

Book Review

Mining, Society and a Sustainable World. (2009). Jeremy P. Richards (Ed), Springer, Heidelberg, pp. 506. ISBN 978 3-642-01 102-3.

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For centuries, mining has taken place in different areas around the globe, producing the raw materials required to fuel society's continued growth. During most of this period, the strong economic and societal advancements that resulted from continued mineral extraction overshadowed the negative effects that this industry was having. Little attention, if any, was being paid to the impacts that these mining operations had on the local societies and the environment as a whole. In more recent years, due to increasing public pressure from an increased public awareness, a shift in the way that companies in the mining industry run their operations has taken place, making them more concerned with the image that they portray. The fact of the matter is that without being seen as good corporate citizens and earning a "license to operate", the economics of mining become grim.

While many practitioners have written on the environmental issues associated with this "license to operate", that is only a part of the challenge being faced in the industry. As Moffat et al (2009) argue, a key driver in the development of the mining industry over the next 20-30 years will be the societal expectations about how that industry operates and treats its people. It will not be enough for mining companies merely to adhere to the formal regulatory requirements of the jurisdictions within which they operate due to the complex social context that may stymie their operational freedom (Moffat et al., 2010). Companies will need a "social license to operate", which has seen little analysis since its emergence over the past two decades. Such a license will be granted if mining operations receive ongoing acceptance or approval from the local community and the other stakeholders that can affect its profitability.

Mining, Society and a Sustainable World, edited by J.P. Richards, takes a large step towards filling this gap in the literature. Through the contributions of 24 authors, the book contains 16 chapters that are grouped into four parts covering the issues associated with the "social license to operate". It presents both sides of the issues, showing us that nations with good mineral endowment can, but do not necessarily, turn into strong economies. The idea that nations such as Australia, Canada and the United States owe their strong economies to their mineral endowment is discussed by von Geyer in the foreword. In this discussion, he cites the chapter by Slack to make the point that while mineral endowment contributed to the development of strong economic systems, it was not the mining activities themselves, but rather the "institutional capital" that accompanied them, which enabled capital accumulation, and the associated distributive benefits in these countries that should be recognized as the key development driver.

Since its suggestion by Gelb et al. (1988) and Auty (1993), the “Resource Curse” has been used to describe the tendency for natural resource rich countries to exhibit slower economic growth and development outcomes than their less resource rich counterparts. The first section of Mining, Society and a Sustainable World contains five chapters that discuss the role of mining in developed and developing economies, starting with three chapters that specifically discuss the “Resource Curse”. As discussed by Crowson through a look at the multiplier effects of early mining operations on local economies, many historical mining operations did contribute to post-mining success in their host countries, e.g. Australia and Chile. However, both Crowson and Slack point out that the global situation has changed. While it is recognized that resource exploitation positively contributed to the development of nations like Australia, Canada, and the United States, the multiplier effects of mining operations will be much less in the development of new mines where increased technology means that needs can be more economically serviced from imports than local supply. As a result, economic benefits from new mining operations will be more restricted to contributions to government revenues, and thus successful development of the resources will be tied to the host’s ability to control the rent-seeking behaviour of its elite. Looking at the reasons why some countries have managed to avoid the “Resource Curse”, McPhail notes that in many cases the root of the problems are weaknesses at the local or regional level of governance. Following this analysis, recommendations for increased transparency and collaboration are offered as ways of enhancing the socio-economic impact of mining.

Davis looks at the “Resource Curse” from a human development standpoint through the relationship between mining and poverty. Through the analysis of historical growth spells in both extractive and non-extractive economies, he finds that there is little evidence to support the notion that the type of growth experienced by extractive economies is bad for the poor. Instead, it is found that in both extractive and non-extractive economies, periods of negative growth are what hurt the poor. As a result, re-investment in exploration and extraction activities that foster growth in resource rich economies can actually benefit the poor, which is opposed to the popular belief.

The three chapters in section two discuss the sustainable development and use of mineral resources. Ernst notes that at projected rates of population growth, the world will not be able to sustain the current levels of mineral and energy consumption, positing that there are only a couple of energy sources that are truly inexhaustible. As a result, he prescribes conservation, substitution and efficiency as the means by which these resources can be made sustainable. Wayne et al. and Singh and Evans take the similar view that our natural resources are exhaustible. However, they also suggest that if invested correctly, the revenues that are earned from them can be the springboard for long-term sustainable development of a region.

As pointed out by Richards in the introduction, modern mining companies have learned from the environmental pressures placed on them over the past four decades, resulting in their involvement in initiatives that work to improve environmental performance. That being the case, the chapters in section three are a welcome addition to the discussion. They offer continuity to the focus of the book, as the societal impacts of mining cannot be discussed without mention of the environment and the ways in which mining companies have

historically improved their performance (Guerin and Otto). This review is then supplemented by a discussion of the problems that are still occurring in the Democratic Republic of the Congo by Mazalto. This mixture of chapters shows us that while environmental advancements are being made; there is still a great deal of work to be done by the global mining industry.

The final section discusses the direct socio-economic impacts of mining on not only the localities in which it operates, but also at a global level. Two of the five chapters in this section (Bowes-Lyon et al. and Dane) examine the social impacts that mining has had on remote locations in Canada and South Africa respectively. Both of these studies identify the need for stakeholder and community engagement throughout the mining life cycle if lasting benefits are to be realised following mine closure. Following this theme of stakeholder engagement, O’Faircheallaigh examines the use and role of well-crafted public policy as a vehicle for facilitating the sustainability of mining. The Extractive Industries Transparency Initiative (EITI), introduced by McPhail, has been touted as the blueprint for good governance. Through a critical analysis of its implementation in sub-Saharan Africa, Hilson and Maconachie argue that it is actually good governance structures that must be in place first, if the objectives of the EITI are to be realised. This chapter also makes a nice conclusion to the book, with a discussion of the EITI and good governance as a means of avoiding the “Resource Curse” and “Dutch Disease”, discussed in the first three chapters, from impacting upon the developing nations in sub-Saharan Africa.

Mining, Society and a Sustainable World is an involved read that is not to be taken lightly as it covers a wide range of issues associated with resource extraction and its relationship to the development of society. With examples drawn from current and historical operations in the majority of mining regions around the globe, this book is relevant on an international scale, and is a welcome addition to the literature. Its development of the issues associated with an area that is at the core of business operations makes it applicable for not only technical people in the mining industry (geologists, engineers, etc.) but also economists and analysts who regularly research the operations within the industry. At a relatively reasonable cost, this book belongs in the library of any university that is offering degrees related to the extractive industries.

Richards has done an excellent job of collecting works that are not only relevant to the topical area, but also thought provoking, as in some cases they challenge the conventional way that the relationship between mining and its host society is viewed. Richards has achieved his goal, as there is no doubt that this book will spur discussion and additional research into the role of these often negatively viewed industries and their changing role in our human development.

Bryan M. Maybee
Department of Mineral and Energy Economics
Curtin Graduate School of Business
Curtin University
Perth
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