverty which puts forwards its distinctive historical legacy, language, values and traditions. Their “Cosmo-vision” also leads to a different view of development (Copestake 2008:13). The Andeans have a long tradition of community, reciprocity, and a holistic balancing of several spectrums of life and wellbeing (Copestake 2008:13). Quechuan stories demonstrate that the Andean culture shares a different conception of poverty where close relationships and social networks are seen as important assets with both instrumental and intrinsic values (Copestake 2008:13).

“Theoreically, it is important to understand the relationships between the neo-liberal transitions that are taking place at the national scale and local and regional changes” (Bury 2005:227). It is also important to investigate the relationships between neo-liberal restructuring at the national scale, and on the other hand, local development and change as the uneven effects of such policies are generating new types of relationships between political, economic and social processes which severely affects local communities (Bury 2005:227-228). Such a focus can generate an understanding of how neo-liberal development models are related to the complex web of “changes taking place across scales of analysis and within local and regional contexts” (Bury 2005:228).

The theoretical framework constructed from the above theoretical discussion is summarized in the table below.

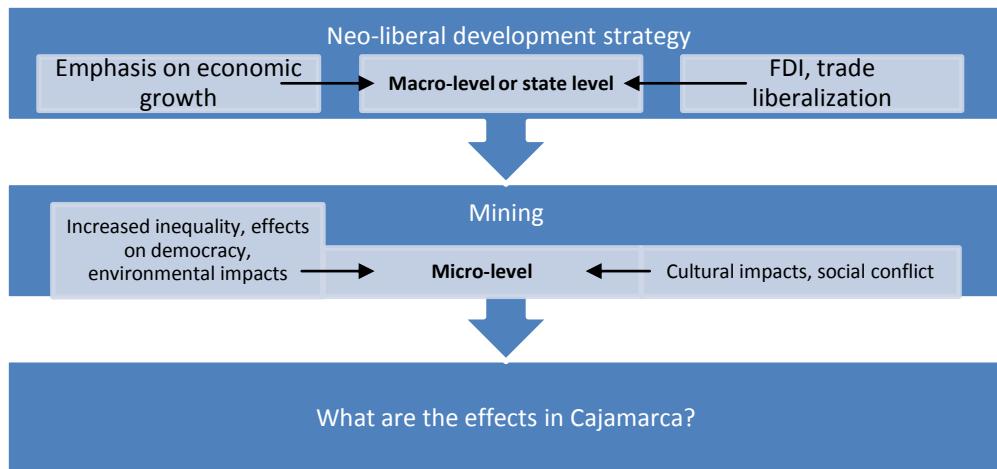


Table 1. Theoretical framework

4 Methodology

4.1 Data Collection

This study is underpinned by an interpretivist conception of social research which aims to *understand*, not *explain* human behavior and attributes importance to respondent's conception of the world (Bryman 2012:28, 30). A qualitative approach was selected as it is underpinned by individuals' own accounts of their attitudes, motivations and behavior (Hakim 2000:34). The posed research question is thought to be best answered by gaining rich, descriptive data of individuals' perceptions, beliefs the meanings given to events, things and behavior (Hakim 2000:34, Bryman 2012:41). A quantitative approached was also limited due to prior espionage in the research context, which has generated high levels of distrust. Thus, surveys would most likely not gain the confidence of the participants in order to achieve the necessary and trustworthy rapport (Bryman 2012:41, Swedwatch report #42:37). The literature review also showed that there is a need of more in-depth studies on the topic and that previous studies often have used qualitative interview techniques to understand people's conception of mining's effect on their lives.

4.1.1 Semi-Structured Interviews

The main method of data collection has been the conduction of qualitative, semi-structured interviews (Bryman 2012:469). In addition to key informant interviews, 19 interviews have been conducted with several different actors to gain a broad understanding of the research problem (for more details see the interview list in appendix 1). The length of the interviews ranged from 20 minutes to 1, 5 hours depending on the respondent and situation. It was possible to conduct the interviews without the use of a translator as I dominate Spanish well (Bryman 2012:494). I always made clear for my interviewees the purpose of the interview, for what it would be used, that I could grant their anonymity and that the material would not be used for any other purpose. Thus all of my interviews were conducted with informed consent and were tape-recorded with permission (Hakim 2000:36). I transcribed the interviews myself and despite my high proficiency in Spanish I am conscious of the influence interpretation and translation might have had on the data (Bryman 2012:483-485).

As my research problem was rather broad at first, it was important for the interviewees to lead me to what they thought important, which led me closer to a more focused research problem. Constant reflexivity was attempted as it is important to reflect on your role as an interviewer and on the position you occupy

in the research context and how it might influence the obtained information (May 2011: 140).

From reading literature and newspaper articles I formulated guiding questions and an interview guide which consisted of roughly 7 topics which, however, varied depending on the characteristics of the interviewee (see appendix 1). The use of the guide does not imply that there was a fixed series of questions and sometimes the initial interview guide was abandoned (Bryman 2012:472). According to Hakim (2000:36) data derived from qualitative methods is highly valid as it is produced from in-depth interviewing and can thus be taken as correct and truthful of the respondent's views and experiences. However, Bryman (2012:491) writes that data might be biased due to memory lapses and distortions. However, the richness of the data obtained through qualitative interviewing was calculated to overweight the potential drawbacks (May 2011: 135).

The access to respondents depended on getting access to the researched group; however I quickly got to know "the right people" which secured my access (Bryman 2012:432-433). Another important factor for the success has been the aspect of key informants. Already from Sweden I had email contact with my main key informant at the local Non-Governmental Organization (NGO) Grufides. Their assistance from day one was crucial for the success of my study together with the many useful contacts I obtained from a worker at the Swedish NGO Latinamerika grupperna (Bryman 2012:439).

4.1.2 Ethnographic Participant Observation

Ethnographic participant observations have been conducted by engaging in the daily life and activities of the researched group such as meetings, seminars and presentations regarding the effects of mining. The observations have been documented by writing field notes (Bryman 2012:431). For the employment of this method it was important to come across as a reliable person as you depend on human relations for the collection of material. However, a researcher who is an active participant in a group may provoke ethical issues and practical difficulties considering combining the two roles as team member and researcher (Hakim 2000:73). I believe that this interaction and the personal bonds I developed to people made me take a more negative stance on the mining activities as their views and stories affected me emotionally. These observations allowed me to construct a clearer picture of my research focus and partly underpinned the construction of the interview guide.

4.2 Sampling and Selection of Case

The study used a purposive sampling method in order to select actors “with direct reference to the research questions being asked” (Bryman 2012:416). Moreover, I used snowball sampling in order to gain access to further respondents. The sample size established before entering the field was between 15-20 interviews and thus the resultant 19 interviews conducted are satisfying. The number was limited due to the limited time in the field and for the writing up process. However, the aim is not to generalize but to deepen the understanding of this specific local context which decreases the need for an extensive sample (Bryman 2012: 422, 424-427).

The choice of case was not guided by theory or hypothesis testing which makes the study more descriptive in nature. A case study can, at the minimum, provide a holistic and detailed ‘portrait’ of a particular social phenomenon (Hakim 2000:59). Such studies can be used to provide a more richly detailed and precise account of the processes at work within particular types of case. For this purpose a case study is a valuable and valid tool precisely because “the aim is particularization – to present a rich portrayal of a single setting to inform practice, establish the value of the case and/or add to knowledge of a specific topic” (Simons 2009: 24 in May 2011: 224). Despite limited scope for generalization findings might be relevant for other similar studies.

4.3 Limitation of Methods

A level of prior knowledge was gained before selecting the case by reading newspaper articles and taking a look into the academic debate on the topic. Cajamarca¹ was selected due to the current debate of the mining activities, the ongoing conflict in the area and its coverage in media. The case also spurred an interest as I have always been interested in the effects of globalization and trade on rural livelihoods. A Spanish-speaking country was also preferred due to proficiency.

The limitations of qualitative interviews include the risk for biased answers despite attempts to be neutral and not to lead respondents in any way

¹ The majority of the field study was conducted in Cajamarca, the regional capital, but interviews were also conducted in villages of the Department of Cajamarca such as Bambamarca and Celendín

(Bryman 2012:474). It is today deemed quite impossible for a social researcher not to be influenced by his or hers values, which can affect every step of the research process. Thus there is a possibility of biases in both the conduct of research and the writing of this thesis. For example, affection or sympathy might distort the research process, especially during qualitative research strategies. In fact, the passion and interest my research topic evoked in me is most likely to have influenced my collection and interpretation of data (Bryman 2012:39). It is also the principal weakness of the case study approach as the study runs a large risk to be influenced and shaped by the interests and perspectives of the researcher (Hakim 2000:63). Values penetrate all aspects of research including the interest leading to it, its aims, objectives and design, the data collection process, the interpretation of data and the use or non use of research findings. I have tried to overcome it with transparency and a detailed account of how decisions were taken and how the data was collected (May 2012:51). Another limitation is the sampling group which might be biased as I relied on a snow-ball effect to gain access to interviewees. I have more respondents from the social group critical to mining operations rather than the group positive to mining.

Moreover, the case study design only includes one case due to limitations of financial resources and time constraints. This adds to the limited possibility for generalizing as no comparisons can be made as confidence in general significance and robustness of research findings increase with the number of sites in which the study is conducted (Hakim 2000:61-62). It is acknowledge that the case study design would have benefited from the inclusion of more cases, perhaps from similar context of other mining communities in Bolivia and Ecuador and that it would add possibilities for generalization and comparison.

5 Data Analysis

There are ethical issues to the “exportation” of data where theory-testing and data analysis are performed away from the research site and participants. It would have been preferred for my research participants to read my findings and give their comments before its submission however it was not possible due to time constraints and logistic reasons (May 2011: 235). The data analysis uses the technique of triangulation in order to make sure that evidence from different sources can confirm the same fact or finding to make the conclusions drawn more robust.

Thematic analysis was performed on interview transcripts with themes and sub-themes selected from the theoretical framework presented. The sub-themes served as guides to which section I should place extracts from the transcripts. The sub-theme of Contamination and Corruption were added as I thought they were missing (Bryman 2012:578-581). The used themes are presented in Table 2 below.

<i>Theme</i>	<i>Sub-themes</i>
Inequality and Impacts on Democracy	Justice, Weak political institutions, Corruption
Environmental Impacts	Sustainability, Contamination
Cultural Impacts	Solidarity, Individualistic Culture
Social Impacts	Social disintegration, Moral Decline, Social Disorder, Political conflict, Political violence

Table 2. Themes

As stated in the methodology, I wished for the respondents to guide me to the research focus. The below interview extracts were determining for the study's research focus:

“I think that the state has to remember that its fundamental issue is to take care of its population...it is one thing that has been lost in this new model, growth, growth. It is good that the government is concerned about how to generate resources but it should go back to...worrying about the population. I think that yes, the activity [mining] could be a support of development that it is not, there is also a myth that the extractive industry alone will generate development and that is not how it is. The government...assumes that the investment will generate jobs, better income for the families but in practice it is not like that... only a small group benefits from this model. For the government

development is only associated with economic income. What we want to begin with, is a more equal development” [Mirtha Vasquez 28/1-2013 Cajamarca]

An employee at the local ministry of energy and mines in Cajamarca further added to this focus when he stated that “*after 19 years of mineral activity, we can say that development in Cajamarca has practically not been seen*” (Ember de la Cruz 7/2-2013).

5.1.1 Inequality and Impacts on Democracy

The Peruvian mineral-state has not managed to improve the living conditions of the majority of the population and the weak state has historically been alienated from people (Arellano-Yanguas 2008:15). Macroeconomic growth has mostly favored urban areas while the negative impacts are being felt by the poorest areas of the Andean countryside which have experienced growing inequalities also at the micro-level (Bebbington and Hinojosa 2007:3). As some interviewees describe it:

“you see the most expensive cars in the world passing...and at the same time you can find groups of people that are very poor and that do not have even to cover the basic necessities of the day” (Mirtha Vasquez 28/1-2013) another respondent added *“there is a part of the population of Cajamarca that is privileged because they work at Yanacocha. But there is a sector which has not benefited and which is socially exclude and the poverty gap is more noticeable”* (Ember de la Cruz 7/2-2013)

A former worker at Yanacocha said that *“it is a big labor opportunity they pay good, they give you insurance...the possibility to buy your house your car...it gives you stability, economic resource”*. He further added that *“this economic gain is only at the top...in the most superficial layers of the economy...during 20 years a new social group has been forming in Cajamarca which is very linked to the economic engine and the mining”* (Anonymous 1 5/2/2013 Cajamarca).

One can thus observe increases of inequality both on a national level and on a local level where mining has made a few fortunate and others increasingly poor, augmenting the gap between the socially excluded and the privileged.

An important factor of Peru’s contemporary political economy is the institutional weakness of the Peruvian central state and the fact that it is to a large degree captured by private business, with modest capacity to represent alternative interests (Arellano-Yanguas 2011:5) demonstrated by statements such as *“the private company, in general, controls the state”* (Alexander Luna 21/1-2013 Cajamarca) and *“the state here is very absent...which makes the people react a*

lot because they feel like abandoned...it is a state whose role is to guarantee the realization of the investments” (Mirtha Vasquez 28/1-2013 Cajamarca).

There is a long history of bad corporate environmental practice and weak state regulation which has made communities distrustful of mining companies and the state. The responsibility of granting concessions, promoting mining and regulating its environmental and social impacts, together with the reviewing and approval of Environmental Impact Assessments (EIAs) is handled by the Ministry of Energy and Mines. This has created a strong conflict of interest where there has been no requirement for concessions to be aligned with local government plans for development (Bebbington and Bury 2009:2, 3).

The issue with the granting of EIAs is spelled out in several interviews. An NGO worker said that:

“in the case of Conga the EIA is not in the measure of basically, an international study. To begin, the Peruvian laws are very permissive, and they approved the study without it having a hydrological study... In Peru the state is used to always approve the EIA without looking at them. There was also a lot of corruption in them” [Sergio Sanchez 24/1-2013 Cajamarca]

Milton Sánchez (22/2-2013) was also skeptical to the EIA of the Conga project *“and who approved it? A former official of Yanacocha which strategically and suspiciously passed from working...he renounces at Yanacocha and moves on to work in The Ministry of Energy and Mines”*. Hence the processes around EIAs are corrupt and not guaranteeing the sufficient environmental and social regulations needed to offset negative impacts. Several social mobilizations against mining in Peru have questioned the validity of the EIAs presented by companies (Bebbington and Hinojosa 2007:12)

Moreover, several respondents expressed worries about the freedom of press and speech:

“The media has always concealed it [the conflict] so that people do not know what occurs...the government...it suit them to maintain the people like that [less educated] in order to be able to manipulate them...people do not feel much liberty to say what they think. If they say it...they put them in jail” (Sergio Sanchez 24/1-2013 Cajamarca). Another respondent felt the same: *“most of the media respond to the interest of the state and the companies. In general the press, the television, and the radio are totally bought by the economic power”* (Alexander Luna 21/1-2013 Cajamarca).

The concealment of conflict in the national media points to the government’s wish for concealing the repercussions of its policies and unwillingness to deal

with possible critique. Peru has showed signs of increasingly authoritarian practices in order to secure the extractive base of the macro economy, social spending and political projects (Bebbington and Humphreys Bebbington 2011:141). A respondent thought that Peru is a hollow democracy and that a more democratic alternative was to participate in mobilizations:

"There is no true democracy, there is a democracy on the paper. It makes that the people materialize their discontent in the mobilization. There is discontent, and they make visible, their discontent, stopping on the Plaza de Armas and yell against the government. And this is democracy too and this is just" (Sergio Sanchez 24/1-2013 Cajamarca).

However, the government increasingly tries to repress social protest. The lawyer Mirtha Vasques (28/1-2013) said that:

"now they will create police bases...in places...where there are social conflicts....criminalization and militarization of all that is protest... norms have been modified to permit that not only the police but also the army can intervene in social a protest which is constitutionally not allowed. There is this newest law project which permits the indiscriminate use of lethal weapons in social conflicts".

She also added that *"now it is legally permitted for the internal ministry to sign agreements with extractive companies...so that the police become practically rented out to the private service of these companies"* (Mirtha Vasquez 28/1-2013 Cajamarca). The Ombudsman verified that *"I know there are agreements between the police and the companies"* (Agustin Moreno 4/2-2013). A respondent that had participated in some of the manifestations said that *"the police shot at who ever, we were around there, they drag us like vandals when we were in a pacific protest"* (Anonymous 2 6/2-2013).

The expansion of mining has come with changes in the way security is provided, with states delegating (or contracting out) forces to private actors showing a deeper structural change in the relationships between state, violence and space in order to ease the companies' entry into territories (Bebbington et al 2008:899-900). The private security company Forza, owned by the Swedish company Securitas since 2007 has been involved in intelligence work aimed the staff of the environmental NGO Grufides. The company has also been involved in tortures of activists condemned by Amnesty International (Swedwatch report #42: 35-36). One can thus see that the security body of the state works to guarantee the protection of corporate interests rather than protection of citizen's rights. Such an ambiguous relationship seems doubtful from a democratic perspective.

5.1.2 Environmental Impacts

Environmental regulations in Peru are not strict enough to safeguard the sustainability of the environment. In addition, mining in Peru tends to be located in watersheds that supply populations with water. In Cajamarca, the majority of watershed surfaces are affected (Bebbington and Bury 2009:2, Bebbington and Humphreys Bebbington 2011:142). The most severe environmental impact in Cajamarca is the effect on water:

“Cajamarca is a city which has been altered in the theme of water resource as much in the theme of quantity as quality...the water that they give us is for animals, water type 3. The law permits the company to throw this type of water to the city ...El Perol [a lagoon] is the principal source for the generation of rivers, they are born there. If they disappear, where are the rivers born?” [Sergio Sanchez 24/1-2013 Cajamarca]

The Conga projects include the drying up of four important lagoons in the area which all contribute to the downstream ecosystem. According to opinion polls performed by the national institute of statistics and information (INEI) in 2011, 90 per cent of Cajamarca's inhabitants believed that mining had caused water contamination (Swedwatch report #42:29). There also seems to be considerable contamination:

“I have friends that their children at the age of 4, or 5 or 3...that they have detected cancer. One has leukemia, another has four tumors in the heart.... the majority of people in Cajamarca die of cancer” (Anonymous 2 6/2-2013). In Peru we can find La Oroya which is one of the ten most polluted places in the world, also there one can find exceptionally high cancer rates in teenagers and contamination in children's blood (Bebbington et al. 2008a:888). An incident in Choropampa in 2000 demonstrate Yanacocha's insufficient care with toxic waste as a truck leaked 152 kg of mercury and intoxicated over 1000 people that went to gather the metal with their hands as they thought it was gold (Swedwatch report #42: 30).

Regarding the impacts on water the farmer Eriberto (20/2-2013 Vista Alegre) explained that *“when it rains in the high parts, on the highest point of the hill, the water runs down from the lagoons...and gets deposited further down where I live. From early childhood we grew up with the livestock and the agriculture because that was what financed us...it allowed us to study and to survive too...and the principal factor that helps us is the water, so we do not want it to end”* he also added that *“I live in various communities...we emigrate like the nomads...the pastures end at one place and we go to another...and we had one spring in a community that never ended, recently...this spring has dried and it has affected us quite a lot, we do no longer have pastures there...farmers, livestock keepers, we need water. We farmers are the ones who will suffer the consequences”*. The

environmental impacts become increasingly problematic as 67,8 per cent of the population in the department of Cajamarca are rural (INEI 2012) and many depend on farming and livestock activities for their subsistence and thus on access to water. Mining concessions directly threaten the livelihood of these farmers. The captured state and its alignment with corporate interests together with weak environmental regulations have severely contributed to the environmental degradation. The above interview extract also shows that the rural population is very linked to nature and that it constitutes a large part of their culture.

5.1.3 Cultural Impacts

Mining activity has affected Cajamarca's culture in several ways:

"The people are very linked to the hills, they are very linked to the water, to their Andean Cosmo-vision, and all of that disappears because of the mine. The proposal is that the people have to move, to other sites. If you ask me what is the strongest social impact of the mine? It is the displacement of people" [Sergio Sanchez 24 January Cajamarca]

The selling of land to the mine has caused many to move and many have had to move into the city and adopt more modern lifestyles instead of their traditional farming activities on the hillsides. This contributes to the loss of culture which is starkly connected to the nature. In addition, there is a form of modernization or westernization, taking place as mining has made Cajamarca grow and attracted many immigrants hoping to get a job in mining:

"it is a new generation born in Cajamarca but children of 'non-Cajamarquinos' which belong to a new middle class...and they are not identified with Cajamarca...they do not know the traditions of Cajamarca" [Anonymous 1 5/2/2013 Cajamarca]

There is also a change in norms of solidarity as a culture of individualism has gained increasing hold: *"because up there [on the mountains] is a lot of reciprocity, people help each other mutually. Here they do not, here it has grown so much with people from other places that you cannot leave your door open, if they see you working they do not help you, in the countryside they do. In the countryside this is called "Mingas" [communal work]"* (Sergio Sanchez 24/2-2013 Cajamarca). *"In Cajamarca before, we help each other, we were very solidarity, but with the presence of an economic power in our culture, it starts to fracture and egoism started a bit"* (Ember de la Cruz 7/2-2013). Another interviewee added *"me that have lived as a farmer, I feel that for these people the mine is not important, why? Because they are used to do "trueces" [exchange] of food"* (Anonymous 2 6/2-2013 Cajamarca).

Hence, one can see a clear modification of the culture as a result of increased immigration² and selling of land which leads to urban migration. In the city many features of the Andean-culture such as solidarity, reciprocity and the links to nature diminish which demonstrates a certain ‘disembedding’ of the economy from society as traditional forms of organization are monetized and westernized with the presence of the mine.

5.1.4 Social Impacts and Conflict

The Yanacocha mine has had a growing economic importance in the region. Mining represented 40 per cent of the regional GDP in 2006 and provide more than 80 per cent of the resources available for public investment (Arellano-Yanguas 2008:28, 30). However, the efficiency of such initiatives can be questioned when looking at social indicators. In the region, 37,6 per cent of children under five suffer from chronic malnutrition in comparison to the national average of 19,5 per cent and it belongs to the group of the poorest departments with an average of 57 per cent of people living below the poverty line (INEI 2011). In addition, since the expansion of the mine in Cajamarca, social problems such as beggary, prostitution, alcoholism, domestic violence and homeless children have all increased (Swedwatch report #42:30).

The displacement of people has also had social impacts:

“a lot of people sold their land at a very low price ...gigantic pampas where they lived quietly move on to not having nothing! There are people who sold 300 hectares and live here close by where they do not have light or water!”
[Sergio Sanchez 24/1-2013 Cajamarca]

In addition, land is often too expensive for famers to buy new land with the small sums received from the mining companies. People who have sold their land often move into the city and try to earn a living which has made many homeless in the city (Swedwatch report #42:26, 30). The displacement of people has several social implications:

² Cajamarca has witnessed high immigration rates, the majority coming from Lima (INEI 2007) the population has more than doubled since the mining operations started (Swedwatch report #42:29).

“the companies produce a modification in the territory itself, there is a rupture of small social groups that live there, they have to disperse, there is displacement, this loss of the culture, of the collective spaces. Then there is the question of division that is provoked in the society...the communities end up breaking apart. These social structures disappear” [Mirtha Vasquez 28/1-2013]

Hence, there are also changes in social structures as communities are uprooted from their territory and collective spaces. The increases in mining operations have also spurred many conflicts and social protests. Arce has identified a clear link between FDI and protests in the country (2008: 52). A former worker at the regional government said that there is an average of 42 social conflicts per year in Cajamarca, of which 38 are linked to water (Sergio Sanchez 24 January Cajamarca).

A member of the party ‘Tierra y Libertad’ (Earth and Freedom) described his point of view of the conflict around the Conga project *“the conflict will be resolved when Conga leaves this place. With them leaving our lagoons clean... when our biodiversity is respected, when the right to water is respected... Conga is threatening an entire culture, an entire environment, an entire biodiversity”* (Nicanor Alvarado Carrajco 30/1-2013 Celendín). This demonstrates a link between environmental concerns and conflict but also reveals a very strong sense of engagement and frustration of not being heard. Miltón Sánchez (22/2-2013 Cajamarca), one of the principal leaders of the social movement opposing the mining operations in the region Cajamarca said that *“we want to change the mining law which permits the mining companies to locate where they want to. We want to change the environmental legislation. We have to change the constitution which is a mercantile constitution”*. The public suspicion of a government alliance with mining companies has created the perception that the only way for the people to claim their rights it through open conflict (Arellano-Yanguas 2008:27).

Struggles over mining often include a question of the meaning of development (Bebbington et al. 2008a: 900) as some NGO workers said:

“we are proposing...a revision of the system that we have now, the economic model that we have now....we are critical to the mineral extraction therefore we must look a little which are the proposals for another model of development” [Mirtha Vasquez 28/1-2013]

“The people of Cajamarca say that they do not want more mining...but the state is imposing itself...for me it is a violation because they are violating the right of a people to decide their lives...and not only the people but also the...regional government it has also said no” [Laura Lucio 22/2/2013 Cajamarca]

The development strategy followed by the central government is not compatible with local perceptions of development and is actually threatening local development and livelihoods. However, the central government seems to be pursuing its neo-liberal development model at any cost and has completely disregarded the regional government's and population's objections to mining expansion.

The social conflicts in Cajamarca have often taken a violent turn. Clashes between protesters and the police in July 2012 resulted in 5 deaths (Nilda Rojas and Juan Arribasplata 22/2-2013 2013). On the matter the Ombudsman's office said that:

“The use of force [by the police] has to be rational and proportional according to international norms and not on every occasion has the police made a proportional use of force...the police in reality needs to have a better preparation for the social conflict...because of this many times conflicts are attended to not only with teargas but with lethal weapons” [Agustín Moreno 7/2-2013]

The context of the violent acts of the police were described as:

“the people were only there with their voice and banners...I thought that what affected these deaths is that there were some persons who used fireworks and it was in this context that the deaths occurred...a youngster...he was a good student and was on his way home...A father who was looking for his son and another man who was coming home from work. I think that the police confused them that they were part of the manifestation but no” [Nilda Rojas and Juan Arribasplata 22/2-2013 2013]

The above extract demonstrates the increasingly authoritarian practices of the government who use force on protestors attempting to make their voices heard in order to protect their water and livelihoods. It also shows that the government seems to pursue their development strategy to every price.

6 Conclusion

This paper has presented a case study looking at the effects of mining in Cajamarca, where such activity was taken as the result of the central government's neo-liberal development strategy, in order to answer the research question: *What effects have the central government's neo-liberal development strategy had in Cajamarca?* Qualitative semi-structured interviews performed have shed light on several of the impacts witnessed by the population of Cajamarca.

The presented data shows that inequalities have increased on both the national level where the poor region of Cajamarca has not benefitted from the country's economic boom, but also on the local level where a minority, privileged group working at the mines have benefited and thus increasing the gap between the socially excluded and the fortunate. As goes for the impacts on democracy witnessed in Cajamarca the Peruvian state is weak and largely captured by business. This results in very limited representation of popular interests as policy making focuses on creating the right institutional context for the mining companies providing FDIs. This has created a state distanced from the population and their needs where the main focus is to guarantee the realization of investments and boost economic growth. The insufficient and corrupt revision and approbation of EIAs together with permissive environmental legislation contribute to additional repercussions as norms and standards are too weak to project the communities and environments close to mining operations. The media is said to be aligned with the companies and the state, manipulated and concealing the conflict in Cajamarca. In addition, people do not feel free to express their opinions but see mobilization as an alternative. Freedom of speech has been increasingly oppressed by the government and the corporations which have aligned with the police, private security companies and the army to silence protests against mining including acts of killing, beating and torture of activists. Hence, changes have been produced in the way security is managed where the state security adopts the role of securing the realization of private investments rather than the protection of citizen's rights. Impacts on water quality and access amongst the rural population directly threaten livelihoods as farming and livestock keeping depend on it leading to a severe problem given that the majority of the population sustain themselves from these activities. This has also modified every aspect of the rural life as many have had to migrate to urban areas and abandon traditional lifestyles. The selling of land and contamination of water has generated displacement of people and created modifications in the Andean culture as urban migration and the growth of Cajamarca has altered the cultures of reciprocity and solidarity. Increasing cultures of individualism can also be seen as city life no longer incorporates the traditional forms of organization. What occurs is the 'disembedding' of the economy from society, where exchanges of food and

communal work formerly occupied space, monetized and westernized way of organization have taken over.

Despite the mining sector's contribution to the regional economy, social indicators show little progress and the city's growth has brought new forms of social problems to Cajamarca such as beggary, prostitution and alcoholism. In addition, mining activity has spurred large increases in social and political conflicts and often also violence. People are mainly fighting for the protection of the water and their livelihoods but making their voices heard is also an important factor as people feel there are no other venues to channel their opinion. The protests also mirror a conflict over which type of development model to follow and clearly demonstrate people's dissatisfaction with the central government's neo-liberal development strategy on the local level. Despite a clear rejection of mining by the people and regional government of Cajamarca, the state is still imposing its will. Further research should focus on generating similar studies in Peru and in other countries embracing neo-liberal development strategies and resource extraction but also look further into the issue of *why* such repercussions are produced.

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Appendix 1

Interview list

<i>Name</i>	<i>Titel</i>	<i>Location</i>	<i>Date</i>
Alexander Luna	Photographer and Documentarian	Cajamarca	21/1-2013
Anonymous 1	Former chef of Communication at Yanacocha	Cajamarca	5/2-2013
Anonymous 2		Cajamarca	6/1-2013
Agustin Moreno	Lawyer at the Ombudsman's office	Cajamarca	4/2-2013
Christopher Santiago	Phd student in Anthropology	Cajamarca	23/1-2013
Edy Benavides	President of the 'Front of Bambamarca Defense' of the provinces Hualgayoc and Bambamarca		19/1-2013
Ember de la Cruz	Employee at the ministry of energy and mining	Cajamarca	7/2-2013
Eriberto last name withhold	Farmer	Vista Alegre	20/2-2013
Jorge Chávez Ortiz	Student	Celendín	31/01-2013
Karlos Reyes	Student	Cajamarca	22/2-2013
Laura Lucio	Biologist at the NGO Engineers without Borders	Cajamarca	22/2-2013
Lourdes last name withhold	Former secretary at a mining company	Cajamarca	24/1-2013
Lynda Sullivan	Volunteer at the PIC	Cajamarca	23/1-2013
Miltón Sánchez	President of the Institutional Platform of Celendín (PIC)	Cajamarca	19/2-2013
Mirtha Vasquez	Lawyer at the NGO Grufides	Cajamarca	28/1-2013

Nicanor Alvarado Carrajco	Member of the party Tierra & Libertad	Celendín	30/1-2013
Nilda Rojas and Juan Arribasplata	Employees at the association of rural education service (SER)	Cajamarca	22/2-2013
Sergio Sanchez	Woker at the NGO Grufides and former director of the environment at the regional government	Cajamarca	24/1-2013
Zulma Villa Vílchez	Lawyer, human-rights defender	Cajamarca	20/1-2013

Appendix 2

Interview guide

Negative Impacts

- What have been the negative impacts of mining in society? (social, environmental, political, etc)

The Conflict

- Can you tell me about the mining conflict?
- What is a crucial actor that you think should be influenced?
- Do you think that there is a political division in the society?
- What is the key issue of the mining conflict? (economic model, corruption, economic powers and interests)

Mining and Development

- Is it possible for mining to promote development?
- What kind of development does Cajamarca need? How would such development be attained?
- Is there a conflict between what type of development model to follow? (in Cajamarca and in Peru in general)

Legal aspects

- How do the legal institutions function? Can one say that everyone is equal in front of the law?

Decentralization

- How has decentralization affected Cajamarca?
- What is the role of the national versus the regional government?

Economic liberalization

- Do you think it is possible to incorporate a neo-liberal agenda and the economic liberalization it implies with sustainable development?

The future

- What do you think about the future of the project Conga?