Shifting Power and Institutional Relationships:
The role of stakeholders in shaping Cananea, Mexico
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ABSTRACT

This study focuses on the shifting institutional relationships amongst stakeholders -local government, Grupo Mexico (a mining company), labor unions, and the community- in Cananea, Sonora, Mexico. It provides insight into planning processes and governance structures by analyzing: (1) how have relationships amongst stakeholders shifted through time and how they currently work in the context of a single-industry economy; and (2) how these changes promote/ hinder these relationships and create opportunities for community empowerment and participation. Through a historical analysis of shifting relationships two points of drastic change were found. First, in 1989 when the mine was privatized, and second, in 2007 when the Section 65 union went on a 30+ month strike. These moments created a power void in which new actors arose and new partnerships were created. Through in-depth interviews with local government actors, industry representatives, union members and key community members an assessment of their perceptions, their current plans, issues, and collaborative actions with regards to Cananea’s future were further analyzed. This demonstrated a wide array of understandings of ‘community participation’ as well as a variety of plans -not all in concert with each other- and efforts to accommodate Cananea’s future growth. This research stems from this understanding and proposes future collaborations where the wider community is actively involved and where other partnerships are furthered. Finally, this research inserts itself in a wider discussion advocating for a pivotal role of the state, where the local government initiates community participation mechanisms which augment accountability and foster community empowerment efforts currently undertaken by private institutions, promote economic diversity through collaborative mechanisms aided by the state government and in coordination with local industries, and establish reciprocal mechanisms of trust and growth amongst all stakeholders.
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I. PREFACE

In 2006 a tragic accident in Pasta de Conchos, Mexico, trapped and killed 65 miners. This event caused great commotion in the region, known for coal mining, and triggered both social unrest and hatred towards the mining company operating the mine at that time: Grupo Mexico. In 2010 a similar accident occurred in Chile. For over two months 33 miners were trapped in the San Jose mine, operated by Codelco. This rescue mission was widely televised and it was a clear demonstration of a positive outcome of a common tragedy in the mining industry. Meanwhile, Cananea, a small copper mining town in Mexico where Grupo Mexico and the local union were in labor disputes for almost 3 years, was under high economic and social duress.

For over a 100 years, the mining industry has been known for these types of tragic accidents as well as unequal power struggles between companies, unions and their zone of influence. For over 100 years, few solutions have been found, and although many other industries have evolved and are now safer than they’ve ever been, mining accidents keep happening and they are as tragic as they’ve ever been. For me, these accidents and conflicts are close to home, and for some years now I had thought of how I could contribute.
Cananea’s case presented an interesting opportunity for me both personally and as a researcher. After 30+ months of strike, by 2010, Cananea and its people were suffering from economic downturn and much social unrest. Concerned with the community’s vulnerability, I started this project thinking how the community could be empowered and more resilient to company-union conflicts. By having a stronger community -and thus a louder voice- companies like Grupo Mexico could be held accountable for their way of doing business. As I submerged myself in the topic and the history of this particular case, I understood that the issues at hand were much more complicated; this was not a case of ‘communicative planning’ or adding ‘participatory processes’ to existing mechanisms. It became evident that the first step I needed to take was to understand who were all the stakeholders involved and why/how they held their current power and perception of other actors in Cananea.

As I studied their trajectory and institutional path-dependency, it was clear that this project was about analyzing these relationships and how there could be better coordination and collaboration amongst actors- something that needed more than social capital building. In order to reach my objectives -a resilient community and a responsible company, the project involved understanding current norms and institutions and how these could be shaped and created in order to promote building communication channels and trust between the different actors. An important element within my research became this understanding of power -economic, political, or otherwise- and which types of norms and/or institutions could respond to fostering situations where all the different actors could be seated at the table as equals. The project evolved from community empowerment to institutional theories in developmental states and power struggles. The following pages will take you through my thought processes, findings and my efforts on contributing to a wider debate in which my case study became inevitably situated -what role should be played by the state in fostering community empowerment and promoting economic diversity? Most importantly, this project became a series of proposals on norms, rules and mechanisms which can ensure that plans withstand brief political terms and respond to the need for coordination and collaboration amongst disparate actors.
II. INTRODUCTION

On the 30th of July 2007, Cananea woke up to yet another mining union strike. Between 1990 and 2001 when Grupo Mexico (GM), Mexico’s largest mining corporation operating 13 mines in Mexico, Peru and the US ranked as #7 in copper production, first acquired the mine Mexicanana de Cananea, the town had experienced only one strike in 1997. Yet since 2001 -when the national mining union SNTMSSRM changed its leadership - Cananea experienced almost one strike per year. On that July morning, a number of changes were set in motion. This strike, unlike previous ones, resulted in shutdown and inactivity of the mine for almost 30 months, causing unprecedented economic downturn and social unrest.

The 2007 union strike prompted at least two positive effects. First, in an attempt to revert this social upheaval, GM commissioned Redes de Confianza, to create a community organization. This corporate move was aimed at assessing and organizing the community to take part in rebuilding Cananea after the strike. This group, called Grupo Encuentro (GE), focused on building social capital through a different approach to CSR initiatives –changing the way GM understands community involvement. GM established a new relationship with the local community in Cananea. Although it emerged as a mitigation strategy to aid reopening the mine, GM took a step towards a more inclusive/participatory process in which industry and community interact. Second, the local community has established formal organizational mechanisms that have increased community empowerment and potential participation in the town’s future planning. Recently, the Comite Comunitario de Cananea (CCC), a group that emerged from GE, has issued a letter inquiring about GM’s expansion plans and asking how they and the wider community can be involved in shaping Cananea’s future growth.

By 2013, new organizations –Grupo Encuentro and Consejo de Vinculación- are in operation and, after creating a new enterprise to run the mine, GM has resumed its operations in Cananea, increasing their production due to their new expansion plans. With the eminently obvious production in Cananea it is the crucial time to critically analyze governance dynamics that facilitate stakeholder negotiation and collaboration in a single-industry town, as well as opportunities and effects of community participation. How do such events transform previously established power relations and how could these be seen as an opportunity for community empowerment? By analyzing Cananea, this study focuses on a long history of labor struggles and iconic strikes that have shaped the country’s history. I am stirred by the notion that both working and living conditions were —until this strike-dependent on one single industry and have in various occasions been hindered and diminished due to these labor strikes. Given the intricate relationships between mining companies and their area of influence and its respective community, how these relationships are shaped and transformed through conflict become pertinent in understanding how these power shifts can promote social capital building.

This study focuses on the institutional relationships amongst stakeholders [local government, local industries (with a particular focus on GM), labor union(s) and community organizations] involved in development processes of Cananea. This study seeks to provide insight into planning processes and governance structures within the Mexican context by analyzing: (1) how these relationships have shifted over time and how they currently work within the context of a single-industry economy; and (2) how these changes can promote/hinder these relationships and create opportunities of community empowerment and participation. Mining, often referred to as a predatory corporation is known for its contentious relationships with local communities, often causing harm and displacement (See Evans et al. 2002; Weiss et al. 2008; Anguelovski 2001; and Franks 2009). How the community interacts with and benefits from negotiation processes with both GM and the local government will shape the future of Cananea and its people.

Power struggles within a single industry town, such as Cananea, can enlighten wider trends of both political and economic trends in Mexico and company-community relationships in other mining towns around the world. The different roles that government, industry, union, and community have played over time create a complex scenario to which the local community is susceptible and vulnerable. The understanding of these historical trends, positions and power struggle can better inform community empowerment.

How have these social upheavals transformed their relationships and shaped the city’s future? What is the role of industry in forging the future of both its employees and Cananea’s residents? At different times moments of crisis have created shifts in institutional relationships. On the industry side, these conflicts can result in loss of reputation and shutdown. On the community side,
these conflicts can result in loss of cohesion and identity (Franks 2009, 2). After such moments, opportunities arise to create new relationships and intervene in the struggle to benefit the local community. At these times, the community is most vulnerable; thus, institutionalizing community participation can prevent both social and economic downturn.

It is important to understand the role undertaken by GM in trying to revert the social disturbance caused by the 2007 strike, by establishing a formal relationship with the local community while at the same time planning on increasing their copper production by investing $3.7 Billion US dollars in their facilities8- compared to $9 Million US of public investment in 2010—of which only $4,000 were invested on economic development9. This increase in production represents an increase of 2.5 times to their workforce - currently 1,000 directly and 800 indirectly employed in Buenavista del Cobre. GM’s expansion plan plays an important role in shaping the economic and social spheres in Cananea- as of early 2013 there was a floating population of 1,100 men according to a mine representative. The relationship between the local government and GM, their role in urban governance, social capital building and understanding of planning and community participation will be determinant on the city’s future.

III. CANANEAN THE HISTORY OF A TEMPESTUOUS MINING TOWN

Cananea, in the northwestern state of Sonora, Mexico, is home to the third largest copper mine in the world after Chuquicamata in Chile operated by Codelco (#1 copper producer)10 and the Bingham Canyon Mine near Salt Lake City operated by Rio Tinto Group (#5 copper producer). Cananea holds assets of two of Mexico’s largest mining corporations: Grupo Mexico (#7 copper producer) (Buenavista del Cobre and La Caridad), and Frisco Enterprises (Santa Maria). Cananea has a long mining tradition which started with the Cananea Consolidated Copper Company (CCCC) in the late 1890s.

Historically, this town is known for the workers’ strike at the beginning of the 20th century, often referred to as the ‘$5 pesos eight hours’ strike11. Called the ‘revolution’s crib’, it has been said that this strike triggered much unrest which led to the Mexican revolution in 191012. The American company, The CCCC, established by William C. Greene13, created a cultural and ideological exchange between the Mexican workers and some of the US workers’ movements of the time. This strike exemplified the mismatch at that time between internationally owned companies and the poor working conditions of local workers, as well as the power held by national government over labor disputes. This strike was also the beginning of a long history of struggles which shaped labor movements across the country.

SHIFTING RELATIONS IN HISTORY

At a time when Mexican politics were experiencing a shift from patronizing and authoritative regimes towards neo-liberal tinted policies, Mexicana de Cananea, after being a government-owned company for almost 20 years, was declared bankrupt in 1989 (more detailed analysis will be done in the following sections). In 1990, GM acquired Minera de Cananea, now called Buena Vista del Cobre for $475 million US, half the price that PROTEXA14 had offered in 1988, representing only half of the modernization investment done between 1981 and 1987 (Delgado Wise et al. 2001, 116). Issues regarding the collective agreement and work culture became a problem early on between the union Section 65 and GM. In order to increase productivity, GM changed the miners’ working habits; some of these habits were legally grounded on the contract—such as the strong division of labor- and others ‘legalized’ by practice—such as the personal use (or gain) of materials from within the mine-. Between 1990 and 2001, Cananea had one strike in 1997, when...
GM closed the foundry which employed 325 workers due to both environmental regulations and production efficiency measures. The strike was also triggered by GM’s workforce cuts. By 1997, GM had reduced the 3,300 workforce by 1,300 jobs, while increasing production.

In spite of what Evans et al. state about mineral wealth “rarely [being] translated into general local prosperity” (2002, xii) Cananea’s mining workers had one of the most generous collective agreements in Mexico fought for and built in the course of more than 50 years. To date, Buenavista’s workers are recipient of annual utility dividends ranging from $7,800 to approximately $25,000 USD.

**HOW CANANE A GOT BUILT**

The urban development that has occurred in Cananea has had little planning and those involved have more often than not acted individually, with little coordination or acknowledgment to what others are doing. This legacy stems from Cananea’s earlier development. In 1901, Cananea was divided into 96 blocks, each one with 24,400 sqm lots owned by the mining company. Half of these lots were donated to the municipality, while the other 50% were sold to its workers (Sariego 1988, 331). Cananea Vieja was displaced as the administrative and commercial center for El Ronquillo, area near the mine which also had access to other housing units such as Buenavista, La Campana, and Chivatera. Areas known as Mesa Sur and Mesa Norte were consolidated shortly after (Besserer et al. 1980, 1326).

Before the 1950s most of the development that happened in Cananea was carried out by, or answered to, the mine’s needs. In 1956 the state issued a decree allotting 660 has. to Cananea which allowed the municipality to acquire more land and increase their fundo legal. In 1976, there were a few new neighborhoods developed in Cananea; the urban center was relocated from El Ronquillo -former mine’s urban center, towards the new commercial area (Ibid 332). These years represent the time when the mine was publicly owned, and thus many of the urban amenities (electricity, water, and gas) were still provided by the mine. This created further dependency on the mine and simultaneously delegitimized the municipality’s role by taking on their responsibilities. The disappearance of this interference in the late 1980s began a delimitation process of municipality, mine and community, allowing...
for “[the community to establish some autonomy, but not complete independence, in relation to the company’s undertakings]” (Ibid 335).

Today, there is still a latent sense of responsibility assigned to the mine in terms of public service provision –especially from those miners still fighting this ‘silent’ strike. Many miners and other residents feel that it is the mine’s responsibility to provide such services, and thus they fail to pay their monthly fees. This has put Cananea in a difficult situation, where homes are constantly having power cuts and at the same time Cananea’s local government accrues more debt. Since 2007, when the Section 65 went on strike, miners have stopped paying their electricity bills which had translated in 2009 to a debt of $120,000 USD18.

For the last 20 years, Cananea has had a steady 1% increase from its 1990 population of 24,000 to today’s 32,00019. Today, with a population of 32,936, Cananea is experiencing a rapid population spike due to floating population since GM started their expansion investment in 2011. Cananea has 64 educational facilities, out of which 25 are primary education and only 4 account for high-school education; there are no technical schools and only 5 work-oriented training schools. They lack both middle level education and institutional capacity and this has caused some social unrest in the past few years. There are 197 teachers for 6,568 children between the ages 5-14 which showcase the tight capacity of these schools and their inability to accommodate future growth. Similarly, Cananea has only 2 public libraries, 10 medical units with 46 doctors for an insured population of 26,223, out of which 10,045 are IMSS affiliate (worker-health benefits) and 3,083 ISSSTE (government-health benefits) affiliated20. The closure of the mine-run hospital in 2008 has put pressure on the health institutions and the population is currently underserved.

Cananea, a city where 80% of the population is directly or indirectly employed in mining -GM alone employs 2,000 families in the region and indirectly another 3,000 families, is highly dependent on the relationships between the miners and the mine. When the long-term strike started on July 30th, 2007 it had drastic effects on the livelihood of residents –both miners and non-miners. Many workers, lacking source of employment fled to the US; broken homes and domestic violence were some of the many side effects. Children and young adults suffered tremendously; pregnancy rates in teenage girls went up, drug abuse increased, and many youngsters became involved in illegal activities. These externalities affected all of Cananea, and so, they became of public concern and within the realm of the local government’s mandate.

These problems were further exacerbated by the national fight against organized crime and drug lords —which affected many communities all over the country, especially those in the northern states. Simultaneously, the bordering US state, Arizona, strengthened their immigration policies; through the Legal Arizona Workers Act in 2008 and the Arizona Senate Bill 1070 better known as the ‘your paper’s please’ law many undocumented people had to return to an already devastated Cananea. Not only did all these factors create great social unrest but the social standing and perception residents had of GM was considerably damaged. Fueled by the miners promoting the strike, people started blaming GM for all their misfortunes. This turbulent ground triggered GM to intervene, deviated from their usual social responsibility approaches by innovating the way they invested in social capital and trust building within their local community.

**FUTURE PLANS**

GM’s investment plan in Buenavista will double the mine’s production. This has resulted in a number of tertiary companies being established in Cananea and a surge of floating population arriving every day –mainly men whom are either single or have left their families behind, in hopes of finding permanent jobs. This demographic trend has resulted in informal settlements springing up throughout the city and land prices and rent speculation spiking. Since 2000, Cananea had not seen a new housing development and now there is construction happening everywhere21. The municipality’s main focus is to acquire land so that they can sell it to individuals at a reasonable price –fighting speculation- but with little understanding of where future growth should occur or how to deal with the vast amount of empty lots that currently exist throughout the city. Throughout the urban core, landowners are waiting for either the best bidder or for the municipality to urbanize those areas. Although most of these lots are in a central location, and have been sold as urbanized land, they lack most urban amenities.

As these expansion plans are well underway, GM has undertaken several other plans in response to future urban and economic growth. Towards the northeastern area of the city they are currently building a multi-use development which will house a hotel, cinemas, commercial area, recreational area and a state-run hospital. They

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19. SNIM http://www.snim.rami.gob.mx
20. INEGI 2010
21. Engineer interviewed by the author 2013
have acquired land to hand over to developers to build housing for future miners (See Figure 02). The 2007 strike triggered many local industries to diversify, which has resulted in a more robust industrial base in Cananea. This, in conjunction with state and local government support for economic diversity has spurred several trends. Both local and state governments are exploring other options for Cananea - such as winery oriented and a touristic destination. In conjunction with GM, the state has encouraged the establishment of tertiary companies to serve both Buenavista del Cobre and other mines in neighboring areas. Similarly GM has plans to place Cananea as a health-tourism destination catering to neighboring Arizona residents. Throughout this research, different stakeholders have referred to these strategies as ‘the plan for Cananea’. Nevertheless, it is yet to be seen the scope and coordination of these initiatives.

At the time of writing, members of Redes de Encuentro were negotiating with corporate leaders the importance/relevance of evaluating the effects their expansion plans will have at a city-wide scale. Korten refers to this strategy as trying to “appeal to the corporate conscience to act more responsibly” (Evans et al. 2002, 11). He argues this is naïve as it treats the corporation as a human being – by thinking they have moral qualities which they don’t. Nevertheless, these 5 past years have demonstrated the importance of paying attention to their immediate community. This might serve as a useful negotiation tool, once the future plans are being discussed between local managers and corporate members. Korten suggests a better mechanism, to “realign economic structures in ways that bring economic relationships into a more natural alignment with the public interest”; meaning incorporating mechanisms of accountability and replacing “financial domination with a system of political and economic democracy” (Ibid 12). Changing the way corporations operate and the political system within which they act is outside the scope of this project, formulating mechanisms of accountability and reciprocal communication where public participation is fostered could lead the way in that direction.

IV. RESEARCH DESIGN

This study is a fine grain examination of the different institutional dynamics amongst stakeholders in Cananea, Sonora. First, the different actors involved in Cananea’s development are explored through secondary data and archival research: local government, industries (GM), the mining union(s), and the community. This part of the research was conducted simultaneously with an analysis of academic literature in institutional theory, urban governance models and collaborative and deliberative planning mechanisms. Scholarly articles and documents provided by GM, Grupo Encuentro and other scholars studying Cananea, were used to create a temporal analysis of the shifting power and relations in Cananea. I diagrammatically mapped these processes to clearly demonstrate the shifts and changing relationships.

Emphasizing power shifts in moments of change/crisis, I focus on two periods in time; (1) 1989 when the mine was privatized and (2) 2007-2010 the most recent. These moments severed some relationships while simultaneously fostering the creation of new actors. I chose GM’s community oriented organization, Grupo Encuentro and ITSC’s Consejo de Vinculacion as case studies to understand how moments of conflict create not only a void in power and stakeholder relationship but also an opportunity for new actors to rise. These represent an attempt to fill a void in both corporation - community relations, which GM is currently trying to replicate in their other mines, and education-industry relations, to match skills and labor. With GM’s plans to expand their production and an eminent need for planning this future growth, I analyze the role of GM and the local government in developing and enacting plans, developing a vision for Cananea and the role of community in shaping these endeavors as well as their conceptualizing of ‘community participation’.

In early 2013, I conducted 19 semi-structured interviews with local government officials, industry representatives, former union members, academics and key members of the community, to assess their perceptions of each other and their current plans, issues, and collaborative actions for Cananea’s future. These interviews were transcribed and coded by concept and stakeholder. The selection of participants was based on snowball sampling through referrals of Grupo Encuentro’s staff as well as other key community members. The interviews provided a deep understanding of current collaborations as well as the advantages and disadvantages of
interaction between actors and potential channels for collaboration. They shed light into an intricate web of relationships and multiplicity of roles within this small community. These interviews exhibited the distinct meanings assigned to similar concepts such as ‘plan’ ‘master plan’ ‘urban development’ and ‘community participation’.

By dividing the design into these two methodologies, I sought to answer the research questions in a comprehensive way. Through a theoretical and broader understanding of the institutional framework, I point out the difference of power at play in a single-industry town in Mexico. This in conjunction with the semi-structured interviews generates an analysis of power relationships and the shifts/changing roles of stakeholders involved. As Healey mentions “for planners and policy analysts, playing roles in urban governance contexts, and involved in the discussion, design and management of specific actions, grasping the fine grain of the interactive dynamics between situational specificities and broader dynamics is critically important” (2003, 117). The use of these two methods allowed me to identify areas of opportunity and propose both new relationships and suggest new mechanisms which respond to perspectives perceived during my field-work and to the political economy framework within which this research is situated.

V. LITERATURE REVIEW

Four main components are discussed in the following section: (a) institutional theories, the role neoliberal policies have had in shaping Mexico’s political sphere and in particular the role played by the state, (b) urban governance as a concept to analyze and understand relationships amongst actors at a local level, (c) social capital and the relationship amongst the state, industry and society in social capital building, and (d) theories of deliberative planning as methods to further understand community participation and power. These theories explore a wider context of current trends on institutional roles and the shift towards partnership building between public and private enterprises in order to provide common goods. These categories respond to a wider debate dominating public policy between ‘public and private’ and ‘import substitution vs export orientation’. Until recently it had been skewed towards a free market economy where government was thought of as the ‘problem’ rather than the ‘solution’ (i.e. the bad guy) (Wade 2010, 151). This research examines the role played by the state in furthering economic growth in general, and the role played by Cananea’s local government in dealing with dominating extractive industries and conflict-prone relationships in particular. Enjoy.

INSTITUTIONAL THEORIES - WHAT ROLE SHOULD THE STATE PLAY?

“Bad government is the single most important cause of failure in developing countries” (Wolf 2005 cited in Wade 2010, 151). Throughout various of his articles, Robert Wade challenges the mainstream notion that has permeated academia and policymaking for the past 30 years - that inherently government is bad and the market is good (2003, 2010). In the latter article, he poses an intriguing argument: “it is one thing to make a case for a more proactive role of the state than neoliberalism and the Washington Consensus allow; it is another to identify how to do it” (2010, 156). Given Mexico’s history in enacting neoliberal policies as well as being trapped in this ‘deficit-prone industrialization’ characteristic of most of Latin America, this research poses an interesting opportunity to re-examine the role of the State in promoting economic growth and managing conflict in a single-industry dependent town such as Cananea.

In the 2009 UN Report on ‘The State and Development Governance’, scholars analyze the role of both government and its institutions in furthering economic development and understanding the make-up of industrial policies in developing country. Although
Mexico is not catalogued as a LDC, the theories and ideas posited in this report are pertinent for this research given the specific focus on developmental states\(^2\). Similar to what Kurtz and Schrank exhibit in their article -where they explore the ‘causal status of this correlation [between economic development and competent public sectors]’ (2007, 538), this report exposes the lack of two main arguments. First, the lack of trustworthy data on governance means that the “oft-asserted connection between growth and governance lies on exceedingly shaky foundations” which is then used by policymakers to shape development and institutions (UNCTAD 2009, 155). This evidence, in conjunction with Wade’s research, posits an interesting crux point - if there is no trust worthy data to measure correlation between economic development and governance, why have treaties, investments, etc. been conditioned to good governance. More importantly, usually those defining what ‘good developmental governance’ means are directly linked with the private sector, and thus will seek those governments that are less involved; those places where they are free to act as they please. Specifically, good governance agenda’s today establish a “particular role for the State. This is to support markets” (Ibid. 19).

This report makes the distinction between “what Governments do (the nature of policies) and how they do it (the nature of institutions)” (Ibid. 16). Similar to what Amsden (2001) states in her book ‘The Rise of the Rest: Challenges to the West from Late-Industrialization’ there is an analysis of what characteristics differentiate institutions of ‘catch-up countries’ versus ‘fall-behind countries’. She posits the need of a reciprocal mechanism where governments are able to guide the private sector and establish a set of rules based on performance; similar to what the East Asian countries did in the 70s and 80s. Wade goes further into defining such mechanisms, where “[t]he basic bargain of the state-business alliance was that business got assistance from the state in finance, technology and marketing, in return for delivering ‘performance’ as measured by indicators like exporting, or import replacing” where the state gains legitimacy from these actions (2010, 157). Finally, an important element of these successful developmental states was that they ‘paid attention to distributional issues to ensure that the dynamic benefits of growth were socially acceptable’ (UNCTAD 2009, 32). As seen by these late-industrializing countries, establishing both a close and reciprocal relationship between the state and business sector is essential for furthering economic goals while simultaneously creating a better future for its local communities.

In bringing these lessons to the 21st century the report ends with “Drawing on new thinking about modern governance approaches that focus on new forms of interaction between Government and society and between the public and private sectors, and the associated diversification of policy mechanisms and policy instruments to apply this to the task of governance for development” (UNCTAD 2009, 35) For the purpose of this research, these relationships will be analyzed for two different periods in time where there has been notable shifting of power. The existence -or not- of close ties between public and private sector as well as the interaction between these sectors and the wider community are crucial for Cananea’s inclusive economic growth. On one side, I explore what the local government is doing in Cananea -through their proposed plans and policies, and on the other how they do plan to do it -through the institutions and mechanisms that are in place.

According to Evans et al., ‘institutions are collections of rules, rewards, and cultural beliefs that shape the behavior of their participants’, and by nature they can be both empowering and coercive. ‘Pathological institutions’ as he calls those institutions that have abused their coercive nature ‘have the power to evoke a form of collective madness of sufficient power to lead whole societies to destroy the foundations of their own survival’ (2002, 2). Such could be the case for Cananea’s union Section 65, their influence on the local community and their increasingly damaged relation with the mine over the last two decades. Similarly to what Evans et al. refer to as ‘corporate funding increasingly dominat[ing] the political process and corporate media shap[ing] the political debates’ (Ibid. 7), Cananea experiences a distinct ‘institutional’ arrangement, where for many years union members shared both high ranks at the union and the local government, resulting in little regulation and/or control of labor practices as well as a mixed interest between the public good and the union's interests.

Taking this as a definition of institutions and focusing on the way they shape the behavior of participants –be it industries or inhabitants, depending on their political agenda, institutions set out a distinct set of rules and beliefs. Mexico, similar to other Latin American countries such as Chile, has followed a neoliberal model for most of its government endeavors since the late 1980s; from economic planning to urban growth and development. This is reflected in the way they promoted economic development, established international trade agreements and re-defined labor laws and the role of unions, which will be discussed in the following section.
Although most of these neoliberal theories and agendas are carried out at a national level, it is at a local level where contradictions and tensions tend to happen (Jessop 2002, 452). Inherent in this model, according to Jessop, there is acknowledgement of state failure; he calls for the need to “involve relevant stakeholders in supply-side policies” (Ibid 455). This ‘state failure’ can be perceived throughout several municipal administrations in Cananea. Neoliberal policies also promote the creation of community groups to counter-act as a compensatory mechanism for those market failures.

Jessop analyses the neoliberal discourse in recent times in terms of the Schumpeterian workfare post-national regime (SWPR). He poses four different elements – neoliberalism, neostatism, neocorporatism and neocommunitarianism – which make this discourse distinct. On ‘neocommunitarianism’, there is an emphasis on “the contribution of the ‘third sector’ and/or the ‘social economy’ to economic development and social cohesion, as well as the role of grassroots economic and social mobilization in developing and implementing economic strategies” (2002, 463). He mentions that through these mechanisms an emphasis is made where the role of decentralized partnerships not only focuses on the state and business interests but incorporates the community and other stakeholders (Ibid 463).

Finally, Judith Tendler incorporates the theories and studies behind IPTW (Industrial Performance and Workplace Transformation), where scholars have focused on “improved performance in large organizations in the industrialized countries... [which] are now being applied to the public sector of the industrialized countries” (1997, 4). Through four case studies in Ceara Brazil, she challenges mainstream though on development and the notion of ‘ill-states’. Her findings in these programs -merit-based hiring, informational campaigns, training, accountability and consultation with clients, etc.- shed some light on how instances of good government can achieve adequate programs and respond to local and national goals. Pertinent to this research are her finding on state-local government relationships where by taking “power away from local government... [it] ultimately contributed to strengthening the capacity of local government” and where the state-society relationships were strengthened by both inducing the formation of advocacy associations and simultaneously strengthened and educated those already in existence (Ibid. 147-151).

The case presented in this research deals with large multi-corporations -whom usually overpower local governments. Similarly, it also deals with a disenfranchised community that is slowly rising and becoming active and empowered. Scholars like O’Rourke have focused their research on similar issues around the world. O’Rourke presents an interesting case of his studies in Vietnam. Although his focus is on environmental planning, his findings are pertinent to this case study. On the one hand, he states that “state agencies need a certain level of autonomy from industrial actors” given that they need to regulate those industries and impose specific norms and rules which industries at first might not be willing to comply. He states that “if the state is too ‘close’ to a firm, regulation becomes virtually impossible” (2002, 241). This is important given current trends of local governments such as Cananea, where there is a trend to depend on GM for economic support.

On the other hand, O’Rourke poses an interesting idea. He poses that “state agencies need a certain level of connectedness with communities affected... There needs to be some form of process of connection for communities to successfully impart their complaints and goals” (Ibid). Although he is talking about environmental protection and agencies dealing with those issues, it becomes relevant for this case to understand these intricate relationships between local government, GM and the community. In so far that they are able to be independent and accountable there could be means for collaboration and communication.

Through the analysis of different actors at a local scale and the understanding of the shifting relationships and power struggles, I identify two opportunities -voids- where the community could become empowered and involved in this ‘three-way dynamic’.

Independent actions have already been originated by GM and the ITSC in Cananea, respectively. These organizations demonstrate how a community can become involved in this institutional setting, and how other mechanisms could be promoted.

**STAKEHOLDERS AND URBAN GOVERNANCE**

According to Pierre, “governing the city and its exchange with private actors is a task that is too overwhelming for public organizations to handle alone” (1999, 375). Pierre develops his argument by weaving urban governance and institutional theory. He states that these dimensions are essential to understand the “political objectives [that] guide urban governance, where ‘urban governance’...”
Kearns and Paddison argue that through urban governance, local governments try to identify and utilize local knowledge, build local institutional capacity and develop social capital in order to respond and solve their local problems (Ibid. 850). An understanding of the political environment as well as the industrial environment becomes crucial in determining the role the community plays in Cananea’s development. Maloney et al.’s (2000) bi-dimensional analysis of social capital (bottom-up and top-down) provides an understanding of the relationship between different actors involved in urban governance and the influence they might impose on each other. Through Warner’s (1999) theoretical framework we can evaluate the role played by the government in social capital construction.

Robert Putnam (1993) through his comparison studies of citizen participation in northern and southern Italy sparked a debate about the significance of social capital. He established that government performances are influenced by citizen engagement. When this engagement declined, he said, it undermined democratic participation, as well as emphasized that embedded social networks within society were essential to build on social capital. Putnam applied these concepts in the American context in his 1995 paper-turned-into book ‘Bowling Alone’ (2000). He explored the decrease of social capital in American metropolises, where he stressed the importance on facilitating coordination and cooperation amongst actors for mutual benefits and within this, the importance of the role of voluntary associations.

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institutions play a significant role in sustaining civic engagement and stimulating/hindering its growth (Ibid. 803). Given that “social capital is context specific” it is necessary to analyze the context in which it is embedded in order to evaluate its impact on governance and further understand their path dependencies. They also mention the different dimensions that compose social capital, such as “networks and information channels, the trustworthiness of relations between actors and institutions, and norms and effective sanctions” which become fundamental in shaping different spheres of public life (Ibid. 816).

Evans analyzes what he calls ‘state-society synergy’ which he argues to be a development catalyzer. His article published on the World Development in 1996, follows a series of articles written by Lam, Heller, Ostrom, Burawoy and Fox. Through the case studies presented by these authors, Evans builds the case that the missing actor for collaboration is the state. He states that “[i]f synergy can regularly emerge out of communities that seem quite ordinary in terms of their stock of social capital, but governments vary dramatically in terms of their ability to act as counterparts in the creation of developmentally effective civic organizations, then perhaps the limits to synergy are located in government rather than in civil society” (1996). Ostrom -studying the Northeast of Brazil- and Lam, suggest that the model for participation is through complementarity and coproduction. Based on her sewerage case in Brazil, Ostrom suggests that workers in the “public sector typically rely on incentive systems that send very weak signals about performance to staff” giving public bureaucracies very little incentive to respond to their constituents (Ibid. 1127). This could be said of the 1971-1989 years when the copper mine in Cananea was government owned, and the focus was on incentives and benefits rather than on productivity.

The role of industries in social capital building

According to Parra et al. for the past 20 or 30 years, impacts of the mining industry have been reported in terms of production, investment, and their relation to wider economic trends; they call this, Type I questions. As corporate social responsibility (CSR) trends have emerged, these questions have evolved to include issues such as the effects of mining on health, education, quality of life, etc.; they call this, Type II questions. They delve further into these questions and ask “Is social progress and societal benefit from mining proportionate to the private benefits enjoyed by resource developers? How much should poverty have reduced considering the magnitude of the wealth generated by the resource?” They call this type of questions Type III (Parra et al. 2011, 1). CSR advocates and initiatives often focus on developing strategies that make sense in terms of business or to enhance a company’s reputation. Nevertheless, these strategies often fall short of “delivering public (and local) benefit that is proportionate to private benefit and the scale of resource development” (Ibid, 7). The way in which these companies operate and create public benefit shapes their social license to operate. These authors also argue that these industries should be in a position to demonstrate this proportionate level of benefit, where “industry must share the responsibility with government for regional social and economic development outcomes” (Ibid, 7).

The shift towards Type III questions can be encouraged through a better understanding of the industry’s role on social capital building—where the development of social capital can create an accountability mechanism, where communities feel empowered to ask for their share of public benefits as well as respond to their share of responsibilities. There are two studies that triggered research studies on social capital in the field of economic development. One of them, sponsored by the American Academy of Arts and Science, focused on cases from India, Mexico, Russia, South Korea, and Brazil, searching for the conditions fostering developmental ‘synergies’. This group established three main hypotheses: (1) “government, corporations, and civic groups are ‘variables’ in terms of the impact they can have on the attainment of collective goals” -they are neither good nor bad. (2) “Neither states, firms, or communities alone possess the resources to promote welfare-enhancing outcomes” - partnerships are required. (3) “Of these different sectors, the state’s role in facilitating positive developmental outcomes is the most problematic and important, because the state is the ultimate provider of public goods” - understand how the state can forge and facilitate alliances across these divides (Woolcock 2001, 196). To further understand how the state forges these alliances, Boege et al mention that “the extent to which the state maintains a presence in the area, the rules it sets, and its ability to enforce those rules shape company-community relations and affect the ways in which companies pursue their projects” (2012, 92). Industry’s role is tightly related to the state’s intervention (and power) and this will inevitably shape the way company-community relationships are built and further developed.
A method that has been commonly used and explored in the mining industry, as well as other industries, is resorting to partnerships (See Franks 2011; Browne et al. 2011; Franks et al. 2009; Warner et al. 2004; Marx 2012). In the book ‘Putting Partnerships to work’, Warner divides the partnership process into three stages: (1) partnership exploration: where social issues are investigated, the negotiation strategy is developed and a process of consultation is initiated; (2) partnership building: where the different stakeholders build the consensus in terms of objectives and vision and responsibilities are divided and capacity building is done where needed; and (3) partnership maintenance: where they establish that stakeholders have to be willing to renegotiate, an ongoing communication and transparency procedures need to be put in place and there has to be monitoring and evaluation (Warner et al. 2004, 167). GM’s partnerships have undergone the first two stages and are now entering the third phase, where decisions need to be made as to how to monitor and evaluate the results, as well as understand how these mechanisms respond to further opportunities or constraints.

**The role of community in building and multiplying social capital**

Woolcock states that when development focus shifted from attributing ‘backward’ behavior to the lack of values and development to a neo-classical growth theories perspective, there was a shift towards analyzing nation-states and transnational corporations, as opposed to individuals and firms. This fostered a trend forgetting about civil society and other ‘intermediary’ enterprises. A void was created between states and markets (1998). To fill in that void, community development as well as the way relationships are forged and fostered between states and markets becomes important. The community becomes a “politico-ideological battlefield upon which alternative hegemonic concepts of societal order and development are continually being established” (Soederberg 2001, 107).

**Empowering the community**

Building both social capital and community empowerment becomes an important element in order to balance power and accountability amongst the stakeholders involved in an urban setting. On one hand, Warner highlights the importance of having strong community levels of social capital in order to “create the civic infrastructure which supports formal and informal processes of decision making and public involvement” (Potapchuck et al. 1997 in Warner 1999). On the other hand, Bourdeiu (1986) reminds us that building and maintaining these networks will require “time, energy and political capital” where he questions not only whether local governments would be even interested in building this social capital but also whether residents would want to invest their resources to this endeavor.

These two factors are important when considering the support of social capital building -both exogenous from industry or government and endogenous to the community. An important element to add for advocating for a participative civil society, is that this “not only contributes to the ‘checks and balances’ [accountability] on government actions, but it provides citizens with the organizational skills and information they needed to make informed decisions” (Woolcock 1998). This can be further enhanced by referring to Hirschman’s argument of society having the option of either exit any given organization (in this case the city itself) or have a medium for the voice option to occur where government is responsive to the community’s demands. Citizens need these options to challenge both government and industry (Hirschman 1970).

Woolcock reminds us that forging these relationships -both within the community as well as with external agencies such as government institutions or industry- is complicated. On one hand, he states that where there are problems at the community level (bottom-up) a direct intervention becomes problematic given that it changes the conditions which allowed for this intervention to occur in the first place. On the other hand, an approach initiated by the government (top-down) might generate discontent or resentment from the community (Woolcock 1998). Nevertheless, it is inherent that communities are the unit of analysis where both market failures and state failures can be solved. As Bowles and Gintis state, communities can often do what governments or industries cannot, given that they possess insider information about their capacities and needs (Bowles and Gintis 2002, 423).

**Social capital: autonomy and linkage**

Evans refers to ‘synergistic relations’ where we can see two types of relationships. First, a ‘complementary’ relationships -where government is well suited to provide a kind of good and the private sector/society is well suited to provide another and in collaboration there will be a greater output than by delivering on their own. Second, what he calls ‘embedded-ness’ which relates to the ties with these external actors -public and private enterprises. This second concept is more novel as it promotes positive creation of social capital and it prevents a more traditional rent-seeking behavior.
from these external actors (Krueger 1974). Nevertheless, these two relationships need to occur simultaneously given that without the first (complementarity) there would be few incentives to promote collective actions (Evans 1996).

Two main elements that Evans (1996), Woolcock (1998), and Warner (1999) stress out as key for building social capital are “autonomy” and “linkage”. As defined by these authors, “autonomy is the power to effectively express a position or carry out a program in the context of broader community or governmental systems. Here they emphasize that industry interests may dominate local governments lacking autonomy, but too much autonomy could also insulate governments from their community. Linkages, is further divided into two different types, (1) vertical: where local-national government links are aided in order to collaborate and match specific policymaking agencies with the needs of localities; and (2) horizontal: where there is an increased community responsiveness to governmental policies and interventions (Evans 1996; Woolcock 1998; Warner 1999).

FROM DELIBERATIVE PLANNING MODELS
Cities all over the world have suffered from shifts in both political and economic trends, where each locale seeks to be more competitive at a global scale and attract international mobile capital. In his article “Collaborative Visioning or Urban Planning as Therapy?” McCann states that geographers such as Harvey, Hall and Leitner have “argued that the contemporary space economies of cities are shaped in relation to economic and institutional restructuring taking place at other scales [which has led to] increasing cooperation between public and private institutions”(2001, 207). Planning as an institution sits at an intersection where this political struggle plays out and where different discursive strategies are tested out. One of such discourses is the negotiation of local between privatization of services and a more collaborative approach focused on consensus-based decision making (Ibid. 208). The planning practice posed by McCann focuses on visioning as a threefold strategy: (1) gathering groups of relevant stakeholders to identify the pertinent issues; (2) motivate those involved and promote team-building; and finally (3) generate solutions (Ibid. 209). This method ensures a direct link with the economic, social and political circumstances of the locale, and therefore shapes the outcomes.

Given the particularities of this case, where institutions, industries and the community hold different levels of power and voice, it is relevant to understand how there could be collaboration and or communication amongst them. Fung develops a framework to understand the institutional possibilities in this type of public participation mechanisms. He calls this ‘participation in complex governance’ where a range of possibilities are evaluated according to (1) who participates, (2) how these participants communicate with one another and make decisions and (3) how these discussions are linked with policy and/or public action. He states the importance of understanding the feasibility of different varieties of participation (2006, 66). Fung says participation demands “forward-looking empirical sensitivity and theoretical imagination” (Ibid. 73), something sought throughout this research. He supports his ideas on Arnstein’s ‘ladder of citizen participation’ (1962) where she states that “participation is valuable to the extent that it is the redistribution of power that enables the have-not citizens… to be deliberately included in the future” (Ibid, 216). Arnstein locates ‘Partnerships’ on the sixth rug where she argues that they “enable [citizens] to negotiate and engage in trade-offs with traditional power-holders” (Ibid, 217). Nevertheless, in this particular case, the difference of power amongst actors calls for an even more creative and innovative way of looking at this ‘ladder of citizen participation’, one where other actors are included in the different rugs.

Paley touches upon important issues on participatory and deliberative planning. First, she states that it does not depend on following a procedure but, rather, "on the contingent, contextualized decisions organized groups generate in the process of analyzing, responding to, and reshaping the political conditions in which they are situated” (2004, 498). Thus, understanding the role Grupo Mexico holds in shaping future public policy and/or aiding the local government in creating norms and rules, becomes crucial for this project. Both Paley and Habermass state that public opinion becomes ‘communicative power’ through elections, and then this power becomes ‘administrative power’ through legislation (Habermass 1996 in Paley 2004, 500). Understanding who creates this power and influences the creation of ‘communicative’ and ‘administrative’ power has a strong hold on shaping policies and both political and participative mechanisms.
This research focuses on the main stakeholders in Cananea: local and State government, GM and other major industries, the unions—both former and current, and the community. This section delves into the processes of transformation these actors have undergone and the shifts in power, relations and collaboration.

As a country, Mexico has undergone many transformations in terms of ideological and political focus. Three main periods—or two inflections points—have shaped how government undertakes program and policy design: (1) 1930s-1970s: the government’s authoritarian role and strong prescriptive measures, (2) 1980s-1990s: the shift towards a neoliberal model, decentralizing power and opening up to market-led strategies, and (3) 2000s-now: the response towards recent social movements and unrest, which can be a reflection of a weak state. (For more information see Appendix B). Cananea, through its tempestuous history (as stated in Chapter II) lived these inflection points in a very particular manner—where the mine ownership underwent multiple changes. The Section 65 union, being a strong and active branch of the SNTMMSRM also shows particular traits of these shifts in how it relates to and interacts (or not) with other stakeholders in Cananea. The role that was played by the different branches of government and the community is different throughout these transformations. This study focuses on two of those conflict/crisis moments: 1989 when the mine was privatized and 2007 when the Section 65 union went on strike for more than 30 months.

1989: or when Cananea ’lost’ the mine
In 1961, during Adolfo Lopez Mateo’s presidency, a series of indigenization policies geared at mining industries were enacted. The ‘Regulatory Law of Article 27 of the Constitution’ regarding Exploitation and Utilization of Mineral Resources’ and the ‘Law on Tax and Promotion of Mining’ fostered the creation of few large-scale national enterprises. Out of the three largest foreign companies, Asarco, Amax and Ananconda, two main national industries emerged—Metalúrgica Mexicana de Peñoles (now known as Industrias Peñoles) and GM. At this time, Cía Minera de Cananea was still run by its foreign owner Ananconda.

In 1971, while revising the collective agreement in Mexico City, Section 65 was notified that Cía Minera de Cananea had been mexicanized, and it was now owned by the federal government. It
wouldn’t be until 1976 when Echeverria, then president, would visit Cananea and announce a $157 US million investment program (Otis 1990, 7). According to stories of that time, as well as stated by interviewees, this process was seen by the local union as the culmination of their fights—the American workers were all fired and the mine was now run by Mexicans, most importantly by the union. The mine was owned and operated by the federal government for almost two decades. Many people in Cananea—then and now—refer to this time with nostalgia; the town and miners assumed ownership of the mine. This period represents a time when national, state, and local government were run by the same ruling party (PRI) and usually the municipality as well as the congress seat were occupied by union members. An interviewee stated how surprised he was when he first moved to Cananea in the mid 80s with the power and influence the Section 65 union had in Cananea. He said how, in a time when only the PRI “[did and undid things... there was an unspoken agreement that a union member would run the municipality. This didn’t mean that they were good or bad, as with everything, there were good administrators and bad ones]”. He emphasized this by stating the shifting of powers given “[the amount of power you got being a unionized worker]”.

These intricate relationships distorted the labor relationships between unionized workers and the mine. It was very difficult to delimit work responsibilities; the labor agreement they had at the time was extremely protectionist. This created a series of labor vices which eventually became ‘law’, “[although these were not written, workers felt they had the rights]”. This interviewee, not being a unionized worker, lived these changes from a different perspective. He said, “[if a unionized worker didn’t want to do something, or didn’t know how to do it, it was up to us -the supervisors/ confidential workers- to do it for them. These were difficult times, which made us grow differently; we knew how to get our hands dirty. We were not just engineers or administrators]”.

This unbalanced relationship between the union and local government unavoidably altered the way Cananea developed. On one hand, as an interviewee said, at that time there was full dependency from the mine -both from the community and the municipality. On the other hand, as another interviewee emphasized, not all those who rose to power had the qualifications to run Cananea. An anecdote that was alluded to was when a major decided to sell the only public sports facilities in Cananea in order
to gain revenue and sell those lands for development. At that time, the mine had built the CUM (Multiple Use Center) for its miners and families to enjoy. So, “[on one hand, you had CUM and the mine trying to encourage recreation through open spaces, and on the other, the mayor selling Cananea’s sports facilities. The fact that you are a professional does not mean you are a good administrator]”. Today, Cananea is still lacking from urban amenities, open spaces, and most importantly recreational spaces for all its residents.

An opposing view from a unionized worker, when asked about occupying public office posts at that time was “[even if we are not professionals, we are a hotbed of leaders]”. Similarly, he stated how, most of the educational institutions, such as Cbtris, ITCS (middle and higher education respectively) were attained through the union’s effort. Another interviewee highlighted how, regardless of today’s perception towards the union, in those days “[when there was a problem, for example a house was burnt down, the union would help them out and rebuild their house]”.

In Cananea, 1989 represents shifting power. The mine was declared bankrupt and a few years later, GM acquired the mine. Many have written about this time, calling it ‘Green Sunday’ to emphasize that 20th of August when the army took over Cananea. Much has been discussed about the validity of such action (see Otis 1990, Silva Rodriguez 2010). It is often said that this measure was taken to quickly modernize publicly owned companies. It is also said, that indeed, the prices of copper were low and the costs of productions were too high.

In 1991, GM started operating the mine and for the next twenty years there were struggles between long established working habits and the new management’s productivity-oriented work culture. An interviewee commented how at this time, there was one department within the mine that was operating with new workers -no unionized members- and it was the most stable and productive area. It was difficult for unionized workers to understand that taking materials from within the mine was called ‘robbery’; they would often say “[they are exploiting us... they are taking copper from here... why can’t I take some copper home]”.

During these years, these intertwined relationships were manifested in a variety of ways. The mine used to supply water to the whole town as well as pay for their workers’ utilities. According to a interviewee, when Salinas, then president, visited Cananea in the early 1990s, and said “[you must pay for water and other utilities]” everyone laughed and said “[why?... the mine gives us the water, why should we pay if it belongs to Cananea]”. Again, a mayor decided that owning the water company would bring in revenues to the municipality and asked the mine to yield those services. They didn’t account for all the operating costs, and to this day, Cananea has water supply issues as well as increasing debts.

After a rough few years, by the late 1990s, GM had established better relationships with the state government. Nevertheless, the relationship with the local government fluctuated depending on the person in office. The mine started operating based on productivity, punishing those miners who took things from the mine, and overall kept to itself-little to no interaction with the town sitting next to it.

In conjunction to economic internationalization and market-oriented policies, the banking crisis in 1994 and the globalization of some of the largest Mexican companies such as GM, led to an increase role in public life; overcoming previous ‘paternalistic’ relations with the state (Basave and Hernández 2007, 185). This shift in power led to the state having a weaker standing relation with industries. Not only was this product of their own market-led economic approach, it was heightened by companies expanding their business across borders.

2007: OR WHEN CANANE ‘LOST’ ITS UNION
In 2001, the pro-government union SNTMMSRM appointed Napoleon Gomez Urrutia as their new leader. Gomez Urrutia, son of former union leader Napoleon Gomez Sada, is currently exiled in Vancouver, Canada accused by national authorities of fraud, amongst which are the stolen US$54 million dollar payment by GM as established in 1990, when GM agreed to give 5% of the stock-share to the Section 65 union30. Gomez Sada, along with other union leaders have been catalogued as ‘charros’—corrupt labor bosses appointed by the government in favor of political support. Since 2001, GM was involved in 32 different union strikes around the country -7 of them in Cananea (roughly one per year). Gomez Urrutia was re-elected for another six-year term in 2008, shortly after Cananea’s strike broke loose.

Today, 800 miners are being subsidized by Gomez Urrutia. Meanwhile GM has signed a new labor contract with another union CTM. This represents the end of the collective agreement,
fought for and built over the past 50 years. The effort of honest and hardworking miners, along some of the best working conditions and benefits in the country were severely terminated due to power abuse shown by some of the union leaders. As an interviewee who worked through some of these changes stated “I knew the old miners, today they would be 70 or 80. In those years (1990s), they were the best workers. The problem came with the next generation, today they are 40-50; they push for battle and though struggles. The old miners knew what they were doing and how to do it; when they knew they weren’t right, they would stop arguing!” It is this generation that is sitting out the strike.

In 2007, after the strike, a series of power shifts came into play. On one hand, the union was supported by the municipality -headed by a unionized member- as well as the state. On the other hand, the federal government supported GM and aided with military to protect the mine. Some accounts state that the union members destroyed much of the mine’s equipment, and some of this actions aided in the dissolution of the strike by 2010.

A series of changes happened in those years. First, the community was severely divided between esquiroles -those who worked at the mine during the conflict- and napos -those who supported and kept the strike alive-. To this day, families are divided. Until recently (2012), the union and the local government were still supporting each other, and thus little to no communication happened between them and GM. In 2012, a new administration came into office and since then, GM and the local government have re-established interaction. Similarly, the state government has been collaborating with both GM and the local government to pursue economic diversity and other projects that might help Cananea after these past years of decline (more will be discussed in the following sections).

In response to some of these changes, and aware of the importance of social support for large projects, both businesses and other organizations have increased their participation with the community. They have done so through organized philanthropic projects, structuring political networks to counter the state’s power, and diversified their involvement in the communities they operate in. It seems as if industries are filling the void left by the government’s decision to abandon social capital building as their poverty fighting strategies. In this manner, GM has led an interest project of social capital building and community participation in Cananea for the past four years.
The different political ideologies, industrial trends and conflicts that have risen in Cananea have generated power shifts and realigned institutional relationships. As exemplified through the previous section, at times the government – mine – union leaderships were aligned they were almost one and the same thing. At other times local government and state government were differing interests, and at other times, specifically 1989 – the mine broke its relationship with the union and tension started to grow between them. After the 2007 strike, the mine – union institutional relationship was severed. Oftentimes, these relationships are intrinsically connected to the specific person in that position of power, others it is a manifestation of a wider ideological framework or stance.

These shifts generate voids, which if unoccupied can generate social and/or economic downturn. Two particular cases will be discussed in this section: (1) Grupo Encuentro, a CSR intervention by GM to evaluate the community’s need and generate a more participatory model, where the community is able to advocate for particular projects, and (2) Consejo de Vinculacion, a recent initiative between the higher education state institution (ITSC) and the local industries (FUCASA, Road Machinery, etc.).

Grupo Encuentro

Grupo Encuentro (GE) stems from GM’s need to create company-community relations to improve their image and build support to re-open the mine. Following the extractive industries’ global trends to focus more on community relations, many companies employ community relations specialists to respond or deal with conflicts, environmental concerns etc. It can be said that GM hired Redes de Confianza in 2010 to aid them in (1) “understanding the community’s perspective” and (2) fostering dialogue and cooperation between the community and the company. GE’s methodology was based on a model of CSR second generation (Boege and Franks 2012). In this scheme, the community link is spurred from within the community, by the acknowledgment of their needs and hopes. This was done through the involvement of a wide range of community members and a constant outreach to the community. Through on-going field-work, GE generated a series of objectives, and then GM joined the community efforts. By creating a relation of co-responsibility and mutual respect, they worked towards the betterment of the community.

Collahuasi, the largest copper mine in Northern Chile in terms of production, hired a group of community specialists to coordinate community development programs and bridge the gap between the community and CMIDC staff (Franks et al. 2011, 2). GM’s initiative follows a similar strategy where through a series of workshops –development, human capital, elderly-focused, youth, etc., enabled direct communication between the community and GM. Through these efforts they established goals and an action plan to change the perception and attitude of local people towards GM.

Similarly to what CMIDC created in Chile, this group -GE- created a series of social impact indicators to benchmark their performance through which GM can monitor the social impact these initiatives are having. These indicators are then used to inform the corporate sector and build support for more community oriented initiatives. As stated by an interviewee, once they were able to clearly demonstrate the real impact all these programs were having in Cananea, the corporate sector decided to pursue similar programs in other sites. Similarly, an interviewee stated how one of the corporate members recently visited Cananea for the first time after the strike ended, and was extremely surprised by all the projects and programs that are currently being undertaken. Also, the mine manager stated how, even though it is hard to get more funding for social-oriented programs, these indicators are aiding in painting a picture for those people in Mexico City to understand the on-the-ground effect of these investments.

In their latest report (2011) GE measured several variables to evaluate the effectiveness of the program -amongst them: social impact, social return of investment, perceived human development and control over their environment. The results show that for every peso GM invests in the community’s welfare, the community generates/receives 2.7 pesos of benefit, reaching almost 80% of the population. For these initiatives to be long-term focused and respond to increased community involvement and empowerment, they have to respond to the Type III questions exposed in previous sections.

An issue that GE faced from the beginning, and at the moment of writing it was still a pressing issue, was the division this conflicted created in the town -families with opposing points of view are divided, former union members are shun upon, etc. An important element of GE’s work needs to be focused on reconciling this divide. As stated by Boege and Franks (2012) “communities must reconcile...
within themselves... even before negotiating with mine operators and government representatives”. There needs to be support of intra-community reconciliation as part of the company-community relationship, with particular emphasis made on the awareness that the community needs ongoing programs and strong relationships. These initiatives cannot be seen as solely solutions or conflict-solving mechanisms. For these initiatives to prosper they have to be long-term focus and build on strong community ties and foster trust and collaboration. CMIDC’s community relations teams is an example of bridging different values, reconciling diverse interests given the wide geographic coverage it works on, responding to more than 18 communities (Franks 2011 p.2).

In the long-run, the success of this program is measured not only by achieving the original goals -improve image and build support. Instead, it is also measured by how this mechanism can foster further communication, participation and perhaps sustain participation in a formal institution (i.e. local government community participation which will be discussed in the following sections). This re-shuffling of power and the establishment of formal organizational mechanisms of communication and participation between GM, GE and the community becomes crucial to further these efforts. As stated by one GE interviewee, they have already started talking with the local government to help them start Community Participation Committees.

GM has been able to build social capital in a disenfranchised community, but the autonomy and linkage structures are still fragile and could hinder further community empowerment. How will this new empowerment enhance the relationships between the community and GM? GM has taken the first step of building, as Warner called it, a horizontal connection. For a formal vertical linkage, a structure where these processes become institutionalized as a long-term solution, public institutions -local government and/or educational facilities need to participate.

The mine is conscious of the positive effects their intervention has had, convincing the corporation in Mexico City poses a different challenge. The same week I visited Cananea, GM held a meeting in a nearby mine with all their community groups representatives. One of my interviewees later mentioned that Cananea’s Casa Encuentro was held as the best case study and they are analyzing how to replicate the system in all their units. GE’s work has changed the way this mining corporation approaches their immediate community and creates new relationships -it will be interesting to follow through time how this process evolves and is adapted to all their mines.

Industries such as GM can play an important role in forming linkages with communities, especially those with less power and autonomy than the current government agencies (Warner 1999). The question which rises is, what if this ‘intermediary’ actor becomes stronger (or more influential) than the local government and replicates this paternalistic/protectionists approach? As Woolcock states, “what is true of the state holds also for other large institutions” especially if those agencies have a specific developmental agenda: “without the capacity to ‘give’ in a responsive and accountable manner while simultaneously cultivating with ‘receivers’ a more just, participatory, and equitable social environment, development initiatives will struggle to achieve their goals” (1998). To establish a healthy and reciprocal relationship between industry and community, there has to be a level of autonomy on the community’s end and an accountability measurement enforced on the industry’s side. GE can aid in bridging these needs.

An advantage industries have over government is the time frame under which they act- while government officials have short-term vision (3 to 6 years) companies are usually long-term focused. GM is no exception, the investments they are currently undertaken operate under the assumption that they will be operating the mine at least 50+ years. If this relationship is able to coexist, a horizontal structure can be enhanced, which will in turn trigger other relationships with the state. Casa Encuentro and their CCC can be seen as an example of a step taken in this direction.

At this inflection moment, as planners, we can intervene to take advantage of the new-found community empowerment, aided by the momentum this new organization has created in Cananea and build it up establishing explicit linkages not only with GM, but also with the wider community and the local government. As stated by Wade and other scholars (Amsden 2001, Tendler 1996, UNCTAD 2009) by rethinking the role both state and local governments play in the development of their cities/states, innovative approaches can be achieved which foster both economic development and growth -business side interest, as well as social distribution of those benefits through job creation and production-driven initiatives -enhancing the quality of life in Cananea.

35. Casa Encuentro is the name GM has given to the physical space where Grupo Encuentro operates and interacts with the community.
Consejo de Vinculación

Consejo de Vinculación stems from a national policy framework called ‘Common Space of Technological Higher Education’ (ECEST) as part of the National Development Plan 2007-2012. Under this program, the Ministry of Education is aiming to establish a more flexible educational framework (within state institutions) as well as evaluation mechanism and the propagation of higher education in the regions these institutions operate.

In Cananea, this policy has translated into this Linkage Committee where industry leaders, local officials and community members gather every two months -so far they’ve had 11 meetings. Established 2 years ago, their aim is to understand how they can extend their knowledge and services to the wider community -by creating after-school programs for primary and middle-education institutions, having sport clinics during the weekends, as well as opening their facilities to the wider community. In these meetings, the educational institution members presents their projects and the board evaluates the projects and authorizes their programs. Through this initiative they’ve established a strong relationship with industry leaders, where they evaluate their graduates and suggest modifications in the study programs to address industry needs. Through this initiative, this higher education facility has incorporated new certification courses as well as exploring opening a new major -currently they offer 4 full programs. As stated by the dean “[it is very clear that if we do not offer our services to the community, we would be an educational facility where classes are taught and we produce graduates... we should aim higher, have an integrated projection, where we can interact and collaborate with all members of the community]”.

This program serves as an example where national policy was not only instituted but expanded to include a wider community -incorporating industry representatives and other community members in their board committee. This type of initiatives demonstrate an eagerness to collaborate with others, change the way these institutions operate and become responsive to their immediate surroundings, as well as the need for these forums in an active community such as Cananea. Business representatives commented on the importance of this Linkage Committee where industry needs are being met and where collaboration among educational institutions and industry has spurred a series of certification processes aimed at the growing industries in Cananea. Further research could shed some light into the role played by the major industry in Cananea, and why -if so-they are not part of this committee.
A plethora of issues were raised by most interviewees: heated debates around economic development, concerns were raised about the increasing floating population, but most importantly the juxtaposition of a strong divide—either for or against the mine—in conjunction with the surge of newly established relationships between otherwise independent stakeholders set the stage for Cananea’s future. Similar issues were raised through different perspectives. After coding the interviews, I extracted some of these issues to understand the roles played (and perceived) by different stakeholders. The following section delves into these issues.

The multiplicity of point views and roles portrays an intricate social fabric in Cananea. Being a small town of 30,000 + people, there is a small pool of human capital and thus often the same person that is interested in the community will be capable and have the qualifications to occupy multiple roles.

Out of the 18 people interviewed, 14 had at least two different professional hats—be it local government official and member of the CCC, local government official and ex-union member, or former external consultant and GM representative. At least half of them had worked in the mine; many had worked through the transition period in 1989 as seen in the previous section. This dual perspective was insightful as many interviewees were able to reflect upon their experience while working in the mine—when it was publicly owned—and later their experience being outside the mine. The people interviewed that had no relation to the mine were able to shed light into the intricate relationships that exist in the town with unionized/confidential workers, napo/esquiroles, miners/non-miners etc. as well as how other industries work around/with the mine.

As stated by several authors (Putnam 2003 and Xavier de Souza Briggs in Putnam 2004), facilitating coordination and cooperation amongst actors for mutual benefits is highly important. The role voluntary associations play in building social capital, as well as both formal and informal ties amongst residents and other stakeholders are likewise important. This can exemplified through the multiplicity of roles experienced in Cananea which has acted as a double factor in social capital building. Similar to what Tendler emphasized on focusing on the ‘conditions under which service organizations perform well’ by focusing efforts in training and creating high-performance institutions which are later advertised,
change can be seen in civil servants, their dedication and aims at achieving overarching goals (1997, 136). While many of these relationships have spurred through voluntary associations and more informal ties, the involvement of actors in multiple formal organizational ties strengthens those informal ties. Such is the case of an industry representative. Currently, there’s no formal relationship between the local government and the industrial sector in Cananea. Through the involvement in the CCC, this industry representative has been able to establish an formal relationship with other CCC members whom happen to be local government officials, and thus an informal exchange of knowledge occurs.

The “intensification of societal complexity and growing interdependencies in and across economics and politics... means that new economic and social conditions and problems... cannot be managed or resolved through state-planning or market means” (Kearns 2007, 847). What is perceived in Cananea as multiple roles and multiple efforts can be channeled to empower these organizations into furthering their stated missions and above all facilitate community participation. This will aid in intersecting both people-based and place-based policies where different stakeholders can enable and empower others through resource sharing, skill building and common purposes.

IX. UNDERSTANDING PARTICIPATION

“[If we want to sell Cananea, we have to dress it nicely]” As the local government’s motto, many of their projects within their vision plan address this issue: a new waste management facility, water treatment plant, many urbanizing projects, and a joint project with the state to redevelop El Ronquillo area. GM has been developing a large-scale development in the outskirts of the town. The ITSC proposed a study for Cananea’s growth two years ago but it was not approved by the State and they found no funding for the development of the project. Currently, the CCC is asking GM to share their plan and incorporate their opinions as well as the community’s involvement. The efficiency of these efforts is yet to be evaluated.

Community participation, as understood in Cananea, represents a plethora of concepts. For government representatives it means already established state programs like CMOP (Public Work Agreement) where the state provides 70% of the funds, the local government 15% and the recipients 15%. By participation, they mean financial involvement -or in the cases of poor neighborhoods, the exchange of labor. By participation forums, they refer to a weekly visit to different neighborhoods in Cananea in which they ask the local community what their needs are, so then they can be evaluated and prioritized by the local government. Talking with the mayor and his team, they explained how all throughout their campaign they went out to Cananea’s neighborhoods and evaluated their different needs. Once in office, they keep returning to these neighborhoods. They stated how they might have a paving program, but if the community wants a park and not a paved street, even if you invest in their community, they won’t recognize it, and thus won’t take care of this new infrastructure. On the other hand, if you evaluate their needs and then plan the municipality’s investment program accordingly, they will value the project and take care of their infrastructure.

One interviewee mentioned the Committee of Citizen Participation - a protocol instituted by the state of Sonora in mid-2011. This committee would work as an independent organization, where projects are run through the community members and it functions as an accountability mechanism. At the time of writing, this committee was not in place, but the legal framework exists. When interviewed, local government officials made no mention to this form of community participation. Nevertheless, a GE representative explained their collaboration with the local authorities in guiding
them in selecting involved citizens. This collaboration shows reciprocal participation between GE and the municipality. These type of collaborations can further develop frameworks which will help them cope with and plan for future growth.

Industry representatives referred to ‘charity work’ done by the company, as community participation. This type of work is common through a wide array of CSR initiatives, and for a small town, it covers a lot of ground. Nevertheless, it soon became evident that there was little relation with their surrounding community. By planning to fence all their installations, this company will prohibit access on their main road. Ownership of these areas (roads) is sometimes unclear in a place like Cananea; paving a road does not translate into private ownership of a street, but the need to connect two points in a city does not translate into using private land as a right-of-way.

The 2007 strike and the involvement of GE in Cananea have changed how GM interacts with the communities surrounding their mines. As stated by an ex-mayor in one of my interviews, when a GM representative went to Cananea in the early 90s the mayor asked for local community support. The corporate representative replied ‘We come to Cananea to produce copper not welfare’. GM has encountered different issues with their local communities in many of their 13 sites in Mexico, which have shaped their approach to local communities. In 1989, environmental concerns in their San Luis Potosi site led them to view community involvement as ‘image booster, social protection and problem solving’. By 1997, following international trends in both extractive industries and corporate responsibility initiatives, GM established their first community center.

Today, GM understands community participation as their proposal-based program Participemos por Cananea. Through GE, they have a yearly ‘invitation to participate’ in which any interested party (a government-aided agency like the Red Cross or a group of neighbors seeking support for their park) submits their desired project, with a list of requirements (how they plan on managing the project, who will use it, what is the proposed budget, etc.). Afterwards the CCC selects a series of projects to fund and execute. GM’s new relationship with the community in Cananea has geared away from traditional CSR initiatives into a more collaborative and participatory method. Through interviews with both the mine’s representative and GM’s CSR representative, it seems that GM’s corporate leaders understand the added value of this new participatory model.

The different perceptions and understandings of community participation will inevitable result in different policies and approaches. By establishing bilateral dialogue with the community and letting them voice their concerns, a culture of participation and integration can be fostered in Cananea.
X. GM’S SHIFTING POWER IN CANANEÁ

Throughout this research and stated by many of the interviewees, the economic, social and political actors are aligned in favor of Cananeá. This suggests the right moment for intervention, for the rise of innovative proposals and the moment to institutionalize collaboration amongst actors. Planning for Cananeá’s eminent growth lies in the hands of all stakeholders—local & state government and the mine, but most importantly, the inclusion of other industries, new community organizations and active educational institutions. GM’s new relationship with the community in Cananeá has geared away from tradition CSR initiatives into a more collaborative and participatory method. These shifting of both powers and institutional relationships has created the opportunity to further generate different collaboration and participation mechanisms.

Through this study, it became evident that there seems to be enthusiasm and longing of collaboration for Cananeá’s future. The current local government is eager to implement projects and involve the community, GM’s local representatives are constantly trying to get the national corporate approval of community-oriented projects as well as encouraging a new, more involved work culture, and both GM and the educational facilities are collaborating in a series of projects reaching out to both GM and the local government. This demonstrates that urban governance is at a particular stage where all stakeholders are willing to collaborate and cooperate in thinking (and acting) towards Cananeá’s future. In practice nevertheless, this has resulted in a series of projects and proposals, where there has been little—if none—coordination. Therefore, although there is willingness, further efforts and mechanisms need to be implemented in order to channel these actions into a collaborative effort—building on each stakeholder’s strength.

Aside from the two cases presented in the previous section—Grupo Encuentro and Consejo de Vinculacion—there are other newly established (or re-established) relationships and roles in Cananeá. These are analyzed as follows.

GM & CTM UNION

The 30 month strike resulted in GM’s new contract with the CTM Union. After having experienced a tempestuous relationship with the Section 65 Union, GM has now put in place several programs which focus on new work culture. These programs are targeted at encouraging a better relationship between employer and employee in which GM wants to avoid traits of past customs: feeling ownership of the mine to the degree that material is taken out for personal consumption, use or to be sold. Similarly, local management has started a program where teams of engineers are encouraged to work during the weekends on projects in Cananeá, building school classrooms, planting trees, utilizing the mine worker’s skills to help the local community.

Nevertheless, concerns were raised by some of the key community members and GE representatives, where they stated that some of GM’s old practices are still encountered. One of the main concerns were that the HR department has been outsourced, thus they lack local knowledge and tend to reproduce conditions where people won’t be hired due to their family’s relationship with the previous union, etc. In this historical mining town, a high percentage of the population is bounded to have some linkage to the past mining union. Similarly, concerns were raised where it seems GM perceived the new CTM Union as being dangerous, and this tends to replicate their previous employer-employee relationships. In the long run, this could be harmful for GM, the workers, and Cananeá.

On the other hand, the ITSC’s dean stated that there is clear evidence of this new union’s willingness to collaborate. He said “[when the union approaches you and says ‘what can we do to make things better? how can our unionized members and families become more involved?’] This sheds a different light into the mining union’s role. Whereas many local residents were disenchanted by the role played by the previous union, it seems that these trends are being reversed and there is genuine willingness to integrate the mining union to the wider community. So far, the ITSC and CTM have collaborated in a certification for standard evaluation for the betterment of the regional labor pool.

GM & LOCAL AND STATE GOVERNMENT

As opposed to the situation with the previous administration—where there was no collaboration amongst these two actors, today, the current Mayor and the mine’s management have established an institutional relationship. As stated in previous sections, currently these two entities are undertaking different planning agendas and the local authority has reached out to GM to show them their proposed projects.

As stated by some of the interviewees\(^\text{37}\), this relationship—which
should be on equal terms- is often a display of a ‘powerless’ local government asking for help from the ‘powerful’ mine. For projects to be carried forward and for the benefit of the local community, the local government should enter the negotiation table at a stronger position—in a proactive way as opposed to the perceived notion of ‘always asking for help’.

The strike not only produced social downturn, it also had an effect on local industries—previously established industries were forced to look elsewhere for work, to make up for the mine’s lack of production. This phenomenon, in conjunction with current economic trends—where tertiary companies are encouraged to settle in Cananea to serve both the mine and other mines in the region, has generated a new dynamism. The local government could expand their focus and their reach to include other industries, given their increased economic and employment impact in Cananea.

GM and the state government have established a good relationship in recent years. Having worked on the implementation plan to attract more businesses into the area, as well as exploring Cananea’s economic possibilities (tourism and winery), the state and GM have collaborated in efforts to re-establish Cananea’s economic status. A case where an extractive industry has undertaken planning initiatives in conjunction with both local and regional governments can be seen in the case of Casanare, Colombia, where BP collaborated to create a regional plan. The interesting element of this partnership is that while they were creating the consultative planning process through this multi-sector forum to promote long-term economic development in the region, BP also established the ‘School for Leadership and Governance’ through which it addressed the weaknesses within government organizations to undertake these type of plans (Warner, Garcia Larralde and Sullivan 2004). This model is an interesting case study to further analyze GM’s future role in expanding its production and thus Cananea’s population and economic base.

GM & URBAN DEVELOPMENT
The number of empty lots in the already urbanized areas and the constant worry that local government officials and other interviewees expressed about the lack of developable land, seem to stand on contradictory views. One interviewee, a key community member stated “[it’s easy to come and build a new mining town and abandon the urban core]”—referring to the new developments being undertaken by GM, he went on to propose “[when you are planning for future growth, you have to look for the holes and repurpose them]”. The local authorities are fretting about their lack of land, instead they could be generating innovative proposals to re-use those vacant areas and make those owners put their land to use. If there are no growth limits or boundaries in Cananea, many of the ill development practices that have been happening so far will only be extenuated, i.e. new developments far away from urban amenities with little to no access.

The ‘síndico’ guided me through the methods currently being used to find unclaimed municipal property. The local government’s taking on land has often been to buy or acquire land through donation and then sell it on to its inhabitants. Under past municipalities different arrangements had been done with private owners, and this has resulted in a checkered board of undeveloped land and alternate ownership between the local government and private owners.39

Given Cananea’s current urban growth—something unseen for many years now, land speculation has spiked and many owners are sitting on strategic, well located lots, waiting for the best bidder. GM states that they have been acquiring land in order to provide affordable housing for their future workers; these strategies usually involve large plots of land, far away from the urbanized city core.

Cananea is seeing an increased interest in terms of planning. The state government is leading several initiatives including a redevelopment project for the historic urban core El Ronquillo, aiming to position Cananea as a historic/tourist destination. This is supported by the local government and there are plans to make of Cananea a Pueblo Mágico. After the 2007 strike there was increased decline in this historical area—commerce decided to relocate to areas far from the latent conflict. This blight has resulted on increased interest of reviving the area as an economic, social and cultural area of the city. This national program requires the local government develop a regulatory document with building facade guidelines to preserve the historic character of an area. The document was released in early 2013. Simultaneously, an aspect of GM’s urban development plan includes a redevelopment plan for the historic area of the mine—which is adjacent to El Ronquillo. The plan, designed by one of Mexico’s renowned urban and landscape architect Mario Schetnan, consists on a series of parks, reforestation areas and a possible museum in the repurposed smelter area. Who will have access to this area is yet to be defined—currently this access to the mine is barricaded given its proximity to the former-union’s headquarter.
A multiplicity of plans has spurred in Cananea. The ITSC promoted an initiative to develop a study on Cananea’s future growth. Due to the lack of sponsorship, they only realized a small fraction of the project which included an economic analysis of industrial growth from 2008-2012. Given the lack of publicly available data from institutions such as the Chamber of Commerce or the Mexican Social Security Institute (IMSS), a group of students went out to collect the pertaining information. Out of 359 businesses surveyed, it was determined that 66% are commercial and 34% service oriented, where 97% are small businesses. While in 2008 there were 36 new businesses in 2011 this number tripled to 92 and by mid-2012 it had reached 64. This has resulted in the creation of 2140 new jobs (Romero Villa 2012). This study supplement’s the municipality’s vision plan where they undertake a shift-share analysis with data from 1999, 2004 and 2009 from the INEGI economic census. Given that they use 2009 as a data point, the study is skewed with mining having 100% decline given the mine’s inactivity at the time (PDM 2013). This ‘Vision Plan’ emphasizes three main projects: a waste management facility, a water treatment plant and new public spaces and sport-oriented facilities.

On interviewing GM’s lead architect, I learned GM has initiated conversations with the state government and they are starting the first two projects -they will build these facilities and hand them over for municipal operation. Regarding the third project- sport facilities and public spaces, GM’s new mix-used development plans to accommodate for a wide range of uses. As stated by the mayor, “[this development will have everything that Cananea is missing]”. GM’s lead architect mentioned the comprehensive programming, including a state-of-the-art hospital, which was financed in equal parts by GM, the state and federal government. This hospital will be run by the state and is expected to draw health tourism from neighboring Arizona. This idea is contrasting to opinions expressed by almost all other interviewees, where they see a lack on health provision, which Red Cross volunteer’s mentioned would not suffice Cananea’s demand. In terms of the sports facilities, the mayor stated his interest of exchanging the provision of sport facilities in this new redevelopment for the redevelopment of existing municipal sport facilities. Similarly, a scholar working on improving Cananea’s life quality mentioned that he had proposed to GM the option of spending their ‘sports facilities’ budget in 10 smaller open spaces strategically located throughout Cananea as opposed to one ‘state-of-the-arts sports facility’. Although the idea sounds promising, it is yet to be seen weather shifting this mentality of ‘benefiting a few’ towards ‘benefiting all of Cananea’ will occur. Meanwhile, the lack of sports facilities has led educational institutions, such as ITSC to open their doors to the neighboring communities -responding to the need for more public spaces.

This plethora of plans and projects demonstrate how different stakeholders are pursuing similar issues through different venues; how interests collide, contrast and converge. Most importantly, it makes evident the lack of community participation - throughout all interviews it became unclear if there was community input. The municipality mentioned canvassing the neighborhood’s needs -through political campaigning -while GM’s architect mentioned basing their analysis on GE’s ongoing work. Nevertheless, when talking with GE and Redes representatives, they had little knowledge of the development of this plan.

In Tanzania, the Kahama Mining Corporation Limited (KMCL)42 initiated a social development program to provide water, healthcare and education —similar goals as GM’s community organization. An interesting element of this partnership was that KMCL sought to transfer the development responsibilities to both the community and the government in order to avoid long-term liabilities, but also to foster ownership of these projects and ensuring their continuation and independence of the mine. Similarly, the structure of the partnership was focused on empowering the community as opposed to creating further dependence of the mine by making KMCL a partner rather than a funding source (Sullivan and Kiangi 2004). Taking this subtle differences in partnership building and program design are crucial to establish both ‘autonomy’ and ‘horizontal/vertical linkages’ among stakeholders. Through the collaboration among stakeholders in Cananea an integrated development plan could be achieved. By incorporating the municipality’s vision plan and their preliminary assessment, a more informed document or vision could be developed. More importantly, by involving the community they could have a stronger development plan as well as a development partner.

Responding to similar infrastructure development needs from the municipality, in Clermont, Rio Tinto developed a “community strategic planning initiative” called ‘Clermont Preferred Future’. Led by the ‘Belyando Shire Council’ and facilitated by the ‘Institute for Sustainable Regional Development’ at Central Queensland University, this initiative generated a vision from community consultation and an array of analytical tools: “stakeholder mapping,
socio-economic analysis, identifying previous work and existing plans and strategies, and developing partnerships. This initiative provided “an opportunity to target future investments to enable a positive post-mining legacy” (Franks 2009 p.7). Similarly, in West Bengal, India at the Sarshatali Coal Mine, Integrated Coal Mining Limited (ICML) created a partnership to assess livelihoods and trust-building. This partnership led them to create another one for road infrastructure. Here the pulling of resources, enabling community participation, and making government accountable, generated added value in these partnerships, which led to other partnerships (Sullivan et al. 2004). Similar mechanisms could be developed in Cananea.

Diagram 07. Proposed New Relationships and Interactions

01. Stakeholders are in place to collaborate. This represents a window of opportunity to establish mechanisms that can overcome political changes.
02. New stakeholders (Redes) have spurred partnerships as well as new ways to for GM to rethink and understand their company-community relations.
03. The trust, communication, and collaboration built by these new partnerships (GE & CdV) can further other partnerships and encourage community participation.
04. For these new mechanisms to work, first GM and the government have to deal with the 800 miners still on strike. Through enabling dialogue and creating new job opportunities they can simultaneously spur economic diversity.
05. Similarly, for these mechanisms to multiply and be sustainable, the community has to reconcile their interests and act as a united stakeholder. Here, these new partnerships have an important role in resolving disputes.
06. Given the plethora of plans and programs currently being developed in Cananea, an integral communication initiative among all stakeholders can enable ideas sharing and collaboration in planning for Cananea’s future, pooling of competences and sharing responsibilities.
07. GM, in conjunction with other industries (and ITSC) could focus on both local government and community capacity building, so (1) communities can contribute to decisions making and maintenance responsibilities and (2) local government can have ownership and training to undertake Cananea’s planning efforts. By focusing on capacity building, GM can overcome the constraints of planning in 3 or 6 year electoral cycles.
XI. FINDINGS AND RECOMMENDATIONS

Boege et al. (2012) define three key aspects to having comprehensive dialogue engaging all stakeholders in the case of re-opening a mine in Bougainville. These strategies must focus on the past, the present and the future; GM’s focus has been primarily on the present. Much is yet to be done in terms of understanding and dealing with the past – what went wrong – and the future – how to move forward. This research aimed at studying conflict in both a diachronic and synchronic manner. Through an analysis over time of the different moments in which there have been conflicts, crisis and inflection points in Cananea, two moments in history were chosen 1989 – the mine’s privatization – and 2007 – the 30+ month strike. Through a transversal study of these two inflection points, specific shifts in institutional arrangements were analyzed. Further understanding the past can foster reconciliation, rehabilitation and trust; this will enable better formulations of the future. There are three main findings for this research.

First, stakeholders are in place to collaborate. This represents a window of opportunity to establish mechanisms that can overcome political and corporate changes. Re-established relationships between GM, local and state governments, as well as other local industries, have spurred a series of partnerships and collaboration initiatives. The diachronic analysis of stakeholders demonstrates that the moments when all the actors are in the right place to communicate and collaborate are few and far between. Similarly, the synchronic analysis of institutional arrangements demonstrates that right now, these re-established relationships have spurred communication channels as well as diverse approaches to economic diversity and community well-being.

Second, new stakeholders (Redes) have spurred partnerships as well as new ways for GM to rethink and understand their company-community relation. The surge of new actors in Cananea has demonstrated in a shift within current stakeholders. The external consulting agency has been able to transform GM’s take on company-community relations, spurring the creation of new partnerships and fostering community empowerment and participation. Similarly, the community’s perception of GM has evolved, and now they are not seen as an enemy. Instead, threads of mutual respect can be seen. The next steps would be for other stakeholders to incorporate the community into their plans, on one hand. GM’s changed practice of company-community relations as well as GM’s and other stakeholders’ current efforts to plan for Cananea’s future suggest that transformation and adaptation can occur.

The Role of Government in Cananea’s future growth
The local government’s role should be to devise a master plan/ vision plan. By consulting with both the citizens and local industries, the local government can devise a plan which incorporates Cananea’s current and future needs. This would work as guidelines for industries and developers and Cananea could have growth responding to its needs.
An active role of both key community members and the community as a whole will ensure Cananea grows in such a way that it responds to its community. Holding GM accountable for their growth and understanding the impacts it will have has been possible through GE’s active role, as well as their continuous encouragement for wider study area and community participation throughout the process. Redes has served as a key actor to demonstrate the need to involve the community and open up to discussion and ideas exchange. This will ensure that both vertical linkages are strengthened (between local-state-national governments or higher corporate ranks within GM) as well as horizontal linkages, where there is increased responsiveness to both government policies and GM’s expansion plans.

Third, the surge of new partnerships as well as the demonstrated intricate weaving of institutional roles within these organizations fosters trust building, communication and further collaboration amongst actors. These types of partnerships will enable others in the future. Current efforts to create the Committee of Citizen Participation demonstrate how established partnerships can promote further ones. These new tailored mechanisms could be implemented, such as an economic diversifying effort between the local government and the industries, and/or formalized -Committee of Citizen Participation- to promote further community participation. These mechanisms will create a ‘third governance actor’ to continue the efforts done by industries to empower communities and balance the power they have in the decision-making processes in shifting single-industry towns. Through the surge of new actors and the creation of new partnerships, opportunities of community empowerment and participation can be enabled.

Cananea is experiencing growth at a rate not seen in the past 20 years. There is eminent need for the local authorities in conjunction with GM to evaluate Cananea’s future growth trends and the impact GM’s expansion plans will have on current and future residents. The existence of multiple plans demonstrates an interest to plan for the future -collaborating and pulling resources will be the most valuable lesson that Cananea can apply. Balancing these plans and collaborations with institutional autonomy through newly created partnerships and mechanisms will exert the power to express their position and carry out a vision plan. By making use of newly established relationships (GM&Union GM&State) as well as organizations (Grupo Encuentro and Consejo de Vinculacion) stakeholders in Cananea can start sharing knowledge and resources.

Nevertheless a few challenges remain unsolved. In order to take advantage of this opportunity window and enable further stakeholder collaboration and community participation, a few issues still need to be resolved. Thus I have focused the recommendations of this research on these challenges.

Enabling dialogue and creating new job opportunities for those 800 miners still on strike as well as uniting the community towards shared goals. In so far as GM and other actors are capable of including these Section 65 miners in their social capital building and community empowerment strategies they will be a constant threat to further conflict. Through recent economic diversifying strategies, as well as the increased economic growth Cananea is experiencing, these miners could be reincorporated into the labor force -outside of the mine- and reintegrated into the community. Similarly, healing these divides and creating a shared understanding and perception of community, will only further the efforts made by other actors towards community inclusion. Strategies of job creation for these miners can simultaneously spur economic diversity. Similarly, for these mechanisms to multiply and be sustainable, the community has to reconcile their interests and act as a united stakeholder. These new partnerships have an important role in resolving these disputes.

Three main recommendations are highlighted below:

First, an integral communication initiative among all stakeholders can enable ideas sharing and collaboration in planning for Cananea’s future: pooling of competences and sharing responsibilities. Given the plethora of plans and programs currently being developed in Cananea, the understanding of ‘plans’ ‘vision’ and the ‘impact’ GM’s expansion will have in Cananea still range in meaning and mismatching of concepts. To better plan for Cananea’s future, as well as better utilize the alignment of actors -and the surge of new actors- further collaboration and communication should be promoted an integral communication initiative. This could enable further understanding of what those needs are, whose role it is to respond to those needs, and how resources and capabilities could be best met. Furthermore, the unbalanced power between GM, the local government and the recently empowered community can continue to shift towards a moment where all three are met as equals to achieve better arrangements and distribution of demands and responsibilities.

- The local government’s role should be to devise a master plan/ vision plan. By consulting with both the citizens and local
The state government’s role should be to generate a regional economic development plan where they enhance the region’s economic capabilities and provide different alternatives for Cananea. Given that there currently are 800 miners still on strike, providing an alternative employment opportunities would be beneficial for Cananea as a whole. Currently they are investigating whether the production of wine would be viable in Cananea -by thinking outside of the box and at a larger scale, the state government should guide future economic growth in Cananea.

Another initiative led by both the state and local government should be to analyze the different needs current industries have, as well as proposed and recently-established industries will have, and plan accordingly for those needs. The growth of both the industrial and population base in Cananea provides a unique opportunity for complimentary services and industries to emerge. These would provide an alternative economic base which can make Cananea more resilient to specific mining-related conflicts.

Finally, GM, in conjunction with other industries (and ITSC) could focus on both local government and community capacity building. This would enable two main things. First, communities could contribute to decisions making and maintenance responsibilities. Second, local government could have ownership and training to undertake Cananea’s planning efforts. By focusing on capacity building, GM can overcome the constraints of planning in 3 or 6 year electoral cycles. Throughout this research, I call to forge these new partnerships and alliances, where community participation takes center stage in Cananea. Analysis from both historical and field-work demonstrates that these partnerships are required. Most importantly, they are possible.

Second, by diversifying the local economy, Cananea can ensure a future which is not dependent on mining. Current events have highlighted the importance of the mining industry in Cananea -in particular, the importance of one mine: Buenavista del Cobre. Current efforts of state and local governments has shifted from mining centered to expanding other industries in Cananea. Although the state has promoted economic growth, especially during the strike, much is still to be done.
XII. CONCLUSION

This study sought to analyze three main elements: shifting power, institutional relationships and community participation in Cananea, Sonora, Mexico. Given the interesting tempestuous history of this town, the research was conducted on two veins (1) analyzing power and institutions in two moments of drastic change and/or conflict, and (2) analyzing the role new stakeholders and new partnerships can have in forging Cananea’s future. Throughout the study it was demonstrated that moments of crisis/conflict create power voids in which new actors arise. The two actors analyzed - Grupo Encuentro and Consejo de Vinculación - represent a shift of thought both for private and public institutions. On one hand, Grupo Encuentro and the role of Redes in this process has shifted GM’s CSR approaches throughout their corporate endeavors. On the other hand, Consejo de Vinculación, demonstrates a new era of governmental institutions where reciprocal mechanisms are valued and communication/collaboration between public and private entities is creating a virtuous circle.44

This research represents a small contribution to a wider debate on the role of the state in furthering economic growth and incorporating their community into decision-making processes. As stated throughout this work, authors like Wade, Evans, UNCTAD’s report and others challenge the idea of government’s role being that of solely supporting the market. Here I have delved into the role played by Cananea’s local government, and sought to emphasize how new stakeholders and newly formed partnerships can enhance local governments. This in turn can further participatory mechanisms and three (or more)-way dynamics. By focusing on a mining town, I sought to delve into the intricate power relationships between dominant industries and weak states. After the 2007 strike and with the involvement of Redes and other groups, Cananea is recipient of attention and fertile ground for innovation and growth. Nevertheless, as proven throughout the literature and interviews undertaken, power has to be balanced between these actors - the local government needs to enter the negotiation table as equal and the creation of reciprocal mechanisms can aid in furthering interaction and achieving both public and private goals.

As reflected in O’Rourke’s work, this is also a case where the local government needs to be separated from industries. Nevertheless, as seen through the historical analysis of my research, when there is no collaboration at all, issues arise and they can have long lasting effect.

Therefore, a relationship where there is reciprocal communication and trust can enable both autonomy and collaboration. Having a large multi-national corporation in a small town brings economic benefits which sometimes are not felt by the immediate community. By having a local government which is responsive to its’ community and able to negotiate with industries, regulation becomes relevant. By having an empowered community, both the local government and the industries remain connected to their immediate surroundings, and thus more effective in problem solving.

Similarly, this research also posits itself in the junction between good CSR initiatives and the community’s role in terms of accountability and development. Before the 2007 strike, GM’s interaction with its’ immediate surroundings was minimal. Today, their whole corporate focus has shifted. Nevertheless, much still needs to be done. Local managers and GE’s staff value the power of these initiatives and experience on-the-ground these transformations, translating these sometimes unquantifiable benefits to corporate managers poses a challenge. Although many scholars emphasize the need of voluntary associations for social capital building, I advocate for an increased role of the state, where local government and community establish reciprocal relationships and enhance each other’s role. Similarly, I advocate for public-private interaction where they build both vertical and horizontal linkages which in turn are balanced by more active citizenship. In the case of unbalanced power such as the one presented throughout this research, Fung’s framework for ‘participation in complex governance’ became crucial. Understanding who participates, how they communicate with each other, and finally how these discussions are linked with policy and/or action is crucial. My recommendations were based on this framework, on the understanding of different stakeholders and how their interactions could become policies, communication initiatives. Eventually, the importance of this is to evaluate the impact of different plans, actions and collaborations. From a small scale such as sending a letter to GM to establishing a ‘group decision-making mechanisms’ where industries pull in their needs and resources. These actions -big and small- can all have wider implications for Cananea’s future.

The limitations of this study lie on one hand, on the lack of firsthand knowledge from higher level actors -state & national government as well as GM’s corporate managers. Therefore, while interviewees might have stated their intentions and understandings, GM’s power lies at a higher tier and is dependent and related to wider
political and economic trends in Mexico and other host countries. On the other hand, although I delved into the different meanings and perceptions of 'community participation' further research is needed to understand the community’s self-perception as well as the transformation it has undergone in the past 6 years. GE’s evaluation metrics were extremely helpful in signaling an increase sense of empowerment, nevertheless further interaction and collaboration with the wider community could inform the shape these new reciprocal mechanisms can take.

Above all, I was captivated by the local enthusiasm, self-awareness and determination to overcome their recent turbulent past. Cananea sits at an important junction in time where internal and external stakeholders are shifting both powers and perceptions. A myriad of plans and programs are being set in motion. In a time when the mining industry has reached Cananeans have taken the first steps in demanding inclusion and knowledge; the local government is seeking legitimacy and being de-linked from former ties with the union; GM is conscious and willing to collaborate within its zone of influence. Interesting times lie ahead.


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OTHER DOCUMENTS
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GM’s Plan de Desarrollo Urbano
GM’s CCC presentation
CCC letter
ITSC’s Economic Analysis Study
El Ronquillo Redevelopment Plan
APPENDIX A.

SAMPLE INTERVIEW/SURVEY OUTLINES AND QUESTIONS

Government officials, i.e. major, economic development, urban development, etc

How long have you been working in this <institution>?
What are the main functions of this <institution>?
How does the mining industry promote economic and population growth in the town?
How does this <organization> facilitate economic growth?
What types of programs, policies, and incentives exist (Give examples)?
How are they awarded?
How has this event (past strike) change the way this <institution> interacts with the community?
How has this event (past strike) changed the way this <institution> interacts with the mining industry?
How has this event (past strike) changed the way this <institution> interacts with the labor union?
What means of participation exist to collaborate with either the industries / communities? (Be specific)
How often/likely is this to happen? (Scale 1 to 5)
   Does this <institution> allow for town meetings or other forms of public participation?
   Do you seek for community input when planning for <housing> <new developments> etc.?
How familiar are you with this group? (Scale 1 to 5)
How effective do you think they are? Can you explain?
Do you see collaborating with them in the future?
How do you think this new relationship will change (or has it changed already) the way you operate?
Do you envision projects like that one (<Grupo Encuentro>) and community participation as a long term strategy?

Industry Representatives

How long have you been working in this <institution>?
What are the main functions of this <institution>?
How does the mining industry promote economic and population growth in the town?
How does this <organization> facilitate economic growth?
   In contrast, what do you think is the role of the local government?
What types of programs, policies, and incentives exist (Give examples)?
How are they awarded?
How has this event (past strike) change the way this <institution> interacts with the community?
How has this event (past strike) changed the way this <institution> interacts with the local government?  
How has this event (past strike) changed the way this <institution> interacts with the labor union?  
What means of participation exist to collaborate with either the industries / communities? (Be specific)  
How often/likely is this to happen? (Scale 1 to 5)  
Does this <institution> allow for town meetings or other forms of public participation?  
Do you seek for community input when planning for <housing> <new developments> etc.?  
How familiar are you with this group? (Scale 1 to 5)  
How effective do you think they are? Can you explain?  
Do you see collaborating with them in the future?  
How do you think this new relationship will change (or has it changed already) the way this company operates?  
Do you envision projects like that one (<Grupo Encuentro>) and community participation as a long term strategy?  

Questions for CCC / Community group, academics and others in Cananea  
What is the perception of GM/local government in Cananea?  
Could/Should GM facilitate collaboration amongst stakeholders (i.e. local authorities, union, and community)?  
Could/Should the local government facilitate collaboration amongst stakeholders (i.e. local authorities, union, and community)?  
How could <industry> facilitate the relationship with the community? (Same for <government>)  
Could/Should there be a partnership between local government, community and industry to promote community benefits in Cananea? If so how?  
Is the new community organization (<Grupo Encuentro>) an independent group?  
Does it respond to community needs?  
How could this facilitate further interaction between GM and the community?  
What needs to happen for these actors (local government/industry/community/union) to collaborate?  
What should/could the local authorities be doing to empower the community?  
What is the relationship between the union and the community?  
When has the community had a voice in Cananea?  
Times when it didn’t?  
Why do you think that is?

APPENDIX B  
POLITICAL ECONOMY CONTEXT IN MEXICO  

A. Authoritarian Regime: Paternalistic Role of Government & Rise of Labor Unions  
The early stages of political thought in Mexico, during the 1910 revolution, shaped democracy as it is lived and practiced today. Francisco I. Madero, one of the intellectual minds behind the nation-building project and the main supporter of ending Porfirio Diaz’s dictatorship, attacked the way in which the state interacted with elite groups and attributed the slow economic growth to: privileged relationships and favoritism towards specific social groups, protectionist policies which aided the creation of monopolies -especially in mining- and the threat to national sovereignty shown in the Cananea Strike of 1906 by asking for help from US authorities (Romero Sotelo 2012, 37). Traits of Madero’s national project were individual rights, compulsory public education, workers’ rights, communal lands, defining that natural resources were an ‘inalienable’ right of the nation, and establishing a banking system. This system aimed at abolishing monopolies, it put a ban on goods exports -giving way to the import-substitution policies. These vanguard measurements gave way to Cardenas’s nationalist and development strategies in the late 1930s. There was an emphasis on economic equality, creating a political structure prevalent in Mexico until the late 1970s. It induced corporatism by establishing unions and incorporating these groups into the state. In Cananea, the miners working at the American-owned company were inspired by the railroad union’s strike in 1930. They created their own union ‘<Grupo Encuentro>’ grouping about 300 workers. At the beginning they were affiliated with the railroad union. In 1932 they are able to sign their first collective agreement with the company –in which they regularize working conditions, forbid continuous shifts and personnel rotation as well as established categorical salaries. After a few strikes, in particular one in 1932 when they were asking for rent reduction, the company asked the State government for help, but it was
denied due to political instability. The state government at the time was afraid to wrong labor unions. By 1935, the national labor union SITMMSRM, aware of the friction between the foreign company and local union, urged the union to affiliate to the national labor union so they could easily enforce the recently established ‘Federal Work Law’. Section 65 was established.

During the 1950s, a phenomenon occurs between unions and the Mexican government which is known as ‘charrificacion’ which means that the State started recruiting the worker movement in Mexico as a political force. Thus strong ties are created between the political party then in power (PRI), the labor union and the State (Besserer et al 1980, 1323). This becomes evident and plays out at a local scale in such a manner where often the major and local congressmen posts would be occupied by local union leaders. Such was the case of one of my interviewees – whom proudly spoke of the power battle in the 90s between them (union and government) with other parastatal agencies (utility companies) and oftentimes with the newly privatized company. In one of the anecdotes he shared with me, he recounts how the town had stopped paying for electricity (by that time the company had already stopped paying for the city’s utilities). Cananea accrued a large debt, and when the electricity company cut their power, he posted police men on each electrical pole and reconnected the supply. When he was approached by the electricity company he claimed that they had not paid their property taxes and thus not only was he free of debt, but the electricity’s company had enough debt to account for electricity supply for the city well into the future.

The Mexican government invested largely on industrial infrastructure -especially in steel, mining and oil industries between 1940 and 1960 (Basave and Hernández 2007, 105). These measures, combined with the indigenization policies geared at mining industries following the enactment in 1961 of the ‘Regulatory Law of Article 27 of the Constitution regarding Exploitation and Utilization of Mineral Resources’ and the ‘Law on Tax and Promotion of Mining’ fostered the creation of few large-scale national enterprises. Out of the three largest (foreign) companies, Asarco, Amax and Anaconda, two main industries emerged. In 1961, Amax was merged to form Metalúrgica Mexicana de Peñoles -now known as Industrias Peñoles. Asarco was indigenized in 1965, where GM had 51% of the stock-share and Asarco 49% (Hoshino 2001). The success of this indigenization process -and the surge of GM as the largest mining enterprise, was partly due to Asarco’s strong financial background and GM’s close connections with the government at the time. Cia Minera de Cananea, the mine in Cananea, was still owned by Anaconda.

B. Neo-liberal and Social Liberalism: Building Up an Industrial Actor and Making the Community Accountable

The 1980s and 1990s represent a dramatic shift in Mexican policymaking. First, the country was severely hit by three major economic crises (1982, 1987 and 1994) and as a response they redirected development strategies away from the long-standing import substitution industrialization towards a neo-liberal stance of export production, adopting free-market strategies (Hoshino 2001, 1). These economic restructuring changed the way the state interacted with both industries and society. It compromised how the state related to powerful labor unions and the bourgeoisie by shying away from the traditional ‘protectionism and state ownership’ model (Soederberg 2001).

By 1988, there was large discontent with the neo-liberal policies that had been enacted thus far. According to Laurell, the previous governments had done a decent job at improving social conditions and this shift represented a set-back on social welfare. Measurements of re-privatizing of ejidos (communal lands), eliminating guaranteed prices on consumer goods, and abolishing public funding were particular detrimental on the rural population -which trigger further social inequality (1994, 161). Since the government abandoned their role of providing capital, social services and market protection, there was an intensified struggle between the state and society where “the lack of an institutionalized social compromise inevitable led to difficulties in maintaining and reproducing the ideological and political predominance of the ruling classes in civil society” (Soederberg 2001, 108).

Public policies in this period established the concept of reciprocity and accountability -communities needed to organize themselves to apply for the program and the program built in a mechanism to make communities accountable for the maintenance and operation of the services provided through the program. These policies served as a mechanism to de-legitimize and depoliticize other social groups which were opposing NAFTA; labor unions were now forced to seek alliances directly with private enterprises (as opposed to the government-funded union groups) (Soederberg 2001, 114). This represented a shift in State and community relationship, where by devolving responsibilities, communities were somehow empowered.

This trait is still evident in policy programs today; CMCOP (Concertación para la obra pública) in Sonora, is a program where funding is divided as follows: 70% of financial aid from the state, 15% from the municipality and 15% provided by the local residents. This program was often referred to as an example of ‘community participation’ by many of my interviewees. They argued that by involving local residents in financial (or labor) they acquire ownership of the project and thus tend to take better care of it.

The Mexican government invested largely on industrial infrastructure -especially in steel, mining and oil industries between 1940 and 1960 (Basave and Hernández 2007, 105). These measures, combined with the indigenization policies geared at mining industries following the enactment in 1961 of the ‘Regulatory Law of Article 27 of the Constitution regarding Exploitation and Utilization of Mineral Resources’ and the ‘Law on Tax and Promotion of Mining’ fostered the creation of few large-scale national enterprises. Out of the three largest (foreign) companies, Asarco, Amax and Anaconda, two main industries emerged. In 1961, Amax was merged to form Metalúrgica Mexicana de Peñoles -now known as Industrias Peñoles. Asarco was indigenized in 1965, where GM had 51% of the stock-share and Asarco 49% (Hoshino 2001). The success of this indigenization process -and the surge of GM as the largest mining enterprise, was partly due to Asarco’s strong financial background and GM’s close connections with the government at the time. Cia Minera de Cananea, the mine in Cananea, was still owned by Anaconda.
C. Responses to market-led strategies: a weakened state and social unrest

Mexico received the new millennium with a change in government. After 70 years of having the same ruling party (PRI - Revolutionary Institutional Party) right-wing entrepreneur Vicente Fox became president. As Soederberg states, this change of government only represented the "reshuffling among the dominant elite rather than a societal transformation toward more inclusionary politics based on economic justice" (2001, 120). Nevertheless, the changes triggered in the previous decade led to industries and the Mexican business elite to become aware of their new-found power and their position as a political actor.

In conjunction to economic internationalization and market-oriented policies, the banking crisis in 1994 and the globalization of some of the largest Mexican companies, led to an increase role on behalf of such industries in public life; overcoming previous ‘paternalistic’ relations with the state (Basave and Hernández 2007, 185). This shift in power has led to the state having a weaker standing relation with industries. Not only is this a product of their own market-led economic approach, but it is also heightened by companies expanding their business across borders.

Simultaneously, a series of social unrest movements have occurred in response to large projects - mainly those with large government support. The proposed new airport project in Mexico City, for example, is a case where the federal government wanted to buy out communal land to build a new airport. The lack of public participation and the convoluted expropriation processes, which allows for power abuse in Mexico, led to a strike which inevitable ended in the government abandoning the project. Similarly, the north of Mexico saw one of the most contentious union strikes in recent years - the mine at Cananea was on strike for more than 30 months.

In response to some of these movements, and aware of the importance of social support for large projects, both businesses and other organizations have increased their participation in civil society. They have done so through organized philanthropic projects, structuring political networks to counter the state’s power, and diversified their involvement in the communities they operate in. Some organizations have spurred out of these actions such as the CMF (Mexican Philantropic Center), Red Puentes Mexico (an organization that interacts with industry, society and the state) as well as the ADIAT (Mexican Association of Directors for Applied Investigations and Technological Development) which has had a lead role in designing and applying public policies (Basave and Hernández 2007, 187). It seems as if industries are filling the void left by the government’s decision to abandon social capital building as their poverty fighting strategies. In this manner, Grupo Mexico has led an interest project of social capital building and community participation in Cananea for the past four years.