

Governing Extraction

Written by Raul Pacheco-Vega

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This case study is an excerpt from McGlinchey, Stephen. 2022. *Foundations of International Relations* (London: Bloomsbury).

Resource endowment is not spread evenly, it is mostly a luck of geography. Some states are rich, for example, in oil. Others have substantially large deposits of metal-rich minerals that are discovered under their soil and accessed through modern mining technology. There has been much interest in state resource endowments as pathways to prosperity in the economic development field. But it is only more recently that we have begun to pay more attention to how the dynamics of cross-state resource extraction has an impact not only on domestic governance conditions but also on the global system. Companies that engage in resource extraction in a state different to their own seek to benefit from the natural endowments of the target states. This does not always result in an equitable arrangement and has led to a concept known as the resource curse (see box 19.3). This is exacerbated historically as during the colonial period, colonial powers often extracted vast amounts of wealth from the territory under their control. In the modern day, private companies are sometimes directly, or indirectly, connected to (or contracted by) a state which raises some of the neocolonial critiques that we have explored earlier in the book.

Mining activities provide materials that enable the production of many of our most prized and important possessions – such as smartphones. However, they also have environmental impacts that are strongly differentiated. Extracting as an activity is as invasive as it sounds. Industrial plants with heavy machinery drill into the very surface of the Earth to extract minerals or other geological materials. Similar activities also take place over water through pulling large amounts of fish out of the depth of the oceans and other bodies of water. Bottling companies also drill wells from where they can extract spring water to transform it into bottled water. This process is called ‘commodification’.

Extractive activities can have impacts for much longer than their period of operation, and this is particularly true of mining which has the potential to start and sustain serious social disputes with affected communities. But even more concerning, mines can have extensive and long-term negative impacts on the environment. Polluted rivers, accumulating mountains of solid toxic waste, and effects on human health in workers and surrounding communities are just a few examples of these by-products of mineral extractive industries. Examples across the globe abound but in the modern era they are more prevalent in the developing countries of the Global South.

In Mexico, community groups have been battling against Newmont Goldcorp, a Canadian company, over the installation and operation of its Peñasquito Polymetallic Mine. Opening in 2010 in the state of Zacatecas, it is world’s fifth largest silver mine and also holds significant deposits of gold and other minerals. This is an analytically rich case to consider because there are groups that oppose the installation of the mine, but there are also numerous other stakeholders interested in making sure that the mine remains active due to the economic benefits it brings. This tension between economic well-being and environmental and public health damages is made even more visible when considering the global-local interconnections.

What is important for some groups at the local level is to have access to jobs, and the mine does provide a number of these, both direct and ancillary through other services that supply the mine and its workers. In contrast, other stakeholders are more interested in reducing the potential for negative ecosystem impacts, including species loss, deforestation, toxic chemicals and airborne particulate matter. In that sense, the idea of the environment (or climate)

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being global is only way to appreciate, or look at, issues such as these. The truth is, however, that (as indicated earlier in the chapter) such issues are operationally a state level phenomenon that have their roots at the individual and group level.

There are many issues worth discussing in such a case as this, but there two main areas of interest. The first is the apparent disconnect between global corporate governance and local community struggles. Because mining companies are usually multinationals operating in foreign countries under various schemes, including subsidiaries, the domestic regulatory framework has limited effectiveness regarding what state regulators can do to force mining companies to comply with local environmental laws. Even at the domestic level, it is hard to make companies comply with legal requirements, emissions standards and cleaner production process guidelines. An example of this phenomenon is the case of the Buenavista del Cobre, a mine operated by Grupo México in Cananea, in the northern Mexican state of Sonora. In 2014, this facility had a toxic spill of about 40 million litres of copper sulphate in two Mexican rivers, the Bacanuchi and the Sonora. This accident reportedly affected more than 22,000 people. Five years later, these people and their families continue to face medical bills and health challenges that ought to be paid by either corporate insurance or directly by the company itself.

Such a case raises the charge that mining companies have a duty to protect their surrounding environment, if not legal, then certainly ethical. Protective strategies that have emerged include ecosystems protection, water treatment, mechanisms for air quality protection, wildlife management strategies and waste governance. Yet, the bulk of these vary widely as they are within the purview of each state – and not all states enforce the laws and regulations that exist evenly. One potential pathway for addressing this is for mining companies to engage in corporate social responsibility strategies, which are developing across industries, including mining (see Hamann 2003). This is predicated as a response from such industries and corporations to a global call for environmental sustainability and a quest for reduced impact on communities, societies, and regions. There is an implicit understanding that it has the potential to make companies more sustainable and humane. Yet, corporate social responsibility is not a panacea that will automatically achieve reductions in pollutant emissions, create spaces for best practices or develop responsible citizens, enterprises, and corporations.

Going beyond leaving the setting of standards to corporations and states, an international framework would set a normative (and possibly legal) expectation for companies to act with more responsibility for the longer, and shorter, term impacts of their extractive activities. Further, if a global environmental intergovernmental secretariat was established, we could infer that this agency would ensure that coordination across policy sectors and issue areas occurs and that there is a multidisciplinary group of people looking at the installation and operation of mines, such as those in Mexico mentioned above.

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