



Problems of the development of Civil Society in Oil-producing countries

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About the Transatlantic Institute

- Founded 2004
- Based in London, England
- An educational charity, studying international relations

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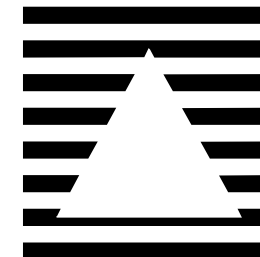
Abundant natural resources

- very important in determining economic and civil society's development path
- some positive examples in the past
- but current evidence is mainly negative



How can natural resource riches adversely impact society?

- impeding economic development (slow growth or negative growth)
- hindering educational development
- threatening social stability
- opportunities for government corruption
- ... but sound policies can mitigate these problems



Oil net exports as a % of total production: top ten exporters (2004)

<i>Country</i>	<i>Production</i>	<i>Net exports</i>	<i>Exports/ Production (%)</i>	<i>Note: all figures millions barrels per day: source EIA</i>
Norway	3.18	2.91	92	<i>Bold = OPEC member</i>
Kuwait	2.51	2.20	88	
Nigeria	2.51	2.19	87	
UAE	2.76	2.33	84	
Saudi Arabia	10.37	8.73	84	
Venezuela	2.86	2.36	83	
Iraq	2.03	1.48	73	
Russia	9.27	6.67	72	
Iran	4.09	2.55	62	
Mexico	3.83	1.80	47	

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Impact on economic development

"Resource curse" - R. Auty (1993)

(R. Auty, *Sustaining Development in Mineral Economies*,
Routledge, 1993)

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The Dutch Disease

- *The Economist*, 1977
- Resource boom leads to manufacturing decline, leaves economy dependent on volatile commodity prices
- sinking funds: not all revenue enters the economy when earned



Long-term decline in natural resource prices

Julian Simon, *The Ultimate Resource*

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Political economy

- Mancur Olson, *The Logic of Collective Action*
- Interest groups increase their power by capturing natural resource rents.



Greed or grievance?

Paul Collier, Anke Hoeffler, *Greed and Grievance in Civil War*
(World Bank website, linked from www.icoes.org.uk)

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Corporate Social Responsibility

- range of responses from oil majors (note quotations from BP)
- CSR regulatory burden would be borne more easily by large MNEs
- sets up barriers to entry, protects market dominance
- Education to provide a correct understanding of business's role in society is a public good.



Thank you!

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