
Mining: More a curse than a blessing

There is now compelling evidence that mining severely limits a nation's ability to sustain economic growth (even within the narrow definitions usually adhered to by nation states). This is a surprising "discovery" for those who think that "riches" in the ground are unfailingly translated into money in the bank. But for those who adopt an anti-colonialist analysis of capital accumulation, the fundamental reason for the discrepancy is not hard to find. Zaire, Bolivia and Sierra Leone are not merely "poor" -they have been ruthlessly impoverished over hundreds of years. Much of the crippling "foreign debt" carried by the world's "poorest" nations is actually interest supposedly owed on capital which has never been invested in people self-development at all. Instead, it has gone to building mines, dams, mills, power and processing plants in order to transform "natural" capital -not only iron, copper, bauxite, diamonds, but water, land and air- into exportable value.

People have extracted minerals from the earth since ancient times. Babylonians, Assyrians, and Byzantines mined for copper and lead thousands of years ago in what is today southern Jordan, for example. Since the Industrial Revolution, however, minerals have been extracted and used in much larger quantities. In recent times, this trend has accelerated greatly: in 1999, some 9.6 billion tons of marketable minerals were dug out of the earth, nearly twice as much as in 1970. This figure accounts for minerals that finally reach markets, but does not include the wastes generated in producing these minerals --the unused portion of the ore (the rock or earth that contains minerals), or the earth moved to reach the ore, which is known as over-burden. If these categories were included in the total amount of materials mined each year, the figure would be considerably larger.

Industrial countries consume more than two thirds of the annual production of the nine major minerals. The United States, Canada, Australia, Japan, and Western Europe, with 15 percent of the world's population, together consume most of the metals produced each year: about 61 percent of all aluminum, 60 percent of lead, 59 percent of copper, and 49 percent of steel. On a per capita basis, the different levels of consumption are especially marked: the average US citizen uses 22 kilograms of aluminum a year, the average Indian uses 2 kilograms, and the average African uses just 0.7 kilograms.

However, local communities and tribal peoples from resource-rich countries are the most affected by the detrimental environmental, cultural, social and health effects of mining exploration and exploitation activities. Urged by macroeconomic policies pushed by international credit and commercial institutions, many impoverished countries embrace mining as a "staple" activity to generate much needed foreign exchange. There are cases where at least 40% of exports hinge on a single mineral product, as is the case with the copper in Zambia, diamonds in Botswana, Central African Republic, Gambia, Liberia, and Sierra Leone, aluminium in Guinea and Suriname, iron ore in Mauritania. Though these are rather old data (from 1994), they illustrate a still prevailing trend. Twelve of the world's 25 most mineral-dependent states --most of them concentrated in sub-Saharan Africa-- are classified by the World Bank as "highly-indebted poor countries" --the most troubled category of states.

The imposed process of market deregulation and liberalisation has led to privatisation and tax

exemptions which have benefited foreign mining corporations. On the other hand, according to a United Nations report, the more that southern countries rely on exporting minerals, the worse their standard of living is likely to be. Higher levels of mineral dependence are strongly correlated with higher poverty and child malnutrition and mortality rates. They are also associated with income inequality, low spending levels on health care, low enrolment rates in primary and secondary schools, and low rates of adult literacy, as well as higher vulnerability to economic shocks. Recent academic studies reveal that overall living standards in mineral dependent states tend to suffer from unusually high rates of corruption, authoritarian government, government ineffectiveness, military spending, and civil war.

With the exception of mercury, asbestos and lead -specifically targeted for their environmental toxicity- the output of major metals has been increasing in an exponential fashion which has virtually nothing to do with satisfying basic human needs but much with the corporations' sheer and unquenchable thirst for profit. There has been a lot of movement within the mining industry in the last years. Mining companies have streamlined their operations as well as gone into mergers and acquisitions to maintain, consolidate, strengthen and expand mining transnationals' global reach of operation. A growing concentration of investment has been in the search for gold and diamonds, which are attractive for their profitability rather than their usefulness.

Although the international mining scenario includes a relatively big number of companies, only a few --getting increasing larger through mergers-- seem to dominate the scenario. Most of them originate from a handful of countries, among which the most important are Canada, the United States, the United Kingdom and Australia. Well known companies from those countries include Rio Tinto, Barrick Gold Corporation, Freeport MacMoran, BHP-Billiton, Newmont, Placer Dome and many other. Examples of the impacts of their operations are recorded in this bulletin. However, other internationally smaller actors may be extremely important at the local level and examples are also provided. Regardless of their international importance they all have two things in common: they are extremely profitable and extremely damaging.

On the other side, mining can be very lucrative for the companies, but not for the local communities in areas where mineral resources are extensive. As the more easily accessible mineral deposits are worked out, a hunger for new cheap sources drives the industry into intensified exploration increasingly into indigenous territories. Communities who have been previously dependent on the renewable natural resources, suffer immediate losses as a result of large-scale mining activities. They see their livelihoods undermined, their social organisations disrupted and their cultures transformed. Cash compensations, if paid, cannot restore these losses and the dark legacy of mining continues even after a mine is abandoned. Lost jobs and livelihoods in agriculture, fisheries and small-scale mining often heavily outnumber the mining jobs on offer. Local people often also lack the skills to benefit from anything but the shortest term and lowest paid jobs available.

Despite the promise of wealth that mineral development holds, in reality, the presence of mineral wealth can even hold back national and local development. According to a 1999 study from Arborvitae (IUCN, WWF), southern countries "rich in mineral resources tend to have slower rates of economic growth, lower levels of social welfare and more highly skewed income distributions than non-mineral developing countries. In fact, the superior resources base of the mineral economies has been more a curse than a blessing".

The promotion of large-scale mining thus entrenches policies, institutions and mind-sets that visualise "development" as a top-down enterprise to be imposed on local communities and environments --the very antithesis of an environmentally friendly approach focused on fulfilling the economic, social and

cultural needs of people and future generations.

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