## Note

While these counter-plans can be easily permed, both of these are short and would easily solve econ advantages about the resource curse.

## EITI CP (:28)

Text: Developing countries should sign up to the Extractive Industries Transparency Initiative for their resource extraction projects.

The real resource curse has to do with institutional transparency. The counter-plan solves.

**Kenny 10** writes[[1]](#footnote-1)

Happily for those countries stuck atop piles of diamonds or lakes of oil, then, it turns out the resource curse must have been enchanted by a pretty feeble witch. Once you look at the evidence more carefully, the usual argument is turned on its head. **Countries that rely on** natural **resources** for a large part of their output **are** indeed **cursed** -- **by poor** quality **government and an institutional environment that stifles** the **growth of manufacturing and services**. That's the good news for Afghanistan, Mozambique, and Papua New Guinea: They won't necessarily get any poorer or more unstable thanks to their massive mineral reserves. But bad news follows, too: **Given the** comparatively **weak state of their** current **institutions**, the **countries are unlikely to use** the **money generated to become the next Norway**, either. That's why the most heralded talisman against the resource curse -- improving institutions through greater transparency and oversight -- makes sense regardless. In fact, **because so much** of the **revenue**s **from extractive industries flow through governments, improved oversight might be a particular help** after a mineral find. **The E**xtractive **I**ndustries **T**ransparency **I**nitiative, for example, **publishes audited statements regarding payments from industry to government in royalties and taxes**. Another approach, championed by Todd Moss at the Center for Global Development, is to pass on oil revenues directly to citizens -- a model adopted in Alaska. These are good ideas, and it is great news that Mozambique and Afghanistan have signed up to the Transparency Initiative. But at heart, they are good ideas because all governments should be more transparent and increase the flow of resources to communities, no matter what's under their land. **Blaming oil wealth for poverty, though, is like blaming treasure for the existence of pirates.**

Institutions are the root cause of lack of growth. **Singh and Bourgouin 13** write[[2]](#footnote-2)

What is overlooked in the literature is the nature of the latent relationship between resource governance and neoliberalism. The principal challenge for resource-rich developing states today rests not only in grafting institutional reforms that address problems of resource dependency but also the associated costs of economic liberalisation. Put simply, the **chronic failure for developing countries to** push for **sustain**ed economic **growth cannot be attributed fully to resource dependency;** instead, **political economy and institutional factors shape development outcomes**, and resource-rich states are not exceptions here (Barbier, 2011; Di John, 2009 ; Rosser, 2006a). While formal institutions certainly matter, **it remains** highly **questionable whether policy changes to address** the **challenges posed by the inherent nature of extractive capital can alter myopic decision-making** and clientelist politics **that** are both **cause** and consequence of **rent-seeking,** bureaucratic **inefficiencies, and weak state capacity.** Development policy-making is, after all, a complex, messy enterprise that is usually a product of trial and error rather than sound policy foresight (Haggard, 1990). However, developmental challenges are found not only at the national level. States must also respond to the changing global political economy. As the rate of mergers and acquisitions increases in extractive sectors (Campbell, 2009), resourcerich countries are faced with the challenge of negotiating developmental spaces with private capital in an oligopolistic world market for resources. Indeed, the processes by which, prior to the commodity boom, global governance institutions and states sought to reform the resource sector in the South reveal the ways in which sector-specific characteristics mediate the impacts of neoliberal reform agendas in the wider developing world. This certainly calls for a more robust account of the interactions between resource management and neoliberalism.

## Think Tank CP (:33)

Text: Developing countries should earmark tax dollars from resource extraction to establish resource think tanks.

Resource think tanks solve the resource curse.

**Mendizabal 11** writes[[3]](#footnote-3)

**The** natural **resource**s **curse is well-known** by now. Countries with lots of mineral (or almost any other natural resource) wealth often find themselves cruising down the roads of corruption, violence and underdevelopment. It is as if they were dismissing all the warnings on the side of the road: Warning! Take the next exit out of here! Think before you keep going! Et cetera. Developed countries have already been down these roads but some have managed to get out in time. How did they do it? **One way forward** –not the only but certainly a very powerful one- **is to** try to move past the gold fever and **think more carefully about what to do** with the gold. The key word here, of course, is think. The University of Dundee in Scotland is host to students from all over the world who travel there to read courses related to the mining sector. Many Peruvians study there –I know a few of them. Last I heard, though, there aren’t any mines in Dundee were they can practice and experience, first hand, the industry they are studying. So why would a Peruvian leave a country rich in mines to study in Scotland where the mining industry is all but a thing of the past? The answer is simple: **Peru does not have a world-class university that specialises in mining. Even without** any **serious mining, Scotland remains** as **a leading force** in the sector. It trains the next generations of mining entrepreneurs, engineers and policymakers. **Scotland, through its** own **experts** and the ones **it sends out to the world, is shaping global processes** and exerting enormous leverage. And all of this guarantees that there is a sustainable British mining industry that continues to mine the world all over. But not in Britain. Peru could follow this path, too. **Millions** of dollars **in tax made from** the **mining** industry **have been earmarked for capital investments** in the regions were mines are based. **Capital investments could be** easily **reinterpreted as human capital investment and**, almost overnight, **large** (and I mean large) **amounts of money could be available to** overhaul local universities and **set up** new institutions (**think tanks** included) **to transform the sector** from an extractive **to a knowledge economy.** I know there are innumerable bureaucratic hurdles; but many this is a reasons for the private sector to take the lead rather than shrug and keep funding palliative petty projects that address immediate needs but leave little behind. **The same is true to other resources** that could be the basis of sustainable and job creating sectors for many developing countries. El Bulli, arguably the world’s best restaurant, closed its doors last month to become a culinary think tank. No wonder Spain has a strong tourism industry. In Peru, where food has become the source of great pride we ought to be following this example and look to setting up new institutions to think the future of the gastronomic sector. A food industry that expands beyond the kitchens and into global consultancies, renowned academic degrees, and a tourism industry that is adaptable and sustainable. So far this role seems to have fallen on celebrity chefs like Gaston Acurio -but there is so much one man can do. Following this basic idea, I have been working with a friend to set up a forestry centre in Peru and I have just taken up the idea of a coffee think tank to strengthen the coffee sector (not just the selling of coffee but mostly its production). **Think tanks** can be a great engine of change. They **can take on** the **interests of the industry and** the wider **public and pursue policy options that governments are sometimes unable to contemplate until they are sure things. Think tanks can** help to **establish alliances with** peer organisations in **other countries without** the **bureaucratic difficulties** that the public sector has or the concerns for competition that are common in the private sector. Unlike lobbies or interest groups **they can remain neutral or** at least **ensure that different options are** considered and **discussed publicly**. Their interests, if well-funded and managed, can the long-term interests of their sectors and countries. Donors have been quick to fund think tank dealing with economic and social policy issues in many developing countries but few have an industrial specialism –these tend to be funded as part of international research programmes but there is an obvious focus on agriculture and poverty reduction. Industry specific think tanks’ objectives, on the other hand, ought to consider poverty reduction as an ideal by-outcome but not their main one. Their primary objective should be the development of a sustainable and world-class sector. Good practices will undoubtedly bring along more jobs and increase opportunities. Not only that, but universities, **think tanks**, and consultancies can all create new jobs and incentives for further specialisation. They **will** imagine and **develop new businesses around the resource and help steer the sector into its future.** These industry focused think tanks would make a great team alongside the economic and social policy think tanks that we are more accustomed to. So why not fund some of the following (this, of course, applies to more than one country): A tourism think tank for Kenya; A few mining think tanks for Zambia; A tobacco (and related crops) think tank for Malawi; A few oil and gas think tanks for Nigeria; A financial services think tank for Ghana; A forestry think tank for Indonesia; A coffee think tank for Peru; Et cetera The initial investments need not be terribly large. These think tanks could start quite modestly by providing a medium to channel knowledge and expertise from around the world into the national and local policy debate. A few good analysts and a competent policy communicator would probably do for the first year. An alliance with a university could create opportunities for original research being produced in-country and to channel new knowledge into the education system through undergraduate and postgraduate courses. Partnerships with the private sector would be essential to ensure that their work is relevant to the sector. Above all they should be based (or at least have a base) where the resource exists and not just in a fancy office close to the capital’s poshest districts. We want, after all, to create centres of excellence that bring policy, practice, and research together. These think tanks could focus their attention at three levels: The policy environment: research and analysis to develop recommendations directed at improving the policy environment that affects the sector. The business environment: research, analysis and direct support aimed at strengthening the capacity of existing and future businesses to further develop the industry –sustainably, responsibly, etc. The art and science of the sector: (maybe in the long-term) aimed at improving the evidence base of the sector –for example, research into new varieties of timber, into new ways of treating mineral waste, into the commercialisation of new agricultural products, the use of new seeds, etc. So **if you have resources and do not know how to use them** more **sustainably** and in a way that will guarantee benefits for all, **instead to try**ing **to come up with a master plan that is likely to fail (**let’s be honest, **we** do **cannot plan for all eventualities) why not** consider **develop**ing **a knowledge industry** around those questions **and let it find the way?**

## Windfall Tax CP (:20)

Text: Developing countries should renegotiate contracts with foreign resource extraction companies to ensure citizens receive a share of windfall gains, and impose a windfall tax if negotiations fail.

The counter-plan solves the resource curse. **Stiglitz 12** writes[[4]](#footnote-4)

There are well-known antidotes to each of these problems: a low exchange rate, a stabilisation fund, careful investment of resource revenues (including in the country's people), a ban on borrowing, and transparency (so citizens can at least see the money coming in and going out). But there is a growing consensus that these measures, while necessary, are insufficient. Newly enriched **countries need to take** several more **steps** in order **to increase** the **likelihood of a "resource blessing"**. First, **these countries must do more to ensure that their citizens get** the **full value of the resources**. There is an unavoidable conflict of interest between (usually foreign) natural-resource companies and host countries: the former want to minimise what they pay, while the latter need to maximise it. Well-designed, competitive, transparent auctions can generate much more revenue than sweetheart deals. **Contracts**, too, **should be transparent**, **and** should **ensure that if prices soar** – as they have repeatedly – the **windfall gain does not go only to the company**. Unfortunately, **many countries have** already **signed bad contracts that give a disproportionate share** of the resources' value **to** private **foreign companies**. But there is a simple answer**: renegotiate; if that is impossible, impose a windfall-profit tax**. All over the world, countries have been doing this. Of course, natural-resource companies will push back, emphasise the sanctity of contracts, and threaten to leave. But the outcome is typically otherwise. A fair renegotiation can be the basis of a better long-term relationship. **Botswana's renegotiations** of such contracts **laid the foundations of its remarkable growth for** the last **four decades.** Moreover, it is not only developing countries, such as Bolivia and Venezuela, that renegotiate; **developed countries such as Israel and Australia have done so as well. Even the U**nited **S**tates has imposed a windfall-profits tax.

1. Charles Kenny (Senior Fellow at the Center for Global Development, Schwartz Fellow at the New America Foundation). “What Resource Curse?” Foreign Policy. December 6th, 2010. http://www.foreignpolicy.com/articles/2010/12/06/what\_resource\_curse [↑](#footnote-ref-1)
2. Jewellord Nem Singh and France Bourgouin (editors of this book). “Resource Governance and Developmental States in the Global South.” Palgrave Macmillan. November 2013. <http://www.palgrave.com/PDFs/9781137286789.pdf> [↑](#footnote-ref-2)
3. Enrique Mendizabal (independent researcher and advisor on think tanks and policy research networks). “Got resources? Think tank them.” On Think Tanks. August 3rd, 2011. http://onthinktanks.org/2011/08/03/got-resources-think-tank-them/ [↑](#footnote-ref-3)
4. Joseph Stiglitz (University Professor at Columbia University, recipient of the 2001 Nobel Memorial Prize in economics). “Africa’s natural resources can be a blessing, not an economic curse.” The Guardian. August 6th, 2012. http://www.theguardian.com/business/economics-blog/2012/aug/06/africa-natural-resources-economic-curse [↑](#footnote-ref-4)