

University of Toronto
Department of Political Science

**POL443/2322H: Topics in Comparative Politics:
Natural Resources and Inequality**

Mondays, 2-4 pm
Location: TC 22

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Office hours:
FALL TERM ONLY: Mondays, 12:30-2 (or by appointment)

Course objectives and description

This course focuses on a debate regarding the impact of natural resource abundance on development. We often assume that countries that are well endowed with natural resources are wealthy or should have the means to ensure and finance the development of their societies. Why is this not always the case? According to many scholars in the last decade or so, resource abundance might actually be a “curse”. To be wealthy in natural resources does not always benefit countries, but might actually lead to lower economic growth, authoritarianism, and conflict. We will be discussing some aspects of this debate.

The course is structured in two parts. In the first few weeks, we examine some of the main theoretical work that has debated the ‘resource curse’. In particular, we review critically the arguments linking natural resource wealth with poor economic performance and with authoritarianism. Many of the current theoretical propositions have their roots in an older debate on the “rentier state”, which we also examine.

The second part of the course focuses on empirical cases. We will reflect together on the experiences of the Indonesian, South African and Brazilian states in their management of natural resources. We will examine whether they have been “cursed” by their relative wealth in natural resources. In particular, we will think about their experiences under democratic regimes. Finally, we will assess the links to inequality.

Course Expectations

This course is a seminar. Student participation is essential to learn in this kind of format. In order to understand and to participate in the discussions, students **must** read the assigned articles before coming to class. The learning experience relies on

the assumption that students have thought about the material before coming to class.

Some of the readings are quite complex. They do not entail that you have an economics background, or that you fully understand econometric and statistical analyses, but you will need attentive reading to follow the arguments, think about the factors that are being analyzed, and have some sense of the approach that is driving the analysis.

In the first part of the course, we will be engaging with some broad theoretical propositions that lay out the mechanisms linking natural resource abundance to various negative outcomes. Most of the articles are key pieces that have influenced the debate, and therefore we emphasize the main arguments made, how they build on or challenge other work, and the logic of the claims that are made, in relation to evidence provided.

The second part of the course constitutes more of a collective analysis of cases. The readings are selected mostly for the informative empirical evidence that they provide, and their relevant analysis of resource-curse issues in each country. They are not always strong articles theoretically, nor have they been necessarily influential, but they offer collectively a rounded empirical examination of resource management and issues that have arisen in each case.

Requirements and Evaluation

There is a strong reliance on participation for the success of any seminar. Effective reading, raising important analytical points, defending a perspective, raising some critical issues that have not been discussed, these are all ways in which one can meaningfully contribute to discussions.

1. First paper: Theoretical review (25%)

Undergraduate students: please choose one article from the readings in the first few weeks. Write a critical assessment of the reading, which includes an assessment of the strengths of the argument, methodology, and logic of the theoretical exposition. This is NOT a summary of the article. Length: 5 pages max. **Due Date:** papers are due **before** the class where the article will be discussed. No exceptions.

Graduate students: Review essay. Choose one topic related to the Resource Curse literature. Write a critical review of the theoretical literature on this topic (e.g. Resources and impact on political regimes; conflict; etc...). You can use some of the assigned readings, and supplement with others. This is NOT a paper reviewing empirical material, but mainly the theoretical proposition that are advanced, and the strength and weaknesses of the arguments, in light of the development of the assumptions and theoretical points made and methodology. A minimal discussion of

empirical validation might be appropriate, but this should not be the focus of the essay. 10 pages max. Due Date: **Monday, October 16**

2. Research Paper (50%): Due Wednesday, December 6th

Undergraduate students: Case analysis. 12-15 pages: Write a research paper that uses theoretical propositions regarding the impact of resources abundance on development to analyse a case that we have not studied in the course.

Graduate students: Comparative case analysis. 15-20 pages.

Select a case to compare to one of our three cases (Indonesia, Brazil and South Africa). Use theoretical work to guide case selection, discussion of theoretical propositions, selection of explanatory factors to test empirically. Each paper must be a theoretically informed analysis of these cases, in a structured comparison. Optional: you could also propose a paper that uses large-N (Quantitative) analysis in order to compare a large number of cases.

3. Participation and Structured Interventions: 25%

Undergraduate Students: twice during the term (minimum), you are expected to submit a few written lines that raise a point that you think is important in response to one of the readings discussed that week. They are to be submitted at the beginning of class. You are expected to raise the point during that class, or be called upon to raise it. These will be your “structured” interventions. Otherwise, students are expected to attend all classes and to participate in the discussions, having completed the readings. The grade will reflect your overall performance on all of these fronts.

Graduate students: you are expected to come prepared to all classes and participate actively in the discussions.

**Penalty for late submissions: 2% per day; no extensions; medical reasons require proper documentation and are assessed on a case-by-case basis.

Turnitin

We are using a university wide service called Turnitin. Normally, students will be required to submit their course essays to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com website.

Blackboard

We are using Blackboard in this course. You will need your UTORid and password.

Logon at <http://portal.utoronto.ca>

For help and information, please contact: blackboard@utoronto.ca

Do **not** direct your Blackboard specific questions to the instructor. We are unable to provide support for the web-based software. There are special services that you should consult. You should access the course regularly to check for announcements, broadcasts, etc...

Week 1 Sept. 11 - Introduction to the course

No readings.

Part I: The "Resource Curse" Debate

Week 2 Sept. 18 - Rentier States and Resource Curse

Karl, Terry Lynn. 1997. *The Paradox of Plenty: Oil Booms and Petro-States*. Berkeley: University of California Press: pp. 1-68.

Ross, Michael. 2001. "Does Oil Hinder Democracy?" *World Politics*, vol. 53, no. 3: pp. 325-361.

Week 3 Sept. 25 - The Resource Curse Hypothesis: Economic Performance

Sachs, Jeffrey D and Andrew M. Warner. 1997. "Natural Resource Abundance And Economic Growth."

Auty, Richard. 1993. *Sustaining Development in Mineral Economies: The Resource Curse Thesis*. London: Routledge: Chapters 1 and 2, pp. 1-6, 13-28.

Woolcock, Pritchett and Isham. 2001. "The Social Foundations of Poor Economic Growth in Resource-Rich Countries," in *Resource Abundance and Economic Development*, ed. Richard Auty. Oxford: Oxford University Press.

Week 4 Oct. 2 - The Institutions Curse Rebuttal

Menaldo, Victor. 2016. *The Institutions Curse: Natural Resources, Politics and Development*. Cambridge, UK: Cambridge University Press: Chapters 4 and 6, pp. 77-130, 237-294.

****No class October 9th (Thanksgiving)****

PART II: EMPIRICAL ANALYSIS OF INDONESIA, SOUTH AFRICA AND BRAZIL

Week 5 Oct. 16 – Indonesia (I)

Gellert, P.K. 2010. "Extractive Regimes: Toward a Better Understanding of Indonesian Development," *Rural Sociology*, vol. 75, no. 1: pp. 28–57.

Seda, Francisia. 2005. "Petroleum Paradox: The Politics of Oil and Gas" in *The Politics and Economics of Indonesia's Natural Resources*, edited by B.P. Resosudarmo. Indonesia Update Series. Singapore: Institute of Southeast Asian Studies: pp. 179-190

Rosser, Andrew. 2007. "Escaping the Resource Curse: the Case of Indonesia," *Journal of Contemporary Asia*, vol. 37, no. 1: pp. 38-58.

Week 6 Oct. 23 - Indonesia (II)

Alisjahbana, A.S. 2005. "Does Indonesia Have the Right Balance in Natural Resource Revenue Sharing?" in *The Politics and Economics of Indonesia's Natural Resources*, edited by B.P. Resosudarmo. Indonesia Update Series. Singapore: Institute of Southeast Asian Studies: Pp. 109–124.

Augustina, Cut. 2012. "The Political Economy of Resource Revenue Sharing in Indonesia". Asia Research Center Working Paper.

Ascher, William. 2012. "Mineral Wealth, Development and Social Policy in Indonesia", in *Mineral Rents and the Financing of Social Policy* edited by K. Hujo. UNRISD.

Week 7 Oct. 30 - South Africa (I)

Fine, Ben and Zavareh Rustomjee. 1996. *The Political Economy of South Africa: from Minerals-Energy Complex to Industrialization*. London: Hurst Publishers: Chapters 4-5, pp. 71-120.

Jenkins, Carolyn. 2001. "Growth, Capital Accumulation, and Economic Reform in South Africa" In *Resource Abundance and Economic Development* edited by Richard Auty. Oxford: Oxford University Press: pp. 239-259.

Elbra, Ainsley D. 2013. "The forgotten resource curse: South Africa's poor experience with mineral extraction," *Resources Policy*, vol. 38: pp. 549-557.

****No class November 6th – FALL BREAK****

Week 8 Nov. 13 - South Africa (II)

Cawood, F. T. 2010. "The South African mineral and petroleum resources royalty act—Background and fundamental principles," *Resources Policy*, vol. 35: pp. 199-209.

Van der Zwan, Pieter. 2013. "A post-implementation analysis of the South African Mineral Royalty Regime," *Journal of Applied Business Research*, vol. 29, no. 3: pp. 641-651.

Leon, Peter. 2012. "Whither the South African Mining Industry?" *Journal of Energy and Natural Resources Law*, vol. 30, no. 1: pp. 5-27.

Sorenson, Paul. 2011. "Mining in South Africa: a mature industry?" *International Journal of Environmental Studies*, vol. 68, no. 5: pp 625-649.

Week 9 Nov. 20 - Brazil (I)

Arbix, Glauco, Scott B. Martin, and the Global Legal Studies Center. 2010. "Beyond developmentalism and market fundamentalism in Brazil: inclusionary state activism without statism." Workshop on 'States, Development, and Global Governance'. Madison: Global Legal Studies Center and the Center for World Affairs.

Schutte, Giorgio Romano. 2013. "Brazil: New Developmentalism and the Management of Offshore Oil Wealth," *European Review of Latin American and Caribbean Studies*, Vol. 95: pp. 49-70.

Singh, Jewellord Nem and Eliza Massi. 2016. "Resource nationalism and Brazil's post-neoliberal strategy" in *The Political Economy of Natural Resources and Development: From Neoliberalism to Resource Nationalism* edited by Paul A. Haslam and Pablo Heidrich. New York and London: Routledge: pp. 158-173.

Week 10 Nov. 27 - Brazil (II)

Monteiro, Joana. 2009. "Resource Booms and Politics: The Effects of Oil Shocks on Public Goods and Elections."

Postali, Fernando Antonio Slaibe, and Marislei Nishijima. 2013. "Oil windfalls in Brazil and their long-run social impacts," *Resources Policy*, vol. 38, no. 1: pp. 94-101.

Singh, Jewellord Tolentino Nem. 2014. "Towards post-neoliberal resource politics? The international political economy (IPE) of oil and copper in Brazil and Chile," *New Political Economy*, vol. 19, no. 3: pp. 329-358.

Week 11 Dec. 4 - Natural Resources and Inequality

Gylfason, Thorvaldur, and Gylfi Zoega. 2002. "*Inequality And Economic Growth: Do Natural Resources Matter?*" CESifo Working Paper No. 712.

Ross, Michael. 2007. "How Mineral- Rich States Can Reduce Inequality" in *Escaping the resource curse* edited by Macartan Humphreys, Jeffrey Sachs, and Joseph E. Stiglitz. New York: Columbia University Press: pp. 237-255.