

How do we implement intergenerational equity? This question from our Supreme Court had us puzzled.

Intergenerational equity? We looked around the world to find what others do.

The answer is quite simple – to implement intergenerational equity, **Future generations must inherit at least as much as we did.**

Imagine we inherit a precious necklace. If we keep the necklace as it is, our children will inherit it. But we must keep it safe which is a cost while the necklace produces no income.

So instead, we may decide to sell the necklace and invest the proceeds in land. As long as we maintain the land properly, we have a right to the income. Each generation would inherit the land and benefit from the income in turn.

[Pause]

In India, states like Goa own minerals as a trustee for the people and especially future generations.

Minerals are a shared inheritance. Mining is effectively the sale of our mineral wealth. We get royalty and auction premium in exchange for our minerals.

Will the children of Goa inherit the mineral wealth that we did? Let's find out.

For our estimates, we used the audited financials of Vedanta, our largest miner, and the government financial data over eight years.

We found that for every one hundred and seventy rupees worth of minerals we sold, the total cost of extraction including a generous profit for the miner was seventy. Therefore, the minerals were worth one hundred to us.

If our minerals are worth one hundred, how much should we receive?

[Pause for answers]

Yes, we must receive one hundred. **Zero Loss** is our goal.

It turns out that for minerals worth one hundred, the Goa government received only five. We lost ninety-five!

And even the five we received was treated as income and spent. **A total loss.**

[Pause to absorb]

Since we owned the minerals equally, we all lost equally. Forty miners and their cronies became super-rich. The amount they unfairly captured was more than the entire state revenues. This is looting economics.

Sadly, Goa isn't unique. In India, we found huge losses across minerals. Australia, over the decade two thousand to two thousand and ten, lost eighty two percent of the worth of their minerals extracted.

What is going on?

[Pause for transition]

In Goa, iron ore mining takes place in pockets and has been going on for over sixty years. It was a large employer but didn't contribute much to the state finances. The mining barons have always controlled state politics through political funding. Lobbying and bribes enabled them to ignore the law for long periods of time.

In the mining areas, the mining affected people protested. Miners co-opted some local leaders by offering them overpriced trucking contracts. They became mining dependent. The local population was divided.

Outside the mining areas, ordinary people see mining jobs and income as positive. They also benefit from the boost to the local economy. But they don't see that their wealth is being stolen and used to give them lollipops for their vote.

So mining is supported by miners, employees, dependents, local leaders, politicians, bureaucracy, the general public and much of civil society. The few of us who oppose mining become "anti-development". **How do we stop this madness?**

[Pause for emphasis, 5 principles slide]

Five simple principles!

First, natural resources are owned by the state as a trustee for the people and especially future generations.

Second, as we have inherited the minerals, we must ensure future generations inherit either the minerals or their full value.

Third, **if we mine** and sell our minerals, we must ensure **Zero Loss**. We must get the entire value of our mineral, other than extraction costs and a normal profit for the miner.

Fourth, like Norway, whatever we receive must be saved in a Fund for the people and especially future generations.

Fifth, we own the minerals, we own the fund, we own the real income from the fund. Like Alaska, distribute the income only as a Citizen's Dividend, equally to all as a right of ownership.

Zero Loss plus Norway plus Alaska. Everyone understands and agrees with this. But how does it change the system?

As long as mining is a local issue, it will be difficult to win politically. The dividend is key. It links ordinary people to the fund created from their minerals. Everyone in the state becomes a stakeholder with a moral and financial interest in preventing losses.

Miners will be under continuous scrutiny. The Odisha judgment makes any breach of an environmental law also illegal mining. Illegal mining is theft. The law requires recovery of the ore or its full value.

Mining becomes a headache for politicians. All the voters are monitoring losses. There is no money to the budget. And people are protesting. They may decide that it may be better to leave the minerals in the ground for future generations.

[Pause for transition]

In our litigation, our Supreme Court ordered a cap on mining and a Permanent Fund on grounds of intergenerational equity. This is a **global judicial first**.

The cap is important. It has two reasons. One is to ensure availability of minerals for future generations. The other is to limit the damage when there are multiple mines.

The Court also ruled all mining in Goa after Two Thousand and Seven was illegal. Mining stopped five years later. Illegal mining is theft. Iron ore worth sixty five thousand crore was stolen, three and a half lakhs for every Goan, fourteen lakhs for a family of four.

Goa's elections were in early two thousand and seventeen. We created a practical manifesto which we asked all parties and candidates to adopt. We got support from a miner, a mining affected leader and a mining dependent leader. The Archbishop also supported us.

Congress and BJP were clearly in bed with the miners. But we hoped a challenger anti-corruption party would adopt our manifesto.

Aam Aadmi Party promised to stop the mining corruption. Unfortunately, it saw the mining money as a bonanza to spend and win votes. They promised huge subsidies.

They refused to see mining as the sale of wealth. Why?

[Pause for transition]

Government accounting treats royalty as “revenue” and doesn’t require losses to be disclosed. More mining means more revenue.

Suppose governments had to treat mining as the sale of our mineral wealth. More mining would mean larger losses. Royalties would have to be saved.

Treating royalty as income is a convenient error for politicians and ordinary people.

This was the final piece of the puzzle. We started a global campaign to change the international accounting standards to treat minerals as wealth and mining as their sale.

We also made a conscious effort to completely stop calling royalties as “revenue”, “income”, “tax” or “earnings”. Each time we call royalties “revenue”, we fool ourselves and enable theft of our children’s wealth. **All of us must shatter this illusion that royalty is income.** We are selling our minerals.

[Pause for transition]

The Goa government had renewed leases backdated to the illegal miners. Goa Foundation and two other groups challenged this. In 2018, The Supreme Court cancelled the mining lease renewals, and asked for fresh leases.

Mining is still stopped in Goa. We want our sixty five thousand crore back. The government has decided not to pursue the recovery. All forty MLAs have demanded the MMDR law be amended to give back the leases to the miners. But nothing has happened.

India’s national mineral policy is being reviewed. A civil society group sent in representations. We framed minerals as a shared inheritance, enormous collective wealth that must be protected from theft. This requires zero loss as a legal objective, a high security mindset, fit and proper person tests as well as radical transparency.

Three key ministries - finance, mines and environment - have acknowledged that minerals are a shared inheritance. The draft National Mineral Policy says:

“There is a need to understand that natural resources, including minerals, are a shared inheritance where the state is the trustee on behalf of the people to ensure that future generations receive the benefit of inheritance. State Governments will endeavour to ensure that the full value of the extracted minerals is received by the State.”

The draft policy also proposes an inter-ministerial body to decide the state-wise/region-wise ceiling of annual excavation of minerals.

Publish What You Pay is a global civil society alliance on mining. I recently presented these ideas at their General Assembly at the end of January. Their communiqué calls on governments, companies and intergovernmental institutions including multilateral development banks to acknowledge and explore, where citizens demand this, the concept of oil, gas and minerals as a shared intergenerational inheritance;

And we have had discussions with the IMF and others about treating minerals as wealth and mining as the sale of our minerals. They have made it clear that this change will take some time.

[Pause for transition]

To conclude, minerals are a **Shared Inheritance**, enormous wealth. We must defend our wealth from thieves while saving it for future generations. If we fulfil our duty, we may enjoy the fruits of our inheritance. Any loss is a loss to all of us and all our future generations.

Join us in demanding **The Future We Need!**

