ANGOLA: COMO MALDIÇÃO?
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Existe uma hipótese de que os países ricos em recursos estão condenados à desordem política e ao desenvolvimento atrofiado, devido às elites domésticas e à sua insaciável busca de proveitos econômicos. Esta tese de “maldição dos recursos” persiste, apesar de dúvidas crescentes entre os estudiosos de que a tese oferece explicações adequadas. Com Angola como caso central, este artigo discute a tese e seus debates. Apesar de uma plausibilidade inicial, a tese de “maldição” explica o caso angolano de forma inadequada. Melhores explicações sobre as aflições do país podem ser construídas por meio da análise da economia política do país ao longo do tempo, especialmente a sua trajetória historicamente extravertida, sem desenvolvimento. Os remédios devem ser buscados globalmente se os incentivos que afetem as elites forem mudados.

Palavras-chave: maldição de recursos; busca de renda; indústrias de hidrocarbonetos; governança global.

ANGOLA: WHOSE CURSE?

Resource-rich countries are said to be doomed to political misrule and stunted development because of domestic elites and their insatiable rent-seeking. This ‘resource curse’ thesis persists despite years of rising scholarly doubts that it offers adequate explanations. With Angola as its centrepiece, this article discusses the thesis and debates about it. Despite an initial plausibility, the ‘curse’ thesis explains the Angolan case inadequately. Better explanations of the country’s afflictions may be built by analysing the country’s political economy over time, especially its historically extraverted, growth-without-development pathway. Remedies must be sought globally if incentives affecting elites are to change.

Keywords: resource curse; rent-seeking; hydrocarbon industries; global governance.

ANGOLA: CUÁN MALDICIÓN?

Hay una hipótesis de que los países ricos en recursos están condenados al desorden político y al desarrollo atrofiado debido a las élites domésticas ya su insaciable búsqueda de ingresos económicos. Esta tesis de “maldição de los recursos” persiste a pesar de dudas crecientes entre los estudiosos que la tesis ofrece explicaciones adecuadas. Con Angola como caso central, este artículo discute la tesis y los debates sobre ello. A pesar de una plausibilidad inicial, la tesis de "maldición" explica el caso angolano de forma inadecuada. Las explicaciones sobre las aflicciones del país pueden ser construidas a través del análisis de la economía política del país a lo largo del tiempo, especialmente su trayectoria historicamente extravertida, sin desarrollo. Los remedios deben ser buscados globalmente si los incentivos que afecten a las élites sean a ser cambiados.

Palabras clave: maldición de recursos; búsqueda de renta; industrias de hidrocarburos; gobernanza global.

JEL: F23; F54; F63; N57; Q32; Q34.

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1 INTRODUCTION

To what extent can the preponderance of oil explain Angola’s troubled politics and non-inclusive development? It has been widely asserted that oil rents serve to worsen growth, unleash destructive conflict, weaken state responsiveness to citizens and otherwise lower the quality and legitimacy of government. Accompanying the ‘curse’ is a pervading sense of doom: ‘Abandon all hope – You Who Enter Here’.

How adequately does this thesis explain today’s Angola? This article approaches that question first by locating the Angolan case in historical contexts of extraversion and extraction, then by offering comparative findings on the ‘curse’ thesis itself. It concludes with a discussion of potential remedies.

Economies like Angola’s have long been oriented outward. Their infrastructure, commercial circuits and legal systems were designed mainly to promote outflows of raw materials, rents and tax, as well as to facilitate inflows of investments, products and services. Serving consumers abroad, such systems have distorting effects. Mining enclaves and port cities have prospered while towns and infrastructure serving agrarian circuits remain stunted. Financial accumulation has taken place largely abroad, while inward reinvestments for growth and for healthier, higher-skilled populations beyond narrow enclaves have been limited. The extractives-for-export model has been celebrated as the basis for prosperity. Yet in most countries pursuing that model, prosperity is only for the lucky few – and even for them a life of comfort may not be guaranteed. For the extract-and-consume model is unsustainable, if depletion of non-renewable resources and failure to re-invest are taken into account (World Bank, 2011, p. 18-20). Nor does the model factor in further price declines and risks that oil reserves will stay in the ground and become ‘stranded assets’. Yet most sub-Saharan African economies captive to resource-dependence continue moving down that risky, growth-without-development pathway.

Globally, the impact of fossil fuels is difficult to overstate. Oil has been ‘hardwired’ into economic life on the planet, where it enjoys primacy over other energy sources. Posing fewer risks to elite power than coal, oil gained pre-eminence through political engineering. As the British political scientist Timothy Mitchell (2011) has shown, the large workforces of the coal industry raised pressures for democracy and equitable welfare. Mineworkers and allies such as dockworkers were organized and often militant, demanding public systems of

2. For reasons of space, this article does not offer basic background information on today’s Angola. A good source of such information is a recent report by the Mo Ibrahim Foundation (2017, p. 18-23). It presents a wide range of indicators by which Angola’s performance in political, economic and human development terms may be compared with the performances of all other African countries, over the period 2000-2015.
Angola: whose curse?

social protection and redistribution. By contrast, oil industry workforces are far smaller and seldom prone to collective action. Influenced by the oil industry and mindful of sheikdoms and their other client regimes, Western political classes promoted petroleum and allied industries such as road transport and plastics. Meanwhile, from Iran to Venezuela, nationalists and radicals who challenged oil interests could expect destabilization, even low-intensity warfare, supported by Western powers.

Beyond military protection, Western governments have subsidized the oil industry through regulatory and tax advantages. Regulators have routinely allowed oil interests to manipulate scarcity, thereby enabling them and their colluding national elites to accumulate rents. Those interests have skillfully used what Mitchell terms ‘sabotage’, that is, deliberate curbs on efficiency. They have marshaled lawyers, accountants and politicians to create formidable legal shields that make such ‘market failure’ possible and profitable. They have gained from toothless regulation of crude oil markets in which price manipulation is routine (Cook, 2012). Oil and gas companies protect their legitimate profits and their rents by channeling them through secrecy jurisdictions (‘tax havens’) authorized and indeed competitively promoted by rich country governments (see http://www.taxjustice.net/). Those takings usually exceed licensing and tax revenues gained by treasuries of producer states (Pak, 2012; Africa Progress Panel, 2013, p. 55-60). Nevertheless oil revenues largely exempt these ‘rentier states’ from the difficult political matter of developing reciprocal relations with citizens at large, as producers and taxpayers. Rentier behaviours by elites are rational responses to wealth, status and power incentives at play globally, with the topmost rentiers based in New York, London and other privileged jurisdictions.

When the industry began pumping oil along the Gulf of Guinea in the late 1950s, its privileges and political reflexes were well-established. As colonial rule drew to a close, oil was to be a servant, not a master. With oil revenues, hopes grew that self-rule would usher in a new age of development centering on domestic investment and public services for all. Some oil-rich states in Latin America and Asia did pursue that ‘onshore’ path. But in most of post-colonial Africa, both oil and its rents have continued to flow offshore. Rather than fulfill nationalism’s promise of self-generated, broadly-shared growth and responsive governance, the oil industry and an allied global legal and financial system have reinforced and expanded old patterns. A major historian of Africa has summed things up as follows:

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3. Incentives are of crucial importance. In a summary of results from large programme of research into Africa’s development prospects, the following statement stands out: “Our single most important message is that development outcomes in poor countries depend fundamentally on the political incentives facing political elites and leaders” (Booth and Therkildsen, 2012, p. 3).
With so few linkages to the domestic economy, oil production represented the extreme of what troubled African economies anyway: extroversion, a relationship between outside corporations and a state elite that guarded the interface between national resources and world markets. The revenue could of course have been used to diversify productive resources, but it was more likely used in symbolically important projects. (Cooper, 2002, p. 105).

Here the writer alludes to a political stance adopted by post-colonial elites, the strategy of *extraversion*. It is a stance of active engagement with outsiders, joining their ‘clubs’ and talking their ‘talk’. This is not a stance of victimization, as some dependency theorists portray it, but a matter of shrewd calculation. To maximize rents and other benefits, African leaders strike deals with global players: extractive corporations, lawyers and accountants trading in offshore secrecy services, dealers in bonds and derivatives, aid donors, security officials, narco-traffickers and arms merchants. Hence extraversion implies allegiances abroad, as well as at home.

### 2 PROBING THE RESOURCE CURSE

The resource curse thesis (Stevens, 2015) rests on a number of inter-related claims. These have met critical scrutiny, yielding pointers that may be briefly summarised as follows.

#### 2.1 On economic growth and development

The original argument focused on harm to domestic economies. Resource-abundant countries tend to show, in the longer term, slower growth than resource-scarce countries. Explanations of this ‘paradox of plenty’ are usually confined to the present day and to territorial levels, where blame falls on domestic elites. Historical and transnational factors are downplayed or forgotten altogether. However, those omissions can be fatal for the standard version of the ‘curse’ thesis. Recent econometric analysis demonstrates that global market forces – especially swings in terms of trade – seriously impede sustained economic growth. Instability, unpredictability and heightened risk discourage pursuit of long-term strategies and investment. Indeed, “the quintessence of the natural resource curse is macroeconomic volatility” (Ploeg and Poelhekke, 2010), a finding supported by others (*e.g.*, Cavalcanti *et al.*, 2015). That instability is often “aided by international banks that rush in when commodity prices are high and rush out in the downturns (reflecting the time-honored principle that bankers lend only to those who do not need their money)” (Stiglitz, 2012). The poorer the resource-exporting country, the stronger the impact of volatility. Resource dependence is self-reinforcing: where oil generates most export earnings, tendencies to diversify into non-oil sectors are weak (Klein, 2010). Moreover, oil rents tend routinely to pour into tax havens, with volumes increasing
at the first sign of domestic trouble (Andersen et al., 2017), a fact consistent with the finding that volatile and unpredictable spending-power is a major source of harm.

2.2 On conflict
Claims to sub-soil resources are often said to trigger conflict. “The very presence of oil” according to one pundit, “turns citizens into thugs and pushes nations backward into chaos” (Shlaes, 2004). Yet careful research (e.g., Cotet and Tsui, 2013) finds no strong evidence that oil detonates political violence. This may be explained by elites’ astute use of oil rents to create a ‘rentier peace’ (Basedau and Lay, 2009). They neutralize rivals through repression on the one hand and patronage and ‘elite pacts’ on the other, thereby offsetting risks of political violence (LeBillon, 2013). Through their skilful deployment of petroleum rents, centralised ‘petrocratic’ regimes tend to survive longer and enjoy more stability than those lacking such rents (Wright, Frantz and Geddes, 2013; see also Bodea, 2012). Upheaval and violence are not inescapable fates of oil-rich countries.

A more plausible account of causal relations between oil and disorder runs in the other direction, that is, conflict pushes countries into oil dependence. Wars tend to drive out other economic activity, leaving oil exports as the only source of hard currency. Elites seeking to undermine rivals whose support stems from other modes of accumulation, such as agriculture, will try to discourage or destroy those modes of accumulation. Such strategies are consistent with the notion of ‘petro-aggression’, whereby an oil-rich state becomes a target of military intervention from abroad or itself becomes an aggressor (Colgan, 2013). The age of imperial rivalries saw a lot of armed intervention to secure resources, and those impulses have never disappeared. As former US central banker and Washington DC insider Alan Greenspan wrote in his memoirs, “I am saddened that it is politically inconvenient to acknowledge what everyone knows: the Iraq war is largely about oil” (Greenspan, 2007, p. 463).

2.3 On basic public goods and ‘human development’
Do elites routinely gobble up resource rents and deny public goods to the population at large? That is certainly plausible, but as a generalization it may be exaggerated. On average, relatively more people in resource-rich countries become literate and live longer than in comparable resource-poor countries (Kennedy and Tiede, 2013; Smith, 2015). Such facts reinforce arguments for ‘progressive extractivism’, advocated especially by redistributive governments such as in Bolivia and Ecuador. Those positive outcomes may depend on ownership. In sub-Saharan African countries where extractive industries (such as diamonds) are publicly owned, governments invest in public goods to a greater extent than countries where extractive industry is in private hands (Schneider et al., 2013). In Brazil,
however, oil revenue windfalls largely failed to improve living standards at local levels, probably because of corruption (Caselli and Michaels, 2013).

2.4 On ‘good governance’ and democracy

Do petroleum rents inevitably produce weak states and undemocratic politics? On that issue, the resource curse thesis has suffered its own volatility in the marketplace of ideas. In 2006 the American pundit Thomas Friedman proclaimed as his ‘first law of petro-politics’ that in oil-rich non-Western states, political liberties vary inversely with the price of crude oil. That proposition circulated widely, but when closely examined (Wacziarg, 2012) it was shown to have no factual basis. Nevertheless, petroleum dependence does correlate with autocratic governance. Cross national studies (e.g., Anthonsen et al., 2012) show that the greater a state’s reliance on resource rents, the worse its record in corruption, bureaucratic quality and impartiality of the judiciary. Government revenues from public taxation tend to fall as oil rents rise (e.g., Thomas and Treviño, 2013). These findings suggest that oil rent dependence frustrates state-society reciprocity and negates accountability to citizens.

Yet recent research suggests that ‘petrocracy’ is not inevitable. One study compares countries’ politics before and after they became resource-dependent, and makes further comparisons with countries not dependent on resources. It finds no significant common pattern of political change and concludes: “Our results indicate that oil and mineral reliance does not undermine democracy, preclude democratization, or protract democratic transitions” (Haber and Menaldo, 2011). In response, major defenders of the ‘resource curse’ paradigm Andersen and Ross (2013) have agreed that autocracy and resource dependence were indeed unrelated for most of the 20th century. However from 1980 onward, with oil rents passing through the hands of politicians in already weak institutional settings, and global financial secrecy services expanding massively, moves toward democracy have suffered setbacks. But this leaves still largely unexplained why oil tends to become a malediction.

Most studies of the resource curse limit themselves to the post-colony. That truncated perspective ignores ways by which countries were organised and inserted into world systems under colonialism. Such omissions are striking given a scholarly consensus (e.g., Torres et al., 2013) that institutions – norms, rules and means of their enforcement – are decisive. In much of Africa the scope and quality of those institutions are low. Both public and private bodies remain crippled by norms of autocracy, by weak capacities inherited from the colonial order, and by continuing subordination to external forces. An overview of the ‘anthropology of extraction’ (Gilberthorpe and Rajak, 2016) presents evidence that resource
Extraction's effects are historically contingent, being shaped by human agency and socio-cultural patterns.

Emerging from this debate is a more nuanced view (e.g., Di John, 2011; Morrison, 2013) that a ‘resource curse’ is not an inescapable fate, but set of phenomena shaped by specific historical circumstances. Some scholars (e.g., Jones, 2008) have indeed concluded that resource wealth in itself is not the primary driver of change. Rather, resource wealth tends to reinforce other mechanisms. The extent of that reinforcement, according to Bebbington, “is deemed to depend on the quality of macroeconomic management, on whether a fiscal social contract exists or not, on degrees of transparency, and on the overall quality of governance… This convergence on institutions, however, begs other questions: How can the institutional arrangements governing extraction at any one point in time be explained?” Most institutional arrangements express power relations with long histories. History is not destiny, and explanations based only on path dependence can lead to circular reasoning. Nevertheless an “emphasis on history does recognize path dependent tendencies whose change requires particularly significant forms of agency (or serendipity)” (Bebbington, 2013, p. 21).

3 ISSUES LEFT UNADDRESSED

There are further reasons to look beyond the reductionist view of the ‘curse’ as an inevitability. Among its further blind spots are the following.

1) Restricted scope. Most resource curse analyses confine themselves to territorial levels. Yet resource extraction companies always operate at global levels. Their success stems from combining private and public powers of technique, finance and military force transnationally. By neglecting such vital facts, the conventional resource curse thesis misses upstream drivers of mal-governance. There is no lack of evidence of corruption, misallocation of investible resources, environmental damage, militarization – faults routinely ascribed to elites in non-Western lands – stemming from acts and omissions by the petroleum industry itself. Some African governments barely control the companies on their territories, lacking key information over actual output and costs. Negotiations about concessions, licenses and profit-sharing thus become lopsided. An IMF team (Katz et al., 2004) found that the typical African government along the Gulf of Guinea fails to gain about half the value of oil actually exported. A World Bank study (McPherson and MacSearraigh, 2007) presents a long list of oil industry practices that serve to corrupt national politics and governments. Yet despite such knowledge, the World Bank Group continues serving
foreign extractive companies. A recent internal evaluation concludes that the Bank Group works hard to make regulatory systems of resource-dependent governments attractive to foreign investors, while at the same time it largely ignores those governments’ needs “to accurately value, negotiate, and award resource contracts” (IEG, 2014, p. 42).

2) Neglect of neoliberal policies. Since around 1980, most African governments have faced pressures to adopt market fundamentalist policies preferred by global (especially financial) capitalism. These policies include fiscal austerity, privatization and relaxation of control over inflows and outflows. Negative impacts of these policies – slower growth, polarized income distribution, exposure to volatile market forces, weakened state-society relations – are today acknowledged, even in official publications of the OECD. Because these policies were applied also in resource-dependent countries, they have helped create conditions commonly blamed on the resource curse alone. Yet with few exceptions (e.g., Hailu and Weeks, 2011) researchers have paid little attention to the coincidence of oil rents and neoliberal austerity policies.

3) Shortcomings of data and ‘stylized facts’. Data on African economic output and trade are notoriously unreliable. Many of the ‘stylized facts’ about the quality of governance are based on expert opinion, which can be arbitrary; Freedom House’s corruption scores tend toward pessimism while those from the World Bank tend toward optimism. Valid data on resource rents are scarce and of poor quality; incentives to manipulate information are continually at play in extractive industries. A study published by the Swiss National Bank (Sauré, 2010) points to producers’ routine exaggeration of oil reserves: “overreporting is rational, credible, and cheap.”

4 ANGOLA’S DEVELOPMENT MODEL

Angola’s oil exports increased in value from around US$350 per capita in 2000 to around US$3,000 in 2011, but the benefits have been directed towards the privileged few (Africa Progress Panel, 2013, p.68).

From the dawn of the modern world system in the sixteenth century, outside actors in pursuit of Angola’s riches have shaped its political economy.

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4 A report for the OECD on factors influencing conflict and fragility cites as “Global Factor 1. Economic liberalisation policies and measures, which have a high likelihood of introducing significant uncertainties, increasing inequality and financial/fiscal risks” (DCD-DAC, 2012, p. 3).
Initially those actors wanted only the labour power of slaves; later they sought profit onshore from its agrarian commodities; today they seek chiefly its mineral wealth, most of it extracted offshore. Angola has faced wave upon wave of external forces – the slave trade serving modes of accumulation in Brazil, military expeditions, plantation owners, colonial/settler/ecclesiastical overlords, backers of rival nationalist groups and later ‘the international community’ of bankers, donors and direct investors. Often with violence, these forces helped channel Angolan resources into global circuits. This servitor, enclave-centred model has regularly exposed the economy to instability. Nineteenth century Angola saw cotton and rubber booms and busts. Even greater volatility followed in the twentieth century as revenues from diamonds, sisal, iron ore and coffee expanded and then collapsed. Developmental impacts of these booms and busts were limited, however, by the fact that re-investment in Angola was weak; with the partial exception of coffee revenues pumped into urban construction and some industries, accumulation took place largely abroad.

Post-colonial Angola shows many signs of continuity from the colonial period. Both epochs have seen:

• a political economy that redistributes wealth upward and outward, with production and circulation serving chiefly investors and consumers abroad;

• dominant rentier classes that are located abroad, with a substratum of owners and managers resident in the country (Guerra, 1985); even today, key activities depend largely on expatriate skilled labour (Soares de Oliveira, 2015);

• state supervision of investments and trade, with close association between senior officials and externally-anchored companies, permitting the quiet export of licit and illicit rents, mostly to North Atlantic economic and political interests;

• a militarized/securitized state, with foreign diplomatic and military protection led by the United States, long a main destination for Angola’s exports and its financial surpluses;

• administrative and business institutions of uneven strengths, with private and public security forces and political patronage serving as instruments of social control;

• most members of Angola’s populace are treated more as subjects than as citizens; and
limited state provision of basic social services for the lower-income majority; private health and education for high-income strata.

Of course many things set today's political economy apart from yesterday's, not least of which are self-rule and formal sovereignty. Yet politics continue to be managed from the top down, in the service of foreign as well as domestic elites. An informal social hierarchy remains intact, with Luanda's creole elite and well-paid foreign managers and technicians at the top and rural farmers and herders at the bottom. Elections take place, but spaces for real political contestation are lacking. However, post-colonial Angola has seen major discontinuities. Perhaps the most important has been the collapse in demand for labour. In contrast to the colonial economy, which depended on a vast low-skilled workforce, today's development model hardly requires such workers. Hence most Angolans have few economic options apart from informal, precarious activities. State agencies are today more active in peripheral places, reflecting expanded 'state-making' (Soares de Oliveira, 2013), yet an inclusive and coherent development strategy is not detectable.

Oil prices having fallen abruptly since mid-2014, Angola is today in yet another downswing. It follows a feverish ten-year upswing that boosted optimism among various social strata, especially salaried workers. Historically, such reversals of fortune are known to set the stage for severe unrest, if not revolution (Davies, 1962). In highly unequal and communication-intensive urban environments like Angola’s, turbulence can be expected despite well-lubricated machinery of repression and a carefully managed leadership transition.

4.1 Does the resource curse thesis fit the Angolan case?

In light of the foregoing discussion, Angola’s case can be assessed as an example of the resource curse thesis. The assessment indicates that, as a robust interpretation of Angolan politics and development, the thesis falls short in several respects.

First, the evidence of the adverse impact of resource dependence on government institutions is mixed. Long before oil rents began to flow, Angola’s public institutions were weak, corrupted and unresponsive to the public. Later, as agrarian and other onshore revenue sources collapsed and foreign-backed military pressures mounted, Angola’s post-colonial leadership moved to create or shore up two key institutions: armed forces with considerable discipline and fighting capacities and a state-owned, professionally-managed holding company, Sonangol (Soares de Oliveira, 2007). Other state institutions, particularly those tasked with meeting socio-economic needs and providing the basis for a social contract, had lower priority. Formal political institutions show little public accountability, but they continue to extend state-party power, making use of patronage, elite pacts and coercion. The Angolan state has pacified the country, but not on terms of
the “liberal peace” that donors claim to prefer in post-conflict settings (Soares de Oliveira, 2011). Angola’s case illustrates the thesis that resource wealth can stabilize institutions, albeit from the top down.

Second, contrary to conventional versions of the thesis that begin with mal-governance and end in war, Angola’s recent history is consistent with the causal chain running along lines of: war → resource dependence → mal-governance. Indeed Angola is an example of Cold War of ‘petro-aggression’, later illustrated by Western interventions in Iraq and Libya – countries whose resulting severe disorder also do not match the conventional story line of the resource curse.

Third, volatility has certainly been at play, as swings in oil prices have destabilised Angola’s income and onshore investment. Such volatility reinforces incentives facing elites, Angolan and non-Angolan. Those elites collaborate to drain away many billions in revenues, in both legal and illicit ways. Relative to the size of the economy – illicit flows equivalent to about 12 percent of Angola’s GDP in the period 1985-2010 (Boyce and Ndikumana, 2012), and overall capital flight equivalent to 20.5 percent of GDP in the period 1989-2010 (Weeks, 2015) – the hemorrhage of capital from Angola is among the most severe in sub-Saharan Africa. Research on monies flowing into offshore secrecy jurisdictions (Andersen et al., 2017) shows that around eight percent of routine oil rents, and about 15 percent of oil rents arising from non-routine windfalls (sudden oil price rises), regularly depart the average oil-exporting country. Hence it is plausible that roughly ten percent of Angola’s oil wealth is routinely looted and lost to the country.

The main beneficiaries are financial and real estate interests offshore, chiefly in the USA and Western Europe, but also in Brazil (Angola’s outgoing president “is rumored to be the sixth richest person in Brazil” (Ghazvinian, 2008, p. 132). Protecting and encouraging those outflows are interlocking national laws and procedures constituting global economic regimes supervised mainly from New York and London. In mainstream discussion, such geopolitical regimes are regarded as virtual forces of nature, beyond the reach of public control. Hence in research and debates about the resource curse and its remedies, the ultimate beneficiaries and the legal regimes that make their predation possible are routinely forgotten.

Fourth, logics of clientalism and coercion guide domestic politics far more than logics of a social contract between citizens and the state, such as taxation in exchange for public goods. In Angola, public funding of water and sanitation, despite being completely affordable, have been short-changed, while health and education services have gained some public (and much private) investment. In a context of increasingly polarized distributions of income and assets, many goods
and services normally regarded as public entitlements have been made commodities that most people have to pay for. The ruling party may speak of better distribution and solidarity, but has yet to begin creating an equitable, enforceable social contract.

Fifteen years after coming to power under the banner of ‘satisfying the people’s needs’ Angola’s leadership abandoned its promise of a decent social contract for all citizens. But that policy reversal was not only at the behest of greedy national elites. It came at a time of intense pressures: an anti-communist ‘rollback’ war; diminished hard currency reserves (worsened by the 1986 downswing in oil prices); and Western donor policies hostile to the state and favourable to international business. Around 1990, in order to meet criteria set by the IMF and World Bank and thereby to gain access to world capital markets and attract foreign direct investment, Angola’s government radically cut back support for the urban poor. It ended food subsidies, reduced basic services and laid off low-waged workers. At the same time it pushed through measures to benefit the rich, namely the sale of state assets to the well-connected. Studies commissioned at that time by Unicef drew attention to the regressive impact of those policies; but the rest of the ‘international community’ accepted them without a murmur. The Angolan case illustrates how policies and incentives emanating from centres of ideological and financial power – factors ignored in conventional versions of the resource curse thesis – also influence the social contract in resource-dependent countries.

5 REMEDIES?
Conventionally, the resource curse confines itself to national levels; hence responsibility for eliminating the curse is supposed to rest with elites at national levels. But such solutions seem implausible. Not only are those elites unlikely to relinquish resource rents voluntarily, but also because a host of foreign rent-seekers prefer the status quo, since it is highly lucrative for them too. Remedies therefore can’t be pursued only at territorial levels. More plausible answers may be found at supra-national levels. The following paragraphs note some of these, moving step-wise ‘upstream’ to global levels.

5.1 Downstream
Most talk of remedying the resource curse is addressed to political leaders of (some) resource-rich lands. Seen as the perpetrators of malfeasance and mis-management, they have been the objects of a lot of scholarship, policy-making, journalistic exposés, NGO advocacy, investigations, policy conditionalities attached to loans, an African Peer Review Mechanism, training and advisory programmes and so forth. The intention is to make those misguided elites change their ways and adopt ‘good governance’. Yet their results have seldom met expectations. The scope of proposals is too narrow to address the breadth of policy incoherence.
Admonitions and appeals for better governance are weakened or nullified by Western-made policies, many pivoting on unregulated and non-transparent flows of goods and finance. In response, Angolan oil rents continue to pour into American and European banking, stock market and real estate circuits. That response is wholly consistent with ‘rational actor’ precepts of contemporary economics.

Remedies are also sought in emancipatory camps of civil society, chiefly activist researchers and independent media. Yet especially in many oil-rich places, where Western objections to abuse of human rights can be perfunctory at best, these civil actors tend to face co-optation, hostile surveillance and repression. Angola is no exception to this pattern (Soares de Oliveira, 2015, p. 104-109). Under a 2017 law, Angola’s public media have been further muzzled.

Battered repeatedly by cycles of economic boom-and-bust, Angola would obviously gain advantages from more stable drivers of its economy. A diversified industrial and agrarian development model would reduce volatility risks and would create new jobs. But Angola’s leadership shows little appetite for economic diversification, or for any inclusive, job-promoting developmental vision. Proposals framed at territorial levels envision the transfer of resource rents directly in cash to citizens (e.g., Devarajan et al., 2013). Such schemes operate successfully in places like Alaska, but in Angola they would face overwhelming objections on practical, macro-economic and political grounds. Apart from assets safely kept offshore, the elite’s onshore preferences are for quick returns, not for long-term investments. A diversifying economy would open the door to accumulation beyond central control. In the meantime, foreign suppliers, bankers, consultants and other business people are not displeased by Angola’s spend-as-you-go, credit- and import-intensive preferences.

Transparency of public revenues has been widely proclaimed as a remedy for the resource curse and for mal-governance in general. The World Bank and IMF routinely lecture Angola about its fiscal probity. Such reprimands may be justified, but are also selective. A comparative study of resource management ranked Angola among the world’s “weak” performers, between Nigeria and Kuwait; yet its performance is stronger than 15 countries rated “failing”, a category including Algeria, Qatar and Saudi Arabia (Revenue Watch, 2013). Angolan transparency is poor, but it could be much worse. Meanwhile obstacles to open accounts and public accountability in Angola can be traced to incentives at global levels.

5.2 Upstream

Diagnoses and prescriptions focused on supra-national levels have not been welcome, but as Western political classes have sought to manage fiscal crises and to deflect public anger and fear, they have moved (cautiously) to curb
tax-dodging and the movement of monies for undesired purposes, such as ‘terrorist’ violence. Indeed awareness has grown that good domestic governance depends to a great degree on better global governance. That is, counterproductive policies within nation states, notably those driven by austerity paradigms, can also be countered by changes in supra-national rules that govern flows of goods, services and money including taxes. Global institutions’ mandates, supervision and capacities are anchored in rich countries. Those countries’ laws and policies are under their own control to a much greater degree than in African states. Given the many graveyards of Western-made efforts to engineer change in non-Western places, there are valid reasons to curb those policy-export reflexes. Besides, reform of supra-national rules could benefit rich countries themselves, as they are not immune to mal-governance driven from the same sources.

Western governments and businesses favour voluntary ‘transparency’ and ‘corporate social responsibility’ initiatives, such as the Extractive Industry Transparency Initiative (EITI) launched by UK Prime Minister Tony Blair in 2002. Corporations and governments find them useful for public relations purposes. But their practical relevance to Angola, which officially ignores them, is not self-evident (see Mouan, 2016). Corporate pledges and codes lack ‘teeth’. As ‘soft law’ they are not mandatory and cannot be legally enforced, in contrast to the rules governing international trade and investment. However transparency norms can sometimes gain the status of hard law, as in the ‘conflict minerals’ clause 1504 of the omnibus US Dodd-Frank legislation of 2010. But their realization is in doubt, as corporate efforts to roll back and nullify this law have been relentless and thus far effective. The US Foreign Corrupt Practices Act, dating from 1977, forbids open bribery by American companies. U.S. officials have tried to curb illicit use of banking circuits by Politically Exposed Persons (PEPs), including Angolans. But the overall impact of these efforts in the case of Angola is unclear.

Hard law and its rigorous enforcement are required if public treasuries are to gain fairer and more stable streams of revenue. That will depend on terms negotiated with oil corporations. Across Africa, those terms have routinely short-changed governments and exposed national budget processes to risk. A study of Angola’s contractual terms, when compared with those negotiated by other governments including Brazil’s, shows several vulnerabilities, especially poor transparency of oil company bookkeeping (Van der Zwan, 2012). Such arrangements deny Angola its fair share and may be even more harmful elsewhere. The economist Joseph Stiglitz (2012) urges states to re-negotiate their contracts with corporations, or set up competitive auctions of oil rights. If those aren’t feasible, then windfall profit taxes should be imposed, as they were in the USA in the 1980s. A report by the UN’s Department of Economic and Social Affairs also sees scope for change:
In countries where natural-resource extraction is an important economic activity, there is often significant scope for altering the distribution of the rents from such resources in favour of the public exchequer. The recent changes in the royalty structures of oil revenues of Ecuador, Bolivia and Venezuela, for example, are instructive in this regard (United Nations, 2013, p. 106).

The call for a harder line is now being heard among Western elites and in Africa itself. In 2013 the Africa Progress Panel, a body including persons with impeccable credentials in Western financial circles, issued a report that highlights gaps in policy-making, especially about financial flows and taxation. Toward Western as well as resource-dependent governments, it recommends hard, binding laws to achieve: i) full disclosure of actual beneficiaries of registered companies (as corporate and national elite interests hide themselves in ‘shell companies’); ii) exposure and constraint of corporate transfer pricing; iii) disclosures of corporate gains and losses on a project-by-project basis, including commodity trading; iv) tax transparency, including mandatory publication of what corporations pay in every jurisdiction, as well as automatic exchange of information among tax authorities; v) open, competitive allocation of resource concessions through public auctions; and vi) fairer sharing of resource profits through renegotiation of tax arrangements, including when necessary imposition of windfall profits taxes (Africa Progress Panel, 2013).

These proposals show promise because they take a wide view of the incentives at work, and focus on key drivers ‘upstream’. They can reduce policy incoherence. However, as they confront powerful interests, such proposals face strong headwinds. Resource and financial sector corporations are fighting them. What will donors and international financial institutions do? They proclaim ‘good governance’ as a goal, but are themselves often captive to formal institutions, lobbies and political pay-offs that express corporate power.

6 CONCLUSION

Angola has indeed been cursed by mal-governance and mal-development. Yet it was not the national elites of the current era of oil dependence who introduced those afflictions. Indeed rent-seeking, corruption, violence and neglect of public needs were present long before oil rents came on stream. Nor were those miscreations conceived wholly within Angola. In a country inserted for centuries in a world political economy geared to logics of centralised accumulation, full sovereignty and self-determination has never been an option. Taking these old, multiple, layered drivers into account may enable students of the resource curse thesis to break out of its a-historical, territorially-bound confinements. Abandoning the resource curse thesis may therefore seem justified. Yet there are reasons to retain
some of its key elements. For in a sense there is a curse at work in Angola, and so many other places besides. At so many levels, the power of hydrocarbon interests is patently ruinous for most people on the planet. In these respects Angola and the rest of us face a monstrous curse, one that should serve as an important object of research and action to exorcise it.

REFERENCES


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