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Thinking about extractives: the contribution of Eduardo Gudynas

Of those who have written about extractives and extractive industries in recent years, few have been more influential than Eduardo Gudynas, a Uruguayan researcher at the Centro Latinoamericano de Ecología Social (CLAES). The Bolivia Information Forum thought it useful to summarise some of the points he has made with respect to clarifying concepts such as '*extractivismo*' and '*neo-extractivismo*', as well as highlighting his 'ten theses' with respect to the latter.

Gudynas' work is important in distinguishing between the two concepts of '*extractivismo*' and '*neo-extractivismo*', as well as underlining some of the similarities between them. In a recent article, Gudynas seeks to define what is meant by '*extractivismo*'.¹ In a nutshell, it consists of "a form of extraction of natural resources on a large scale or with high intensity, [resources] which are essentially geared to export either as raw materials or those with a minimal degree of processing". To fulfil his definition, then, *extractivismo* has to fulfil all three conditions.

Gudynas uses the term *neo-extractivismo* to refer to the policies adopted by left-of-centre governments elected in the region over the last ten years.

He therefore includes not only large-scale mining and hydrocarbon activities for export in Latin America, but also certain agricultural, forestry and fishing activities that share these definitions. These are, of course, activities which have shaped the course of Latin America's development over the centuries, from the time of colonisation onwards. The 'extractive' model was intensified by the 'neo-liberal' reforms of the 1980s and 1990s which did away with the period of import substitutive industrialisation introduced in many countries in the 1950s and 1960s.

Gudynas uses the term *neo-extractivismo* to refer

to the policies adopted by left-of-centre governments elected in the region over the last ten years. As well as ALBA countries like Venezuela, Ecuador and Bolivia, he refers also to Brazil, Argentina and Uruguay. These have governments elected on tickets broadly critical of neo-liberalism, but which have maintained a policy orientation guided by *extractivismo*.

Neo-extractivismo differs from *extractivismo* in as much as governments have adopted more interventionist policies that strengthen the role of the state in the productive arena, change contractual arrangements with transnational investors, raise the royalties and/or taxes payable, and (in some instances) seek to increase levels of domestic processing. Bolivia is a case in point. However, as Gudynas observes, these are not strategies that fundamentally alter the extractivist model. The countries continue to export mainly bulk commodities, and in some instances have become more dependent on these, not less, as they seek to redistribute the rents through social policies.

Gudynas argues that *neo-extractivismo* should not be considered as the same as neo-liberal models, but that this does not mean that it constitutes an alternative development model.

Gudynas also coins a new word for the dictionary: *extrahección* (or *extrahección* in Spanish). This refers to instances where those involved in extractive or neo-extractive activities are involved in violating human rights – threats, intimidation, outright repression and even assassination – and violation of the 'rights' of nature (such as pollution).

Gudynas has developed 'ten theses' in relation to what he considers to be *neo-extractivismo* in countries which have taken a left turn in recent years.² These are:

1. Progressive governments have not changed the basic model of development where *extractivismo* remains a key pillar of the model of development. In some cases, he says, this has been reinforced.
2. *Extractivismo* in the more progressive countries of South America has developed a new style, which combines traditional with more novel elements. It is not the same as neoliberalism.
3. Governments have adopted a more central role than before, reformulating contracts, increasing taxes and giving new powers to public companies.
4. *Neo-extractivismo* involves reassertion of traditional roles within the world economy, with Latin American countries adopting a subordinate role in world trade as 'price takers'. They end up competing for capital and markets, and turning their backs on earlier attempts to renegotiate their place in the world economy.
5. Territorial fragmentation continues to be a feature, with the development of small, isolated enclaves with few connections to the rest of a country's economy. These generate political and social tensions within countries.
6. Irrespective of ownership, this reproduces classic methods of production, with social and environmental costs externalised. There is no real transformation of old-fashioned productive processes based on competitive modes. It frequently involves joint ventures between state and private companies.
7. Negative social and environmental impacts have not disappeared, and in many cases they have become more pronounced. Governments face a conflict between attracting the necessary investment and raising environmental standards. Quite frequently state companies are more opaque and unresponsive than private ones.
8. The state seeks to capture a bigger share of the rents derived, and to use it to fund social programmes and redistributive policies. This helps legitimise *extractivismo* and silence its critics, with those opposing it portrayed as working against the national interest.
9. *Extractivismo* comes to be seen as the fundamental driver of growth, providing the resources to combat poverty. This growth model conflicts with other notions of development, such as those associated with '*buen vivir*' or '*vivir bien*' in countries like Ecuador and Bolivia.
10. *Neo-extractivismo* is a contemporary version of traditional models of development, based on myths of progress within a new political and cultural framework. Presidents as different as Alan García and Rafael Correa end up saying much the same thing.

Concluding, Gudynas argues that *neo-extractivismo* should not be considered as the same as neo-liberal models, but that this does not mean that it constitutes an alternative development model. He sees that many of the left-wing governments have ignored the need for a radical rethink of development policies.

¹*Extracciones, extractivismos, y extrahecciones: un marco conceptual sobre la apropiación de recursos naturales' Observatorio del Desarrollo/ CLAES, February 2013.*

²*Tesis sobre un viejo problema bajo nuevas expresiones: el nuevo extractivismo progresista' El Observador del Observatorio Boliviano de Industrias Extractivas, CEDLA, January 2010.*

Moving towards industrialisation in the mining sector

*By José Pimentel Castillo,
ex minister of mines, Bolivia*

Since earliest colonial times, Bolivia has been known as mining territory. Doubloons from Potosí filled the Spanish coffers, and from there they moved out to much of Europe, financing industrial development and the age of renaissance.

The exhaustion of the deposits of pure silver and mercury, and the disappearance of native sources of fuel, such as *tola* and *yareta*, made it impossible for metallurgical processes to continue. The demand for new minerals like tin, copper, zinc and lead, which Bolivia also had in abundance, was not accompanied by the transfer of metallurgical technology, only new systems of extraction and the first steps towards the refining of minerals as concentrates. The reasons adduced for Bolivia becoming an exporter of mineral concentrates were the lack of electricity, the geography of the country and the lack of local production of basic chemical reagents, needed for tests. The concentrates are between 50 and 60% pure. Although the remnants have no apparent market value, this is where valuable minerals such as indium, cadmium and titanium are to be found. These are minerals which we are unable to refine.

When the mineworkers nationalised the mines in 1952, they soon realised that the tin they produced still ended up at Patiño's foundries.

When the mineworkers nationalised the mines in 1952, they soon realised that the tin they produced still ended up at Patiño's foundries. One of their main aims therefore was to establish their own foundries. However, it was not until 1971 that the first tin foundry was opened, tin being the main mineral export. This event broke down a lot of myths, and other foundries followed suit: the setting up of foundries to refine bismuth, antimony, lead and silver became key aims in the 1970s and 1980s.

The neoliberal model, imposed from 1985 onwards, put a stop to this objective. It curtailed any chance of further processing of minerals in the country. The minerals market was liberalised and the national state company, COMIBOL, was practically shut down. Mining consortia linked to transnationals, which control the whole of the productive chain, not only did not build new foundries, but rather abandoned the processing of minerals. The lead-silver foundry at Karachipampa (just outside Potosí), funded with a German credit of US\$200 million, never started operations, while the tin foundry at Vinto (near Oruro) saw its capacity reduced from 20,000 to 10,000 metric tons. Foundries processing antimony and bismuth were closed down.

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Privatisation involved the transfer of the best mining deposits to the transnationals and the remainder to the cooperative mining sector. This latter worked a semi-industrial system of production that was able to absorb a large labour force, providing employment for miners displaced by the closure of most COMIBOL mines. Under neo-liberalism, transnational mining occupied a dominant position in the industry, with 69% of production, with small and cooperative mines accounting for 25%. The state sector, previously the most important, was reduced to 6%. Mining production in Bolivia in 2011 reached a value of US\$3.74 billion, making it the second most important source of exports, representing 10% of GDP.

As a primary producer of concentrates this obliges Bolivia to sell to foundries thousands of kilometres away, and the costs of treatment in developed countries are high. Taking the international price for a metal in its pure state, the costs of processing abroad account for 43% of the total, US\$1.25

billion in current terms. The remainder that stays in the country has to cover the domestic costs of production of the concentrate, taxes payable and profit. Currently only 16% of concentrates are transformed into metallic form in Bolivia.

In the case of lithium production, the state will produce lithium salts, and will also take on industrialisation of lithium, in collaboration with companies from other countries.

The policy of the Morales government has been to give priority to strengthening the foundries. The tin smelter at Vinto is being extended with a new oven, capable of producing 17,000 metric tons of tin ingots. Added to its current capacity, this will mean that it can smelt 100% of national production. A plan is under way to put the plant at Karachipampa into operation. This will absorb 30% of lead and silver concentrates. A process of bidding has also been underway to construct two hydrometallurgical plants for treating zinc-silver concentrates with a capacity to produce 200,000 metric tons a year. The government has also been making efforts to put the iron and steel project in the Mutún into operation, enabling Bolivia to produce high quality steel, important for the internal market. In the case of lithium production, the state will produce lithium salts, and will also take on industrialisation of lithium, in collaboration with companies from other countries.

It is the state therefore that is promoting these undertakings, inviting the private sector to join in, under the aegis of the new constitution which highlights the need to industrialise natural resources. Key here is obtaining pure metals that can be used as alloys in finished products.

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To this end the government has established alliances with the Korean company, Kores, to exploit the Corocoro mine and produce metallic copper. The agreement signed with the Indian firm Jindal for the production of steel was in the same vein. Association agreements have been drawn up with Korea, Japan and China to obtain lithium cathodes and batteries.

This is not an easy task, and new problems keep on emerging. Bolivia lags behind in terms of training people. The aim of processing the concentrates produced clashes with the economic interests of transnational companies. So far Bolivia lacks the alliances with developed countries that have the necessary knowledge and technology. But such difficulties are to be foreseen as part of our struggle for sovereignty and economic liberation.

Significance and implications of the increase in hydrocarbons rents

By Carlos Arze Vargas

Tax changes

In 2005, before Evo Morales became president, a new hydrocarbons law was passed which changed the tax regime in the hydrocarbons sector. The new law obliged firms to pay 32% in the form of the Direct Hydrocarbons Tax (IDH) and another 18% in the form of royalties. This raised the tax burden for oil and gas companies from under 25% of gross value of output in 2004 to 37% in 2005.

In May 2006, the Morales government forced oil and gas companies to change their contracts from concessions to service contracts. The new law also gave YPF, the state company, a monopoly on trading. The new contracts include an additional payment to YPF, based on a variable percentage of the net profits of each gas or oil field. Since 2008, YPF has received an average of 13.4% of the value of hydrocarbon sales. The total rent received by the state amounts to an average of 63.4%, much more than contemplated by the 2005 law.

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In absolute terms the hydrocarbons rent increased from US\$602 million in 2005 to just under US\$2 billion between 2005 and 2010. However this increase of 229% in the oil and gas rent over six years was not due just to tax reforms, but also to a happy combination of other factors, including an increase in the volumes produced and (in particular) an increase in international oil prices. Indeed, the value of production – which forms the basis for calculating rents – rose from US\$1.64 billion in 2005 to US\$3.05 billion in 2010. There was a 1% increase in volumes produced and a 99% increase in the unit price of hydrocarbons during this period.

Distribution of rents

As we have seen, fixed rate taxation accounts for 50% of the value of production, and consists of

32% IDH and 18% royalties. The 32% was divided up as follows in 2011: 34.8% went to the municipalities; 25.6% to pay for the Renta Dignidad; 19.2% went to the Treasury; 9.9% went to departmental governments; 6.9% went to state universities; and 3.5% went to the Indigenous Fund (Fondo Indígena). It is worth highlighting the fact that municipalities, departmental governments and the Indigenous Fund contribute 30% of their resources from IDH to pay for the Renta Dignidad, whilst the Treasury contributes around 19%.

The 18% which was raised from royalties was divided up thus: 12% went to the four producer departments (Tarija, Santa Cruz, Cochabamba and Chuquisaca); 1% went to Beni and Pando departments; and 6% went to the national Treasury. Of the variable sources of income, all went to YPF.

One of the objectives of the Morales government has been to engineer a redistribution of national income, in particular using the rents derived from the exploitation of non-renewable natural resources ...

One of the objectives of the Morales government has been to engineer a redistribution of national income, in particular using the rents derived from the exploitation of non-renewable natural resources for the payment of conditional cash transfers or *bonos sociales*. These consist of the Renta Dignidad (paid to the elderly), the Bono Juancito Pinto (paid to schoolchildren), and the Bono Juana Azurduy (to pregnant and nursing women). They are financed in different ways. The Renta Dignidad is funded from the IDH, and reached an annual average of US\$236 million in the period between 2008 and 2010. The Juancito Pinto is funded jointly from resources from Comibol (the state mining company), YPF and IDH funds administered by the Treasury. This accounted for roughly US\$40 million per annum (2006-10), though the amounts have trended upwards in

recent times, as more schoolchildren have benefitted. The Bono Juana Azurduy is funded from Treasury resources, donations, foreign credits and transfers from other public entities. The annual amounts paid in 2009 and 2010 were US\$5 and US\$13 million respectively.

Positive and negative implications

The main positive effect has been to increase the available fiscal resources in the hands of the state, helping it overcome years of chronic fiscal deficits. This has enabled it to develop social policies, such as the *bonos*, geared towards vulnerable groups in society. However, if we take into account that most of these resources are aimed at current spending and not productive investment, we can see that there are negative consequences, namely the increasingly *rentista* character of the state and the danger of an imbalance between the supply and demand for goods within the economy.

Indeed, data on budget spending show that the current spending of the non-financial public sector has been growing faster than public investment. In 2005, the relationship between these was one of 70% to 30%; in 2010, it was 76% to 24%. The most important items of current spending are wages and the purchase of goods and services. This is indicative of the growth of the bureaucratic machine. Moreover, the most important areas of public investment are in infrastructure, especially road building. Relatively scant attention is being given to productive investment, such as in agriculture.

With regard to GDP, we can see how, over the last decade, extractive activities have become more important. In the period between 2001 and 2005, agriculture was the most important element in GDP, followed by hydrocarbons. Between 2006 and 2009, mining, along with industry, accounted for a larger part in GDP growth. Agriculture, forestry and fishing, meanwhile, have together declined from 20% of GDP to just 8% on average for these two periods. This shows the potential risks as regards the supply of food and raw materials for national production. Also, recent years have seen growing dependence on the import of consumer goods of all sorts in order to supply the domestic market. Food imports grew by 70% between 2005 and 2010.

Finally, official figures reveal the huge dependence of the state on revenues from hydrocarbons and mining. These account for 29.8% of total income of the non-financial public sector on average over the last five years. This dependence on the state, at all levels, has given rise to an increase in social and political conflict for control of the surplus arising from these rents. The most bitter struggle was in 2008 between the departmental and national governments on account of the changes introduced in the distribution of the IDH in order to fund the Renta Dignidad. Currently, there are other disputes and conflicts linked with the appropriation and use of such rents. These are likely to continue in the future in as much as the financial weaknesses of governments continue and social needs increase.

An important reflection of the growing dependence of the economy on 'primary' production is Bolivia's increasing dependence on these for exports. In the period between 2001 and 2005, primary exports – minerals and hydrocarbons – accounted for 47.5% of the total, compared with a similar amount (47.5%) of industrial goods. In the period between 2006 and 2011, primary exports rose to 69.6% of the total while industrial products fell to 26.3%.

From a different perspective, though, the increased dynamism of the economy has impacted positively on unemployment, down from 8.5% in 2001 to 5.7% in 2010. This benefitted women proportionately more than men.

At the same time, a part of this increased fiscal income has helped reduce moderate and extreme poverty by means of the *bonos*. Moderate poverty dropped from 60.6% of the population to 49.6% between 2005 and 2010. Extreme poverty fell from 38.2% to 25.4%. However, these achievements need to be seen in the context of two special circumstances: the very low level of the poverty line and its nominal nature (not taking inflation into account).

We also need to point out that increased fiscal spending per capita in the area of health has led to improved provision, particularly in primary healthcare. In education, the Juancito Pinto bono has had a positive impact on school desertion, even though the net coverage has fallen and the rate at which students have to repeat years in school has risen. The latter is probably due to insufficient investment in school infrastructure and a drop in the number of practicing teachers.

The Mother Earth Law: the proposal and paths to implementation

By María Teresa Hosse,
Plataforma Boliviana Frente al Cambio Climático

Elaboration of the Mother Earth Law has led to a comprehensive proposal for rethinking state administrative structures and, above all, for thinking about how development is understood. It involved widespread public participation, and took place at a special moment.

The main indigenous and *campesino* organisations coming together under the Pacto de Unidad, worked within the framework of government statements on *vivir bien* (Living Well) and the rights of Mother Earth. They did so on the basis of the world view (*cosmovisión*) of indigenous peoples and in accordance with the mandate that emerged from the April 2010 People's Summit on climate change held in Tiquipaya, Cochabamba.

In view of the global crisis, there is an obvious need to put into practice 'another kind of development'. The potential for this exists in Bolivia where the government, with its pro-indigenous commitments, emerged from a process of popular mobilisation.

The proposal of the Mother Earth Law encapsulates - first and foremost - the world view of indigenous peoples.

The proposal of the Mother Earth Law encapsulates - first and foremost - the world view of indigenous peoples. The guiding principles of government policy include the need for harmony, the collective good, a holistic approach, pluralism, the rights of Mother Earth and participation.

The proposal of the Pacto de Unidad was partly adopted in Law 071 of November 2010, the Principles of Mother Earth. Put forward by social organisations, this document contemplated the creation of an 'insurance policy' for Mother Earth guaranteeing the repair of damage done to the environment as a result of extractive activities. It included the establishment of an ecological economic model, participatory planning, a description of how to manage Mother Earth, mechanisms to ensure that the rights of indigenous

peoples and Mother Earth are respected; and the creation of a structure for social participation called the Plurinational Mother Earth Council.

As of the beginning of 2010 through to September 2011, organisations from within the Pacto de Unidad, the joint committee of the Plurinational Legislative Assembly and other government bodies worked together on this. They drew up a 'consensus' document, which was discussed in various national forums. This provided the basis for the bill from the Plurinational Legislative Assembly.

Around this time, indigenous organisations which formed part of the Pacto de Unidad took part in the eighth and ninth indigenous marches. These defended their rights and those of the TIPNIS (the Isiboro Sécure Indigenous Territory and National Park). Also at this time, the government changed its foreign policy with respect to international negotiations on climate change. The new watchword of the Bolivian representatives was 'not to be left on their own' and to be able to access funds available for mitigation and adaptation programmes. President Morales reorganized his negotiating team as a result.

The main contradictions within this law become apparent when we look at the development policy that the government actually carries out.

The government used the 'consensus' proposal as a basis for the next steps. Working with a small technical team, it drew up and approved the 'framework law for Mother Earth and Integral Development to Live Well (*Vivir Bien*)'. As its name indicates, it is a transitional law that lays down the kind of holistic development needed for people to 'live well'.

The main contradictions within this law become apparent when we look at the development policy that the government actually carries out. In the last five years, it has decided to move down the road towards industrialisation, investment and economic growth, a vision opposed to the principles of *vivir*

bien and the rights of Mother Earth.

The law describes *vivir bien* as an “alternative civilisational horizon to capitalism”, which would ensure “balance with Mother Earth”. However, in reality, the law does not propose a change in the structures of the capitalist system, nor a re-configuring of the nation-state, as the Pacto de Unidad proposals had suggested.

The law incorporates the “right to development” and the right to “escape from poverty” to justify a vision that is developmental, extractivist and which promotes industrialisation, all elements would supposedly take place within in the framework of “respect for Mother Earth”.

The law drawn up by the government minimises the salience of indigenous rights, confusing them with the rights of *campesinos* and those of settlers (*comunidades interculturales*). The text mentions indigenous rights as recognised by the constitution and in the United Nations Declaration on the Rights of Indigenous Peoples, but omits reference to the ILO Convention 169 which also forms part of Bolivian law.

The law proposes general, standardised orientations for different sectors, but does not take on board such new dimensions of Mother Earth as respect for territory, river basins or ecological levels, all physical spaces that need to be taken into account as part of a more holistic approach. In the long run, this could generate major conflicts between different sectors.

The law on “Integral Development” sets the scene for policy reform on climate change and forest management, a positive if somewhat limited move. Management of Mother Earth should be based on a comprehensive approach and on change in the development model. While certainly relevant, the law should have involved more discussion with civil society, and especially those within it who fought for structural changes within the country.

The law opens up an alternative route, but needs to go further. Initially at least, it provides a useful tool for indigenous and *campesino*, as well as urban organisations, that seek to establish a different model of development, one to *vivir bien*. The challenge now is for the law to be applied in all its dimensions. Hopefully it will open a process of debate in Bolivia and the world.

A community protects its interests: the case of Mallku Khota¹

The conflict in Mallku Khota is complex since it brought together a number of different issues. It involved the struggle for non renewable natural resources between private (and transnational) interests and several local groups. It also involved a struggle to gain recognition for territorial rights, laid down in the constitution, and respect for the environment. It highlighted the lack of rural development alternatives and the problems faced by the state as a mining operative at the same time being the main guarantor of law. The conflict gave rise to violence between community members and the death of one person, repeated acts of kidnapping used as a means to bring pressure to bear, the deployment of the police to the area, and several months of tension and hostility among community members.

The conflict started when members from Mallku Khota community in Sacaca, in rural Norte Potosí, denounced that they had not been consulted before the project to extract silver, indium and gallium got under way. This open cast mine project involved the movement of huge quantities of earth and rock and the moving of more than 30 communities to another area. The people there claimed that the activities of South American Silver Corp. (SAS) were therefore illegal. They also maintained that they would contaminate the natural lagoons in the area and pollute the river downstream eventually leading into the Amazon basin.

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The concession involved an area of about 55 square kilometres, affecting the territories of ten *ayllus* in this part of Norte Potosí.

Information made public by SAS also contributed to giving the case added prominence. The company claimed that Mallku Khota was one of the world's largest unexploited deposits of silver and probably Latin America's largest unexploited

deposit of indium, as well as an important source of gallium, zinc, lead, copper and gold.

Government authorities responded by saying that current legislation does not contemplate what should be done in the case of mining concessions which date from before the approval of the new constitution [in 2009]. They also argued that consultation should take place before any exploitation (and not just exploration) begins. However, this goes against Convention 169 (15) of the International Labour Organisation, ratified by Bolivia in 1991, which says that indigenous peoples should be consulted before any prospecting and exploitation of mining resources takes place. This principle is also contained in the Declaration on Indigenous Peoples Rights approved by the UN in 2007.

The advances made in exploration and the announcement that exploitation was about to begin as an open cast mine put community members on a state of alert

The advances made in exploration and the announcement that exploitation was about to begin as an open cast mine put community members on a state of alert; they demanded the rescinding of the mining concession granted to SAS. Conflict – at times violent – broke out, and continued from May through to July 2012.

SAS executives pointed to a number of activists who they said were motivated by their own personal economic interests. Meanwhile different positions emerged amongst community members regarding the company's operations. People living in the community of Mallku Khota demanded that the mining concession be rescinded, while five *ayllus* of Santa Pedro de Buenavista wanted SAS to continue and for its operation to be protected. This division was made deeper when the tactics used by the company were revealed in its bid to ensure community support for their operation up until 2015 when the contract with the state was due to end.

At the end of May [2012], community members

from Mallku Khota started out on a protest march to La Paz. In June, after the failure of negotiations with the government, the Ministry of Mining and Metallurgy claimed that the company's activities would generate an important number of jobs and that opposition to their operations was motivated by a handful of individuals who wanted to continue illegally exploiting gold in the area. Following some violent demonstrations, in which several people were injured (especially policemen), the community members returned to their community and thereupon took over the mine. They held a number of SAS employees captive and fought with the police. In the confrontations, ten people were injured and one *campesino* was killed.

In view of the gravity of the situation, the government announced the rescinding of the mining concession and signed an agreement with the protestors whereby a technical committee would be set up to draw up a supreme decree to this effect, and to suspend all activities of exploration and exploitation. It was also agreed that the new mining law would be approved and that people's homes would be returned to them. Peaceful co-existence would thus be restored and free transit between the different communities. Faced with further threats of renewed protests, and given delays in announcing the rescinding of the contract, the government approved Supreme Decree 1308, revoking SAS's various mining concessions in the area and passing them to COMIBOL, the state mining company (rather than to *cooperativistas*).

The reasons for the conflict were at once structural and more immediate. Amongst the former causes is the high level of poverty in the area: the municipalities of Sacaca and San Pedro de Buena Vista have poverty levels of 95% or more, and enjoy very low indices of human development. The local population ekes out a living from agriculture, and small-scale artisanal mining; a fairly large number of community members work in the mines of the Norte Potosí and Oruro. It is for this reason that large-scale mining investment projects are viewed as offering a significant opportunity to improve people's living conditions. SAS had taken on about 30% of community members. This not only created high expectations; it also generated a degree of unease that gave rise to the idea of setting up a mining cooperative that would yield more direct and important benefits for those involved.

According to Luis Vásquez, an expert in conflict and a former advisor to a mining company, "having felt themselves empowered, people were of the opinion that no-one would now cheat them or exploit them". However, others wanted the mine to be returned to the state, hoping that this would bring more by way of jobs, a fairer distribution of the profits from mining, and that strategic natural resources would remain in the state's hands. This demand was the one that finally won through, reflecting the fact that the government had been pursuing a line of strengthening state involvement in production, even though there were some who defended the continued presence of SAS in Mallku Khota.

Among the immediate causes of the conflict, a key factor was the increase in the price of minerals, which generated increased interest among rural communities in mining and led to the proliferation of mining cooperatives. In these circumstances, it is understandable that local people want to control the rents from mining and thereby to increase their incomes.

Given the final result of the conflict, it is clear that, as in other cases, the local population ended up less concerned about the contamination of the lagoons and other water sources than they were by the opportunity to create jobs and boost their incomes.

¹*Taken largely from Conflictividad y visiones de desarrollo: recursos naturales, territorio y medio ambiente (pp 49-52), Fundación UNIR, Bolivia, Dic. 2012, with permission from UNIR.*