

# Three Thoughts on the Political Resource Curse

Kevin Morrison, Duke University  
Africa Task Force  
July 11, 2007

# Two types of resource curse

## ▶ Economic

- Lower growth

- ▶ Dutch Disease
- ▶ Volatility
- ▶ Less investment in education
- ▶ Corruption

## ▶ Political

- Dictatorships
- Civil conflict

# First and second thoughts

- ▶ 1. The effects of natural resources are contingent on the social and economic environment
  - Important to begin by highlighting this, because a “curse” implies that nothing that can be done
  - There *is* room for policy response on these issues
  - This leads to second thought:
- ▶ 2. Understanding that environment is essential to predicting effects and making policy recommendations

# Example: Dictatorships

- ▶ *Public Choice*, June 2007
- ▶ Causal mechanisms linking resources and dictatorships vary
- ▶ Two important ones
  - Taxation/accountability
  - Repression
  - Policy implication: Take revenues out of the hands of government and into hands of citizens

# Another mechanism: redistribution

- ▶ Long line of scholars studying political transitions have focused on inequality and redistribution
  - In this framework, dissatisfaction with inequality and redistribution lead to unrest against elites
  - Democratization essentially is a way to buy off parts of the electorate who are unhappy
- ▶ Various scholars in this tradition
  - B. Moore, Bourguignon, Acemoglu and Robinson
  - Azam

# Same policy instrument

- ▶ Take the same policy instrument and consider it in this theoretical framework
- ▶ If it works well, it essentially creates the credible means of redistribution, and therefore diminishes pressures for democratization
- ▶ Exactly opposite result

# Implications

- ▶ The importance of understanding the relevant dynamics in each country
  - In order to predict effect of natural resource arrangement
- ▶ Effect of revenues is contingent on their environment
  - Universal prescriptions unlikely to be helpful
  - Careful political analysis is necessary before making recommendations

# Final point

- ▶ 3. May be similarities between foreign aid and resource rents
  - Both highly fungible windfall resources
- ▶ But policy debates in different directions
  - Resource conditionalities versus aid selectivity
- ▶ In a dictatorship, it's possible that *any* use of rents (with whatever mechanism) will stabilize regime
  - May consider selectivity in helping countries to use resources

# Summary

1. Resource "curse" an unfortunate term: effects contingent on social and economic environment
2. Because of this, universal recommendations unlikely to be helpful
  - ▶ We need to understand this environment before making recommendations
3. Lessons from foreign aid may be relevant with regard to selectivity