

The background features abstract, overlapping geometric shapes in various shades of green, including lime green, forest green, and olive green, set against a white background. The shapes are primarily located on the left and right sides of the page, framing the central text.

TIPS ANNUAL FORUM  
JOHANNESBURG 14 – 15 JUNE 2016  
INDUSTRIALISATION AND THE MINING  
ECONOMY

# Extractive industries versus human development? Toward a sustainable economic development in sub-Saharan Africa

## SPEAKERS:

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"The key is how a parasite takes over a host. It has enzymes that numb the host's nervous system and brain ... there's a soporific anesthetic to block the host from realizing that it's being taken over. Then the parasite sends enzymes into the brain. A parasite cannot take anything from the host unless it takes over the brain. The brain in modern economies is the government, the educational system, and the way that governments and societies make their economic policy models of how to behave. In nature, the parasite makes the host think that the free rider, the parasite, is its baby, part of its body, to convince the host actually to protect the parasite over itself. That's how the financial sector has taken over the economy" (Hudson, 2016)

# INTRODUCTION

## 1. Argument

Africa's current growth trajectory is not 'sustainable'

Fundamental shift required

Arguments about resource-based growth are not helping!

Broader framing required

## 2. Evidence

First draft—please forgive any mistakes

# 1. Argument: African growth since mid-1990s ...

A. interpretation: in order to understand what “development” *really* is and what *would be* necessary:

two divisions in thought

i. Liberal

vs

Developmental

(classical- neo-)

returns high, essentially CA conforming

‘constraints’

‘distortions’ and

→ institutions, regulations and FDI

ii. Industrialisation

vs.

???????

Food sovereignty, renewables, social investment state

B. Muddied discourse

# Evidence

1. to date, how well have mineral-rich African countries done in avoiding the resource curse, and more importantly, shifting toward a genuinely developmental path?
  2. What prospects are there for making the switch?
  3. How likely are currently envisaged policy frameworks to be effective in this regard?
- ▶ Our hypothesis: if you look *closely* the answer is ‘no’. Because most evidence analyse the natural-resource in holistic views. The paper attempts to take closer look, in how each countries have doing in the different aspects, according to their own political and socio-economic aspect. (e.g., countries such Botswana, Nigeria, Ghana, Angola, Zambia, Tanzania, Equatorial Guinea, Gabon, D.R.Congo)
    - At diversification of the economy: here, has been any really kind of diversification happening in the continent which is leading to value added production. Yes, maybe they have been some form of linkages happening, link to the extractive industry, but it remains a continue enclave story of extractive industry. No sign of a clear form of ‘industrialisation’ happening theses different countries
    - ▶ Political economy consideration {this is the *big one*}. This needs to be contextualise for each particularly countries. (However, what has emerged from this aspect, that, resource-natural abundance or high rents incentives tend to push the elites prioritise the extraction of rents for immediate and personal gain at the expense of the long-term growth, state become more a disguise form of developmental state’ Elites ends up making the wrong policy choice (wrong type of investment and wasteful public expenditure). It lead to patronise, controlling state and holding to the power (emergence of all forms corruption)

## EVIDENCE (Cont.)

Other aspects (building basic infrastructures, not necessary conducive to development)

2. What prospects are there for making the switch?

- ▶ Exemplars from other regions: either inappropriate (different époques) or not actually exemplar.
- ▶ Econometric (evidence are not that convincing to explain the natural resource curse phenomenon)

3. How likely are currently envisaged policy frameworks to be effective in this regard? Is development state or resource nationalism? Looking at multilateral and African level (e.g., UN, AU, SADC and national level). At this level, there is no concrete policy, foreseen to change the current situation of many African countries, particularly in the mineral-resource extractive industries

- ▶ Individual exemplars *within* Africa: SA and Botswana. They actually aren't exemplars
  - ▶ South Africa: resistance from elites to attempts to shift policy. Positive lesson from SA is socio-economic *resistance*.
  - ▶ Botswana, none existence of coherent industrial policy (no sign of significant diversification and industrial development) , existence of dual economy (between the rural and urban area), existence of basic social needs provide to people (not a social transformative), Elites still control the resource rents, enjoying the benefit of mineral-resource, and no incentive to promote a sort of development.

## EVIDENCE (Cont.)

- What defines 'developmental state' or 'developmentalism' it is not just about the state has the obligation to stimulate development, set regulation and policy, but the state should play disciplining and planning role. Many countries has reduced themselves 'developmental welfare state' (seeking to capture rapidly resource rents) and not 'social transformative' in welfare developmental.
- Resource nationalism is buzzing now, as another form

Nationalism of natural resources has influenced political, economic and developmental fortunes (e.g., Nigeria, the Nigerian National Petroleum Corporation (NNPC)). The state taking control of mineral-resource rents, end up characterized by the increased of corruption and conflict alongside economic stagnation (State does not have any type of direct accountability about how the revenue generate from the oil is used for.

Resource nationalism has been used among African region as a way of constraining the operation of traditional dominant Western energy and mineral companies. Resource nationalism among region energy and mineral export, converged towards political and economic phenomenon

The type of resource nationalism depends on the historical context and socio-political environments in which each country's resource-mineral industries emergence and develop. It can be a potential tool for resource-rich countries for leverage and bargaining power vis-à-vis to transnational companies. African countries need to decide what type of resource nationalism policy. Is resource nationalism able to break out from the resource curse, and help government to attempt and promote development on the back of resource-led growth

# CONCLUSION

- ▶ African countries are not poor, it just that Africans' natural resources are not used appropriately and does not serve/benefit its own people.
- ▶ Resource-rich countries are highly depended on primary product exports (extractive sector)
- ▶ Mineral resource sector seems to be the cause of elites capture (seeking for rents capturing and maintaining themselves as long as possible in power and continue to enjoy the political and economic opportune presented by the natural resource abundance)
- ▶ African's countries suppose to thinking of other alternative of achievement sustainable socio-economic development. Development requires more than economic growth and policies (e.g., Industrial policy)
- ▶ African elites need to make critical policy (self-retrospection and admit that, its not working and we need to think of something different) which will trigger a development trajectories
- ▶ Evidence of resource-bade development clearly, demonstrate that is not sustainable and unpredictable. African government and policy-maker needs to finds way to move away from mineral-resource dependency and rethink other alternative/path of solutions (e.g., Mauritius considered as resource-poor economies, in the late 1960s, decided to shift to prioritise export manufacturing over import substitution. Elites made choice of investing efficiently to grow the economy, with less low resource-rents endowment.
- ▶ 'Good governance and institution' and legislation reforms are merely not enough for African countries to break out from the resource curse
- ▶ Public participation of people (communities) must not just written on the paper, or policy. It needs be really effective and government need to make sure it hear the voice. There must be some sort of mechanism of accountability between, government, private, and people (communities, civil societies, and etc.)
- ▶ the state or the government must be able to reflect the national policies and the aspirations of the majority of people to improve local returns from mineral industries activities.