

Golden Opportunity, or a New Twist on the Resource–Conflict Relationship: Links Between the Drug Trade and Illegal Gold Mining in Colombia

ANGELIKA RETTBERG^a and JUAN FELIPE ORTIZ-RIOMALO^{b,*}

^a *Universidad de los Andes, Bogotá, Colombia*

^b *University of Osnabrück, Germany*

Summary. — Resource wars face greater difficulties to end conflict, as well as greater probabilities of relapse. In part, this is due to the persistence of resource-fueled criminal networks developed under the auspices of armed conflict. In this paper we focus on the Colombian armed conflict, one of the longest-lasting conflicts in the world. Recent evidence suggests that gold mining in Colombia has been permeated by illegal organizations linked to the drug trade, driving armed conflict and criminality. This reveals that attention to drugs alone as a conflict resource in this particular case has overshadowed the degree to which legal resources and economic activities have been permeated by illegal organizations and interests. This paper provides a framework of the gold–drugs relationship, which reveals the existence of *resource portfolios*, or the parallel participation and exchangeability of resources in the provision of funding for illegal organizations. We argue that, in addition to the impact of each resource on armed conflict and criminality, illegal organizations develop abilities to extract benefits of different resources at once or interchangeably (a resource portfolio), which should be taken into account when analyzing the consequences of war on countries' social and economic institutions. In addition, political or reputational factors have been insufficiently considered in analyzing groups' decisions to engage in or abandon specific economic activities. We show that, along with expectations of revenue, resource portfolios may also respond to political conditions, as illegal organizations accustomed to deriving income from coercive practices such as kidnappings—until recently a widespread phenomenon in Colombia—have caused increasing international and domestic outrage followed by pressure to stop this brutal violation of Human Rights. Based on field research in gold mining Colombian regions—combining more than seventy semi-structured interviews with first-hand observation during field trips—and a careful review of press, non-governmental organizations' and official reports in local, regional, and national media, the paper provides a general framework of this complex relationship, paying specific attention to the evolution of the links and interchangeable nature of gold and drugs as conflict resources throughout the production phases of the gold extraction process. At a time when Colombia's ongoing peace process is likely to put an end to the armed confrontation between guerrilla groups and the Colombian state, our paper raises a warning sign for scholars and policymakers to consider the potential transformations of illicit markets and their role in shaping the prospects of durable peace.

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1. INTRODUCTION

Resource wars—armed conflicts in which resources are not only a source of funding, but in some cases have unleashed the confrontation (Le Billon, 2013)—are especially difficult to resolve and more likely to relapse than other types of conflict (Rustad & Binningsbø, 2012). This is due in part to the persistence of resource-fueled criminal networks developed under the auspices of armed conflict. In this paper we focus on the Colombian armed conflict,¹ one of the longest-lasting conflicts in the world. Since 2012, formal peace negotiations among the government and the leftist guerrilla FARC have sought to bring an end to the armed confrontation and provide non-repressive alternatives to the historical reliance of armed structures and civilian communities on the illegal production and distribution of coca leaves and paste. However, the shift away from illegal drugs—both as a policy focus and as an economic activity that sustains armed organizations—does not necessarily entail the weakening of criminal networks or an end to all criminal threats.

The difficulties associated with breaking the resource–conflict–crime connection will be discussed here by addressing what the former Commander of the Colombian Police, General Óscar Naranjo, depicted as a phenomenon “worse than the drug trade”: illegal gold mining (*Caracol Radio, March*

23, 2012). Peaks in the international price of gold over the past decade were reflected in a fivefold increase of foreign investment in mining activities. Expectations of gold royalties’

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contributions to economic growth thus earned the mining sector unprecedented public policy attention ([Ministerio de Minas y Energía, 2006](#)). However, authorities and scholars also found that gold mining—especially illegal and informal operations, undertaken both by communities and illegal organizations—has been a source of revenue and strength for existing criminal networks in many Colombian regions at least since 2007 ([Giraldo *et al.*, 2013](#); [Giraldo & Muñoz, 2012](#); [Idrobo, Mejía, & Tribín, 2013](#); [Mejía, 2012](#); [Rettberg, Norza, Ortiz-Riomalo, Romero, & Romero, 2013](#); [Rettberg & Ortiz-Riomalo, 2013](#)). This reveals that attention to drugs alone as a conflict resource has overshadowed the degree to which legal resources have been permeated by illegal organizations and interests ([Rettberg, 2010, 2012](#); [Rettberg, Leiteritz, & Nasi, 2011](#)).

The links between armed conflict, crime, drugs, and gold in Colombia underscore one of the most long-lasting legacies of resource-fueled conflicts, namely the transformation and atrophy of social, political, and economic institutions by practices and incentives associated with the development of wartime illicit markets ([García & Llinás, 2012](#); [Rodrik, 2007](#); [Rodrik, Subramanian, & Trebbi, 2004](#)). These links also underscore the ongoing risks and challenges for peace and security in transitional countries such as Colombia over and beyond the specific impacts of the drug trade on political, economic, and social institutions.

In this paper we describe and analyze the links between gold mining, the drug trade, conflict, and crime in Colombia. Based on field research in gold mining Colombian regions—combining more than sixty semi-structured interviews with first-hand observation during field trips (details below)—and a careful review of press, non-governmental organizations' and official reports in local, regional, and national media, the paper provides an in-depth analysis of this complex relationship, paying specific attention to the evolution of the links between gold and drugs and their interchangeability as conflict resources throughout the production phases of the gold extraction process. We refer to the simultaneous participation in the extraction of multiple resources as funding sources for illegal organizations as a *criminal resource portfolio*.

The research presented here is relevant both for scholarly inquiry and for policy formulation. From a scholarly perspective, the links between resources and conflicts have been addressed by numerous authors ([Arnson & Zartman, 2005](#); [Collier & Hoeffler, 1998, 2004, 2005](#); [Fearon, 2005](#); [Keen, 1998](#)). These authors have pointed out not only that financial viability—often derived from resource exploitation—is crucial for insurgent movements to prosper, but also that we need to distinguish among resources in terms of their contribution to armed conflict and crime. Factors such as resource lootability, obstruction, and legality ([Ross, 2004](#)), the geographical location of productive assets ([Le Billon, 2001](#)), and the type of institutions that govern the production or extraction of different resources have been included in efforts to trace when, why, and how resources become linked to conflict ([Bannon & Collier, 2003](#); [Berdal & Malone, 2000](#); [Collier & Hoeffler, 2004](#); [Elbadawi & Sambanis, 2002](#); [Fearon, 2005](#); [Keen, 1998](#); [Ross, 2003](#)).

The contribution of this paper to this literature resides in the effort to broaden the lens from the impact of individual resources to the links between different types of conflict-reinforcing resources, in this case gold and drugs. We find that illegal organizations develop capabilities to extract benefits from different resources either simultaneously or interchangeably—a dynamic that we refer to as the development of a resource portfolio. This dynamic, moreover, has an impact

on countries' social and economic institutions in the context of war. In addition, we argue that political and reputational factors have been insufficiently considered in analyzing groups' decisions to engage in or abandon specific economic activities. The emphasis has been placed mainly on weak economic institutions or the absence of regulations facilitating criminal activity ([Collier & Hoeffler, 2005](#)). However, as will be shown here, in addition to revenue-related expectations, resource portfolios may also respond to political conditions, as illegal organizations accustomed to deriving income from coercive practices such as kidnappings—until recently a widespread phenomenon in Colombia ([Ministerio de Defensa Nacional, 2011](#))—have faced increasing international and domestic pressure to comply with human rights and abandon such practices.² In a recent press interview, for example, one of the FARC's highest-ranking commanders said: "There was too much killing of informants. We could have behaved differently, capture them, call international organizations. Why kill them if all that was left were orphans? Kidnappings... we went too far. We made mistakes in exchange for money. We need to apologize for this. It's a fact" ([Ruiz, 2015](#)). In brief, resource portfolios are dynamic, responding not only to the logic of markets (international price, supply, and demand) but also to political motivations, such as the likelihood of coercion, and political and legitimacy costs associated with funding practices.

In addition, an extensive literature on peacebuilding has posited that the likelihood of conflict recurrence increases in transitional contexts when larger political economy networks making war sustainable are not addressed ([Boyle, 2014](#); [Keen, 1998](#); [Le Billon, 2000](#); [Rustad & Binningsbø, 2012](#)). For example, some authors have referred to shadow economies, reared against a background of institutional weakness and economic opportunism by different armed actors ([Nitzschke, 2003](#)). Colombia's armed conflict has been related to the drug trade at least for the past two decades ([Gaviria & Mejía, 2011](#); [Ross, 2004](#)). However, less attention has been paid to how illegal armed actors have systematically permeated economic and social institutions of production linked to other resources, thus posing a threat to the effective dismantling of incentive structures that link illegal actors to pervasive criminal activity.

Finally, this paper seeks to make a contribution to policy-making. Conflict-torn and post-conflict countries recurrently raise fears that lucrative resources will deepen domestic instability and crime. For example, oil discoveries in Uganda ([Gelb & Majerowicz, 2011](#)), a country with a long history of internal war, have led some to propose plain cash transfers to the population in order to stem incentives for corruption. Mozambique, also a country with a violent past, now faces the perspective of becoming one of the main global providers of coal and natural gas. This has put governments and international organizations on alert as to the possible ramifications into political instability and corruption ([Biggs, 2012](#)). Even beyond transitional contexts, gold mining has been linked to social unrest and economic instability, as documented by [Hammond, Gond, de Thoisy, Forget, and DeDijn \(2007\)](#) for the case of the Guiana Shield in the Northeastern Amazon region, by [Theije and Heemskerk \(2009\)](#) for the case of Suriname, and by [Hilson and Potter \(2005\)](#) for Ghana. Amid an ongoing yet difficult peace process, Colombia today faces a new opportunity for making a peaceful transition out of armed conflict. However, the larger economic and social processes supporting armed and criminal activity in Colombia need to be understood well so as to design comprehensive transitional strategies aimed at preventing spoiling and failure

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