

**University of Toronto**  
**Department of Political Science**

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

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Office hours:  
FALL TERM ONLY: Mondays, 2-3pm (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: **October 17**

## **2. Research Paper (50%): Due Friday, December 9<sup>th</sup>**

***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](mailto: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...

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## **Week 1 Sept. 12 Introduction to the course**

No readings.

### **Part I: The “Resource Curse” Debate**

#### **Week 2 Sept 19 Rentier States**

Karl, Terry Lynn. 1997 *The Paradox of Plenty: Oil Booms and Petro-States*, Part One, pp. 1-68

Beblawi, H. “The Rentier State in The Arab World,” reprinted from H. Beblawi and G. Luciani, The Rentier State, vol. 2 of Nation and Integration in the Arab World (London: Croom Helm and New York: Methuen), 1987.

#### **Week 3 Sept. 26 The Resource Curse Hypothesis (I): Economic Performance**

Jeffrey D. Sachs and Andrew M. Warner, “Natural Resource Abundance And Economic Growth,” 1987

Auty, R (1993) “The Resource Curse Thesis”, and Chap 2 “Managing Mineral Economies” pp. 1-6; 13-28 in *Sustaining Development in Mineral Economies: The Resource Curse Thesis*, London: Routledge (Online Reading Available)

Woolcock, Pritchett and Isham, “The Social Foundations of Poor Economic Growth in Resource-Rich Countries,” in Auty *Resource Abundance and Economic Development*, Oxford, 2001, 30pp.

#### **Week 3 Oct 3 The Resource Curse Hypothesis (II): Political Regimes**

Ross, M (2001a) ‘Does Oil Hinder Democracy?’, *World Politics* 53 (April): 297–322

Dunning, Tad. Chap 2, The Foundations of Rentier States, pp. 37-60

Collier, Paul and Hoeffler, Anke "Testing the neocon agenda: Democracy in resource-rich societies" *European Economic Review*, 53, 2009, pp. 293-308

**OCT10: \*\*Thanksgiving\*\***

\*\*No class\*\*

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

**Weeks 5 Oct. 17 Indonesia**

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

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

Andrew Rosser, Escaping the Resource Curse: the Case of Indonesia, *Journal of Contemporary Asia*, Feb 2007, pp. 38-58

Gellert, P.K. (2010b), 'Extractive Regimes: Toward a Better Understanding of Indonesian Development', *Rural Sociology*, 75 (1), pp. 28–57.

Augustina, Cut. "The Political Economy of Resource Revenue Sharing in Indonesia". Asia Research Center Working Paper (2012). 36 pp.

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

**Week 6 Oct. 24 Indonesia**

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**Week 7 Oct. 31 South Africa**

Ben Fine and Zavareh Rustomjee, *The Political Economy of South Africa: from Minerals-Energy Complex to Industrialisation*, Chaps 4-5, pp. 71-120.

Carolyn Jenkins, "Growth, Capital Accumulation, and Economic Reform in South Africa ", In Auty, *Resource Abundance and Economic Development*, Oxford, 2001. 36pp.

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

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

Van der Zwan, "A post-implementation analysis of the South African Mineral Royalty Regime, *Journal of Applied Business Research*, 29, 3, 2013. Pp. 641-651.

Leon, Peter, "Whither the South African Mining Industry?

Paul Sorenson, "Mining in South Africa: a mature industry?", *International Journal of Environmental Studies*, 68, 5, 2011. Pp 625-649

**Week 8 NOV 7: \*\*\*No class (Fall Break)\*\*\***

**Week 9 : Nov. 14 South Africa**

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**Week 10 Nov. 21 Brazil.**

Postali, Fernando Antonio Slaibe, and Marislei Nishijima. "Oil windfalls in Brazil and their long-run social impacts." *Resources Policy* 38.1 (2013): 94-101.

Giorgio Romano Schutte, "Brazil: New Developmentalism and the Management of Offshore Oil Wealth," *European Review of Latin American and Caribbean Studies*, No. 95 (2013) October, pp. 49-70

Arbix, Glauco, Scott B. Martin, and Global Legal Studies Center. "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. 2010.

Nem Singh, Jewellord Tolentino. "Towards post-neoliberal resource politics? The international political economy (IPE) of oil and copper in Brazil and Chile." *New Political Economy* 19.3 (2014): 329-358.

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

Singh, Jewellord Nem, and Eliza Massi. "Chapter 9: Resource nationalism and Brazil's post-neoliberal strategy." *The Political Economy of Natural Resources and Development: From Neoliberalism to Resource Nationalism* (2016): 158-173

**Week 11 Nov. 28 Brazil**

\*\*Continued\*\*

**Week 12 Dec. 5 : Natural Resources and Inequality**

Gylfason, T., and Zoega, G (2002) *Inequality And Economic Growth: Do Natural Resources Matter?* CESifo Working Paper No. 712

Ross "How Mineral- Rich States Can Reduce Inequality"