

Thematic Section

'May God Give Us Chaos, So That We Can Plunder': A critique of 'resource curse' and conflict theories

KUNTALA LAHIRI-DUTT

ABSTRACT *Kuntala Lahiri-Dutt scrutinizes the increasingly popular theories of the natural resources curse, natural resource conflicts and natural resource wars. She argues that we need to rethink the issues around resource ownership rights as well as the legal frameworks governing and controlling ownership of the mineral-rich tracts of developing countries. Based on her activist research with mining communities she shows that mineral resource management is characterized by multiple actors with their multiple voices, and it is important for us to recognize these actors and listen to their voices.*

KEYWORDS *informal mining; communities and mineral resources; artisanal and small-scale mining; illegal mining; Indian collieries; resource curse; resource conflicts*

Contesting the ground

Some theories concerning natural resources – 'resource security', 'resource conflicts', 'resource wars' and 'resource curse' – have entered the popular domain in discussions on resources. Their simplistic and generalizing appeal instigates widespread and uncritical acceptance. Therefore, the hidden discourses within them threaten to undermine possible alternative explanations of mineral use by communities in the third world. In this article, I expose informal mining practices in order to critique the dominant perceptions of conflicts over natural resources and to show how they delegitimize the livelihoods of many communities. For example, the images of 'paradox of plenty' and resource conflicts suggest deviant and unruly behaviour of the third world poor. The micro-reality is much more complex, involving every day struggles of survival for millions of people in the mineral-rich tracts of these countries.

Being of Indian origin, I recognize the emerging mainstream development thinking on resource boons and curses as right in line with the fatalism and deterministic approach of South Asian philosophy. However, after years of working in local communities, I cannot help but feel disturbed by the uncritical use of terminologies and concepts that take for granted a positivist and causal framework in explaining the relationships between communities and mineral resources. My focus is not on curses and boons, but on: 'How do communities pursue livelihoods in mineral-rich tracts in

developing countries?' Much of my knowledge comes from community practices in the mineral-rich tracts of South Asia, primarily the collieries of eastern India, but also small mines and quarries producing a range of other commodities.

The title derives from a Bengali folk proverb, '*elomelo kore de Ma lootepute khai*'. This poetic banditry perfectly explains what these theories around natural resources indirectly perpetrate; a picture of complete lack of control and disorder in the Third World, whose inhabitants – by some irrational logic of nature – have found themselves endowed with resources that they cannot or do not know how to deal with in an orderly manner. They envisage a paranoid fear about the unruly Third World, a landscape of apprehension, risk and insecurity where conflicts could only be resolved for one and all if either state-owned or multinational corporations take over the control and ownership of mineral resources, and manage them in a systematic manner – in the process putting their profits first and taking over the control of what should rightfully belong to the communities.

The grim scenarios of resource curse, conflicts and wars

The question whether mineral wealth is a blessing or a curse more or less began with Richard Auty's assertion that: 'Since the 1960s, the resource-poor countries have outperformed the resource-rich countries compared by a considerable margin' (Auty, 2001: 840). Auty has been considering economic growth indicators and benefits from mineral revenues, mainly exports, but he soon developed a following among resource economists who busied themselves in applying the thesis to empirical studies on a regional and sub-national basis and to form a grand theory of all natural resources (see Sachs and Warner, 2001). For them, this curse becomes an impediment to development by causing 'Dutch disease' – the slump in other sectors of the economy that accompanies the influx of revenues from natural resource exports. The dependence on natural resource revenues makes the national economy vulnerable to resource price volatility and, as governments borrow excessive amounts in the hope of repayments

from natural resource earnings, the fall in the real exchange rate or prices combines to destabilize the economy and makes the debt burden impossible to repay. Associated factors that help spread the curse leading to 'failed states' are corruption of the officials running the government and low income and education levels of people. Common examples of cursed countries include Sierra Leone, Liberia, Angola and Nigeria in Africa, Ecuador and Venezuela in Latin America, and Afghanistan, Burma and Cambodia in Asia.

Such theorizing also involves diagnostic *prescriptions* on how to manage natural resources so as to 'escape' the resource curse. These silver bullets include 'Publish What You Pay' (PWYP) and 'Publish What You Lend' (PWYL) demands to introduce corporate or national social responsibility. These measures, operating within the overall corporate framework, imagine an impracticable self-regulation to improve the existing social mess. They do not question the legitimacy of the system of resource governance to raise uneasy issues such as community rights over the local resources. Further measures used by multilateral agencies involve financial pressures such as a reduction in loans to 'illegitimate regimes' and actually involve the yet unresolved issue of legitimacy of states themselves. Overall, they fail to question the movement of and exploitation by global or national capital but rather attempt to give it a humane face. Above all, the theories, based upon multiple regression techniques using macro-level data on a global or national scale, tend to be used in unqualified ways to the local context.

Political scientists have indeed tried to escape this economic determinism by emphasizing that the resource curse theory needs to take into consideration the close relationship between economic factors and political institutions, as economic and political outcomes of natural resource abundance may differ between countries (Mehlum *et al.*, 2005). For them, the quality of institutions determines whether or not resource rents are channelled into the productive economy. Basedau (2005) also stresses the 'context' or the local in understanding why resources may act either as curse or a blessing. Watts (2004) blames 'commodity determinism' that pays inadequate attention to

Development 49(3): Thematic Section

specific resource characteristics in combination with rule, politics and conflict. Another critique has come from examining specific minerals; Wright and Czelusta (2003: 1) note: 'these studies equate the *export* of mineral products with "resource abundance", seen as a simple reflection of an exogenously-given geological "endowment"'. When the revenues from this activity are described, terms such as 'windfalls' and 'booms' are generally not far behind.

There is also the argument that there is a causal relation between natural resource abundance and civil conflicts, based on the theory that rebel groups finance their unlawful activities by revenues from natural resources as an easy source of funds that sustain conflicts (Collier and Hoeffler, 2004). IE there is vicious 'natural resource trap' – dependence on natural resources lead to all sorts of strife and unrest. Here the scenarios drawn are full of images of insecurity, fearful and bleak lives (see Bannon and Collier, 2003). This genre of analysis of natural resource conflicts also provides 'models of conflict' according to their length/duration and intensity. 'Lootability' of resources also becomes then a discourse of conflict, African diamonds being well-known examples. Lujala *et al.* conclude that secure mining rights tend to make ethnic conflict less likely. However, in emphasizing how local groups end up killing each other for their 'greed and grievance' (Collier and Hoeffler, 2004), none of these approaches explore what would seem to be basic questions such as 'who owns the mineral resources since when, and why', 'who controls their use' and 'who is looting and under what circumstances'. How does the closure of the commons lead to the exclusion of poor people from their livelihoods and turn them into thieves? What legal and institutional structures established by states turn a common property resource into openly accessible and lootable resource? In making mineral-based conflicts fit a pattern, a model, the theories then turn the matter over to managers and experts – conflict resolution specialists and external mediators flying in from abroad to give their valuable advice to warring groups.

The scale of conflicts ranges from internal civil strife to international interventions such as in Af-

ghanistan and Iraq (Klare, 2001; Heinberg, 2004). This is a distinct move away from wars – both hot and cold – being seen as fought over ideology, and probably indicates that an intense search is ongoing for another demon ever since the so-called 'end' dawned on history. Another depoliticized argument within this genre describes Iraq as a war of national versus private ownership of the oil companies (Renner, 2002). While these theories demonize the consumption needs of the west and multinational capital they however fail to challenge them.

Another view of resource wars has been offered by anthropologists reflecting on the complexity of agents and their relationships in a mining site, such as Ballard and Banks (2003: 289): 'Relationships between different actors within the broader mining community have often been characterized by conflict, ranging from ideological opposition and dispute to armed conflict and the extensive loss of lives, livelihoods, and environments'. They note that conflicts such as Bougainville rebellion (described by Filer, 1990) are essentially 'resource wars', the common elements being the multinational mining company or corporation.

These theories give the impressions that large-scale mining by companies is the only legitimate form of mineral resource exploitation, that the use of mineral resources by local people in the third world is inherently illicit and requires regulation through formalized processes such as certification of minerals. However, we know that even so-called legitimate large-scale mining operations lead to social and political conflicts. Many of these capital-intensive mining operations are now expanding into regions with complex ethnic, social, cultural and ecological characteristics in developing countries. This mining industry – usually owned by shareholders in the US and Europe, or by a small national elite, or by national governments – is literally breaking 'new ground' in developing countries. In the process, mining has been responsible not only for environmental changes but for the displacement of local communities that have not had any previous contact with the industry. As the large-scale, globalized, extractive industry endangers the loss of its 'social licence to operate', many civil society groups have responded

with severe criticisms of their associated ills (see www.minesandcommunities.org), and innumerable protests of different forms against socially insensitive practices, exclusion from benefits and human rights violations. On the one hand, we now have resistance against large mining operations, on the other a series of processes initiated by the international agencies – processes such as the Mining, Minerals and Sustainable Development ((MMSD, 2002), or Extractive Industries Review (EIR, 2003), or the ongoing Extractive Industries Transparency Initiative (EITI)) – that have had little impact on the operation style or corporate culture of individual mining companies (Ballard and Banks, 2006). Most importantly, we also have the ground reality of mining practices that are best described as 'informal mining' flourishing throughout the Third World countries providing livelihoods to a very large number of people.

Different mining practices: small mines and quarrying

This focus on large, formally owned and operated, corporate capital mineral extraction processes ignores how poor people actually live on mineral-rich tracts in the world. Peasant or informal mining and quarrying – digging, washing, sieving, panning and amalgamating – provide livelihoods for at least 13 million people in the global South (ILO, 1999). Extracting low volumes of minerals from small and scattered deposits using little capital/technology, and with low labour cost, productivity and returns is a worldwide phenomenon with a long history and a complicated present (Lahiri-Dutt, 2004). This is often an unrecorded or little-known area of peasant life and livelihoods; the transient nature means little or no official data are available. Informal mines may be more important numerically; for example, in Tanzania, < 3,000 people are employed in formal mining operations compared to > 500,000 in informal and artisanal mining. It has been estimated that in 1982 about 16 per cent of the total value of non-fuel minerals production came from mines with less than 100,000 tonnes per annum capacity (Carman, 1985). Noestaller (1987) concluded that 31 per cent of global mine production

of industrial minerals, 20 per cent of coal and twelve per cent of metals came from small capacity mines. The global mineral resource extraction scenario has changed drastically since the 1980s, with the last few years experiencing an extraordinary increase in mineral prices and production. Consequently, the contemporary picture would be much larger than these assessments. The diversity within this sector makes it an ungovernable space; an astonishing range of minerals is produced in a range of ways by a range of communities. The gravels from the riverbeds in Sylhet area of Bangladesh support at least 200,000 people. The gemstones in Sri Lanka, for example, are produced in artisanal ways, whereas the cutting and polishing factories selling the products through a gem exchange in Colombo are highly sophisticated. Similarly, manually cut stone slabs or marble from Rajasthan, India, find their way in a landscaped European garden through an intricate market network. Not all, but some informal mines are unauthorized and unlicensed; a significant amount can also come from scavenging on leasehold land of formal mines. Usually these mines and quarries employ little technology, and can be a repository of extremely poor people and even bonded labour. Informal mining generated up to 64 per cent of Peru's gold production in 1991–1997. In one area of south Kalimantan, 145 unauthorized coal-mining locations produced probably the equivalent of official coal production of the region. In Pongkor in West Java, 26,000 people make a living from gold mining. As this aspect of mineral resource extraction is often unclear in official definition, mostly unrecorded, sometimes carried on over hundreds of years through an artisanal tradition, sometimes exacerbated by recent developmental projects including the large mining projects, no specific data are available although the total aggregate production from these mines is impressive. Some informal mines have traditionally been operated by local artisans (such as the gold mines in the Cordilleras in the Philippines), whereas some are driven by local causes such as displacement by big mines or dams, or in a gold rush fashion operated by migrants (the 'galampseys' of Ghana, the 'ninjas' of Mongolia, 'garimpeiros' or wildcat gold miners of

Development 49(3): Thematic Section

the Brazilian Amazon and 'gurandils' of Indonesia, literally meaning 'people who leap from cliff to cliff' or 'people who dig holes like rats'). International agencies recognize that grinding poverty has 'led to the development of ... small-scale mining, which is the largest activity despite low profits and high risks' offering a means of subsistence to people of local communities (Alfa, 1999). Yet, the use of 'scale' in defining these mines indicates a false understanding that the 'small' ones are just a scaled down version of the larger ones. Martinez-Castilla (1999: 31) described such 'traditional' and 'informal' mining to root their cause in 'the economic crisis, urban unemployment in the cities, poverty in the agricultural areas and the violence that prevailed in the 1980s gave rise to a growing social phenomena – individual, family or collective migration to zones other than the place of origin, searching for safety and economic survival'. The relations between formal mining expansion and spread of unauthorized mining are also complex; environmental degradation and consequent lack of subsistence bases often act as the drivers of unauthorized informal mining.

Legitimacy of informal mines and quarries depends on how a country's licensing and policing systems work and how responsive the political infrastructure is to the physical, social and economic issues arising in mining regions. The regulatory system itself attributes the characteristic of illegality to these informal mining enterprises. Low profits and high costs of formality – complex, time-consuming and expensive regulations that tend to favour large companies – as well as lack of formal property rights are major impetus towards illegitimate mining in developing countries. Thus, some informal mineral extraction may take place outside the formal norms of economic transactions established by the state and formal business practices. The legitimacy spectrum is spectacular: at one end are legal and licensed but small and scattered quarries of a range of minerals such as sand, stones, gravels, fuel, gems and many other ores, and on the other end are the unauthorized mines that can again be operated by local people, migrants or mafia warlords.

The unintended collieries of India

It is not my intention to match rhetoric with rhetoric, but to make the point that mineral resource use by communities – often seen by statist philosophies as unlawful and conflictual – is a significant way of life for many in mineral-rich tracts. To give an example, I recall a roadside on the way to Hazaribagh town in Jharkhand, India, on a hazy winter morning when I stopped to take a good look at the ant-like processions of ragtag men pushing bicycles – the *cyclewallahs* – laden with sacks of coal. In the area, large, mechanized, open cut projects have aggressively come up in the last two decades often with foreign loans and assistance. On its east lies Raniganj–Jharia, a much older coal tract with mostly underground mines and associated ills such as land dereliction, subsidence and coal fires. Hazaribagh used to be covered in tropical dry deciduous jungles interspersed with valleys, and was the home of a number of indigenous groups. One of them was Birhors – literally meaning 'forest peoples' – skilful hunters–gatherers with an intimate knowledge of the forest resources. I had met Nirjal Birhor back in the early 1980s when he was still able to forage food out of the dwindling forests. On the roadside, he was almost unrecognizable among the group of *cyclewallahs* who had stopped briefly to catch breath after a rather steep rise. Nirjal is one of the 2,000 *cyclewallahs* in eastern Indian coal tracts, covering up to 20–22 km in a day pushing up to 250 kg of coal on a cycle, taking the coal to sell from door to door, to domestic consumers, to small industries such as brick kilns and to local tea or food stalls. The coal he carries is either scavenged from existing open cut or underground mines, or old abandoned mines that were not filled up by sand by the state-owned coal mining company as instructed by environmental regulations. Nirjal also works in small village dug-mines on individually owned land, or in rat holes sunk in the mining company's leasehold land. All these are illegal as per various state rules, but for him there were not many opportunities but to leave his ancestral occupation as the forests diminished, and to take up what he describes as 'coal collection'. This subsistence 'collection' earns

Nirjal and his family ~US\$1 a day, but incrementally forms a tiny part of an underground coal mining economy that might well amount to ten per cent or more of India's annual coal production of 330 million tonnes from the state-owned coal mines (Lahiri-Dutt and Williams, 2005). Nirjal's micro-world of survival is of course entirely illegal to a country that puts coal mining as one of the main planks of its nation-building agenda, and is a potential source of conflict to the macro-resource experts looking for a global theory.

Let us look a bit more closely at the laws that turn Nirjal Birhor into an illegal coal miner. In India, all mineral resources belong to the state and coal is a 'major' mineral – for mining only by the state or its chosen agents. Although lands owned by *adivasis* or indigenous communities are legally 'non-transferable', special legal instruments (such as the Coal Bearing Areas Act) can supersede and has indeed forcibly displaced – physically and from livelihoods – millions since India became independent. Coal is equivalent to nationalism and nation-building; it is central to the image of an 'emerging power' that the Indian state prefers to see itself as. The 'power-hungry' state – 75 per cent of Indian coal is used for power generation – has continued to take advantage of colonial and exploitative legal frameworks to support large-scale mining projects in the name of 'greater common good'. For example, indigenous commons or customarily *de facto* owned lands such as *gair majurwa* are officially 'deadless' lands, and displaced communities are not entitled for compensation for losing these lands to large coal mining projects. As we know, this oversight is not uncommon in many Third World countries where colonial laws still rule mineral extraction; in Indonesia for example, indigenous community-based property rights and systems of governance have been obscured by broad claims of state authority to control natural resources for the national interest, leading to environmental injustice (Lynch and Harwell, 2002).

Rethinking mineral resources management

Alternatives exist, and alternative explanations and approaches are possible. The area of mineral

resource management is characterized by multiple actors with their multiple voices, and it is important for us to recognize these actors and listen to their voices. I am not saying that disputes over resources do not exist; they do, often because of the legal situation created by the colonial legacy. But the predominant framework used to explain these conflicts over natural resources by-pass community mineral economies. They propose further prescriptive measures that consolidate the unequal and unjust control of mineral resources by corporations and state. These measures fail to adjust the existing inequalities in the current 'governance' of resources. They do not change the transfer of wealth away from the communities and do not ameliorate the policy frameworks or re-allocate decision-making power. They invite specialists from outside to hand out conflict resolution policies, and propose Corporate Social Responsibilities that are rarely heeded. A rethinking of natural resource management would not only involve unmasking the inherent poverty of empathy in popular macro-economic theories such as resource curse/conflicts/wars and challenging their validity. We must begin this rethinking by asking the simplest questions first: who benefits from a mineral resource development and who pays what cost? The enormous and continuous wealth drain from the local communities from their subsistence can be altered, and indeed many communities are protesting against this vast bereft in various ways. Instead of criminalizing it, it is possible to see the illegal mining economy as a popular resistance to the official mining economy (Lahiri-Dutt, 2003). We need to change the lens through which we view mineral resource management and understand how ordinary people are trying to make a living throughout the mineral-rich tracts.

The physical reality of minerals – their physicality as external resources that can be seen, traced in a map, touched and felt – makes it easy for mining engineers and technicians, planners and development practitioners to describe and measure them objectively, prescribe technical solutions and construct the minerals scientifically and quantitatively. This physical image of the resource often introduces a certain construction of

Development 49(3): Thematic Section

minerals' history, society and economy. The more natural the object appears, the less obvious the discursive construction is apparent. Although minerals occur as natural phenomena, we must remember that they are also constructed by the political economic discourses that describe them.

The history of mining has been marked by the struggle for the monopolistic power of the large, multi-national or state-owned formal mining companies to claim their own legality over the control of natural resources. Given the current framework of legitimacy and rights over natural resources, communities are forced to work around

the tyranny of legal requirements and establish their own claims over local natural resources. This process of reclaiming or resistance to the state and foreign corporations is escalating with the increasing demands on natural resources, shifts in population and continuing exclusions of communities. Mining engineers treat the surrounding environment of ores as overburden – literally a burden that is to be rid of at a cost. We must ensure that communities living on the minerals are also not treated as overburdens, and in doing so transform the globalized conflict and doom scenario on natural resources.

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Lahiri-Dutt: A Critique of 'Resource Curse' and Conflict Theories

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