

incentives and disincentives to the company, and complementary assistance to the home government and project-affected communities. Activities could include: briefing company staff on the political situation in the country and related concerns; working with other governments to set international standards for company conduct abroad; and partnering with companies in development cooperation initiatives. In cases of suspected complicity in violence, governments can convene independent fact-finding missions – such as the Canadian investigation of the activities of Talisman Energy in the Sudan. Negative measures, such as economic sanctions and ‘naming and shaming’ could be balanced with positive inducements such as tax incentives for community investment, or public accolade for exemplary conduct.

Non-Governmental Organisations engaged in research and advocacy in support of human rights, environmental protection, peace and humanitarian assistance, can monitor and ‘sanction’ the activities of companies, insurgents and governments; assess conflict situations and provide early warning and insight; convene adversarial parties in dialogue; and build community and company capacity for conflict management.

PRO-ACTIVISM PAYS

The study of the intersections between mining and conflict yield few definitive answers to the complex decisions facing managers in the industry today. Globalization is placing unprecedented demands on the industry. Mining companies are increasingly under scrutiny for the practices of subsidiaries far from head office control, by a mobilized international network of activists, armed with the latest communications technologies. Likewise, companies are being called upon more and more to incorporate additional costs in the provision of public goods – environmental protection, community service, development – under the vast rubric of ‘corporate social responsibility’. This all, at a time when profit margins are shrinking as a result of global competition.

The risk of conflict is a prominent factor in international investment decisions, a threat to capital stock, to reputation, to share price and to personnel. Public relations campaigns, danger pay, insurance, and private security forces are the tools through which companies have managed this risk. Yet these are end-of-the-pipe approaches to political risk management. They do nothing to address the underlying roots of insecurity and of investment risk.

In the field of environmental management, proactive investments in pollution prevention and ‘continual improvement’ have often paid for themselves by reducing the costs of legal compliance. Proactive investment in community stability might also pay dividends by protecting a mine’s ‘social license to operate’ more efficiently than the ‘end-of-the-pipe’ alternatives.