African Review of Economics and Finance, Vol. 4, No.1, Dec 2012

BOOK REVIEW

Natural Resources, Conflict, and Sustainable Development: Lessons from the Niger Delta

Okechukwu Ukaga, Ukoha O. Ukiwo and Ibaba Samuel Ibaba (eds.)
Routledge, London, 2012, pp. 174.
ISBN 13: 978-0-415-80691-6 Hardback

Reviewed by Franklin Obeng-Odoom[8]

Why does the abundance of natural resources typically lead to poor utilisation and damaging effect on economy, polity, and society? Attempts to address this question dates back to the days of the classical economists. Posited reasons were diverse, ranging from institutional to psychological factors. However, the ascent of neoclassical economics in the 1870s and its influence on the analysis of oil in the 1920s led to the use of the one-size-fits all doctrine of 'resource curse'. Theorised by Max Corden and Peter Neary and greatly extended and popularised by Jeffrey Sachs and Andrew Warner, and recently by Paul Collier, it holds, in essence, that policy failure is the primary cause of the problems that accompany resource extraction. Admittedly, the use of this notion can now be found in the other social sciences. However, bourgeois economics has been the leading exponent of the resource curse thesis which assumes a perfect market, rational, profit-maximising economic 'man', and a market tending towards stability. From this perspective, the contradictions of resource extraction can be addressed mainly through 'policy

[8] The Chancellor's Postdoctoral Research Fellow, School of the Built Environment, Asia-Pacific Centre for Complex Real Property Rights, Faculty of Design, Architecture and Building, University of Technology Sydney. Email: Franklin.Obeng-Odoom@uts.edu.au

fiddling'. The current state of governance in resource rich countries, especially in Africa, is styled as being in a pariah state, so 'good governance' – which typically means creating conditions for further commodification of society and market adjusting - is a panacea.

Some activists, focusing on the extractive industry, have tried to provide more nuanced accounts, grounding their work in case studies that often confront the associations and connections and simplistic binaries of 'blessings' and 'curses' that characterise the account of resource economists. However, these latter, grounded accounts are poorly theorised, prompting Collier to ridicule the methodology. Collier prefers 'real (read 'statistical')' to 'root' (read analysis emphasising factors such as historical, income inequality, and ethnic suppression, which are often not amenable to statistical analyses)' (pp. 22-27). He tends towards the resource curse thesis, recalliberated as a cluster of traps that plague resource rich countries.

The edited collection under review aspires to be different, from both resource economism and atheoretical activist narratives. In contrast to the deterministic analyses of bourgeois economists, it provides insights informed by diverse theoretical (e.g., Rucimann's relative deprivation theory) and conceptual (Ostrom's institutional analysis and development) viewpoints. The dominant method is the institutional historical approach which analyses contemporary phenomenon by considering how formal and informal rules, customs, and practices have shaped or constrained, the nature of oil dynamics. The case study, the Niger Delta area in Nigeria, is appropriate because, although the idea of 'resource curse' was first discussed in the case of the Netherlands, in more recent times, the Niger Delta area has become the focus of considerable global attention. The substantial amount of hydrocarbon coupled with the underdevelopment of the area, including the infamous killing of famous activist and writer, Ken Saro Wiwa, explain this global interest.

The book arose from a conference on 'Natural Resource, Security, and Development in the Niger Delta', held in March 2010 at the Niger Delta University in Yenagoa, Bayelsa State, Nigeria. It is made up of nine chapters, being the 'chosen few' out of over 50 papers presented at the conference. The editors contribute two chapters, namely the introduction and the conclusion to respectively set the scene and tie the knots. The book is well-written, avoiding excessive jargon and obfuscation. It is well-structured, with the editors effectively organising the different chapters along thematic lines.

A few issues could have been better handled. The editors do not always succeed in ensuring that the authors keep to their theoretical referent points. In some cases, the authors veer off their own theoretical lenses and conclude without any reference to their theoretical starting points. For instance we are promised the use of Ostrom's institutional analysis and development framework (chapter 3), but this looks like 'lip service', as this promise is not carried through. A general weakness in the book is the near silence on trend analysis. Fine, the Niger Delta area is not in the best of socio-economic conditions, but has the situation worsened or improved over time? In what ways have progress or retrogress taken place? And which stratum of society has benefitted and at whose expense? The book does not provide any answers to these important political economic questions.

Yet, this is an important and welcome contribution to the political economy of the Niger Delta area. It does not say that existing insights provided by the 'resource curse' thesis are 'wrong'. Rather, it tries to provide alternative ways of analyses and seeing that question the almost accepted logic that the resource curse doctrine is the only accepted existing explanation of the contradictions in the extractive industry and its relationship with society. A few of the chapters lead to similar conclusions as those in reached by orthodox scientists, but most do not. For instance, while the use of the 'rentier state' model leads to similar conclusions as those canvassed in the governance traps, posited as explanatory factors by Collier, the use of Rucimann's theory of relative deprivation brings more profound insights to questions of inequality. Since Rucimann's theory prioritised *feeling* of deprivation over 'objective' analysis of inequality, its conclusions are bound to be radically different from the orthodox economics menu, a key item of which is Simon Kuznets theory of inequality and how it naturally declines over time with per capita increases in income.

Further, the historical method used in the book helps to throw light on the centrality of land, its control, use, and distribution, to resource conflict. In turn, the book tries to bring 'property relations' perspectives to resource analysis. Also, the explicit focus on labour is a step away from economists' almost exclusive focus on strengthening institutions of governance and encouraging capital investment, themes which grossly forget that labour, in the words of Henry George, is always the ‘initiatory factor’ in production without which there is always ‘poverty amid progress’. This book is worth reading.

References

Collier P. (2009). The bottom billion: Why the poorest countries are failing and what can be done about it. New York, Oxford University Press.