

## **POLS303033 Environment, Human Security, and Conflict**

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### **Week 9: Natural resources and conflict, 2022**

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#### **Overture music**

Shirley Bassey. 1971. Diamonds Are Forever. <https://youtu.be/EHbilgPEwIA>.

Kanye West. 2005. Diamonds from Sierra Leone. <https://youtu.be/92FCRmeggNqQ>.

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#### **Video #1: Introduction**

**Today's motivating question: How do natural resources affect a country's political and economic stability?**

**Screenshot of *The Diplomatic* 2020 article "Afghanistan's Mineral Resources Are a Lost Opportunity and a Threat."**

**The devil's excrement**

**Screenshot of Horseshoe crab blood article**

**Today's puzzle**

Having resources is usually considered an asset.

Why then is having natural resources often lead to negative outcomes (e.g. Dutch Disease, the resource curse, civil conflict)?

**Photo of course outline**

**Screenshot of Humphreys' 2005 article for this week**

- A great abstract and introduction
- Clear competing explanations

**Screenshot of Ross' literature review**

- Clear statement of debates and research questions

**Lecture question #1**

Have you ever thought about the globalized resource chain that go into making your lives possible? If so, what resources concern you the most for their negative effects on one of this class' three themes? If not, why not?

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## **Video #2: Natural resources—defining our terms**

### **Defining natural resources**

- What is the type of resource?
- Extracted (e.g. minerals) rather than produced (e.g. last week's agriculture)
- What is the salient quality of the resource?
- For example, quantity, value of production or export, or government rents
- Method used to normalise values
- For example, fraction of GDP, exports, per capita, government revenue

### **Types of natural resources**

#### Fuel minerals

- Oil
- Natural gas

#### Non-fuel minerals

- Gold
- Coltan
- Cobalt
- Tantalum

#### Gemstones

- Diamonds

### **Resource rents**

**Definition:** “[P]rofits above and beyond production costs, where the costs include a normal rate of return on the capital invested,” (Ross 2012: 35, quoted in Fails and Dubuis 2015: 704)

### **Rentier effects**

- Resource revenue allow governments to reduce taxes as well as increase public goods and private patronage.
- Rents can also raise risks of depending on one source of revenue (e.g. Venezuela).
- Rent diversification helps reduce risk of authoritarian collapse. (Fails & DuBuis 2015)
- Fails & DuBuis (2015) look at five resources (coal, forest, mineral, natural gas & oil)
- It is unclear if their authoritarian regime failure includes conflict.

### **The lucky country**

- CIA Factbook overview of Australia's exports

### **Screenshot of Australia's exports and export destinations**

Source: <https://oec.world/en/profile/country/aus/>

### **Screenshot of South Sudan's exports and export destinations**

Source: Observatory of Economic Complexity (<https://oec.world/ssd/>)

### **South Sudan's CIA Factbook overview**

#### **The resource curse—definition**

- “The adverse effects of a country's natural resource wealth on its economic, social, or political well-being.” Ross (2015: 240; building on Auty 1993)

### **Indices of primary commodity prices graph**

Source: IMF (<https://www.imf.org/en/Research/commodity-prices>)

### **Graph of Brent crude oil prices**

#### **Lecture question #2**

After last week's focus and this week's readings, do you buy the argument that extractive resources are more of a risk than produced resources?

Why or why not?

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### **Video #3: Natural resources and conflict—mechanisms**

#### **An embarrassment of mechanisms**

#### **How resources can affect conflict differently than regime stability & institutional quality**

- Other, non-petroleum resources, matter.
- Effects are non-monotonic.  
Location matters (e.g. off/on-shore, periphery/central)

#### **Natural resources & conflict onset**

- Humphreys' 2005 possible mechanisms
  - Greedy rebels
  - Greedy outsiders
  - Citizen and elite grievances
  - Feasibility/start up costs (aka. “booty futures”)
  - Weak states (opportunity)
  - Sparse trading networks

#### **Natural resources & conflict duration**

- Humphreys' 2005 possible mechanisms
  - Feasibility
  - Military balance
  - Lack of cohesiveness
  - Side rent payments
  - International interventions

### **Other explanations**

- Declining rents can cause conflict (endogeneity).
- As risk of conflict increases resource rents decrease (endogeneity).
- Government weakness causes both resource rents and conflict risk (spuriousness).
- Do spikes or dips in rents matter or how much they are? (levels vs. change)

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### **Video #4: Oil and conflict**

#### **Oil, democracy, institutions & conflict**

- Oil dependence is one of the few robust correlates of regime type. (Ross 2015: 243)
- Oil is a predictor of regime stability, both for democracies and autocracies.
- Oil increases corruption.

#### ***Wall Street Journal 2019 article #1***

- “Attacks on Oil Facilities Threaten Fragile Saudi Economy”

#### **Graph of oil price and conflict events**

#### ***Wall Street Journal 2019 article #2***

- “Saudi Arabia Opens Kingdom to Foreign Tourists”

#### ***Wall Street Journal 2019 article #3***

- Saudi Crown Prince Says Khashoggi Was Killed ‘Under My Watch’”

#### **Graph of time under democratic rule and oil income**

- Source: Ross (2015:244)

#### **Polity scores graph**

- Average all countries score consistently higher than oil producers over time
- Source: Anderson & Ross (2012: 36)

#### **Graph of crude oil prices**

#### **Graph of commodity price indices**

## **Graph of South Sudan oil production**

Source: US Energy Information Administration. 2019. "Executive Summary: Sudan and South Sudan."

### **Lecture question #3**

- Do you know where the petrol Canberran's put in their cars comes from?
- Try Googling/Duck Duck Go-ing: "Where does Australia's oil come from?"
- Click on the 2018 article by Anthony Richardson at *The Conversation* and have a quick read.
- Had you thought about the potential for oil supply disruption in Australia?
- Do you think that Richardson's potential sources of disruption are something we need to worry about? Why or why not?

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### **South Sudan videos**

Vice News. 2020. "South Sudan Is Collapsing Thanks to Corruption Over Oil." [https://youtu.be/qi37th\\_N3Ck](https://youtu.be/qi37th_N3Ck)

Al Jazeera English. 2017. "South Sudan to Start Oil Production After New Deal." [https://youtu.be/GdoN9KU\\_KKE](https://youtu.be/GdoN9KU_KKE).

Africa News. 2020. "South Sudan Oil Perspective." <https://youtu.be/xTyQyyFrLAo>.

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### **Video #5: South Sudan—oil and conflict**

**Geography Now! South Sudan screenshot**

**Photos of President Salva Kiir, John Garang, and Riek Machar**

**UCDP South Sudan conflict summary page**

**Mapping Conflict Violence in South Sudan.**

Source: <http://www.cepo-southsudan.org>

**Oil Company Warns Citizens to Keep Off Oil Fields for Safety (2013)**

**"South Sudan Oil Field Becomes Battleground as Economy Reels"**

Bloomberg article from 2015

**"South Sudan Oil Consortium Funded Militias Accused of Atrocities, Report Says"**

Source: Specia, Megan. 2019. "South Sudan Oil Consortium Funded Militias Accused of Atrocities, Report Says" New York Times. September 19, 2019.

**Graph of international corporate network tied to S. Sudan president's family.**

- A 2019 report: *The Taking of South Sudan* from The Sentry

### **Article about oil field kidnappings from Paloch oil field**

### **Crude oil production in South Sudan**

Source: US Energy Information Administration. 2019. "Executive Summary: Sudan and South Sudan." p. 4

### **South Sudan GDP graph**

### **Graph of South Sudan exports and export destinations**

### **"China urges South Sudanese parties to expedite resolution of outstanding issues."**

Source: Xinhua. 1 October 2020.

### **"Somewhat peaceful South Sudan expecting FDI of \$1bn per year."**

Source: Francis, Okech. 2019. Business Day.

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### **Videos about international efforts**

EITI. 2009. Making Resources Work for People - Part 1.  
<https://youtu.be/eXHE2daq6vM>.

EITI. 2009. Making Resources Work for People - Part 2.  
<https://youtu.be/75WmQDuQnQ0>.

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### **Video #6: International efforts against the resource curse**

#### **Less savoury**

- International companies and governments fund repressive states and armed groups to extract resources.  
 Sometimes with side payments...

#### **Equatorial Guinea example**

#### **African map of FDI projects, 2003-2017**

#### **FDI to Africa growing like to the rest of the world graph**

#### **More FDI to Africa than aid**

#### **More savoury**

- The United Nations Security Council, World Bank, and other IO's have tried to increase transparency.
- So have non-governmental organisations like Publish What You Fund

### **Extractive Industries Transparency Initiative (EITI) map of member states**

#### **EITI**

- Formation: 2003
- Global standard to promote open and accountable management of natural resources
- 52 implementing countries with 31 compliant with 2011 rules

### **EITI compliant & candidate countries map**

#### **List of EITI countries**

### **Why is transparency of resource rents seen as being so important?**

#### **The Cullinan diamond**

- Largest gem-quality diamond in the world (3,106.75 carats).
- Discovered 1905 in South Africa.
- Value: USD\$2 billion

### **Photo of Cullinan diamond finished stones**

#### **One in UK Sceptre with the Cross, 530 carats**

#### **1953 Photo of Queen Elizabeth II's coronation with Sceptre with the Cross**

#### **Photo of Cullinan mine, South Africa.**

- Current digging at 747 m can go to 1000 m

### **Google map of Cullinan mine**

#### **Photo of alluvial diamond mine in Koidu, Sierra Leone**

### **Google map of Koidu**

#### **Kimberley Process**

- Launched in 2003
- Narrow definition of what constitutes a conflict diamond
  - “rough diamonds used by rebel movements to finance wars against legitimate governments’.” Applies only to rough diamonds
- The Kimberley Process Certification Scheme (KPCS) outlines the rules that govern the trade in rough diamonds.

- As of November 2013, there are 54 participants representing 81 countries, with the European Community counting as a single participant.
- The participants include all major rough diamond producing, exporting and importing countries (99.8%).
- Global Witness suspended their involvement in 2011.

## Conclusions

- Motivating question: How do natural resources affect a country's political and economic stability?
  - Multiple mechanisms by which natural resources can affect political institutions and political stability.
  - Oil has had the greatest effect.
  - A mix of small and large-scale international efforts have been undertaken to increase transparency.
  - Unclear what effects transparency will have.

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## Exeunt music

Given the current Armenia-Azerbaijan video I thought it worth showing a few military music videos from one of the combatant sides. This is an entire rabbit hole you can go down of military units making music videos around the world.

2020. Azerbaijani military music video. <https://youtu.be/bSh5tm2Hmn0>.

2018. Azerbaijani military music video. <https://youtu.be/yKA9xJx-NKg>.