



Mineral-Resource Abundance and Violent Political Conflict

Based on Working Paper No.20: Jonathan DiJohn, 'Mineral-Resource Abundance and Violent Political Conflict: A Critical Assessment of the Rentier State Model'. This is intended to provide a summary of the principal findings, and an indication of the implications these may have for debates over policy.

In this paper, Jonathan Di John critically examines the so-called “rentier state” argument—the idea that abundance of natural resources causes poor growth, and raises the incidence, intensity and duration of conflict. The basic premise of the rentier state model is that rentier state leaders, by relying on ‘unearned’ income (in the form of mineral rents and/or aid), do not develop a set of reciprocal obligations with citizens via the nexus of domestic taxation. The model also posits that the more leaders can finance state activities through ‘unearned’ income, the more likely predatory behaviour, including violence, will follow. The author argues that mineral resource abundance does not determine politics in a systematic fashion and finds the empirical evidence that political violence is greater in mineral abundant poor economies unconvincing. The paper concludes with a brief discussion the policy implications of bringing politics back into the causes of war in less developed countries.

- **Rentier State and Political Violence**

The main premise of the rentier state model of governance is that when states gain a large proportion of their revenues from external sources, such as resource rents, the reduced necessity of state decision-makers to levy domestic taxes causes leaders to be less accountable to individuals and groups within civil society. One important version of the idea that rentier states generate greater violence has been developed by Mick Moore (1998, 2001). The core argument is that contemporary rentier states, by relying on ‘unearned’ income, do not develop a set of reciprocal obligations with citizens via the nexus of domestic taxation. As a result, the emergence of representative government and more generally, of interdependence and mutual obligation and accountability between states and citizens is more likely when there are incentives and mechanisms for states to increase their revenues through domestic taxation, which, in turn, requires political bargaining with citizens.

- **Methodological Problems with the Rentier State Model**

1. **How rulers appropriate and maintain power is not adequately analysed.** By assigning “rights” to leaders (whether in the state or civil society), the whole problematic of how “common pool resources” are managed is neglected, when the real problem of common pool resources is, in fact, analysing the processes through which rights are assigned, enforced, maintained and changed
2. **Leaders are assumed to have predatory as opposed to developmental aims.** Predatory behaviour on the part of leaders - that is, making money out of perpetuating civil war - cannot be assumed or simply described, but needs to be explained.

- **Policy Implications of the rentier state model**

The supporters of the rentier state model suggest reducing a state's ‘unearned income’ from either mineral rents or international aid will enhance the prospects of peace. Policy recommendations include either reducing the levels of international aid and/or monitoring aid more effectively through conditionality ; or avoiding extractive industries altogether and concentrating efforts in order to diversify mineral-dominant economies towards agriculture and manufacturing.

- **Rent-Seeking Models of Political Violence**

Research led by Paul Collier posits that the presence of mineral resource wealth increases the incidence, duration and intensity of civil wars. There are two mechanisms proposed about how this may occur: The first is a “looting” mechanism proposed by Collier and Hoeffler (1998). If rebel organizations have the opportunity to extract and sell resources (or extort money from those who do), then they are more likely to launch a civil war. The second mechanism involves disputes or grievances over the distribution of mineral rents. The idea that the mere existence of mineral rents necessarily generates greater conflict is consistent with mainstream theories of rent-seeking.

- **Problems with the Rent-Seeking Argument.**

Is it, however, necessarily the case that the increases in natural resource rents, of whatever type, induce increases in rent-seeking? The answer would depend on the political conditions that induce struggle in the first place and the relative power of competing groups to engage in rent-seeking struggles, including violent ones.

- **The Rentier state model and political violence: Is there convincing evidence?**

While several studies have found that natural resources and civil war are highly correlated, there are several methodological problems with the econometric evidence that makes it difficult to draw policy conclusions:

1. The very wide (and rather) arbitrary range in the definitions of what constitutes ‘war’ and ‘violence’ in the econometric studies.
2. Correlation does not demonstrate causality. For instance, it is at least as probable that civil wars might produce or sustain resource dependence.
3. there is a neglect of the effect of prior wars and ‘neighbouring country wars’ as a cause of conflict
4. All of the statistical studies discussed are guilty of selection bias. By definition, most countries that do not have a diversified agricultural and manufacturing base become mineral dependent. In historical terms, almost all countries began as mineral-dominant economies. The key policy question to ask is why natural resource revenues are used in ways that sustain economic growth and diversification in some countries and not in others
5. Even when allowing for selection bias, there is no evidence that there is any determinate relationship between the incidence of civil war and humanitarian emergencies and mineral dependence in the mid-1990’s.
6. The evidence thus suggests that factor endowments do not determine politics. The indeterminacy of natural resource wealth and violence suggests that the nature of conflicts in mineral-dominant economies does not exist prior to politics.

- **Policy Implications of the study**

1. An account of the causes of conflict that moves beyond economic and factor endowment determinism.
2. Attention should shift toward understanding how past government policies affect the processes of growth and diversification of mineral-dominant economies.
3. Greater attention should be paid to understanding the political economy dynamics of *regional war zones* that transcend the nation-state.
4. More attention might be paid to the patterns of the arms trade and the extent to which changing patterns of production and distribution of arms in the post-Cold War period exacerbates ongoing violent conflicts in mineral dependent and more diversified economies alike.

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