

Lifting the Curse: Distribution and Power in Petro-States

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Chapter 1: Introduction

Why are countries that are more reliant on fuel exports less likely to be democracies? Why would countries endowed with a natural economic resource have different political outcomes? This chapter provides an overview of the argument, and an outline of the dissertation.

Chapter 2: Oil, Blessing or Curse?

Oil and other natural resources have not always been considered a hazard for economic and democratic development. Scholars have reached varying conclusions about the effects of oil resources depending on the time and place being analyzed. This chapter looks at the evolution of the literature on natural resource politics over time. It attempts to reconcile the literature on early industrialization, where natural resources are considered beneficial to political development, with the current literature on the “natural resource curse,” arguing that changes in the international market have negated the price advantages that were enjoyed by early industrializers. It also covers the empirical outlines of the negative relationship between fuel exports and democracy utilizing a dataset covering 166 countries from 1965-2001. This analysis demonstrates the negative impact of both fuel export income and dependence on the level and probability of democratic governance.

Chapter 3: Dependence, Income, and Regime Stability

This chapter demonstrates that the general theories advanced to explain the negative relationship between fuel exports and democracy closely mimic the regional work in Chapter 2. As a result, previous studies have focused on fuel exports as either a source of funds for political stability or a source of competition resulting in political instability. Contrary to what previous theories would lead us to expect, I show that there are a wide variety of regime outcomes in fuel exporting states. This motivates a formal model based on the increased importance of government discretion in economic distribution. This model predicts that regime outcomes are dependent on three factors: (1) the level of dependence on fuel exports; (2) the amount of revenue garnered from those exports; and (3) the demands placed on the government.

Chapter 4: Distribution and Survival in Petro-States

The formal model from the previous chapter has several empirical implications that are tested in this chapter utilizing the dataset presented in Chapter 2. First, the effect of fuel exports on the importance of government distribution is tested. Here it is found that fuel exports are tied with increased government discretion in the distribution of economic resources. This confirms the basic assumption of the formal model. Second, the formal model leads to the prediction that, all else being equal, higher fuel export income should increase the lifespan of political regimes, while dependence on fuel resources when incomes are not as high will have the opposite effect. Cox proportional hazard models find that this is indeed the case. In addition, they support the contention that fuel export income is especially stabilizing for authoritarian regimes, while fuel export dependence is especially destabilizing for democratic regimes.

Chapter 5: Revenues and Development

This chapter expounds on the relationship between fuel exports and socio-economic development. Because fuel export revenues increase government discretion in economic distribution, allowing the government to distribute private goods in exchange for political loyalty, it is expected that they will not be as good at providing public goods. Thus, even though fuel exporters have higher per-capita GDPs than their developing colleagues, they under-perform in a number of other, more proximate, measures of socio-economic development, such as the effective provision of health care and education or the alleviation of poverty. This calls into question whether fuel exporting states are really as much an exception to classical theories of democratization as is usually claimed.

Chapter 6: Drilling for Authoritarian Resources: The Case of Kazakhstan

Kazakhstan provides a rare glimpse into the way increased fuel exports shape politics. During this period of rising prices, the government of Kazakhstan has been able to establish an intricate system of government influence in the economy. The methods of this influence range from the heavy handed (e.g. confiscating and selling the property of individuals who contribute to opposition parties) to the more indirect (building a new capital in the North which provides construction jobs in one of the most unstable areas of Kazakhstan). The end result is a system in which one person, Nursultan Nazerbayev, holds very broad powers with little dissention. Without the growing income from fuel exports, Kazakhstan would look much more like neighboring Kyrgyzstan, which has seen several major alternations in its government. The experience of Kazakhstan is compared with that of Moldova, where the state's lack of sources of capital has resulted in a much more competitive (if not entirely democratic) political system.

Chapter 7: Conclusions

Since the increased discretion of the government in economic distribution in fuel dependent states is responsible for both the stability of authoritarian regimes and the instability of democratic regimes, several policy recommendations are made. First, to the extent possible, transparency of revenue flows and regulation needs to be promoted in both the fuel and non-fuel sectors. Some efforts have already been made in this regard, but they need to be enlarged to include more than oil exports. Second, in states that are fuel dependent, but not fuel rich, stability can be improved through mechanisms that limit the losses of those outside of power. These mechanisms can include elite pacts (as in Venezuela) or shared sovereignty (as is being tried in Chad). Both of these, however, will be difficult to implement, as competing sides have incentive to defect, and are most likely to occur after a serious shock.