



## Original Article

# Capital interests: A historical analysis of the transformation of small-scale gold mining in Compostela Valley province, Southern Philippines<sup>☆</sup>

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## ABSTRACT

In line with trends observed in several other countries, small-scale gold mining in Compostela Valley (ComVal) province has expanded immensely, and now boasts a high number of more advanced i.e. more capitalized and mechanized operations that push the edge of what is usually considered artisanal and small-scale mining (ASM). A historical, fieldwork-based analysis is presented of the diverse factors underlying the current situation. It is argued that existing accounts of ASM-expansion, by focusing disproportionately on the role of poverty in pushing people into ASM, fail to satisfactorily account for the state of gold mining in ComVal. Whereas this poverty-driven narrative may well explain the constant supply of mining recruits, it risks obscuring how for certain groups, ASM harbors important opportunities for capital accumulation. More specifically, the increased engagement in gold mining on the part of a heterogeneous class of mining financiers enabled ASM to evolve from rudimentary into relatively mechanized operations with highly complex working practices and revenue sharing arrangements. The nascent gold mining elite has entrenched itself in a regulatory environment amenable to the further expansion of gold mining. These observations suggest that more critical attention should be paid to the 'capital interests' driving similar transformations of ASM elsewhere.

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## 1. Introduction: debating the expansion of artisanal and small-scale mining

In recent decades artisanal and small-scale mining (ASM) has witnessed a spectacular expansion worldwide. Current estimates suggest that 20–30 million people in over 80 countries are now engaged in what is commonly defined as “*labor-intensive, low-tech mineral exploration and processing*” (Hilson, 2011, p. 1032). The sector is currently estimated to produce 15–20 per cent of global

mineral output, particularly but not exclusively in the form of gold and diamonds (Buxton, 2013). Important efforts have been made to understand the factors underlying this dramatic expansion. The literature on rural livelihood diversification has proven highly instrumental for this understanding (Hilson, 2011). In this literature a variety of push- (e.g. risk management, subsistence crisis) and pull factors (opportunities for income accumulation) have been identified that determine diversification behaviour (Barrett et al., 2001). Significantly, attention has also been drawn to the socially segmented character of livelihood diversification. For most diversification is primarily a matter of necessity, with a growing labor reserve condemned to a ‘scramble for income’ (Bryceson, 2002) combining easily accessible and usually low-return livelihood activities. For some, however, particularly for those with the resources necessary to surmount entry barriers to high-yielding activities, diversification harbors significant opportunities for accumulation (Start and Johnson, 2004).

When reviewing existing explanations for increased diversification into ASM, debates have by and large been dominated by two opposing narratives. On the one hand, in policymaking circles and amongst the audience at large, an idea persists that individuals are lured into ASM by the prospect to earn easy money and to ‘get rich quick’ (for an academic illustration see Godoy, 1988). While this particular understanding of ASM-operators as opportunist

<sup>☆</sup> This paper represents the initial output of a 4-year doctoral research project on small-scale mining in Mindanao. It is funded by VLIR-UOS, the Flemish Inter-University Council for Academic Development Cooperation. It should be clearly stated that (by my knowledge) this is the first-ever elaborate research to take place on ASM in the Philippines. For this and other reasons – particularly the challenging research environment (eastern Mindanao remains a conflict-affected area) and the complete lack of existing data – a deliberate choice has been made for flexible qualitative research techniques, particularly the reconstruction of life-course narratives. By no means however is this choice informed by methodological ‘idleness’. Rather, the author is strongly convinced that this methodological choice is by far the most appropriate given the research context, the limited means at my disposal, and the pioneering nature of the research.

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fortune-seekers may duly apply in particular cases (Hilson, 2010), an academic consensus has emerged about the majority of those becoming engaged in ASM being motivated first and foremost by economic (subsistence) needs and a lack of viable livelihood alternatives (Heemskerck, 2001; Hilson, 2010). More specifically, ASM-expansion has been attributed to a range of factors that play out to a varying extent in different contexts. Particularly in sub-Saharan Africa, the detrimental impact of structural adjustment on (peasant) agriculture and on formal sector employment has been a major factor in inciting ASM-growth (Hilson, 2009; Banchirigah, 2007; Hilson, 2010; Hilson and Garforth, 2012). In countries such as Ghana (Hilson, 2010) and Tanzania (Chachage, 1995), liberalization and privatization of the mining sector have also contributed significantly to ASM-growth, as many of those retrenched in large-scale mining have found their way to ASM. At the same time, by limiting land available for agriculture and legal ASM, government support for large-scale mining further boosts informal ASM, often within company concessions (Hilson and Potter, 2005; Banchirigah, 2007). Finally, in countries such as Liberia (Hilson and van Bockstael, 2011) and Sierra Leone (Maconachie, 2011), armed conflict and associated economic breakdown have also been important factors fuelling the expansion of ASM. In any case, the common denominator in all of these accounts is the intimate association between ASM-expansion and poverty.

By no means does this contribution seek to contradict these assertions about the direct relationship between ASM-expansion and poverty. However, drawing back on the literature on livelihood diversification, the one-dimensional focus on poverty as the main push factor underlying the growth of ASM in developing countries risks obscuring the socially segmented nature of diversification into the sector. More specifically, while the majority of those engaged in ASM do so because of subsistence needs, it will be argued in this article that for certain groups, particularly those with the necessary capital to invest in ASM, the sector also harbors important opportunities for capital accumulation. While it has duly been recognized in recent years how ASM – as an activity involving few entry barriers and as a significant source of (cash) income (e.g. Siegel and Veiga, 2009; Cartier and Bürge, 2011) – can act as an agent of social mobility and emancipation (de Boeck, 2001; Bryceson and Jönsson, 2010), there is an urgent need for a more systematic understanding of accumulation practices in the sector, and how these are embedded in a particular socio-political environment.

Part of the reason for the rather one-sided focus on poverty as an explanatory variable for ASM-expansion may lie in the literature's geographical bias toward Sub-Saharan Africa, where ASM often does qualify as an artisanal and low-tech undertaking, driven by subsistence needs. However, in some regions and countries ASM has now moved firmly beyond a subsistence level, instead boasting significant levels of capitalization and mechanization. Notable examples include Ghana (Hilson, 2010), Guyana (Clifford, 2011) and Brazil (Graulau, 2001). Significantly, both Clifford (2011) and Graulau (2001) draw (rather cursory) attention to the role of outside capital in the gradual mechanization of ASM. Building on these observations, this article provides evidence from the Southern Philippines, where ASM has not only grown dramatically since the 1980s, but has also evolved from rather rudimentary panning- and tunneling activities into a highly heterogeneous sector involving operations that boast a degree of mechanization and capitalization that no longer fits in with established definitions of ASM. Despite this remarkable transformation, and leaving aside studies on the environmental impact of mercury use in small-scale gold mining (e.g. Appleton et al., 1999), the Philippines have been given virtually no attention in the existing literature on ASM. The following section will briefly sketch the current state of ASM in the Philippines, with particular

attention for the situation in Compostela Valley province, which forms the geographical focus of this contribution. From this initial sketch a picture emerges of ASM as a mostly informal, highly heterogeneous, and increasingly also a fairly capitalized undertaking. The third and main section of the article then seeks to present a historical overview of the various factors underlying the remarkable expansion of small-scale gold mining<sup>1</sup> in Compostela Valley province, both in terms of the number of participants as well as with regards to increased levels of capitalization and mechanization. To an important extent this analysis confirms findings in the existing literature, with a seemingly unremitting supply of labor rooted in a pervasive crisis in (upland) agriculture, large-scale mining, and ultimately in labor markets at large. At the same time, however, evidence from the field suggests that the current state of gold mining in the province can only be fully understood when accounting for the role of (outside) capital in moving the sector forward in terms of working practices and output levels. More specifically, the transformation of small-scale gold mining has been made possible by the progressive involvement of a heterogeneous class of mining financiers, whom are gradually entrenching themselves in regional politics. This has given rise to a highly complex regulatory environment that is amenable to the further expansion of small-scale gold mining, regardless of whether it is formal or not.

The key questions underpinning this research entail important methodological challenges. Most importantly, there is little knowledge of the socio-political history of eastern Mindanao, let alone of small-scale gold mining in the region. For this reason the research draws disproportionately from primary field research. However, persistent 'illegality' makes ASM-operators extremely wary of outside inquiry, a situation that is further complicated by the presence of a range of armed actors that are of a variable extent involved in gold mining. These include communist-rebels of the New People's Army (NPA), Muslim rebels, soldiers of the Armed Forces of the Philippines (AFP), and a range of indistinct extortionist groups. All of this gives rise to a highly volatile and sensitive political situation wherein data-gathering necessitates a long-term, embedded engagement with the field. Throughout approximately 6 months of field research, the author has relied on a range of qualitative research methods that allow for a high degree of flexibility and trust-building between researcher and respondent – hence the relative absence of references to specific respondents. Around 140 semi-structured interviews (and many more informal discussions) have been conducted, with a prime focus on the life narratives of (former) small-scale miners and other upland settlers. Key informant interviews were also conducted with government officials active in different government agencies,<sup>2</sup> with local executives, and a broad range of other respondents from various backgrounds (e.g. lawyers, accountants, local state security personnel, journalists, etc.). In order to illustrate, strengthen and liven up the historical analysis provided in this article, several citations and excerpts from these life narratives and key informant interviews will be provided.

## 2. Small-scale mining: steady growth, persistent informality

Small-scale mining (SSM) in the Philippines is highly heterogeneous, in terms of degrees of formal-legal recognition, working practices and levels of capitalization and mechanization. Output

<sup>1</sup> Small-scale mining, rather than ASM, is the catch-all term for artisanal, small-scale and/or informal mining act in the Philippines. From this reason the activities in question will be referred to as small-scale mining (SSM).

<sup>2</sup> These include the department of environment and natural resources (DENR) and its subsidiary, the Mines and Geosciences Bureau (MGB), as well as the national commission on indigenous peoples (NCIP).

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