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**DEMOCRATIC REPUBLIC OF CONGO:  
SOCIAL TRANSFORMATIONS IN THE ERA OF  
GLOBALIZATION**

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*Abstract*

The article aims to identify the nature of social transformations in the Democratic Republic of Congo (DRC) under illegal minerals mining and smuggling carried out by foreign mining companies, armed groups, criminal groups of neighboring countries, "war barons" and associated "agents". New forms of government and economic activities resulted from government's failure to provide citizens of the eastern parts of the country with required services. In the conditions of complete disregard of national laws and interests regulating social relations, new rules of interaction between individual groups and between individual groups and local and central government authorities were developed. These new forms of social development have nothing to do with chaos: numerous rival centers of power on the fringes of the country exercise effective control, provide services and exploit local population. Poor people of the richest eastern provinces of the DRC who do not benefit from extraction and export of valuable minerals are forced to develop their own "survival strategies", including illegal minerals mining and smuggling. Illegal economic activities form new "legalized" authorities, change values of the Congolese and transform the society. As a result, the anti-government system of public relations reached a high point of development in the eastern regions of the DRC.

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**Keywords:** Democratic Republic of Congo, social transformations, mining syndicates, natural resources, cross-border crime, war economy.



## 1. Introduction

For several decades, the Democratic Republic of Congo has experienced political instability. In 1996–1997, the country experienced the First Congolese War, and in 1998-2003 – the Second Congolese War. Armies of at least nine African states (Angola, Burundi, Zambia, Zimbabwe, Republic of Congo, Rwanda, Sudan, Uganda, South Africa) were involved in these wars. 5.4 million people were injured and killed (Mortality in the Democratic Republic of Congo, 2007). Since 1998, the eastern parts of the DRC have been controlled by Congolese militias, armed and rebel groups from Uganda, Rwanda and Burundi.

The country has rich reserves of copper, cobalt, columbite tantalite, cadmium, bauxite, iron ore, coal, diamonds, gold, silver, malachite, oil, zinc, manganese, tin, uranium, and other minerals. In the 2000 – 2010s, there was a sharp increase in world demand for African commodities which seemed to create a unique opportunity for the continent to use the situation for socio-economic development. However, the government cannot use the resource export income which does not contribute to the growth of the material welfare of the Congolese people. In total, as a result of illegal mineral trade the continent loses about \$ 40 billion and as a result of smuggling – up to \$ 25 billion (Gatimu, 2016).

According to the African Development Bank (ADB), the volume of illegal metals and minerals mining and smuggling increased 4 times Africa's total external debt. TNK financial transactions reached 65% of the illicit outflow of material resources (Gatimu, 2016). Many local and international initiatives aim at restricting minerals smuggling. These are the Kimberley Process (KP), the Extraction Industries Transparency Initiative (EITI) and the Initiative of the International Conference on the Great Lakes Region (IMCEDS). However, they have not made great progress yet.

The struggle for African resources is more and more violent. Over the past decade, developing Asian countries, especially China, have been taking aggressive measures to gain access to the mineral wealth of the Black Continent and trying to use political instability in Congo to their advantage.

Congolese minerals are exported from the DRC bypassing official channels due to activities of mining and multi-profile European, Chinese, Arabian and African companies as well as numerous armed groups. For example, since the late 1990s, almost all DRC gold resources (98%) and diamonds exported by Uganda, Kenya, Tanzania, Burundi and the CAR have been smuggled. The country has been experiencing huge tax losses (All that Glitters is Not Gold, 2014). In turn, Rwanda mainly specializes in tin, tungsten and tantalum.

The DRC suffers from illegal exploitation of natural resources perhaps more than other African countries. The government authorities headed by Joseph Kabila take an active part in these activities. The activities of "rebel" groups in the provinces of Ituri, North and East Kivu and in some other areas have become so "stable" that the central government cannot fully control the military-political situation or economic activities. However, through its "agents" located in armed groups, local authorities and even in rebel groups, it actively participates in "criminalization" of the economy and social life. When the government benefits from exploitation of natural resources, while ignoring its main functions – provision of necessary services to its citizens, the population is forced to create their own survival strategies. It transforms public consciousness, values and attitudes of residents of the peripheral regions of the DRC for whom illegal activities have become one of the main sources of livelihood.

## **2. Problem Statement**

On the one hand, illegal exploitation of natural resources by criminal groups from neighboring countries and international mining syndicates provides jobs to local people, grants them opportunity to feed their families and contributes to their well-being. On the other hand, criminalization of the social life affects consciousness of Congolese people, especially the youth, and can lead to irreversible consequences for the national social, economic and political development.

## **3. Research Questions**

The article answers the following questions:

- What is the negative effect of participation of external players in illegal mining operations on the social transformation in the DRC?
- What is the scale of the social transformation?

## **4. Purpose of the Study**

The research purposes are as follows:

- To investigate the degree of involvement of the population of the eastern districts of the DRC in illegal economic activities carried out by external actors.
- To describe "illegal economic activities" as an only way to survive and enrich the local population.
- To study social transformations in the eastern regions of the DRC associated with expansion and "legitimization" of illegal economic activities.

## **5. Research Methods**

The authors used various research methods: analysis, synthesis, abstraction and specification, generalization and statistics grouping, functional analysis and comparison. The study is of interdisciplinary comparative analytical nature. It uses an integrated approach to processes and phenomena under consideration, as well as principles of comparative analysis of data and critical data evaluation.

## **6. Findings**

Under the reign of Joseph Kabila (from 2001 to the present day), up to \$ 4 billion are stolen each year as a result of illegal issuing of mining licenses and conclusion of secret bilateral and multilateral contracts with international companies and TNC (Englebert, 2014). Foreign partners of the Congolese rulers benefited from exploitation of natural resources and cheap labor, often gaining illegal access or seizing deposits of valuable minerals. For example, an Israeli businessman Dan Gertler donated more than \$ 100 million in bribes to Congolese officials for cheap concessions. He earned billions of dollars in mining (Out of Africa, 2016).

A striking example of involvement of foreign countries in illegal activities is a "minerals for infrastructure" contract concluded between the Congolese and Chinese governments in 2009. (Chinese

Mining Operations, 2009). According to the contract, the joint copper and cobalt extraction company *Sicomines* was established. China agreed to lend \$ 3.2 billion for development of infrastructure projects in the DRC; the loan was repayable by means of company revenues. The transaction was not well developed in several aspects: there were no information about the price of minerals and cost of infrastructure facilities. The embezzlement of \$ 23 million paid by China at the start of negotiations was discovered.

As for the infrastructure, China has constructed only some of the facilities, the facilities were of poor quality and their cost was greatly overestimated (Kabemba, 2016). Moreover, according to J. Malm, China expanded boundaries of exploitation fields and exploited the local labor force. People had no official labor contracts and did not get paid (Malm, 2016). Meanwhile, according to Lezhnev, since the late 2000s, China has been the largest importer of Congolese minerals. In addition, Chinese companies have the majority of mining concessions, primarily copper and cobalt ones (Lezhnev, 2016).

One more illegal economic activity in the mining sector is the seizure of deposits by Rwandan, Ugandan, South Sudanese and other armed groups and private military and security companies (PMSCs) acting with the tacit consent of politicians of neighboring countries. These groups and PMSCs try to gain access to natural resources and exploit local people who are forced to work in mines for low (taking into account hard working conditions) but quite acceptable (according to Congolese parameters) salary. The foreign factor in the eastern regions of the DRC is extremely strong, since the global need for Congolese minerals and high prices of mineral resources on international markets contributed to illegal economic activities. Among the strategies used by external players in the eastern areas of the DRC are distribution of resources between local leaders, including traditional ones, and individual communities, and deliberate intensification of differences between them in order to prevent opposition to the regime which is favorable for participants of the valuable minerals market.

As far as the government has failed to provide services for citizens (education and health care costs do not exceed 3% of GDP, while in sub-Saharan Africa, this rate is 6% (Gelbard et. al, 2015), in the eastern parts of the DRC, new government forms, economic activities and new control centers have developed. They maintain order using various, including violent, methods. Some groups of the population have survived and even become rich due to involvement in illegal economic activities. In Congo, these activities are legal in the eyes of both the local population and the government which is also involved in these crimes. Main illegal economic activities in the eastern regions of the DRC are unlicensed mineral resources mining and smuggling. In the mid-2010s, about 20 million people in the DRC, Rwanda, Uganda, South Sudan, the Central African Republic, and even Kenya depended on illegal mining of Congolese minerals which was the only source of livelihood (Rothenberg & Radley, 2014).

The cross-border trade in Congo can be viewed from several perspectives. Firstly, it is carried out through old trade routes that have existed for centuries, and border communities have never considered it illegal and never recognized artificial borders which are transparent.

Secondly, transparent borders per se create an opportunity and encourage illegal smuggling in goods that are in great demand outside the national territory. When crossing the Congolese borders, smugglers, who are often members of armed groups, involve border guards, customs officers, government officials and military personnel in their activities. This forms a smuggling chain which is legitimized due to the fact that illegal activities are controlled by government and national security agencies. Smuggling

networks are coordinated at the national and international levels. They are networks of interacting groups along the entire chain from mines to jewelry stores and enterprises producing electronic equipment. There are informal and formal links which allow them to commit unpunished crimes. Some elements of the supply chain are autonomous. However, they are controlled by political and business elites of various countries.

Thirdly, the illegal cross-border trade in the DRC is an element of the national economic activity and is regularly reflected in financial accounts. At the same time, legal and illegal activities are so intertwined that it is almost impossible to differentiate between them.

Artisanal (legal and illegal) mining of metals and minerals is expanding because local people can easily find local and foreign "sales markets" represented by numerous resellers, private Congolese and foreign companies, and militias of armed formations. They carry out informal regional integration.

The situation of the local population is ambiguous. Indeed, exploitation of natural resources and military actions adversely affected the population: chronic food shortage, diseases and epidemics, family separation, abducting children for recruitment, sexual offences committed by militants and regular army soldiers. However, despite the high level of violence in the eastern parts of the DRC, there are serious differences between members of various local communities. Some of them were being regularly attacked by militants, others were able to protect themselves from violence and benefited from illegal economic activities. According to Kabamba (2013), during the war, Nande (North Kivu Province) built a new airport and a hydroelectric station to supply the region with electricity due to gold smuggling to Southeast Asian and Persian Gulf countries.

The population of the north-eastern regions does not play a significant political role in the country. People cannot participate in decision-making processes at the national level. There are no government programs for this region. The region is ignored when allocating financial resources. However, remoteness from the center makes it uncontrollable which provides local communities with a certain degree of autonomy, simplifies organization of legal and illegal business and creates favorable conditions for exploitation of resources and cross-border trade. To a certain extent, local players developed a local monopoly on violence: consciousness of the local population was being shaped in parallel with formation of local militias which local people funded. Moreover, local traders who dealt with legal and illegal trade in minerals avoided the worst manifestations of war.

Development of survival and enrichment mechanisms was a sign of "neoliberalism" which was supported by the government to ensure capital accumulation stability without interfering into the "free market". The government did not interfere into illegal activities of local communities and trade and production networks. Thus, local communities which are supposed to be main victims of armed clashes and illegal exploitation of resources indirectly contributed to escalation and expansion of illegal activities. Under lacking government control and armed confrontation between separate groups and rampant banditry, artisanal miners launched mining companies; traders and intermediaries were forced to use "security" services of militants and militias who received income and became full members of the production chain. It can be said that the anti-government system of public relations has reached a high level of development in the northeastern regions of the DRC.

While in developed countries, the market economy involves development of commodity relations, privatization of public services, use of cheaper labor, overcoming of overproduction crises, etc., in African

countries, including the DRC, which have been establishing relations with the global economy for more than a century, modern markets are still developing, the market economy has given way to "warlordism", i.e. the rule of "warlords" dealing with global minerals mining and smuggling.

Development of the system of "warlordism" shows that the lack of national laws and interests does not mean that there are no rules governing social relations. The weakness of government authorities does not mean the lack of control, since it can be carried out by non-state actors. It should be noted, however, that in the DRC, development of new forms of government is due to diffusion of "warlordian" and government structures which is similar to diffusion of political elites and mafia groups in developed countries.

For African countries, it is typical to form a parallel market involving cooperation with "informal" partners, non-observance of official market rules, lack of statistics, etc. The informal market, or the "second" economy, becomes an integral part of economic activities which help avoid taxation depriving the state of a significant portion of income. However, under political and economic instability, for the population, involvement into the informal market may become the only survival strategy. For example, miners involving in artisanal coltan mining in areas controlled by armed groups earn up to \$ 50 a week, while a Congolese worker or an employee earns about \$ 10 a month (Bush, 2008). Although artisanal mining is partially taxed, only a small portion of these revenues officially goes to the state treasury.

## **7. Conclusion**

Development of illegal trade and production schemes is both a survival strategy and a way to resist the government dictatorship and improper management. "Lawlessness" in eastern Congo is a relative concept as far as there are no laws reflecting the current situation, and "illegal" exploitation of natural resources is considered legitimate by millions of locals who find themselves in the "gray" zone of legality. Moreover, the government authorities which are financially dependent on illegal activities legitimize them receiving income through legal and illegal channels. Thus, one can consider informal business as a factor of economic instability.

Although the Congo is extremely rich in minerals, most concessions are owned by foreign companies, while the vast majority of the population does not benefit from "legal" mining, and local people are forced to engage in legal or illegal (controlled by rebel, criminal, local or foreign groups) exploitation of valuable minerals. As a result, the society is divided into groups which are loyal to one or another "warlord". Citizens do not obey national laws and become dependent on various centers of power represented by rebel movements, army units, government agents, PMSCs, tribal militias and foreign companies with their own management and security structures. Local government agencies give way to new elites, new trading networks, new security structures and new local-global networks. Globalization and lacking boundaries contribute to new subnational formations and new contradictions which are typical of political relations in Central Africa.

These social transformations will certainly affect political and social and economic development of the DRC causing long-term and short-term political instability in the country.

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