

Transformative resources, transforming economies

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(Abstract)

On 26th March there was a roundtable discussion held at the *Central European University* with the title of *Transformative resources, transforming economies*. Apart from *George Soros*, the founder and mentor of the Central European University, *Sir Paul Collier* from the Oxford University, *Robert Conrad* from Duke University and *Daniel Kaufmann* participated at the talk. The first, who gave remarks, was the moderator of the talk, Daniel Kaufmann, the actual president of Revenue Watch Institute and Natural Resource Charter. He asked the three panelists about the mayor achievements and challenges of the the movement of natural resource government.

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According to *George Soros*, there is a need to a transparent system of the financial issues between the governments and the companies. More and more governments, companies and civil societies have joined voluntarily to this movement, which received the name of IATI (International Aid Transparency Initiative), moreover, the international financial institutions, as well. As these institutions has made as a condition for their loans the transparency of the countries, it has become the most important driving force in making it work.

“Now, we have actually a spoiler, and that is China, because China became very active looking for natural resources, particularly oil.” – said Soros. He highlighted that they were about to make a deal with Angola, which is a country where corruption was a constant problem. However, Angola wanted to become more transparent, but there was an intervention from part of China, because they give the country a loan of 2 billion dollars. As a result, Angola now doesn’t need money and has become spoiler in the rest of Africa, for example in Congo. That is the reason why George Soros said that if they wanted to move on from here, they needed to get China on board and made it to join to the transparent countries. China claimed that if they get the exploration license, they are ready to cooperate. Now, China has the exploration licences and have entered for example to South-Sudan or to Zimbabwe where others have feared to go.

In the second part of his talk, he mentioned the three most important challanges of the IATI (International Aid Transparency Initiative).

The first challenge is in connection with the financial crisis of 2008, because after that, IATI obliged all of the companies to publish what they pay to the governments. Which was voluntary before, has become obligatory and the major oil companies didn’t like it at all. That is the reason why they challenged it in court and won most of their objections. However, it became a law in the EU, Canada and in Australia, as well. Therefore, there is an urgent need to take China in as well, because this way China would be able to become a full member of this organization and to help it.

How to have a structure which recognizes the role of civil society? This is the other challenge because monitors are very important who hold the governments accountable.

The creation of a proper network for the organization is the third and one of the most difficult challenges of IATI. According to Soros, it already needs some improvement, because the coordination is indispensable. The most important and recent development in this area is that Revenue Watch Institute and Natural Resource Charter are merging into one.

The second speaker was *Sir Paul Collier* from the Oxford University. His opinion is that there is a healthy interaction between voluntarism and compulsory in the IATI, because actually voluntarism can give an impulse to become compulsory. He also mentioned that China should join to the organization to be able to become an active part of IATI.

He named as a core of the problem is to find better settlement which builds citizen understanding. However, development from natural resources is not easy, because there is a danger of populism in which accountable citizens can make governments to follow improper policies. The countries need accountable citizens, but they have to make an effort to understand the policies of the natural resource government.

As an example, Collier mentioned Nigeria, which was a really poor country before the discovery of its oil resources in 1974. The very next year, the government raised public sector wages by 75 percent. He highlighted that that was populism in action: the expectations have increased and the government claimed the wealth of everybody. They confused resource wealth with the development, because they thought they didn't need to work any more.

However, he contrasted this story with Botswana which achieved success in the natural resource policy. The president of the country developed a narrative of patients, which showed to the population that they are poor and they have to make a progress. "Botswana used its diamonds gradually to build the country" – said Collier. They managed to do it, so the president of Botswana managed the expectations while Nigeria failed them. In conclusion, that is the reason why Paul Collier thinks that narratives are crucial in the governance of a country.

Robert F. Conrad from the Duke University is an expert of the technocratic public policy in advisory. He agreed with Paul Collier in the topic that the public has got to involved in some very tough decisions on how to raise the money and on how to spend the money. „But as a technician, the challenge for me and for all of us is to try to figure out the way of making these, initially appeared to be very complex decisions converted into numerical examples and ways that can promote understanding.”- said Conrad. It's really important from the part of the government to explain the population the special terms of a deal for example, to be able to find solutions together. This way, the population can understand the problems and can take responsibility for the wrong understanding. "The benefit of transparency is that there is the ability of people to stand up and say: I don't have any idea what you are saying.”- Conrad said. Finally, he highlighted that this kind of transparency is essential if governments want to work together with the public.

Conclusion

As we could see the opinion of the experts, these days the question of transparency has become really important, since the elimination of the corruption can help the development of the countries' economy. However, to make it work in practice, organizations against corruption should be improved and they should make clear the published data to the citizens, too.

This way, not only the work of the government would be more efficient, but the corruption would also reduce. There are a lot of tasks which have been implemented, but still have remained some for the future.

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