Contents

Preface		vii
Acknowledgments		
1	Introduction	. 1
2	Natural Resources and Economic Performance	9
	Declining Terms of Trade	10
	Commodity Price Volatility	14
	Resource Pulls and Crowding Out	18
	Dutch Disease	20
	Assessing the Resource Curse	23
	Conclusion	26
3	Natural Resources and Domestic Politics	27
	Resource Curse and Political Democracy	27
	Resource Curse and State Capacity	34
	Resource Curse and Political Instability	42
	Attributes of the Resource	44
	Social, Political, and Economic Contexts	47
	Conclusion	48
4	Natural Resources and International Affairs	51
	Institutional Integration	55
	Conflict Behavior	59
	Conclusion	67

5	China as a Major Importer and Investor	69
	Outward Foreign Direct Investment	74
	Development Assistance	78
	Arms Transfers	85
	Conclusion	89
6	Good Governance Initiatives	91
	Conflict Diamonds and the Kimberley Process Certification Scheme	92
	Diamond Development Initiative	98
	Extractive Industries Transparency Initiative	101
	Conflict Minerals	111
	Conclusion	116
7	Conclusion	121
	What Is to Be Done?	126
	Microeconomic Approaches to Managing Instability	128
	Risk-Sharing Approaches	130
	Macroeconomic Approaches to Managing Instability	132
	Final Thoughts	143
•	pendix A Determinants of Official Chinese velopment Finance, 2000–11	147
•	pendix B Determinants of Arms Transfers African Countries, 2000–11	151
		157
		177
Tal	bles	
2.1	Top and bottom countries by share of natural capital in country's total wealth, 2005	10
2.2		15
3.1	Growth in proven petroleum reserves, 2000–11	49
4.1	Top 10 countries in military spending per capita, 2000-11	61
5.1	Spot prices and estimated global reserves of crude oil and key industrial metals, 2000-12	78
5.2		83
A.1	•	149
B.1		153

B.2	Total, US, and Chinese arms transfers to African countries, 2006–11	155
Figu	ıres	
1.1	Oil and metal prices, 1980-2013	3
2.1	Relationship between per capita GDP and share of natural wealth in total wealth	12
2.2	Relationship between democratization and share of natural wealth in total wealth	13
2.3	Revenue effects of demand and supply shocks	16
2.4	Endowment triangle for labor, human capital, and land (1968 data)	20
2.5	Endowment triangle for labor, physical capital, and land (1968 data)	21
2.6	Relationship between per capita GDP (constant 2000 US dollars), 1990–2010, and share of natural wealth in total wealth	24
2.7	Relationship between per capita GDP (constant 2000 US dollars), 1990–2010, and share of ores and metals in total merchandise exports, 2010	25
3.1	Historic price of oil, 1861-2012	30
3.2	Relationship between mineral wealth as a share of national wealth and respect for human rights, 2005	33
3.3	Relationship between natural resource rents and government revenue as share of GDP, 2011	36
3.4	Relationship between natural resource rents and government effectiveness, 2011	37
3.5	Relationship between natural resource rents and control of corruption, 2011	38
3.6	Heat map of attacks on oil and natural gas infrastructure, 1990-2011	46
4.1	Relationship between natural resource rents and economic globalization	53
4.2	Oil prices and militarized interstate disputes, 1945-2001	63
4.3	KOF Index of Political Globalization scores for major energy exporters, 2009	65
5.1	Domestic oil production in the United States and China as a share of domestic consumption, 1980-2011	71
5.2	Share of total world trade accounted for by permanent UN Security Council members, 1950-2009	72
5.3	Chinese outward foreign direct investment flows, 1990-2012	75
5.4	Geographic distribution of China's foreign aid funds, 2009	81
5.5	Share of global arms transfers by exporting country,	87

Boxes

3.1	The cautionary example of Ghana	40
5.1	Bilateral investment treaties	76
6.1	The new kids on the block	110