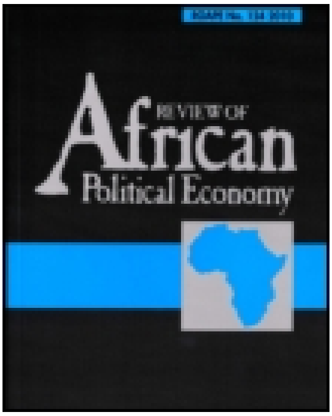


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# Oil as the ‘curse’ of conflict in Africa: peering through the smoke and mirrors

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# Oil as the 'curse' of conflict in Africa: peering through the smoke and mirrors

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This article interrogates the framing of the resource curse as a central causal mechanism in the resource abundance–conflict nexus in Africa. It is argued that explaining such conflicts on the basis of the ways natural resources either act as an incentive/motive for rebel groups, or erode and weaken states, does not adequately capture the complex histories, dimensions and transnational linkages to civil conflict in Africa. The article lays bare the attempts by a hegemonic discourse to obfuscate the reality of the fundamental and transnational underpinnings of the resource–conflict nexus. It is argued that the resource curse perspective cannot fully explain conflict in African oil states, and rather, a case is made for an alternative model based on radical political economy which lays bare the class relations, contradictions and conflicts rooted in the subordination of the continent and its resources to transnational processes and elites embedded in globalised capitalist relations.

**Keywords:** Nigeria; resource curse; oil

## Introduction

This article is structured around three broad questions: is oil endowment really a 'curse' to Africa? To what extent can studies based on a statistical correlation between oil abundance and the onset, duration and intensity of armed conflict (Ross 2003, Collier and Hoeffler 2004, Lujala 2009, 2010, p. 15) adequately capture the complex roots, forces and local and transnational ramifications of armed conflict in oil-rich African states? How is the resource curse constructed and reproduced and whose interests does it serve? These questions are impelled by the trend in some scholarly, policy and media circles which identifies oil endowment as a major factor of conflict, institutional weakness and corruption on the continent. In this essay, although 'oil' and 'resource' are used interchangeably, the emphasis is on oil as Africa's most strategic and sought after commodity in global markets.

The 'oil curse' perspective defines oil largely in terms of a central role in increasing the risk of violent conflict, poor economic growth, or acting as a disincentive for peace (Basedau and Lay 2009, p. 758). At its core lies the notion of resource/oil abundance as underpinning the financial motives/opportunities for rebels to engage in armed conflict, or as a causal factor in (rentier) state weakness either through the propensity for corruption, misrule, authoritarianism or instability (Elbadawi and Sambanis 2000, Herbst 2000, Sachs and Warner 2001, Ross 2003, Auty 2004, Collier and Hoeffler 2004, Fearon 2005, p. 483–507, Rosser 2006, Billon 2007, pp. 163–182, Collier 2007, Ross 2008, Lujala 2010).

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More recently, some of the claims of the resource curse theorists have been challenged (Rosser 2006, Alexeev and Conrad 2009, pp. 586–598, Basedau and Lay 2009), leading them to partly move away from the initial debates over the 'greed versus grievance' causal binary. Much of the emphasis has shifted to issues related to the risk, onset, duration and intensity of armed conflict in resource-rich countries, and the exploration of the links between resource endowment and the viability or capacity of rebel groups. Of note in this regard are the works of Ross (2006, pp. 265–300), Collier and Hoeffler (2005, pp. 37–59), Collier (2007, p. 21), Humphreys (2005), De Soysa and Neumayer (2007, pp. 201–218). Of note is the recent work of Lujala (2010, pp. 15–16), which examines 'empirically how the location of natural resources affects armed civil conflict', and concludes that 'oil substantially prolongs conflict when located inside the conflict zone', thereby rendering oil endowment a critical factor in the location, duration and intensity of armed conflict.

The protagonists of the resource curse thesis explore the connection between the paradox of resource abundance, conflict and poor economic growth. They seek to 'explain civil war statistically, looking at a range of possible causes: social, political, geographic and economic' (Collier 2007, p. 18). Their postulations are rooted in 'causal mechanisms linking resources and bad developmental outcomes' (Rosser 2006, p. 558). Lujala (2010, p. 15) aptly sums up the current state of knowledge by making a point of distinguishing the two main strands in resource curse thought: between resource abundance as a 'motivation and means' (incentive) for 'rebel uprisings' (armed conflict), and as a causal link to 'poor policy choices and a weak state'.

A raft of post-cold-war civil wars in resource-rich African countries such as Sierra Leone, Liberia, Côte d'Ivoire, Republic of Congo (Brazzaville), Chad and the Democratic Republic of Congo (DRC), and the insurgency in Nigeria's oil-rich Niger Delta region have provided some material and further reinforced this perspective. Such wars were specifically labelled after natural resources: as 'diamond' conflicts, 'oil', 'timber' or 'cocoa' conflicts (Smillie, Gberie and Hazleton 2000, Global Witness 2001, 2002, 2007, Alao 2007, International Crisis Group 2002). The labelling of African wars after natural resources was also given further fillip by investigative reports on the natural resource trade, corruption and conflict involving African state elites and rebel militias by international non-governmental organisations (NGOs) such as Global Witness, Human Rights Watch and the International Crisis Group (ICG). Even the Hollywood entertainment industry chanced upon this discourse to produce films such as *Blood Diamond*, which dwelled on the tragic role of armed rebels driven by the lust for 'conflict diamonds' in Africa's brutal wars by focusing on the Sierra Leone civil war.

The resource curse perspective has been more recently incorporated into a global development and security policy discourse to suggest that 'weak' or 'failing' resource or oil-rich states both harbour and represent a serious threat to development and security in a post-9/11 world (Morris 2006, Pham 2007, Thompson and Pearson 2007). In this context, oil-rich African states like Nigeria, Chad, Sudan and Angola have been associated in the literature or media reports with corruption, political instability and violent conflict.

The contention here is that the resource curse thesis feeds certain perspectives on the nature of the African oil-rich states built upon an internal resource conflict nexus that is subversive of development, democratic governance, national, regional and global security. Such perspectives need to be critically interrogated. Beyond such an interrogation, we need to get to the core of what is really an ideological notion of oil resource-determinism that obscures, rather than promotes an accurate understanding of the roots and wider ramifications of violent conflict in Africa.

This article is divided into four broad parts. The introduction sets the background to the resource curse thesis, while the conceptual section critically analyses the place of Africa's oil in the international political economy. It also includes a critique of the resource curse thesis as a basis for explaining violent conflict in oil producing African states. The concluding section sums up the arguments and suggests an alternative explanatory framework for violent conflict in African petro-states.

**African oil in the global political economy**

Blind spots in hegemonic discussions of the oil curse in Africa include the place of Africa's oil in the global political economy, and how transnational actors and structures are deeply implicated in the corruption and armed conflicts in oil-rich states. Although Africa holds about 9% of the world's proven oil reserves, an amount that may be considered small compared to the Middle East's 62%, Africa's oil has assumed critical importance in the context of a tight global oil market in the wake of increased global demand and the shrinking number of significant oil finds to replace rapidly depleting oil fields across the world. African leading oil producers include Nigeria, Angola, Sudan, Algeria, Republic of Congo (Brazzaville), Chad, Libya, Equatorial Guinea, Gabon and Egypt.

The continent has emerged as a key factor in global energy security calculations amid growing US dependence on African oil imports,[1] and the growing concerns in the West following the recent arrival of energy-hungry Asian state oil corporations (Chinese, Indian and Korean) intent on securing a foothold in the Africa's oil fields.[2] This so-called 'new' scramble for Africa's oil is impelled in part by a rapid increase in global demand by emerging industrial powers and has not only contributed to the prioritisation of the continent's prized hydrocarbon resource for global economic growth, but also included, in a post-cold-war world, its integration into a US-led paradigm of global security. However, in the context of this essay, the main focus is on the connections of transnationalised oil to capitalist accumulation on a global scale and the impoverishment of oil-producing locales in Africa.

Crude oil or petroleum is widely considered the most viable source of energy in the world. It is the energy lynchpin around which modern capitalism and consumerism as a global system revolves. Oil is a key element of global power (Obi 2009, p. 471). Thus, the stakes in controlling oil are very high, and constitute a core interest of the world's powers. It also means that Africa as a valued source of oil and gas supplies is central to the strategic calculations of the world's oil-dependent dominant powers.

Since oil is found more in the developing world, of which Africa is a part, its production and export has invoked historically constructed adverse political and social consequences and deleterious environmental consequences (Watts 2004, Obi 2010). It also produces and reproduces specific power relations between peoples, states and international oil companies. In this regard, African oil-owning states operate in partnership with oil multinational corporations (MNCs) that dominate the technology of oil production, alongside the global shipping powers and navies that ply and patrol the maritime oil supply routes. In this way, African oil-rich states are locked into complex and opaque transnational ties with global powers based largely on the joint exploitation of oil 'enclave investments' (Ferguson 2005, pp. 378–379).

However some analysts have argued that national/state oil Corporations which own the oil reserves and control oil supplies (through resource-nationalism) are richer than the oil MNCs. While this may be true in some cases, there are four fundamental issues that oil/resource curse perspectives overlook. The first is the reality that oil MNCs largely dominate the sophisticated technology, management skills and globally integrated operations of the upstream section of the oil industry in Africa, giving them considerable leverage in dealing with individual largely 'revenue-collecting' oil-dependent states. However, oil MNCs are bound to local elites in a transnational partnership hinged upon their common interests, marked in part by a revolving-door relationship between top-level oil MNC local elites (a faction of transnational elites) and the state (Obi 2007).

The second is that the oil MNC-backed Extractive Industries Transparency Initiative (EITI) designed to improve 'governance and transparency in payments to resource-rich countries' has been critiqued for blaming failures in 'development and economic growth in mineral-exporting countries' on 'internal corruption, rather than deficient company remuneration for drilling and extracting, and sharp corporate practice which simultaneously denies and removes profits' (Bracking 2009, pp. 3–17).

Thirdly, in the period 1970 to 2008, Africa lost an estimated $854 billion to capital flight, with its 'fuel exporters' being the largest losers, underlining the connection between oil endowment and high rates of capital flight from the continent (Kar and Cartwright-Smith 2010, pp. 10–12). This is illustrated with the case of Nigeria which between 2000 and 2008 is estimated to have 'lost capital at the rate of nearly $10 billion per year' (*ibid.*). The foregoing assumes further significance in a context where oil MNCs made record profits (Boles 2006, Porreto 2007, 2008, Macalister 2007, 2008), and their earnings both in terms of what they make from Africa's oilfields and in terms of leveraged profits from their partnership with African states remain largely hidden behind opaque international accounting and banking practices (Adusei 2009, Bracking 2009).

Fourthly, and linked to the foregoing is the neglect of the linkage between the burden of external debt overhang and poor economic performance of resource-endowed African states. Indeed substantial resources that could have been invested in development are lost to capital flight. As the Director of the Tax Justice Network, John Christensen, notes: 'Since the 1970s, for every dollar in external loans to Africa, roughly 60 cents left as capital flight in the same year.' Drawing upon the cases of Zambia and Angola, he notes that 'Zambia has lost US$19.8 billion in capital flight, representing 272% of the debt stock as at 2004', while 'Angola has experienced US$50 billion of capital flight representing 535% of that country's external debt' (Quoted, Tax Justice Network 2008).

Kar and Cartwright-Smith (2010, p. 1), note that illicit flows from Africa have a lot more to do with capital flight resulting from the 'proceeds of commercial tax evasion, mainly through trade mispricing', and much less to do with the 'proceeds of bribery and theft by government officials'. This position is given much credence by the study by Ndikumana and Boyce (2008), and reports from the Tax Justice Network (2008, 2009), that emphasise how the 'aggressive tax avoidance policies of multinationals are among the darker sides of globalisation' (Tax Justice Network 2008), and also cause African resource-endowed countries to suffer the loss of massive amounts of capital.

Thus, Africa's oil remains anchored in a global political economy, consigning the continent to the position of a supplier of 'cheap' oil to the world market as well as a supplier of capital. This process of the subordination of Africa's oil production to domination by oil-MNC and transnational elites, and the demands of the global market has meant that oil investments 'have been concentrated in secured enclaves, often with little or no benefit to the wider society' (Ferguson 2005, p. 378). In a post-9/11 world, additional priority has been given to the security of Africa as a source of oil supply, the protection of Western oil investments and shipping, and the ability of African states to effectively police and neutralise transnational crimes, including terrorism. For this and other reasons, violent conflict in oil-rich African states is not strictly speaking the inevitable outcome of purely internal predatory or opportunistic activities. It connects a complex maze of transnational-local linkages and also includes the cumulative impact of global financial processes and policies towards Africa.

There is some evidence that in Nigeria's Niger Delta, some oil companies either made direct payments to armed groups or awarded contracts to them ostensibly to provide 'security' for oil installations (WAC Global Services 2003), thereby fuelling local conflict dynamics. Such oil multinationals have also sought to blame oil spills on acts of sabotage by oil thieves and militias while playing down the intimate relationship and complicity between the oil company and the state, in part symbolised by company payments to state security forces guarding oil installations, and bribes paid by multinationals to top state officials to secure oil contracts (Garuba 2009, Voreacos 2010).

In the case of the oil industry, corruption is not an entirely internally driven process. Oil MNCs are complicit with political and economic elites in engaging in corruption and violence, taking advantage of the character of the Nigerian petro-state and elites to reap superprofits. Commenting on the scale and scope of corruption in Nigeria, the former chairman of the country's Economic and Financial Crimes Commission (EFCC), Nuhu Ribadu recognised his limitations (while in office) when confronted with multinationals bribing top government officials, thus: 'Most of this is happening outside Nigeria. The documents are not in Nigeria. The money is not in Nigeria. The entire transactions do take place outside' (Quoted in Bergman 2009). This underscores the transnational nature of high-level corruption based on the common interest in profit and wealth by foreign MNCs and Nigerian political elites.

The transnational nature of extractive oil actors operating in oil-producing enclaves such as the Niger Delta underscores the point that the global political economy plays a defining role in power and social relations around oil and its 'curse'. Therefore the oil curse is not entirely internal to the oil-rich state, nor is the conflict or corruption limited to local and state actors, rather it is embedded in the commodification of oil by transnational economic forces as an object of high profit and strategic value in the global market, making such actors central to the negative spin-offs from globalised oil extraction in Africa.

## The oil curse thesis: a conceptual overview

An overview of the existing debate indicates that the oil curse thesis is far from being a settled issue. According to Ross (2004), 'natural resources play a key role in triggering, prolonging, and financing conflicts'. This resonates with Billon's view with regard to the recently ended Angolan civil war, that 'abundant and secure oil rent allowed the MPLA party to wage a long and violent civil war against the National Union for the Total Independence of Angola (UNITA) since the 1970's' (2007, p. 39). Zeroing in on oil, Ross (2008, p. 2) also notes, 'oil wealth often wreaks havoc on a country's economy and politics, makes it easier for insurgents to fund their rebellions, and aggravates ethnic grievances.' Exploring the resource abundance – conflict nexus, De Soysa and Neumeyer (2007, p. 202), identify 'two distinct and prominent models explaining the link – finance for rebellion and weak states', a point similarly made by Lujala (2010, pp. 15–16). The institutional weaknesses that plague resource-rich countries are attributed to the 'rentier effect' that fuels corruption and misrule by predatory elites who privatise and personalise state power and subvert the developmental process (Herbst 2000, Fearon 2005).

As noted earlier, some of the claims of the protagonists of the resource curse thesis have been challenged. Of note in this regard is the study by Alexeev and Conrad (2009, p. 587), in which they 'reject the claim that natural resource wealth is a curse that makes countries worse off in any significant way'. Rather they argue, based on 'long-term growth measurements of GDP per capita levels rather than calculating growth rates over a given period of time, that oil and mineral resources enhance long-term growth, and are neutral with respect to the quality of the countries institutions' (2009, p. 586). Their regressions and conclusions 'contradict most, if not all, of the empirical literature on the resource curse' (Alexeev and Conrad 2009, p. 592), and do point to some of the methodological flaws inherent in the assumptions underpinning the resource curse thesis. They also direct attention to some of the 'blind spots' in the data sets used by resource curse protagonists, and cast some doubt on the validity of their claims.

In another vein, the neglect of the stabilising aspects of resource endowment on states by the resource curse protagonists has been critiqued. Thus, contrary to the aspect of rentier state theory which posits that resource-rich states are weak, corrupt and authoritarian and therefore susceptible to conflict, it is argued that 'governments use abundant resources to buy off opposition or suppress armed rebellion, thereby contributing to political stability and preventing armed conflict' (Basedau and Lay 2009, p. 758). A similar point is made by Oliveira (2007, p. 62), who notes that resource endowment can lead to 'astonishingly successful strategies of political survival amidst decay.' Basedau and Lay draw attention to 'country specific factors' and how these can lead to different outcomes by comparing (a conflict-impacted) Nigeria with (relatively peaceful) Saudi Arabia, noting that 'countries oil-rich in per capita terms are spared from internal violence despite being highly dependent' (2009, pp. 758, 774).



## The oil curse: a critique

Lujala's recent conclusions that 'oil substantially prolongs conflict when located in the conflict zone', and access to oil plays a key role in determining the viability of rebel movements and financing conflict merit close attention (2010, p. 18). While the literature on conflicts in oil-rich African countries is largely absent from the study, it is mentioned briefly that oil may be a better financing source (for rebels in the Niger Delta), through oil theft (illegal oil bunkering) (2010, p. 26). While Lujala makes a contribution regarding the 'lootability of oil', it is unclear if any strong connection between looted oil, Niger Delta rebels and conflict is established beyond using the abstract model to fit reality, except that in this case, the reality is far too complex for the model. Some of the shortcomings of such an approach have been earlier empirically demonstrated by Watts (2007, pp. 637–660), who noted that any rigid demarcation between government and rebels is flawed (2007, p. 651), as is the absence of the agency of oil companies operating in the Niger Delta in the 'models of rebellion or civil war'. Also a recent field study by Omotola (2010, p. 50) notes the 'considerable levels of support for youth militias among the people of the region', but also recognises the complications posed by violence and criminality to the struggle for resource control in the region. This further points to the problem of drawing conclusions on a rather narrow reading of a complex conflict such as that of the Niger Delta, whose roots predate the discovery of oil, and connect both 'localised global' and globalised local forces of extraction and resistance.

Another recent study challenges the view that resource endowment inevitably leads to the curse of conflict (Basedau and Lay 2009). By differentiating between the impact of resource wealth *per capita*, and resource dependence on the risk of civil conflict, it is posited that countries with high resource wealth *per capita* are able to avoid internal conflict, through distributive politics, co-optation and effective use of a sophisticated security apparatus. This point is illustrated using a high wealth *per capita* country – Saudi Arabia, where civil war is absent, and a low wealth *per capita* country – Nigeria, which faces an insurgency in the oil-rich Niger Delta region.

It is not clear to what extent these conclusions hold valid for conflicts in African petro-states, particularly since they leave out the role of historical factors, and external forces, particularly in the context of the securitisation of Africa's oil by hegemonic transnational forces. Even when the authors invoke the 'outside protection' factor to explain the role of a French garrison in securing Gabon (2009, p. 773), they do not go as far as to explain its connection with French political, strategic and oil interests in the country (Shaxson 2007), nor do they examine the role of oil companies investing in the oil sectors (and funding the petro-states) in Libya and Equatorial Guinea.

The resource curse thesis can be faulted on the basis of its 'prevailing evaluation methodologies on the basis of measurement errors, incorrect specification of the models and the high probability of spurious correlations' (UNRISD 2007, p. 12). The pathologies of an oil curse therefore thrive on a determinate relationship between aspects of oil endowment and negative outcomes, a position that simplifies what is in reality a far more complex relationship that is neither inevitable nor natural. Such pathologies inform mainstream analyses of oil-endowed states such as Nigeria, Chad, Sudan, Equatorial Guinea and Angola, that on the surface reflect most of the features associated with the resource curse – corruption, conflict, instability and high levels of poverty.

Two critical points are missing in such postulations. These are the absence of the ways in which dominant global interests provide support for, and profit from, the behaviour of African petro-states. The second relates to the ways in which the 'curse' is really a political and economic construct, a product of a particular constellation of extractive transnational social forces, histories and hegemonic power relations built upon the commoditisation of oil for the global market. Oil as a commodity is not the curse, rather it is 'cursed' by the high premium placed on it by the world's most powerful and strategic actors for whom it represents a most critical fuel of globalised capital and industrial power.

It is these dominant global forces and their local partners – the ruling elites of African petro-states that have subordinated African oil more to the interest of a globally integrated oil market, and less with the demands and interests of local people and economies. While local peoples live out the harsh realities of the 'cursed oil' in the polluted oil communities of the Niger Delta, the forcibly displaced communities of Sudan or outside the fenced-off portions of oil MNC camps in Equatorial Guinea, and Angola (Ferguson 2005), the oil MNCs, transnational elites and their local partners live up the full blessings of oil wealth.

Critiquing the perspective linking oil abundance to violent conflict, Di John (2007, p. 977) argues that the view that 'oil states are more prone to civil conflict' as represented on the abstract modelling of the resource curse protagonists, 'does not demonstrate causality'. Such analysis is largely ahistorical, apolitical and selective in the variables and data sets that it uses in its analysis. It adds up to smoke and mirrors, as the reality of resource conflict is definitely more complex with connections that transcend the oil-rich state and its economy (Lahiri-Dutt 2006, pp. 14–17, Watts 2007).

## The case of Nigeria

The conflict in the Nigeria's Niger Delta[3] has also been analysed from the resource-curse perspective (Ikelegbe 2006, Collier 2007, p. 30). Of relevance to the analysis is the focus on rebels/militias, local elites and the state motivated by the greed-driven quest to corner oil wealth/rents. Apart from this, the oil-related conflict in the Niger Delta has been analysed in the context of a 'critically weak Nigerian state' (Rice and Patrick 2008, p. 16), considered unable to ensure security within its territory (Pham 2007). When applied to the Niger Delta, the resource curse analysis leads to the conclusion that oil 'blocks' democracy (Ross 2001, 2008), and promotes corruption and violent conflict.

Such a conclusion would be rather superficial, given the nature of the political and economic elite, and the ways oil production and commoditisation spawn or deepen social contradictions, unequal power relations and inequities at two levels: state–society and local–global. In many regards, the unequal power relations and (ethnic minority) grievances in the Niger Delta were well established before oil became a significant factor in Nigeria's political economy. The emergence of oil as the fiscal basis of the state from 1970 only added a rather volatile dimension to pre-existing grievances and the quest for local autonomy in the oil-rich Niger Delta region.

The roots of violent conflict in the Niger Delta as in other oil-rich contexts in Africa do not lie in pools of oil; they lie in the inequitable (transnational: local, national and global) power relations embedded in the production of oil and the highly skewed distribution of its benefits and pernicious liabilities (Obi 2007, 2008, 2009). This was manifested in the non-response to – and later repression of – peaceful protests against the exploitation and pollution of the oil-rich region by a state–transnational oil alliance whose activities alienated the ordinary people from the land and means of their livelihoods, poisoned the ecosystem, deepened pre-existing inequalities and grievances, and paved the way for the descent into violent conflict (Ukeje 2001, Okonta 2005, Ukiwo 2007, Obi 2010). They can also be explained by the high-handed response of the state to initially peaceful protests, the militarisation of the region and the complicity of oil multinationals and transnational elites benefiting from oil production (and pollution) in the region.

Some premium has been placed on the violent and criminal activities of ethnic militias and armed groups involved in oil theft, kidnapping of oil workers and extorting oil companies, thus posing threats to oil investments in the Niger Delta (Collier 2007, pp. 30–31, Ianaccone 2007). Some analysts have even gone as far as to speculate on a 'terrorist threat' possibly to attract the attention of the Western security establishment (Cesarz, Morrison and Cooke 2003, Marquardt 2006). Such analysis and projections only tell part of the story. What is not usually explained are the fluid boundaries between resistance, militancy and criminality, and how the social conditions created both by the operations and policies of the state and oil MNCs have directly contributed to, and in some cases nurtured, the emergence of opportunistic elements manipulating the groundswell of grievances, high levels of youth unemployment and poverty to pursue different agendas. The other side of the coin is that broad brushstrokes criminalising all forms of protest in the Niger Delta region gloss over the roots of the crisis and the basis for legitimate protest, and increase the risk that such flawed analysis will lead to wrong conclusions and policies that may prove to be either short lived, or ineffective, or both.

As mentioned earlier, the WAC Global Services (2003) document has established how some oil companies through patronage/largesse to local elites and youth groups to ease entry and provide 'protection' to company interests and assets provided 'fuel' for conflict between the groups, between them and their benefactors, and within and between communities. In spite of the large sums of money devoted to oil company corporate social responsibility (CSR) budgets for the Niger Delta, these have not adequately addressed the needs of the communities, while in some cases, they have fed into cycles of intra- and inter-community violence (Human Rights Watch 2002, 2005, Obi 2004, Best and Kemedi 2005, Ikelegbe 2006, von Kemedi 2006).

Either way, the profits go to the state, the transnational elites (including Nigerian power elites), global financial institutions and oil corporations, while the costs and real curses go to those whose lands and livelihoods are polluted or expropriated, and whose rights are trampled underfoot as they continue to live out a paradoxically impoverished existence in an oil-rich, but blighted context. What flows from the foregoing is the emergence of a transnational hegemonic class united around a common interest of the extraction of oil – and the sharing of its spoils – but having little or nothing in common with the ordinary folk in the Niger Delta, even when they share the same nationality as the Nigerian faction of the global elite.

## Conclusion: peering through the smoke and mirrors

From the foregoing, it is argued that the ‘oil curse’ is a fetish hinged upon a partial reading of the internal processes in oil-rich African countries without capturing its connections to globalised class relations and capitalist accumulation by dispossession, in which transnational elites appropriate the resources that could have gone to African workers, peasants and people in the informal sector. It seeks to divert attention from the class identities of the winners and losers from oil endowment, and the ways the (violent) oil-extractive ethos drives particular social contradictions that fuel conflict either in the form of ensuring the conditions for exploitation, resistance to dispossession, or struggles for ownership of oil (Obi 2010).

Oil endowment is not the curse, though oil is cursed by the high premium placed on it by globalised capitalism, spawning inequalities and contradictions fed by an insatiable greed for finite hydrocarbon resources by the world’s industrial powers, and often at huge environmental and social costs to its victims. There are several resource-rich countries that have ‘escaped’ the resource curse, including Norway (Larsen 2004), and Canada. The reasons behind their ‘success stories’ is as much about history, as it is about politics, class relations, economic power and their control of their resources, having ‘escaped’ the pillage of their resources by interventionist and predatory local and transnational forces. Given this situation, the challenge is the need for a grounded understanding of the historical, socio-economic and political conditions and structures that ‘can and do mediate the relationship between resource abundance and developmental outcomes’ (Brunnschweiler and Bulte 2006, UNRISD 2007, p. 12).

Therefore, rather than an excessive focus on the ways in which abundant oil endowment provokes the ‘failure’ of African states: poverty, corruption and violent conflict, much more attention needs to directed at the historical construction of grievance(s), the nature of state–society relations and the linkages between the local–national–global in what is in reality a transnationally constructed relationship, which benefits all the dominant factions embedded in globalised oil-led capitalist extraction, transfer and accumulation. Those who experience oil as a curse are mainly the majority – who are poor and whose livelihoods are alienated and threatened by the political economy of globalised capital – and the depredations of a rapacious transnational elite.

Another challenge relates to the need to transcend ‘resource–conflict determinism’ in the search for the complex roots of, and local–global linkages to violent conflict in Africa. An important issue to focus on is the role of the heavy external debt burden and capital flight from the continent, of which corruption is responsible for less than 10%. Given that the bulk of the capital flight from Africa has been shown to be linked to transfer pricing by multinationals, corporate sharp practices and tax evasion using transnational financial and banking processes (Tax Justice Network 2008, Bracking 2009), it is apposite to also focus attention on this source of greater loss of Africa’s resources, and the mass transfer of natural wealth outside the continent by transnational elites. By analysing such processes and the impact of market-oriented economic policies aimed at deregulating

Africa's economies in the 1980s and 1990s in the name of structural adjustment, the ways in which processes of financial globalisation contributed to the impoverishment of the continent can be laid bare. Beyond this, it also shows some of the limitations of ahistorical and short-term data sets that inform statistical analysis of the resource–conflict nexus.

The present conjuncture in the continent throws up a specific challenge to social scientists and humanists to radically re-engage with the oil-development discourse, and devise new vistas for the analysis of how transnational processes and actors extract and export capital from African oil-rich states, and how the contradictions from such processes and activities spawn crisis and conflict in the continent. This is a necessary step towards overcoming the limitations of perspectives that distort the picture by obscuring the role of transnational actors and processes, and pave the way for a better-informed model based on a radical political economy, which exposes the inequities, unequal power relations, inequalities and hegemonic global class relations that underpin conflict in the continent.

At the heart of an alternative model should be devising strategies for winning back the bulk of Africa's resources and capital exported from the continent rather than being directed at the development of its people. The fundamental questions posed should be: who controls the oil and whose interest(s) do they serve? For in the service of the people: through equity, social justice and sustainable development, oil can be a source of peace and 'blessings' to the majority of African people.

To tap into the blessings of oil, two issues are fundamental to a new struggle to reverse the mal-effects of an artificial oil curse: a radical transformation of the African oil state and institutions away from the current ethos that serves narrow interests, and hegemonic and transnational forces intent on fostering the integration of the continent into the global capitalist system on clearly disadvantageous terms, and the emergence of a visionary and radical leadership capable of building a new social pact with the people based on an emancipatory, transformative, environmentally sustainable and participatory developmental democracy.

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## Note on contributor

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## Notes

1. Africa presently accounts for about 12% of US oil imports and that is expected to increase to 25% by 2025, making some US strategic analysts see the continent as an 'alternative' to dependence on an oil-rich, but volatile Middle East.
2. These Asian countries also consider Africa as being strategic to their global energy security concerns. China, currently the world's second largest oil importer, and India, that relies on an estimated 70% oil imports, are looking on to Africa for more oil to fuel their rapid economic growth. Both countries have framed their quest for Africa's oil within the context of an Asian aid diplomacy that is developmentalist and non-interventionist.
3. According to the most recent figures, as a result of the insurgency in the Niger Delta that has resulted in damage to oil infrastructure and oil production shut-ins, Nigeria has for the first time been overtaken by Angola as the continent's leading oil exporter.

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