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Reviews

Oil, Democracy and Development in Africa by JOHN R. HEILBRUNN
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Many fine books have been published on the 'resource curse', such as Terry Lynn Karl's *The Paradox of Plenty: oil booms and petrostates* (1997), Alan Gelb's *Oil Windfalls: blessing or curse* (1988), Richard Auty's *Resource Abundance and Economic Development* (2001), Paul Collier's *The Bottom Billion* (2007) and Michael Ross's *The Oil Curse* (2012), alongside many articles by scholars such as Michael Watts, George Frynas, Ricardo Soares de Oliveira, Ian Gary, Anne Krueger, Jeffery Sachs, Andrew Warner, Ian Taylor, Alex Vines, and many reports by anticorruption organisations such as Global Witness and Publish What You Pay fighting a 'Pandora's box' of problems unleashed by petroleum production.

So many authors, so much empirical evidence, so many memorable turns of phrase, new concepts, testable hypotheses, so much compelling eyewitness testimony, field research, transnational activism – and for those brave whistle-blowers who have provided the evidence, martyrs – that it has become something of an established paradox to read that massive oil revenues may appear to be a blessing, but are really a curse; that democracy, development, peace and security are goods which oil money ultimately cannot buy.

John Heilbrunn apparently thinks all of this scholarship is a bunch of nonsense, that 'oil revenues are hardly a curse; rather, they are an opportunity for poor states to grow economically and establish conditions for democracy', (p. 9) that 'oil brings stability' (p. 115), that 'as more money flows into their economies Africa's emerging petrostates adopt better laws that enable benefits from oil production' (p. 119), that 'as a petrostate transits from being an emerging to a mature producer there should occur a reduction in the rates of corruption' (p. 140), that 'the accumulation of wealth in even the most corrupt and autocratic state creates a possibility of development and, over time, the enactment of political reforms' (p. 151) and that 'democracy and development are probable outcomes in oil-exporting states' (p. 219). The contribution of Heilbrunn's book to the literature on the resource curse is akin to those climate-change sceptics who refute that carbon emissions are responsible for global warming. 'If oil has any economic or political impact in Africa', he asserts, 'it creates institutional conditions that are conducive to democracy and development' (p. 16).

Usually when confronted by sceptics (I have been speaking about this problem for 25 years in every region of the world) my approach has been to guide them to the scholarly literature. When one declares that Equatorial Guinea has the highest per-capita-income figures in Africa, for example, I try to explain that these figures do not reflect true income distribution; that most Equatoguineans are poor and oppressed by the oil-funded tyranny of Obiang Nguema, and I lend them a book by Swiss country specialist Max Liniger Goumaz (2013). Or when a smiling sceptic suggests that Cameroon was never cursed by its oil but enjoys the blessing of regime stability, I explain how its president-for-life Paul Biya's regime has corruptly stolen its oil revenues, being protected from popular uprisings and democratic opposition by France; then lend them a copy of one of the many writings by Mongo Beti (2008). When one says that Nigeria is now a consolidated democracy despite being Africa's biggest oil producer, I try to explain Richard Joseph's 'prebendalism' (Josephs 1987), or if that is too difficult, suggest one of the twenty studies on the Niger Delta produced by Michael Watts (2008).

When sceptics pull out glossy special issues of *Jeune Afrique* extolling the tremendous progress made by President Denis Sassou-Nguesso in developing Congo-Brazzaville, since they read French, I mail them a book from the *Dossiers Noirs* series published by Agir-Survie, or recommend they procure one of the volumes on *Françafrique* written by the late François-Xavier Verschave (2003), to understand how misleading are 'well-oiled' public relations. When they declare that the oil of Sudan permitted peaceful resolution of decades of civil war, and that oil brings peace, not conflict, I send them recent writings of Peter Woodward (2008) and/or Francis Deng (2010). When they Google one of those pernicious World Bank reports about the so-called 'Chad model' of harnessing oil for poverty alleviation, I try to explain that even the World Bank has admitted it was mistaken about Chad, and attach a pdf version of Ian Gary's field research to my emails showing how oil revenues were used to buy arms and munitions which perpetuated Idriss Deby's military rule (Gary & Reisch 2005). When they highlight Gabon's 'moderate' corruption ranking by the World Bank, I send them some of my own recent publications on Gabon to show them in exact factual detail what *moderate* corruption looks like in the dynastic, one-party regime of Ali Bongo. And when they challenge all of these country-specific studies as limited to only those individual countries, and say one should not generalise from isolated cases to an 'oil curse' in general, then I lead them to the large-n comparative studies by Collier, Sachs, Warner, or other economists whose data suggest a statistically significant correlation between large oil revenues and dictatorship, poverty and conflict.

All the major oil companies, of course, have published libraries of pamphlets denying that oil is a curse, celebrating their helpful 'development' of Africa's rich petroleum resources. Heilbrunn's book will be a welcome addition to their growing body of work.

What is slightly irritating about Heilbrunn's attempt to negate the 'oil curse' hypothesis is that his bibliography and footnotes cite some of its literature, but since he set out to refute it – and I presume to make a Samuel Huntington name for himself in the literature by so doing – he misrepresents it as an undifferentiated orthodoxy (most of the authors I have mentioned above disagree with one another about matters of theory and fact) and reduces their arguments to 'deterministic reasoning for all petrostates' (p. 124) which are 'problematic in their failure to consider specificity of particular cases' (p. 38). In other words, he misrepresents his opponents, and then refutes this misrepresentation. Of course, if he had taken the time to closely read the works cited in his bibliography, he would have discovered the debates ongoing between their approaches, and without exception these authors recognise that oil is not *literally* a curse, but a metaphor. When I think of all the great pains taken by these scholars to qualify their correlations as at best arguments of statistical inference, how they distance themselves from journalistic oversimplifications like Thomas Friedman's 'law of petropolitics', and how they explain how oil revenues are an intermediate variable and not a first cause, it is simply dishonest of him to accuse them of being 'naïve' (p. 17) or believing the negative effects of oil are 'inevitable' (p. 16). Most of them are country specialists. To image that the hundreds of Nigerian writers in the oil curse literature are unaware of the specificity of their own country, and then to refute them on those grounds, is disingenuous.

Sometimes Heilbrunn's claims are made without any hard data provided to support them. For example, to defend foreign oil companies generating huge profit margins in weak African states, he tosses out that 'nine out of ten exploration licenses fail to find commercially viable reserves' (p. 103) without citing a single source. Obviously one must infer that this statement comes from the oil industry – who else would be in possession of such sensitive information? – but anyone who regularly conducts research on the oil business in Africa, and who uses company data, would know that such drilling information is a preciously guarded business secret, useful in the negotiation of contracts, joint-ventures and bidding for concessions. It's the kind of argument that oil company representatives make when negotiating unconscionable terms in their contracts, not an established fact.

His systematic and unfailing defence of oil company profits in Africa, however, is more frequently made through argument-by-absence, that is, by what he neglects to include in his discussion. Since Heilbrunn wants to show that oil is a blessing in Africa, and not a curse, nowhere will you find any echo of the vast literature on how multinational oil companies are the agents of the oil curse. He clearly thinks that it has been good corporate responsibility to hand over several billions of dollars to known tyrants like Obiang Nguema, Sani Abacha and Omar al-Bashir. Instead he blames the mismanagement of those oil revenues on Africans (i.e. blaming the victim) and looks no further at other disturbing oil-curse symptoms like environmental pollution, the depletion of non-renewable resources for foreign consumption, and the repeated military intervention of great powers in the world system to buttress and protect their oil companies and thereby secure their oil consumption. The voices of the African poor and downtrodden are also notably silent.

In his introductory chapter, 'A Tale of Two Petrostates' he makes a comparison between Ghana and Chad (p. 4). It is not clear if he considers these two cases similar or different, which would be important if he were using comparative methodology. He considers them similar in that they are African oil-exporting countries, but considers them different in that Ghana is a democracy and Chad is not. Then he argues that their different outcomes are a result of that difference. This is a tautology (they are different because they are different) which violates the basic research design of both the most-similar-systems design (which measures variations in similar cases) and most-different-systems design (which measures a common pattern in different cases). But it is also based on a false premise: '[P]etrostates are those states for which oil exports constitute at least 10 percent of their gross domestic product' (p. 6). This is a convenient definition of a 'petrostate' that allows him to place Ghana and Chad in the same category. Ghana would be better described as a cocoa economy, not an oil economy. To call Ghana a 'petrostate' because it produces oil shows a lack of understanding of what is meant by the term. Benin produces oil, so do Democratic Republic of Congo, Ivory Coast and many other African countries. They are not 'petrostates'. It is as if all the published research on African oil states has been definitively refuted by Ghana, a cocoa-exporting democracy, successfully managing its marginal oil revenues.

In Chapter 2 he argues that 'colonial practices are the origins of contemporary outcomes' (p. 37) and laments how scholars of the oil curse have used 'broad generalizations that are problematic in their failure to consider specificity of particular cases' and 'tend to gloss over important differences among colonial regimes within each colony' (p. 38). He claims that his chapter 'corrects the problem of over-generalization by focusing on the differences between British, French and Portuguese colonialism' (p. 38). To my great disappointment, after ten pages of generalizations of all colonialism in Africa, I found only seven pages on French, eight pages on Portuguese and seven pages on British colonialism. What important differences between francophone, lusophone and anglophone colonialism did he discover? 'The French devised a system of direct rule that trained a local elite cadre to administer the colonies and work for French firms' (p. 52). The British devised a system of indirect rule which 'left intact the essential institutions of traditional government' (p. 71). 'Portuguese authorities were reinforcing authoritarian rule' (p. 58). A freshman at his Colorado Mining School will be astounded at these gaps in the literature. Not an African historian.

Chapter 3 allows Heilbrunn to demonstrate his knowledge of corporate strategies and profits. After making the categorical assertion that 'Standard Oil Corporation is the classic business model that other oil companies replicated' (p. 76) – ignoring the history of state oil firms in Europe, Asia and the Middle East which adopted a quite different model – he reviews the different tax instruments by which states accumulate rents. With what must be his most astonishing assertion – 'the political economy of how diverse corporations collude with government leaders and cooperate and compete with each other is an area of inquiry that analysts of democracy and development in resource-abundant countries have ignored' and his chapter amazingly 'fills that gap in the literature' (p. 78) – he negates in one sentence half a century of scholarship by American, European, Arab and African writers and generates, *sui generis*, 'several hypotheses to account for the influence of corporations on development and democracy in African petrostates' (p. 78). What are these astounding new hypotheses? '[O]il companies are key actors in African petrostates; their representatives collaborate with political leaders and seek to fulfill the profit imperative for their shareholders' (p. 81). How did we miss that?

But here is the strangest thing about *Oil, Democracy and Development in Africa*, which intends to prove that 'African petrostates are better off without oil than they would have been had oil companies never discovered oil and gas' (p. 34). Most of his evidence shows just the opposite.

In Chapter 4 he reveals his central theme that 'the conditions present in a country at the time of hydrocarbon discoveries are critical influences in political and economic institutional outcomes' (p. 110). His argument is that emerging producers will pursue voracious rent-seeking, but mature producers see brokers emerge who institutionalise and stabilise this behaviour, and finally declining producers see demands for reform. 'Although authoritarian rulers dominated many of these states at the time they discovered hydrocarbon reserves, the influx of oil revenues stabilised their coalitions and regimes', he argues, and 'stability leads to increasing populations and pressures that compel policy shifts. Hence, although these states might have been neopatrimonial dictatorships, oil brings political stability and subtle changes occur' (p. 115). In Chapter 5, what you might expect him to show is how, at first, the emerging producers were initially corrupt but then over time stop being corrupt. Instead, given the facts, he has to show that they are still corrupt. 'As Table 5.1 suggests, African petrostates are among the most corrupt in the world' (p. 154). Since this contradicts his argument, after providing evidence of their corruption, he ends each section with a blanket statement that things are getting better, with little or no evidence provided to warrant this assertion.

In Chapter 5 he makes a three-way comparison of Ghana, Equatorial Guinea and Congo. In Ghana he describes the Kosmos Energy Scandal that undermined the credibility of a democratic regime whose opaque oil laws required 'that geological information be classified as secret, proprietary information and the property of the Ghanaian government' (p. 160). Kosmos Energy borrowed funds from the infamous Blackstone Group (p. 161) and a close advisor to President Kufuor used his connections to lobby U.S. companies to invest in Ghana, in exchange for a 3·5% share in the Jubilee field (p. 161). Heilbrunn nevertheless concludes that 'Ghana's reputation remains untarnished with international investors' (p. 165). He describes over eight pages the widespread corruption and violence of Equatorial Guinea. Heilbrunn is of course forced to recount the subsequent six decades of Nguemist policies of brutal violence, not failing to mention such gruesome details as Macais 'routinely ordering thousands of extra-judicial executions' and having 'some of his victims crucified' (p. 167). Yet, in order to show how oil has been a blessing, he then declares that the successor president-for-life, Obiang Nguema 'understood that he needed to present his regime as less despotic' and actually praises the dictator for using oil revenues to hire a US public relations firm to whitewash its human rights abuses. 'In effect, Obiang was seeking to reverse impressions that his state was a rogue regime that operated outside international norms. Obiang's behaviour suggests that even the most predatory dictators recognize that their international image is crucial to attract foreign direct investments' (p. 173). This is how he ends his discussion, not with any story about development or democracy, as he claimed in every previous chapter, but with a public relations campaign masking regime terror. The final six pages on Congo-Brazzaville are no more convincing, as he recounts the tragedy of 'oil-backed loans', 'dynastic' rule of the Sassou family, 'failed democracy and stalled development', two 'bloody civil wars', and massive external debt burden caused by grand corruption (pp. 174–8). Once again, he provides no evidence of democracy or development, as promised, but rather more evidence of the 'oil curse'.

The worst is Chapter 6, where he makes a two-way comparison between Gabon, which he calls a 'competitive authoritarian regime' based on a 'clan-based political machine' (p. 183) and Nigeria, where 'godfathers established political machines to secure finance through illegitimate procurement contracts, embezzlement of government resources, extortion, and complex brokerage schemes' (p. 195). Once again it is not clear if he considers these two countries to be similar or different. In the section on Nigeria (pp. 196–207) he recounts a long list of grand corruption in the liquefied natural gas scandal, godfather-led electoral violence, the cult groups and violent gangs, and the massive irregularities and electoral malpractices of the 2007 presidential elections and then, after showing all of this, ends with one small paragraph stating: 'Despite this pessimistic assessment, international observers praised the April 2011 elections as free and fair' (p. 207). No other evidence is provided to support his claim that the probable outcome is greater democracy. Almost every single paragraph provided evidence of the contrary. This is followed by a similarly strange section on Gabon, which describes an authoritarian state under the 'Bongo system' with a 'rentier economy' dominated by 'Masonic networks' which failed to democratise (pp. 207–13), but then ends with a conclusion that the succession of his son Ali Bongo in 2009 'is indicative of creeping democracy' (p. 215). Did he mean creepy?

It is beyond even the most reasonably well-intentioned reviewer to understand his claim that 'Gabon has shown how political change occurs after decades of stable, authoritarian leadership' (p. 217); far less, how Heilbrunn believes, as he states in his concluding chapter, 'democracy and development are probable outcomes in oil exporting states as they move through their phases of production' (p. 219). One thing is certain. Nowhere in the book are cases of either democracy or development shown to have increased with oil production.

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A response to Douglas A. Yates' Review of *Oil, Democracy, and Development in Africa*

Douglas Yates' lengthy review of *Oil, Democracy, and Development in Africa* reminds me that when we publish, readers interpret or misinterpret our ideas according to their ideological bent or professional capabilities. Still, reviewing any book requires the critic's diligence to read the work with especial care. Mr Yates failed in this regard. Contrary to what he has written, my goal is not to refute the resource curse, although I do discuss it. Rather, my goal is to take a thematic approach that argues 'to understand the likely path of any country that discovers significant oil reserves, it is necessary to consider conditions the day before the discovery' (p. 4). A long-term perspective allows an assessment of conditions in countries prior to the discovery of hydrocarbons and considers conditions after production begins. The obvious counterfactual is what would these countries be like now without oil?

Mr Yates misrepresents my book and my views. He lifts fragments from sentences and misquotes my work for his ideological platform. When he accuses me of 'praising' Obiang Nguema for hiring a public relations firm to lobby the US Congress, he fails to understand that I am showing how the ruthless regime has tried to subvert US policy. He engages in vulgar invective when he calls me dishonest and disingenuous. Because I discuss commonly known risks oil companies face when drilling, Mr Yates implies I am an agent of the petroleum industry and privy to its secret information. Obviously, he has failed to benefit from his proximity to the *Institut français de pêtrole* and *La Défense* to learn much about oil production.

His essay recalls long past debates in African Studies. Mr Yates falls into an all-too-common trap of portraying oil companies and multilateral banks as pernicious organisations. When he says that 'poor and downtrodden' Africans are victims of contracts with 'unconscionable terms', it reads like the polemics about the continent I seek to dispel. Worse, he condescendingly depicts the Africans as passive dupes. When he asserts Ghana is a cocoa economy, he shows a shocking ignorance. Ghana is a middle-income democracy that exports gold, diamonds, cocoa, and every day over 100,000 barrels of sweet, light crude. My analysis of the Kosmos Controversy confirms that business in Africa is changing; companies can no longer breach contracts and ignore laws at will. He is apparently unaware that different countries post their petroleum laws and contract templates on-line.

Mr Yates is particularly negative about my assessment of democracy in Nigeria and Gabon. He disputes my proposition that the political machines in Nigeria