

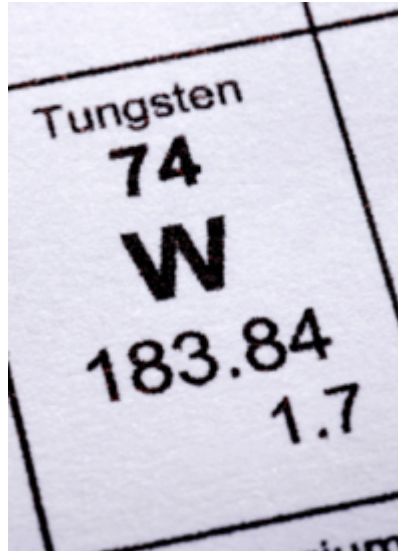


Written by [Michael Tennant](#) on July 27, 2010

## Financial Reform Bill Fortified with “Conflict Minerals” Mandate

Is there any conflict in the world too remote or too irrelevant to U.S. national security for Washington not to interfere in it somehow? Has Congress ever passed a bill ostensibly targeted at one problem that was not laden with paybacks to various special interests that were entirely irrelevant to the problem at hand? The answer to both appears to be no.

For a prime example of both problems, look no further than the financial “reform” bill that President Obama recently signed into law. In addition to all the convoluted financial-sector mandates, it includes language compelling American-listed “companies to certify whether their products contain minerals from rebel-controlled mines in Congo and surrounding countries,” according to an Associated Press [report](#).



The so-called “conflict minerals” provision was added to the bill at the behest of various human-rights organizations, most prominently the Enough Project. These organizations contend that the fighting in Congo, which has raged for well over a decade, is largely a conflict over the country’s rich mineral resources, and purchases of these minerals help fund rebel groups and factions of the Congolese Army. These armed groups, in turn, are accused of “mass rape, slavery, mutilation, and possibly even forced cannibalism,” [according to Newsweek](#). Thus, goes the theory, if companies stopped buying the minerals, the factions would eventually have to call a truce and negotiate with each other.

Not everyone agrees that the minerals are at the root of the fighting. The AP reports:

“The fight is not a fight over the minerals,” said Laura Seay, an assistant professor of political science at Morehouse College in Atlanta, who studies and visits Congo. “The minerals are used to fund some of the fighting, but it’s not a fight for control of the mines.”

More important causes of the fighting, she said, are land rights and the status of the refugees and militias from neighboring Rwanda who flooded into eastern Congo in the aftermath of the Rwandan genocide in 1994. About 5 million people, mainly civilians, have died in off-and-on fighting in Congo since then, and armed groups have been accused of systematic mass rape.

The minerals in question are tin, tantalum, tungsten, and gold. The first three are used in many electronics, with tungsten figuring heavily in vibrating cell phones — hence *Newsweek*’s subtle title for its story, “The Genocide Behind Your Smart Phone.”

Though human-rights groups have argued that much of the world’s production of tin, tantalum, and



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tungsten comes from Congo, the numbers don't quite bear out that contention, says the AP: "The country produced 5 percent of the world's tin supply in 2008, according to tin research institute ITRI. The figure for tantalum ore, a rarer mineral, is higher, but the main sources for world supply are in Brazil and Australia." Still, mineral production is a significant part of the economic activity in eastern Congo, and it undoubtedly plays into the fighting to some degree.

According to *Newsweek*, the new federal law requires companies to "provide independently audited reports showing what they've done to avoid financing armed conflict — such as citing documentation between the African source country and the Asian processor." This goes for minerals from both Congo and surrounding countries; Washington is not taking any chances that the minerals might get smuggled out of Congo to conceal their origin. There are no penalties for using conflict minerals (yet); but, says *Newsweek*, "failure to cooperate or the filing of a false report could result in court sanctions."

Few would argue that a company should knowingly finance war (though, oddly, the same politicians who so abhor private companies' purchases that supposedly promote conflict have no qualms about forcing those same companies — and individual Americans — to fund the wars their own government starts), but since when is a conflict in the middle of Africa the business of the U.S. government? Certainly it is commendable if companies, whether of their own volition or in response to public pressure, make an effort to purchase from reputable sources; and, in fact, Intel, Apple, and other companies have already enacted their own no-conflict-minerals policies. But unless a company's purchases in foreign countries are directly aiding an enemy of the United States — and the fighting in Congo in no way threatens America — they are no business of the U.S. government.

Even if the Congo conflict were Uncle Sam's business, the burden of auditing every transaction involving these minerals, especially because of "the intricate nature of global supply chains" (as a spokeswoman for the National Association of Manufacturers told *Newsweek*), can only increase the cost of doing business in America, which is never beneficial but is particularly harmful in the midst of a recession.

Furthermore, as with practically every other government policy supposedly designed to help people, it may very well hurt the very people it is intended to help. The AP explains:

Nicholas Garrett, a consultant who's studied the issue with funding from the British and Dutch governments, worries that companies will take the easy way out and avoid buying minerals from the region entirely — even if they are conflict free. He estimates that 1 million people are dependent on the mining industry in eastern Congo.

John Kanyoni, who represents minerals exporters in Congo's North Kivu province, said business is already down because two major buyers of tin ore, Britain's Amalgamated Metal Corp. and Belgium's Traxys, have pulled out because of the "conflict minerals" campaign. That means miners, traders and the Congolese government's tax receipts are suffering, Kanyoni said.

It's hard to weep for the Congolese government; but for the miners and traders and the rest of the million or so ordinary folks who depend on mining for their livelihood, only a fraction of whom are likely involved in the violence, some sympathy is in order.

At best, then, the policy may put a small dent in the violence in Congo, though the AP says "experts doubt the law will stop the fighting." At worst, it will hamper U.S. businesses at the very time when they most need to grow and "could deprive hundreds of thousands of desperately poor Congolese of their incomes and disrupt the economy of an area that's struggling for stability after more than decade of



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war,” according to the AP. Regardless of the outcome, it embroils the United States in yet another conflict that does not concern it and increases the potential for anti-American terrorism in response.

How about a law requiring the federal government’s policies to be certified foreign-conflict-free? Such a law, if enforced, would do more good for both Americans and the rest of the world than all of Washington’s foreign interventions combined.



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