

AN OIL CURSE? RESOURCE CONFLICT ONSET AND DURATION

by

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A THESIS

Presented to the Interdisciplinary Studies Program:  
Individualized Program  
and the Graduate School of the University of Oregon  
in partial fulfillment of the requirements  
for the degree of  
Master of Arts

December 2009

“An Oil Curse? Resource Conflict Onset and Duration,” a thesis prepared by Caroline M. Holland in partial fulfillment of the requirements for the Master of Arts degree in the Interdisciplinary Studies Program: Individualized Studies. This thesis has been approved and accepted by:

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## An Abstract of the Thesis of

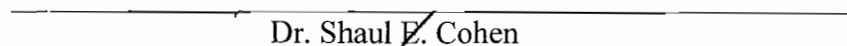
Caroline M. Holland for the degree of Master of Arts  
in the Interdisciplinary Studies Program: Individualized Program  
to be taken December 2009

Title: AN OIL CURSE? RESOURCE CONFLICT ONSET AND DURATION

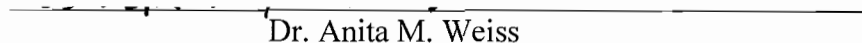
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This study examines the effect oil has on the onset and duration of conflict. In the “resource curse” literature, researchers argue that a state’s abundance in natural resources can raise the likelihood of civil war. Such findings are largely based on correlations from large-n statistical studies or are hypotheses from individual case studies. These approaches fail to check the causal validity of key variables in multiple cases. Using a

data-set comprised of sixteen countries that have experienced both oil extraction and civil war, this study conducts a qualitative causal variable analysis within these cases, while also checking the causal significance of key variables across cases. This study of oil-related civil wars analyzes the cross-case validity and overall relevance of: rebel greed, citizen grievances, unemployment in oil-rich regions, state military spending, clientelistic patterns of oil rent distribution, and oil-sector nationalization schemes.

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## ACKNOWLEDGMENTS

I wish to express special thanks and appreciation to Professors Jane K. Cramer, Shaul E. Cohen, and Anita M. Weiss for their help, guidance, and shared expertise throughout my course of study at the University of Oregon. Furthermore, special thanks are due to Debra Otley, Tara Erickson, the Holland family, and Samuel Russo for contributing their help and support in making my time at the University of Oregon both valuable and memorable.

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## CHAPTER I

### INTRODUCTION

In September of 2005, the United Nations Security Council adopted Resolution 1625 (2005). After years of monitoring armed conflicts and wars throughout the world, the United Nations was finally impelled to formally acknowledge the role that natural resources play in situations of conflict. Under this resolution, the UN pledged to reaffirm its, “determination to take action against illegal exploitation and trafficking of natural resources and high-value commodities in areas where it contributes to the outbreak, escalation or continuation of armed conflict.”<sup>1</sup> Perhaps realizing the true value of considering the natural resources element in efforts to understand and resolve conflicts, the UN Security Council issued another resolution, S/PRST/2007, which included several pages of acknowledgement to the role natural resources can play in armed conflict - a much more thorough and encompassing transcript than the previously devoted single line in Resolution 1625 (2005). It seems with the adoption of these two resolutions, and the further mention in consequent reports, statements, and resolutions, the United Nations has finally recognized the relevance and importance of what a burgeoning group of researchers have been studying - the notion of a “resource curse.”

Since the 1990s, academics have increasingly found connections between a state’s wealth in natural resources and its increased likelihood of poor performance in economic,

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<sup>1</sup> United Nations Security Council 1625 (2005)

development, and security considerations. Scholars such as Richard Auty, Paul Collier, Anke Hoeffler, Michael Ross, and Michael Klare have made compelling arguments against the seemingly logical assumption that natural resources can only serve as a positive tool contributing to a state's ability to establish a healthy and viable economy, provide life-supporting resources and systems for its citizens, and more generally, simply prosper. Using statistical analyses, case-study examinations, and research derived from states throughout the world, such scholars have proven that indeed, natural resources are not always a blessing, and in many situations are a curse.

There of course is nothing inherently evil or destructive about natural resources themselves, but what can be deleterious is the relationship humans have with the management, exploitation, distribution, and consumption of the resources. Although the resource curse literature touches on a variety of "evils" arising from a state's wealth in natural resources, this study will focus on one particular element of the curse - conflict. Just as economists have indicated the poor performance of natural resource-rich states, social scientists have also indicated the increased likelihood of civil war in states abundant in diamonds, timber, minerals, hydrocarbons, and other such natural resources. This resource conflict theory establishes the argument that a state wealthy in natural resources, and particularly reliant on those resources, will be more likely to experience civil war and conflict than a state which is less dependent or rich in such materials. This paper is intended to explore the various arguments included within the resource conflict literature, as well as test their validity through case study analysis.

In a letter sent to the United Nations Security Council, a group of NGOs<sup>2</sup> suggested that a definition of a “conflict resource” be adopted in order to determine when and if a resource becomes a contributing variable to conflict. From their proposal, “Conflict resources are resources that have been traded in a way that drives violent armed conflict and threatens national and regional security.”<sup>3</sup> Using the concept of resource conflicts, and this definition of conflict resources, this study will examine the role that one particular resource, oil, plays in influencing the outbreak and duration of civil war. In order to identify the role of oil in intrastate conflict, I will examine a set of variables mostly derived from other scholars’ work on resource conflict including: oil as a primary commodity export; oil as a salable commodity used to finance military expenditures; the grievances of civilians in oil-rich regions; the nature and structure of oil-governing entities; the distribution of oil rents; the relevance of “booty futures”; interests and motivations of armed rebel groups, and; factors concerned with poverty and unemployment in oil-rich regions. A data-set composed of sixteen case studies in which both civil war and oil extraction has occurred provides the analytical substance of this study. Applying the above variables to the sixteen case studies has resulted in significant findings which both weaken and strengthen various arguments made within the resource conflict literature linking oil to war. The intention of this study is to provide comparative case analysis and causal quality checking to the assertions previously made by resource

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<sup>2</sup> NGO signatories of the proposal include: Global Policy Forum, Global Witness, Human Rights Watch, International Peace Academy, Save the Children Alliance.

<sup>3</sup> Global Policy Forum, “NGO proposals on Natural Resources and Conflict,”

conflict scholars. By applying their theories and hypothesized variables to an actual data set of relevant oil-related conflicts, the validity of those theories and variables may be better tested. The following literature review will lay out the existing scholarship on the resource curse, resource conflict, and the influence of oil in security studies. From this review, the arguments and theorized variables will be identified and introduced in order to equip the reader with the information needed for a full understanding of this study's scope and findings.

## CHAPTER II

### THE EXISTING “RESOURCE CURSE” LITERATURE

It would make logical sense that a state’s wealth in natural resources would do nothing but enrich its economic prosperity and its citizens’ quality of life. Surely, states wealthy in valuable high-commodity resources face fewer challenges than those states which are barren and resource-starved. Although some case examples support this notion, there exist a large collection of examples that directly contradict this type of logic. Whereas resource-rich countries like Iceland, Canada, and Norway have succeeded and benefitted economically, politically, and socially from their wealth in natural resources, other states such as Chad, the Democratic Republic of Congo, and Timor-Lest<sup>4</sup> have failed miserably to manage their natural resources in an effective way for positive development. Prompted by this phenomenon - the weak performance of some resource-rich states - researchers have set out to establish the specifications, contributing elements, consequences, and other such aspects of this conceived notion of a “resource curse.”

#### *The Roots of the Resource Curse*

Although much of the resource curse literature is a result of research and studies conducted within the past ten years, a founding principle guiding the progress of the area

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<sup>4</sup> The mentioned six states enjoy plentiful bounties of accessible natural resources, however according to the UNDP’s Human Development Index list for 2009, Iceland, Norway, and Canada all ranked in the top three for highest HDI scores, whereas Chad, DRC, and Timor-Lest all fell in the bottom human development tier.

study was first published by *The Economist*, in 1977.<sup>5</sup> The concept of “Dutch Disease” was coined as a term to describe a significant decline in the manufacturing sector in the Netherlands which had detrimental effects across the state’s whole economy following the discovery of bountiful natural gas fields within Dutch borders. The gas discovery created an export boom resulting in positive returns for the Dutch economy, but soon after the state was plagued with inflation, a decline in manufacturing exports, and an increase of the real exchange rate which corresponded with increased unemployment and an overall decline in the Netherlands's economic productivity. This observation of “Dutch Disease” was perhaps the first widely recognized example of how a state’s wealth in natural resources (in this case, natural resource belonging to the hydrocarbon sector and therefore particularly relevant to this study), has the potential to harm an economy, rather than help it.<sup>6</sup>

Stemming from the Dutch Disease concept, more and more research supported the resource curse notion as more and more examples of resource rich states’ decline and lack of progress emerged. Although one of the primary focuses of the resource curse is to address economic and development concerns, in the late 1990s, researchers began to make the connection between the resource curse and its expanded relevance in conflict

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<sup>5</sup> The Economist. “The Dutch Disease” *The Economist*, November 26, 1977.

<sup>6</sup> Hans Singer and Raul Prebisch contributed to this notion and further asserted that primary commodity exporters suffer declining terms of trade over extended periods of time, will experience balance of payment problems, and will have slow economic growth (Prebisch and Singer, 1950). Two other prominent academics, Sapsford and Balasubramanyan, found further evidence supporting the Prebisch-Singer Hypothesis (Brendan McSherry, “The Political Economy of Oil in Equatorial Guinea,” *African Studies Quarterly*, 2006).

and security studies.<sup>7</sup> From the resource curse literature grew a sub-set of theoretical study - natural resource conflict. The main argument that this field presents, is that resource abundance can play a direct causal role in creating conditions contributing to state insecurity while increasing the likelihood of a state to experience armed conflict within its borders.<sup>8</sup> It is this research sub-set of the resource curse, resource conflict, that this study will address.

### *Resource Conflict Theory*

Since the late 1990s and early 2000s, the study of resource conflict has increasingly attracted more and more scholars and researchers in their attempts to unravel questions concerning issues of security and armed conflict. Most of the existing studies on this subject are steeped in theoretical and hypothetical discussions based on analyses of either large-n statistical data, or evidence gleaned from single case study examination. The work conducted in these tests are valid, and provide insightful theories and ideas important to the growth and development of the resource conflict field, but often fail to prove their variables' legitimacy as valid causal agents. It appears that many of the

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<sup>7</sup> Note however, that much of the conflict and security studies elements of resource conflicts relies on evidence and conditions relative to economic and financial situations. Therefore, the natural resource conflict may be seen as a distinct entity within the resource curse literature, but certainly relies on economic-heavy concepts, variables, and theories.

<sup>8</sup> For the sake of congruity within the field, "armed conflict" will imply situations of civil war. There is a recognized criteria that a situation of conflict must meet before its status can be elevated from "conflict" to "war" (including a quota of battle deaths occurring within a year, etc.). These effectiveness and necessity of such criteria has been debated, but for the sake of this study, conflict and civil war will be used interchangeably, ultimately indicating that the referred situation has met the criteria to be considered a "civil war." (Anna Edgerton, "How Violent Conflicts Are Counted," 2007)



variables and theories suggested as relevant influences in resource conflict are just that, suggestions. While theoretically many of the proposed ideas make logical sense and present strong arguments, they have not all been backed by the necessary methodological testing able to validate the legitimacy of their stated claims. Furthermore, many of the presented variables and theories are contested. For instance, while some researchers argue that, upon the grounds of statistical (quantitative) evidence, a state's export percentage of natural resources is an indicator of its likelihood of conflict, other researchers argue that (qualitative) application of the export variable results in the findings that such percentages play no indicative role in determining or predicting a state's likelihood of conflict. So how does one know whether or not a variable, such as a state's natural resource export percentage, is significant in influencing conflict? It is the purpose of this study to answer such questions. Below is a discussion of the various theories, variables, and arguments presented by contributing researchers within the current body of resource conflict literature. Adopting their concepts, I will test their theorized variables against a comprehensive data set comprised of sixteen case studies in which both civil war and oil production has occurred. By applying each variable to each case study, it will become apparent whether or not the variable is relevant. This method of causal-variable checking will result in findings capable of positing whether or not a variable is relevant, and therefore capable of influencing, circumstances of "oil wars."

## CHAPTER III

### INTRODUCTION TO THE VARIABLES

Resource conflict expert Michael T. Klare provides an encompassing description about what sorts of issues are pertinent in wars fueled by natural resources. He writes, “The relentless expansion in worldwide demand, the emergence of significant resource shortages, and the proliferation of ownership contests is likely to introduce new stresses into the international system...as resource consumption grows, shortages will emerge more rapidly and governments will come under mounting pressure to solve the problem at any cost.”<sup>9</sup> Klare also posits that states under stress will seek maximum control over resource supplies and will therefore contribute to the risk of conflict as interests for those limited supplies will create escalating competition. Klare, and others scholars in the field, have projected that resources such as water, diamonds, timber, minerals, and relevant to this study, oil, will emerge as the type of natural resources most likely to be fought over in the future. This brief analysis of Klare’s work highlights the basic crux of the natural resource problem; natural resources are valuable (in some cases life-sustaining) and with more and more competition for access to those natural resources, the more and more precious they become. The more precious natural resources become, the more people will do to protect their access to them. As the stakes rise over natural resource access, people will be more and more willing to heighten their actions in order

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<sup>9</sup> Michael Klare, *Resource Wars The New Landscape of Global Conflict* (New York: Henry Holt and Company, 2001), 23.

to secure that access. As the field of resource conflict has found, often that “heightened action” translates to armed conflict.

Accepting the notion of “resource conflict” as a legitimate influence in international affairs, scholars then set out to uncover the specifics of this phenomenon. The incentive for warring over resources is obvious - natural resources can be transformed into valuable commodities and whoever controls those resources has the ability to enrich and provide quality standards of living (in an economic sense). Perhaps what is less obvious about natural resources’ connection to conflicts are questions addressing the type of resource, the human relations influencing the governance and distribution of the resource, the relationship the resource and its extraction has with local populations, the economic ramifications of its sale and distribution, etc. The following researchers have studied such questions, and responded with their own theories, hypotheses, and concepts of which will be used as testable variables for this study. The testable variables developed for the use of this study were derived largely from the following resource conflict suppositions:

- when natural resources (particularly oil) serve as a state’s primary export commodity, that state will have a greater likelihood of civil conflict;
- citizen and opposition group grievances (poverty, unemployment, etc.) can lead to the escalation of armed conflict;
- opposition groups (often armed) are likely to mobilize when responding to governing bodies heavily influenced by patronage and clientelistic relationships;

- governments which are less democratic are unlikely to employ equitable distribution of natural resource rents, leading to conflict;
- “booty futures” or the sale of future ownership rights to natural resources may contribute to a prolonged conflict;
- natural resources may be considered “lootable goods” whose sale may be used as financing mechanisms for armed groups leading to lengthened conflicts;
- states’ coffers enriched by oil revenue are likely to correspond with high levels of military spending, and;
- oil conflicts tend to be secessionist in nature.

As mentioned earlier, the prime objective of this study is to examine and identify any common affects that oil has on conflict. More specifically, this study examines how oil, as a natural resource, possesses the capacity to induce the onset of conflict, and serve as a catalyst or influence capable of affecting the duration of conflict. Each of the above assertions/variables can be divided into factors relative to conflict onset, and factors relative to conflict duration. Dividing the variables in those two distinct groups, the following section provides summaries of the existing literature relative to the onset variables, and the duration variables.

#### *“Greed and Grievance” and the Onset Arguments*

A central focus within the study of conflict is the attempt to identify why conflict happens. Ideally, in identifying the factors that contribute to the onset of conflict, researchers, policy-makers, and professional practitioners will be better equipped to prevent them from occurring. Much of the existing resource conflict research analyzing

the factors capable of contributing to the onset of conflict revolve around considerations of “greed” and “grievance.”<sup>10</sup> Work done by Collier and Hoeffler (2004), Fearon and Laitin (2003), Le Billon (2001), and Humphreys (2005) has contributed to the literature addressing the influences of these two motivating factors in resource conflicts. The greed and grievance theories present evidence suggesting that armed conflicts result from groups’ recognition of what may be gained by taking up arms. Relative to resource conflicts, in the grievance scenario, it is suggested that armed groups mobilize and engage in conflict as a result of an unresolved complaint, injustice, repression, neglect, or other such form of “grievance.” In the civil war context, the grievance is often born out of the citizenry, with the charges brought against the government or governing body. The result of unmet demands results in violent conflict. In the greed scenario, theorists argue that states rich in natural resources are prone to attacks from opportunity-seeking entities. Realizing the economic benefits of controlling a resource like oil, it is argued that rebel groups and opposition groups mobilize and engage in armed conflict in attempts to seize control and the resulting rents of a resource. The onset of greed-motivated conflicts highlights the inherent incentive tied to the ability to access and control natural resources.

Within the greed and grievance literature, various scholars have attempted to pinpoint the specific conditions, characteristics, environments, and population compositions that serve as instigating factors of conflict. Research addressing the relationships between natural resources and primary export commodities, citizen grievances, systems

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<sup>10</sup> Paul Collier and Anke Hoeffler, “Greed and Grievance in Civil War,” *Oxford Economic Papers*, 2004.

of governance, and rent distribution have contributed to the overall understanding of resource conflict onset.

### *Primary Commodity Export*

Theories and models have been created as forms of risk assessment strategies capable of identifying the propensity a particular state or region has towards the break out of civil war. One of the first studies done to do this resulted in the Collier-Hoeffler Model of Civil War onset.<sup>11</sup> Scholars Paul Collier and Anke Hoeffler theorized that by examining resource export figures, one is able to predict the risk of civil war onset for any given state. Their results, based on large-n statistical analysis, found that states heavily reliant on natural resources as their primary export commodity face a much higher risk of civil war than states not as dependent on natural resource exports. In a subsequent study, scholar Fearon acknowledged Collier and Hoeffler's assertion, but argued that the primary commodity export factor was only relevant in states dependent on *oil* as the exported resource. Responding to the claims made by Collier and Hoeffler, and Fearon, scholars Ross, Lujala, and Fearon all refuted the total validity of the primary commodity dependence theory. This disagreement in scholarship represents the study's first testable variable. Applying Collier and Hoeffler's, and Fearon's<sup>12</sup> predictions (that when a state reaches a certain percentage of GDP represented by the export of natural resources/oil the state will likely experience civil war) to the data included in the sixteen

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<sup>11</sup> Jean-Paul Azam, Paul Collier and Anke Hoeffler, "International Policies on Civil Conflict: an Economic Perspective," 2001.

<sup>12</sup> James D. Fearon, "Why Do Some Civil Wars Last So Much Longer Than Others?" *Journal of Peace Research*, 2004.

case study data set, it will become evident whether or not primary commodity export percentages serve as influential factors capable of impacting state security. Although this issue does not fall easily into a greed or grievance category, it is still a valid factor contributing to the onset of conflict.

### *Rentier States, Governance, and Democracy*

Another variable significant to the study of resource conflict onset is governance structure. The transparency, levels of corruption, structuring, democratic development, and power exhibited by a governing body can significantly affect a state's propensity for civil war. The resource curse literature has adopted this political approach in explaining conditions of conflict in resource-rich countries. Scholar, Hazem Beblawi, presents the concept of a rentier state as a conditional contributor to conflict onset. He defines the rentier state as one which derives the bulk of its revenue from external rents, rather than productive enterprises.<sup>13</sup> The affect of a rentier state is likened to the affect Collier and Hoeffler described in their discussion of primary commodity exports. Furthering the notion of rentier states within the resource conflict field, other academics have claimed that oil rents result in less accountable and responsive governments and the general population loses its effective voice in expressing needs and grievances. On this note, Hootan Shambayati argues that rentier state governments implement low tax plans and extensive welfare programs as a method of pacification. If the people feel less pressure from taxation, they may not feel that democratic representation is justified or expected. Spinning the slogan, "no taxation without representation," the rentier state is more

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<sup>13</sup> Hazem Beblawi, "The Rentier State in the Arab World," *The Arab State*, 1990.

appropriately described as having, "no representation without taxation."<sup>14</sup> Social welfare projects through the state act as a sort of acquiescing band-aid on this democratic failure.<sup>15</sup> In one publication, the scholar Ross goes as far to argue that statistically, natural resource wealth and democracy are negatively correlated.<sup>16</sup> In the context of resource conflict, this lack of democratic development is often coupled with corruption and inequitable distribution of the rents. Systems of patronage and clientelistic relationships are the central operating scheme within the government with the emergence of classic "Big Men"<sup>17</sup> arresting significant power through their usurpation of the state's resource revenue. In such corrupt states, the rents from natural resource extraction and sale are enjoyed only by elites groups in power with little wealth trickling down to general populations.

Within the literature, scholars argue that abundance in natural resources acts as an incentive and cause for the creation of corruption and patronage politics. The prospect of capturing the significant rents generated from natural resources provides a viable incentive for those in power to arrange systems where they are personally enriched by the sales. Those in positions of power and influence within the state structure have a reasonable motivation for structuring the financial systems of a state in such a way that

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<sup>14</sup> McSherry, 2006

<sup>15</sup> Hootan Shambayati, "The Rentier State, Interest Groups and the Paradox of Autonomy: State and Business in Turkey and Iran," *Comparative Politics*, 1994.

<sup>16</sup> Michael Ross, "Does Oil Hinder Democracy?" *World Politics*, 2001.

<sup>17</sup> Todd J. Moss, *African Development Making Sense Of The Issues and Actors* (Boulder: Lynne Rienner Publishers: 2007).



they are open to accessing funds derived from resource sales. This supposition is supported by academic research including: Collier and Hoeffler's arguments explaining why resources tend to induce patronage politics, and Fearon and Laitin's conviction that oil wealth leads to the development of weak state structures (and thus civil war). In order to test the validity of these suggested theories, this study will apply variables indicating levels of democracy, regime characteristics, and the presence of patronage behavior to check whether they are relevant factors contributing to the onset of conflict in the sixteen case studies.

#### *Citizen Grievances and Secessionist Demands*

Relating the themes of rentier state, patronage politics, and unresponsive governments back to the issue of conflict onset, considerations of both greed and grievance are valid. It may be argued that greed acts as the motivating force encouraging state elites to develop the types of state structures easiest for them to abuse and personally benefit from. The "greed" motivates them to arrange state systems where they stand to benefit the most from the trade of natural resources. This form of greed variable does not directly cause the outbreak of conflict, but instead creates the conditions for grievances, which in turn, are capable of inciting conflict. Such grievances are likely to arise out of the citizenry as they express their objection to the inequitable distribution of rents, and the neglectful character of the state. States such as United Arab Emirates, which are rich in oil resources, exist as exemplars of resource rent management. Applying the financial benefits of their oil trade to socially responsible projects, the overall population benefits, not just the lucky elite. It is in states which adopt poor rent

distribution methods that are more likely to experience conflict motivated by citizen grievances.

To test for this type of conflict-inducing grievance, the presence of secessionist interests in the sixteen case studies will be examined. Collier and Hoeffler (2005), Le Billon (2007), Fearon (2004), and Ross (2004) all have studied the high correlation between natural resource wealth (they all point to the particular relevance of oil wealth in such cases) and secessionist conflicts. The underlying logic explaining the connection between resource wealth and secession based civil wars is founded in the concept of grievances. As mentioned earlier, citizen grievances addressing the inequitable distribution of resource rents contributes to the onset of civil conflict. In many situations, the regions seeking secession are the areas rich in resources. Because of presumed government corruption and population neglect, the citizens residing in those resource rich areas are not necessarily benefitting from the extraction, and may even be consequently negatively affected by the prolonged harvesting of the resources.<sup>18</sup> Believing to have inherent claims over the resources found in their local areas, populations are likely to protest when their resources are extracted without receiving their conceived notion of fair payment (which may include certain percentages of rents, more decision-making power

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<sup>18</sup> This type of scenario (discussed further in the “findings” section) - local populations being negatively affected by resource extraction - is particularly relevant in areas involved in oil production. Because oil production does not require many employees, and most of the employees needed must have specialized training, local populations rarely benefit from the oil industry bringing employment opportunities. Furthermore, oil extraction is notorious for causing significant environmental damage (oil spills, leakages, gas flares, etc.), which can cause serious health problems in local populations, as well as destroy their environment’s productive capacity to host fertile lands and waters (for which many local populations, especially in undeveloped states, rely on for food and employment).

over local resources, etc.). Such grievances may induce geographic communities to engage in civil war with the state, the end goal being secession and autonomy. On the other hand, the government has an obvious interest in keeping the region a part of its state, because in the nature of a rentier state, it depends on the revenue generated from the region's resource extraction and sale. If the grievances of citizens' residing in resource-rich areas are not met, it is likely that conflict will break out over the issue of resource control and its resulting rents. To test the viability of the secession variable, each case study will be checked for the presence of secessionist demands, and secession-motivated rebel groups.

The issue of citizen grievances influencing the onset of conflict is supported by various scholars. Le Billon (2001) has conducted research pointing to the role that subjugated rights of populations plays in instigating grievance-based conflict.<sup>19</sup> Scholars Collier and Hoeffler, and Ron argue that poverty plays a big role in conflict, and can serve as a grievance capable of rallying support for civil war.<sup>20</sup> Weinstein adds an interesting finding which asserts that, in conflicts with a strong resource element, opportunistic rebel leaders (seeking power for the sake of resource rents) will often crowd out, and replace ideological leaders (leaders perhaps more grounded in grievances). This supports both a greed and grievance linkage between resources and

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<sup>19</sup> Phillippe Le Billon, "The political ecology of war: natural resources and armed conflict," *Political Geography*, 2001.

<sup>20</sup> Collier and Hoeffler, 2004; Collier and Hoeffler 2005; James Ron, "Paradigm in Distress? Primary Commodities and Civil War," *Journal of Conflict Resolution*, 2005.

conflict.<sup>21</sup> Furthermore, anecdotal evidence from various case studies makes a strong case for the relevance of other grievances directly resulting from oil industry activity. Oil production causing environmental degradation, lack of access to traditional lands and waters, and other such occurrences directly affects local populations, and therefore have the potential to act as a rallying community grievance attacking both oil companies and production groups, as well as the national government condoning the deleterious extraction. It seems that the types of grievances capable of motivating conflict may be divided into two separate spheres: (1) dissatisfaction with government performance and rent distribution, and (2) protest against the effects (and/or non-effects) communities endure as results of resource extraction operations. To test whether or not these grievances play a strong role in inciting the onset of conflict, this study will examine variables concerned with poverty rates, unemployment rates, and the stated demands and propaganda of the mobilized armed opposition groups.

#### *Conflict Duration Arguments*

In addition to the arguments supporting the position that the oil natural resource can act as a catalyst capable of contributing to the onset of conflict, another area of literature presents a set of theories arguing the potential role oil serves as a variable capable of affecting the length and duration of a conflict. The general notion guiding this type of resource conflict literature is that because oil is a valuable, and strategically in-demand commodity resource, it can be sold for significant amounts of money, generating considerable rents. Whoever is capable of accessing those oil rents, theoretically, has at

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<sup>21</sup> J.M. Weinstein. *Inside Rebellion: The Politics of Insurgent Violence* (Cambridge UK: Cambridge University Press, 2007).

their disposal considerable amounts of wealth.<sup>22</sup> In terms of conflict studies, it is argued that that generated wealth is often used to finance and outfit armed groups, whether they be a national military or an organized rebel group. Although this concept captures the overall sentiment construing oil as an entity capable of lengthening conflict, the specific ways in which it can be used as a financing tool differs. Scholars Ross (1999), Collier and Hoeffler (2004), Fearon (2004), Le Billon (2001), and Humphreys (2005) all present arguments supporting the notion that natural resources can influence the duration of conflicts. The two main ways oil can influence the duration of a conflict is: (1) when oil rents are used to fund armed groups (includes financial support for operations, procuring arms and weapons, providing necessities and viable opportunities for soldiers, belonging to either the recognized state military or a belligerent opposition group), (2) or when oil is auctioned as a “booty future.”

#### *The Lootability of Natural Resources and State Military Spending*

Supporting the argument that natural resources may be used to fund conflict, scholars such as Fearon, Ross, and Le Billon present evidence of situations when “looted” resources were procured and sold in order to fund armed groups. Perhaps the most recognized situations of this type of resource dynamic has been documented in examples related to narcotics and gems such as diamonds. It has been well-documented that groups such as FARC in Colombia and the Taliban in Afghanistan have generated

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<sup>22</sup> Furthermore, because oil is so valuable and such an internationally demanded resource, it is likely that rents will continue to enrich whoever controls or “owns” the rights to the oil as it is consistently pumped, produced, and exported over several years (or until the oil field’s yield is exhausted). Oil is then perceived, in the short term, as a viable form of reliable income and not simply a one time sale.

significant amounts of revenue from their controlled production and sale of cocaine, opium, and heroin. Furthermore, the public has become well-familiarized with the notion of a “blood diamond” and the way groups in conflict states such as Sierra Leone, Liberia, and Angola seized control of the diamond mining industry, and co-opted all rents generated through the sale of the gems. It is believed that without the revenue generated from such sales, these groups would not be able to sustain their movements due to a lack of financial resources (the thinking is that the groups rely on shadow economies, and would not be able to replace the revenue derived from such activities through legitimate industries).

This pattern of resource-funded civil wars has been well-documented in the resource conflict literature outside of the oil realm. Despite the strong arguments constructed by the concepts pointing to the ability of resources to fuel conflicts (such as “blood diamonds,” “conflict timber” and illegal narcotics), some argue that oil may not serve similar ends as it is a much more difficult product to “loot” and trade as contraband. Ross presents logical arguments negating the notion that oil can be manipulated in such a way during situations of conflict. This study seeks to establish whether or not oil can also be considered a lootable resource and capable of financially sustaining rebel groups outside of the legitimate state economy. The “lootability” of oil is applied to the sixteen case study data set, checking for its causal validity.

Further elaborating on the notion that resource rents may contribute to the financial viability of an armed group, a related variable will be included in this portion of the study’s test. This variable will explore the hypothesis that states will use wealth

generated from resource rents to fund and strengthen their state militaries. The reasoning is that governing bodies in control of states, especially states that have nationalized resource industries, will not skimp on funds contributed to their militaries, as these armed entities will theoretically serve the needs and interests of the presiding government administration. Strong militaries can be used to maintain security and swiftly defeat any threat posed by opposition or rebel groups wishing to dethrone or replace the residing government. Military spending will be adopted as a variable and applied to the sixteen states included in the study in hopes that it will shed light on the ways resource-rich states navigate the distribution and spending of their oil rents.

#### *The “Booty Futures” Variable*

Another test variable born from the existing resource conflict literature represents the notion of “booty futures.” The term was coined by scholar Michael Ross who saw “booty futures,” or the selling of future exploitation rights of natural resources, as a variable capable of contributing to the duration of conflict.<sup>23</sup> In these types of situations, owners and controllers of a resource (generally the state) will sell the future rights of that resource source to a buyer.<sup>24</sup> This type of situation, the auctioning off of future extractive rights, is commonly practiced in the oil industry as oil fields are divided into blocks and sold to the highest bidder. Depending on the specifications of the agreement the highest

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<sup>23</sup> Michael Ross, “Booty Futures: Africa’s Civil Wars and the Future Markets for Natural Resources,” American Political Science Association, 2005.

<sup>24</sup> Some instances have actually seen belligerent bodies such as rebel groups succeed in selling their own “booty futures.” Selling the rights and access to diamond mines and mineral mines, rebel groups have been able to deepen their coffers, and thus sustain their movement.

bidder wins the rights to explore, extract, produce, and sell the derived natural resource. In situations of conflict, the work of Ross and Humphreys reveals that the sale of “booty futures” and “prospectives”<sup>25</sup> can play similar roles as lootable resources – they generate significant levels of revenue which in turn are used to finance one side of a conflict. In most situations, the state sells the booty futures and receives a financial windfall. Instead of putting the revenue towards development, debt alleviation, or social services, the money will go towards supporting the state military engaged in civil war with an armed opposition group. Depending on the level of financing available to the opposition group, the influx of wealth at the disposal of the military will theoretically be enough to overwhelm and squelch the security threat posed by the opposition group. In this type of situation, the booty futures will contribute to an end to the conflict, as the state military will overwhelm and “beat” the insurgency. This kind of resolution would only occur if the opposition had little access to effective funding. Bennett and Stam theorized that conflicts involving two sides with equal access to resources last longer than those with lopsided opponents.<sup>26</sup> This notion of “booty futures” will be applied to the data set as a way of checking for its role in extending the length of conflict. Supposing that Bennett and Stam’s notions are correct, that conflicts involving sides with equal access to resources will last longer, I will test the hypothesis that the sale of booty futures contributes to the “evening” out of resource access on the part of the state, raising its

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<sup>25</sup> Macartan Humphreys, “Natural Resources, Conflict and Conflict Resolution: Uncovering the Mechanisms,” *Journal of Conflict Resolution*, 2005.

<sup>26</sup> D. Scott Bennett and Allan C. Stam III, “The Declining Advantages of Democracy: A Combined Model of War Outcomes and Duration,” *The Journal of Conflict Resolution*, 2000.



available wealth to levels similar to the rebel group, and thus contributing to the lengthened duration of the conflict.

## CHAPTER IV

### STUDY METHODOLOGY

The methodology employed in this study is steeped in the qualitative comparative analysis technique. Specifically, this test is structured around methods of within-case analysis. Through this process, the value of large-n statistical studies is married with the value of individual case studies for a richer, more conclusive, and more relevant examination. Each of the sixteen selected case studies were treated as an individual case study and analyzed as such. Investigation of each case study drew out the valuable specifics and details providing a rich qualitative understanding of each situation of conflict. Upon focusing on the case studies as independent entities, each set of findings were then compared with each other, checking for within-case commonalities and trends. Using process-tracing techniques and variable testing, the within-case analysis revealed which elements were significant and common within the data set of oil conflicts, and could therefore be considered as causally valid factors. Recognizing that the overall purpose of this study is to identify commonalities between oil-related civil wars, this method is well-suited and provides the opportunity to find relevant patterns and variables able to contribute valuable explanatory insights. Within-case analysis is an

effective methodology to have chosen because it is an appropriate system to use when examining like cases.<sup>27</sup>

Guided by the research question, how does oil affect the onset and duration of civil war? the first step of developing the research system was to identify where, and in what situations both civil war and the influence of oil could be accounted for. In the past, studies examining the elements and circumstances of resource conflict have largely employed large-n statistical quantitative methods, or focused single case-study analysis. Each type of study has contributed valuable ideas, variables, hypotheses, and theories to the overall resource conflict literature, but also tend to fail in their ability to have certain cross-case explanatory power. Large-scale statistical studies tend to find correlations, but often lack the conditional and circumstantial evidence to imply meaningful results and findings. On the other end of the spectrum, small, individualized case studies are effective in providing specific analysis of one instance of resource conflict, but the results and findings of that one case may not be applicable or relevant to any other cases. For this reason, a mid-level case study analysis was chosen as the preferred methodological structure in hopes that it may be able to circumvent the problems experienced in the other systems.

Intending to provide an all-encompassing review of oil-related civil wars, the case selection process for this study includes all situations of civil wars in countries

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<sup>27</sup> In within-case studies, “non-cases” are not necessary to include. In this case, non-cases might include states such as the United States, Canada, United Arab Emirates, Kuwait, Mexico, or Australia - states rich in oil, but *have not* experienced civil conflict within the given timeframe. A further discussion on “non-cases” and their lack of necessity in this study is provided at the end of the section.

where oil is extracted. These two factors - the presence of civil war, and the presence of oil extraction - are necessary to account for in order to accurately test whether or not a situation of conflict is a result of a “resource curse.” In other words, a situation of “resource conflict” necessitates that there actually be both a conflict, and a resource. The sixteen case studies selected for this study were based on these qualifications.

In 2001, Collier and Hoeffler developed a data set of civil wars for their own research on resource conflict. Drawing from the Collier/Hoeffler list, in 2004 Ross developed another specified list of resource conflict related civil wars on which he conducted his own study. Building off of these established data sets, and complemented by the International Peace Research Institute’s Conflict Database and the Center for the Study of Civil War’s data set of armed conflicts, I comprised an updated list of civil wars.

Upon establishing a list of civil wars, the oil variable was then considered, which led to a significant decrease in applicable civil wars. Comparing the constructed list of civil wars to a list of all states with proven oil reserves, functioning oil extraction and production activities, and/or exporting oil, every state accounted for in each list was placed in the study’s data set. Cross-listing states with an occurrence of civil war, as well as an occurrence of possessing oil resources resulted in a list of sixteen states from around the world. Accounting for both situations of civil war, and involvement in the oil industry, these states are all suitable for cross-case comparison to test a range of variables for instances of causal validity.

This method of case selection accounts for the two major components of the area this study intends to examine: a “resource” (oil), and a “curse” (civil war). Admittedly, following this system of case selection results in both methodological strengths and weaknesses. The study benefits from a lack of case selection bias, the consideration of diverse and wide-ranging cases from around the world, and comprehensively covers a whole sector of data. Because the lists used for compiling the civil war data, and the oil data comprehensively covered all instances of civil war and oil possession, and the data set includes all of the case studies registered in both lists, there was no opportunity to pick and choose the cases involved in the study. All cases were considered equally with variables applied to each uniformly regardless of whether or not they served the study’s hypothesized results. Using this type of universal selection (and lacking bias), cases were not included because they fit easily into an expected resource conflict model, but because they happened to possess the two prerequisite conditions: oil, and civil war.

A second valuable product of the methodological case selection process resulted in the international relevance of the study’s findings and analyses. The systematic case selection process resulted in a list of states from around the world. Not only does this provide geographical and regional variety, but it also provides a data set enriched with a variety of cultures, religions, governing systems, etc. This variation creates the potential for strong, far-reaching results. For instance, because instances of hydrocarbon sector nationalization occurred within most of the case studies - from Southeast Asia, to Sub-Saharan Africa, to the Middle East, and South America - and not just in one region, the argument that the “nationalization variable” is a relevant influence in oil resource

conflicts is strengthened as less consideration is given to the possibility of intervening variables or a region-specific explanation.

Despite these positive elements, there is also room for criticism that the study is weakened by a lack of congruity and “control” between the selected case studies, and the omission and unaccounted consideration of instances where a state’s wealth in oil does not result in civil war. Although the international variety of case studies can be perceived as a strength of the study (in that the findings may be relevant for an array of regions), it may also work to weaken its explanatory power. While the cases are similar in the fact that they share common occurrences of civil war and oil production, other state characteristics are very different. The military junta ruling in Burma is very different from the governing body operating in Colombia, the people of Angola practice very different religious practices than the people of Yemen, and the populations residing in Azerbaijan have a very different history than the populations residing in Peru. Religion, ethnicity, politics, economic factors, history, and a host of other factors serve as distinguishing variables making each case study very different from the others included in the data set. Because all of these other elements are involved in shaping the realities of individual states, it is difficult to isolate the oil variable as the principle causal agent contributing to the onset or length of a conflict. Many valid arguments have posited ethnicity, religion, authoritarian rule, social grievances, etc. as catalysts and motivators for the onset of armed conflict. It is not the intention of this study to refute such findings or argue that oil and natural resources are the sole causal agent capable of instigating conflict. Respectfully, the individual character - its populations’ religion, shared

histories, cultures, political consciences, economic traditions, etc. - of each state and case study is considered in analyzing the onset and duration of each conflict. The oil variable only serves as one possible factor, operating within multifaceted state environments, that was tested to reveal how it may or may not play an active role in the onset and duration of armed conflict. Believing that the oil variable is significant in conflict situations, and perhaps even more so than ethnicity and religion, each case study was examined in such a way to dissect its causal elements. Could a conflict marred by seeming ethnic tension, really simply be a conflict over resources in which leaders have politicized and mobilized support around ethnic communities? Why would religious communities who had previously cohabited peacefully or even cohabited with histories of animosity choose at one specific time to fight one another? Could religious groups' interest in oil and any correlative power gained by its control have anything to do with an outbreak of "religious" conflict? Such questions were asked throughout each case analysis to uncover how, what, and why oil played a role in affecting the outbreak and duration of conflict. Because armed conflicts are often complicated by many actors, many interests, and many situational conditions, it would seem naive to place all causal responsibility on a single variable, such as oil. Therefore, this study does not argue that the oil variable is the end all, be all of conflict indicators. Its intention is to investigate the role, however significant or slight, that the oil resource plays in civil wars.

A further criticism capable of weakening the study's findings is that case studies such as Norway, the United States, Canada, and United Arab Emirates, are unaccounted for. Hypothesizing that the presence of oil in a state will increase the likelihood of

conflict, the inclusion of states that are rich in oil and lack situations of armed conflict admittedly might add methodological balance to the study. By examining situations where oil did contribute to conflict, and situations where oil failed to contribute to conflict, one might be able to more easily identify significant, causal variables, rigorously test them, leading to highly legitimate findings. Although valuable, this type of analysis is beyond the scope of this study, but may be a very constructive area of examination for future research.

This test is structured around within-case analysis. Applying methods of process tracing searching for the causal validity of the given variables, it is important that the cases are similar enough to be able to compare so that the findings are relevant. In order to avoid a situation similar to comparing “apples and oranges,” case studies such as the United States, Norway, and Canada were left out of study because, (1) they experienced no instances of conflict, and (2) have very qualitatively different societal, structural, political, and economic make-ups than the sixteen states included in this test. In all likelihood, those societal, structural, political, and economic structures have very much to do with why the sixteen included case studies have experienced conflict, and the variable findings included in this study support such a notion. Furthermore, while looking at the overall list of oil-rich states, it is easy to delineate between state “types.” The United States, Norway, and United Arab Emirates enjoy much higher levels of GDP per capita, are included in the list of top 30 highest ranking states in the Human Development Index (United Nations Development Program), and have experienced many years of political stability. Another factor dividing the peaceful oil-producing states from the conflict-



ridden oil-producing states is colonial histories. The United States, Norway, Mexico, Venezuela, Australia, and Brazil were unoccupied by colonizers and imperialists during the twentieth century, when oil was realized as the valued commodity it is today. It seems that these factors might serve as plausible variables contributing to the differing fates of oil-producing states, and may be valuable for future study. However, in this within-case analysis, the sixteen included states were included in order to shed light on the shared characteristics exhibited by these states in efforts to uncover the conditional characteristics of conflict-prone oil-producing states. It is therefore unproductive for this test to include all oil-exporting countries as specific value is gained from the analysis of this closed data set.

### *Why Oil?*

As previously noted, the resource conflict body of research includes the study of several types of resources. Whether it be “blood diamonds” in Sierra Leone, timber in Cambodia, mineral coltan in the Democratic Republic of Congo, narcotics in Afghanistan, water in Israel and the Occupied Palestinian Territories,<sup>28</sup> or of course the example of oil in the sixteen case studies of this work, an undeniable connection has been established between natural resources and conflict. If so many types of natural resources are relevant, why does this study focus only on oil? There are three main reasons why oil was selected as the main conflict-related natural resource to focus on - an economic reason, a political reason, and a methodological reason.

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<sup>28</sup> The term “Occupied Palestinian Territories” is the preferred term adopted by the United Nations, and for this reason, is referred to as such in this study.

Methodologically, many of the previously conducted studies focus on a generalized topic of natural resources - copper, heroin, timber, water, gems, etc. These studies have provided valuable insights into the relationship between natural resources and conflict, but are mostly broad and generalized. Although diamonds, water, oil, minerals, and narcotics are all natural resources of value (whether that value be a socially-constructed monetized worth like diamonds, or a value related to vital life-support such as water) and share similarities due to their connection to natural environments,<sup>29</sup> because their physical and social nature is very different, they may have differing effects and play differing roles in a conflict setting. For instance, in the conflicts which diamonds are used as a funding mechanism for rebel groups, the item of value (i.e.: diamond) is very small, but worth very much proportionate to its actual size or weight. Because of its ability to be easily hidden and remain inconspicuously out of view, diamonds may very easily be ferried in and out of conflict areas to buyers and financiers. Consider then a barrel of oil - the most easily, and common form of transport container for this liquid resource. Whereas a single carat diamond can be as small as a pencil-top eraser and worth an average \$2,000-\$3,500<sup>30</sup> (USD), one would need about 37 barrels of oil priced at \$80 USD (note: a common 42 gallon barrel of crude oil weighs

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<sup>29</sup> One major argument in the natural resource literature is that natural resources have the potential to play specific roles in some conflicts because of their nature as a “point” resource. This means that the resource is fixed, and geographic-specific, therefore a conflict with a natural resource element to it is often confined to whichever general area that resource is located. Unlike an industrial factory able to generate wealth wherever it is chosen to be built, it is impossible to “relocate” an oil field away from its original place to a seemingly more secure or convenient area.

<sup>30</sup> The price estimate is based off of the information found on “The Diamond Buying Guide” <<http://www.thediamondbuyingguide.com/diamondpriceguide.html#500>>

roughly 306 pounds) to equal the value of the single diamond. Because of this factor, diamonds are obviously much easier than barrels of oil to inconspicuously transport legally or illegally. The above noted variable, ease of resource transport, is only one example of the serious weaknesses present in using a diverse range of resource types when trying to account for their effects and potential roles in conflict. Although by limiting the scope of this study to the examination of oil only, it narrows the apparent applicability of the findings to a smaller number of conflicts, it creates the potential to provide specialized analysis, more suitable to provide useful information for more effective understanding, policy creation, or conflict resolution of oil-specific conflicts. Furthermore, the trends and variables that are found to be relevant in oil conflicts, may also prove to be relevant in other resource conflicts but with perhaps slightly varied specifications, and therefore this oil-specific study contributes valuable insights to the overall area study.

Besides methodological reasons, this study focuses solely on oil because of this natural resource's political and economic significance. For economic considerations, oil is a hugely valuable commodity. As noted above, yes, perhaps diamonds are capable of generating more wealth relative to their size, but oil is generally found in much greater quantities. Where an alluvial diamond mine may produce x-amount of diamonds resulting in x-amount of generated wealth, oil fields fill far, far greater expanses and have the potential for extracting many more billions of dollars worth of commodified wealth.<sup>31</sup>

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<sup>31</sup> This argument is based on very basic principles recognizing that diamonds fields tend to be confined to smaller areas on land with the resource scattered throughout those confined acres, and oil tends to be dwell in huge "fields" of several million to billion

The international oil economy generates billions of dollars annually, and international oil companies are amongst the most wealthy and profitable economic enterprises as evidenced by the fact that Exxon-Mobil, Chevron, and ConocoPhillips are, respectively, the world's top three net income earning companies generating over a combined \$93 billion in 2008.<sup>32</sup> Because of political and economic state structuring, the multinational corporations extracting, exporting, trading, and selling the oil are not the only big financial winners - the countries in which the oil is found also generates significant amounts of money through oil production.<sup>33</sup> Revealing the financial potential available to states very wealthy in hydrocarbon resources, states like Qatar, United Arab Emirates, and Kuwait can significantly stabilize, strengthen, and enrich their state economies and citizens' living conditions through oil-generated wealth. Relative to resource conflict theoretical perspectives, because oil is such a valuable resource particularly capable of generating so much wealth, control of the industry and its rents emerges as a highly lucrative and attractive enterprise for any actor or group powerful enough to attain it (legitimately powerful, or illegitimately powerful). The possibility of controlling a state or region rich in oil provides a huge incentive for any governing body whether it be a

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gallons full of proven resources. The argument may be complicated by the relevance of peak oil considerations, or the fact that diamonds may be used again and again (in multiple jewelry forms, multiple sales, etc.) resembling a renewable resource, while a gallon of oil be used only once as a truly non-renewable resource, etc.

<sup>32</sup> According to Forbes List 2008  
[http://www.forbes.com/lists/2009/88/bigcompanies08\\_The-400-Best-Big-Companies\\_NetInc.html](http://www.forbes.com/lists/2009/88/bigcompanies08_The-400-Best-Big-Companies_NetInc.html)

<sup>33</sup> Such financial rewards may come in the form of Production Sharing Agreements, 50/50 revenue share agreements, nationalization schemes, the leasing of access to resource sources, etc.

recognized state government, a mobilized armed rebel group, or a business consortium. This type of economic consideration complements the resource conflict “rebel greed theory.”<sup>34</sup> The economic incentive is particularly strong in oil conflicts - arguably more so than in conflicts set around trade in diamonds, timber, or water - and thus serves as a relevant resource to focus on. To select oil as the principle resource makes sense in economic considerations, but this resource also holds considerable political clout. Its pertinence as a political entity is of equal importance in considering the significance of this particular natural resource, as well as the necessity for quality scholarship on its role and influence in international affairs.

Political considerations further support the reason for choosing oil as the focus of this study on resource conflict. Not only has oil become a significant driver and necessary ingredient for so many economies around the world (both as a source of generated income through its production and sale, as well as a requisite element as a source of energy in the functioning of nearly all sectors of an economy), but it has also become intricately connected to national security strategies. Since World War II the world, and especially the world’s leaders, have become increasingly dependent upon oil as a source of energy.<sup>35</sup>

As exemplified by the United States, more and more countries around the world have become dependent on oil as their primary form of energy. Because of this reliance, oil considerations have become intricately connected to the United States national security strategy. Enjoying a long history of securely accessing cheap supplies of oil to

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<sup>34</sup> Collier and Hoeffler, 2004

run industrial activities, fuel cars, heat homes, etc., situations such as the Suez Crisis,<sup>36</sup> and the implementation of the “oil weapon” in the 1980s<sup>37</sup> catalyzed worries of how oil could significantly affect situations of national security, stability, and prosperity. Perhaps in response to the growing concern of American reliance on foreign resources, since the 1980s, the United States has adopted energy issues as issues of the “National Security Interest” (Klare, 2002). The year 1991 saw the United States’ military intervention in the Persian Gulf, spurring many to believe that such forceful actions were taken in order to secure American access to the vital supplies of oil found within the region (and at preferred conditions of access and pricing from Kuwait).<sup>38</sup> In 2000, Condoleeza Rice (at the time was a foreign policy adviser to George W. Bush during his campaign as the Republican presidential candidate for President) suggested that oil, as the dominant form of American energy, should be considered within the parameters of the United States’ “national interest.”<sup>39</sup> Furthering this sentiment, within the text of the White House issued,

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<sup>36</sup> In brief, the Suez Canal Crisis revealed the significance of oil, and industrial nations’ access to it. In an attempt to nationalize the British-owned Suez Canal, Egypt created a conflict which resulted in the inability for oil tankers to pass through the canal, thus cutting off oil supplies to Europe. This interruption in oil supplies revealed the true dependence the industrial world has on oil and access to cheap and steady supplies of it.

<sup>37</sup> The oil weapon, in essence, can be thought of as an economic leverage oil producing states have over oil consuming states. Because oil consuming states need the resources provided them cheaply from oil producers, they have become somewhat reliant on consistent flows. Should oil producing states choose to disrupt the flow of oil, reduce the flow of oil, or raise the price of their oil, they hold significant power over the consuming states - power which is likened to the threat of a weapon.

<sup>38</sup> Micah L. Sifry and Christopher Cerf, *The Gulf War Reader History, Documents, Opinions* (New York: Random House, 1991).

<sup>39</sup> Foreign Affairs, “Campaign 2000: Promoting the National Interest”

energy security” was included as a primary focus of the Bush administration, as well as a greater commitment to fostering deeper economic, political, and aid-related relationships with Sub-Saharan Africa, a region which was to become the United States’ leading supplier of foreign oil only a few years later.<sup>40</sup> In recent years, rhetoric concerning American reliance on foreign oil, a lack of energy independence, and the economic shocks of sky-rocketing fuel prices all point to the relevance oil plays within the American political scene. During the Cold War, most of the national security debates seemed to revolve around concerns over nuclear issues, communist threats, etc. It seems that in the new millennium, oil has been added as a new, primary matter of national security. Because of the political and strategic significance this resource plays not only in the American reality, but also in the realities of both developed and developing countries around the world, oil is a particularly relevant and necessary natural resource to study and gain insight on. Upon making a case for choosing oil as a relevant natural resource worthy of particular examination, the findings of this study will be discussed.

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<sup>40</sup> “The National Security Strategy of the United States of America” September 2002, also reference for US oil trade with Sub-Saharan Africa surpassing the trade figures with the Middle East in 2006.

CHAPTER V  
STUDY FINDINGS AND RESULTS

In review, the variables tested for in this qualitative study are: 1) oil as a primary export commodity, 2) levels of democracy and governance systems, 3) citizens' grievances, 4) oil treated as a looted resource used to fund armed groups and, 5) future oil rights sold as "booty futures." As an overall and general finding, this study argues that oil does indeed play an influential role in contributing to the conditions leading to conflict onset and duration. Below is a table complete with a full review of the data collected for this study. The table reveals a compressed form of the information and variables tested for in this study. To better explain and elaborate upon the information provided in the table, the following sections discuss the findings derived from the tested variables reveal the specifics of oil's role in conflict settings.

TABLE 1  
CASE STUDY VARIABLE DATA

<b>COUNTRY</b>	<b>Civil War Years</b>	<b>Date of Oil Discovery</b>	<b>Oil Dependence/ Oil as Percentage of State GDP</b>	<b>Secession</b>
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<b>Algeria</b>	1962-62, 1991-present	1956	23% of GDP, 58% budget revenue	No
<b>Angola</b>	1961-1975, 1975-1991, 1992-2003 (conflict still on-going in Cabinda)	1955	85% of GDP, 89% budget revenue	Yes, Cabinda
<b>Azerbaijan</b>	1991-1994	1806	90% of GDP	Yes, Nagorno-Karabakh
<b>Burma</b>	1949-present, 1968-1980, 1983-1995, present	1853	38% of GDP	Yes, Karen, Kachin, Arakan
<b>Chad</b>	1980-1998	1960s	47% of GDP, 50%+ budget revenue, 92% of exports	No
<b>Colombia</b>	1948-present	1983	25% of GDP	No
<b>Georgia</b>	1991-1993	1930s	NA	Yes, Abkhazia, South Ossetia
<b>Indonesia</b>	1975-1982	1885	11% of GDP	Yes, Aceh, Java, West Papua, South Moluccas
<b>Iran</b>	1974-1975, 1978-1979, 1981-1982	1908	26.3% of GDP, 80% budget revenue	Yes, Kurdistan, Assyria, Arabistan

		1961-1963, 1974-1975, 1985-1992	1927	75% of GDP, 86% budget revenue	Yes, Kurds
	<b>Iraq</b>				
		1966-1970, 1980-1984, 1990s-present (Niger Delta)	1956	37-50% of GDP, 95% budget revenue	Yes, Biafra, Igbo, Niger Delta
	<b>Nigeria</b>				
		1982-1996	1979s	10% of GDP	No
	<b>Peru</b>				
		1989-1989	1857	NA	No
	<b>Romania</b>				
		1994-1996, 1999-present	1905	25% of GDP, 64% of exports	Yes, Chechnya, Tuva, Ajaria
	<b>Russia</b>				
		1963-1972, 1983-present	1979	50% of GDP	Yes, Southern Sudan, Darfur
	<b>Sudan</b>				
		1962-1969, 1986-1986, 1990-1994, 1990-1994, 2004-present	1984	35% of GDP, 90% of exports	Yes, South Yemen, Sa'ada/Aden
	<b>Yemen</b>				
	<b>COUNTRY</b>	<b>Citizen Grievances</b>		<b>Oil as rebel "lootable" resource</b>	<b>Oil Nationalization</b>
	<b>Algeria</b>	Widespread civilian torture and death, colonial rule, religious interests, poverty	No		Yes

<b>Angola</b>	Poverty, unemployment, economic inequity, lack of resource control, environmental degradation	Yes, direct seizure/control	No
<b>Azerbaijan</b>	autonomy, control of resources	No	Partial (State Oil Fund, State Oil Company of the Republic)
<b>Burma</b>	Oppression, lack of freedom, civilian torture and death, poverty, unemployment, human rights abuses	No	Yes Burmah Oil Company (allowed some foreign investment in 2007)
<b>Chad</b>	Very high poverty (80%), unemployment in non-subsistence farming, occurrence of near-genocide	No	Yes
<b>Colombia</b>	Perpetual violence and insecurity, fear of dangerous drug cartel activity, poverty, inequity	Yes, kidnapping	Mostly (Ecopetrol)
<b>Georgia</b>	Poverty (54%), unemployment	No	No
<b>Indonesia</b>	Inequity, oppression, lack of resource control	Yes, kidnapping	Yes
<b>Iran</b>	Failure of "White Revolution" and resulting unemployment, displacement, poverty; religious sentiments; revolt of "disinherited"; anti-West ideology, inequity, repression	No	Yes
<b>Iraq</b>			Yes

		poverty, unemployment, environmental degradation, inequitable access to resources, lack of control over resources	Yes, bunkering and kidnapping	Yes (1970-1979), Partial (joint venture agreements with MNCs)
<b>Nigeria</b>				
		poverty, unemployment (15%), underemployment (65%), environmental degradation, economic turbulence/dissatisfaction	Yes, kidnapping	No
<b>Peru</b>				
		poverty (44.5%), lack of freedoms	No	Yes (during Communist rule until 1989, then partial privatization)
<b>Romania</b>				
		unemployment, lack of autonomy	No	Mostly (Gazprom, Rosneft)
<b>Russia</b>				
		poverty, lack of religious and political freedom, environmental degradation	Yes, kidnapping	Partial (Sudapet, National Petroleum Commission)
<b>Sudan</b>				
		political ideology, poverty, unemployment	No	Partial, (Yemen General Corporation for Oil & Gas/Mineral Resources)
<b>Yemen</b>				
<b>COUNTRY</b>	<b>Military Spending as % of GDP</b>	<b>Democracy Ranking/Regime Type</b>	<b>Patronage Politics</b>	<b>Booty Futures</b>
<b>Algeria</b>	3.3% (41st in world)	Authoritarian Regime	Lacking strong evidence,	No existence of elite class
<b>Angola</b>	5.7% (13th)	Authoritarian Regime	Yes	Yes - FLEC, MPLA, UNITA

<b>Azerbaijan</b>	2.6% (59th)	Authoritarian Regime	Yes, but improved	Yes, government
<b>Burma</b>	2.1% (77th)	Authoritarian Regime	Yes	No
<b>Chad</b>	4.2% (27th)	Authoritarian Regime	Yes (President Deby)	Yes - government
<b>Colombia</b>	3.4% (37th)	Flawed Democracy	Partial significance	No
<b>Georgia</b>	0.59% (158th)	Hybrid Regime	Lacking strong evidence	No
<b>Indonesia</b>	3% (50th)	Authoritarian Regime	Yes	No
<b>Iran</b>	2.5% (67th)	Hybrid Regime	Yes (Shah Pahlevi)	No
<b>Iraq</b>	8.6% (4th)	Authoritarian Regime	Yes	No
<b>Nigeria</b>	1.5% (108th)	Authoritarian Regime	Yes	No

<b>Peru</b>	1.5% (107th)	Flawed Democracy	Partial significance	No
<b>Romania</b>	1.9% (85th)	Flawed Democracy	Yes (Dictator Ceausescu)	No
<b>Russia</b>	3.9% (30th)	Hybrid Regime	Yes	No
<b>Sudan</b>	3% (51st)	Authoritarian Regime	Yes	Yes - government
<b>Yemen</b>	6.6% (7th)	Authoritarian Regime	Not significant	No

Using within-case research, the above findings have been established for each variable. Relying on historic accounts and timely news bits from other scholars and researchers, an in-depth understanding of the pertinent elements of each situation of oil conflict has been achieved. Paying particular attention to the variables included in this study (oil export percentages, citizen grievances, oil lootability factors, governance, and booty futures), this study's gathered data derived from both qualitative historic accounts and quantitative statistical reports, has shed light on the way oil influences the onset and duration of conflict.

The data included above is the basis for the findings and conclusions which will be discussed further. Although each variable will be discussed in greater detail in the

proceeding sections, a brief introduction to the findings of this analysis will underscore the primary take-away points of the study. Addressing the notion of greed and grievance as active causal influences in the realm of conflict, the findings derived from this study point to the significance of each. As evidenced by the data collected from the sixteen case studies, it appears that both greed and grievance led to the outbreak of sustained conflicts. Of note however, is that the strongest evidence pointed to connections between governing bodies and greed, while rebel groups were associated more often with grievance elements. In essence, a common trend throughout the case studies showed that governing bodies' actions were often marked by greedy motivations – their consolidation of power over the state and oil industries, their corrupt practices of enriching themselves personally through state oil rents, etc. On the other hand, the rebel groups opposing the state governing body were often motivated to take arms due to oil-related grievances. Such grievances include: poverty in oil-rich regions, inequitable access to oil rents, etc. In a sort of symbiotic relationship, it seems that governing bodies' greed caused the citizens'/rebels' responding grievances, which eventually led to civil conflict between the two parties.

This study examined the role of five main variables in their connection to oil conflict onset and duration. Following analysis, it was found that citizen grievances, state governing systems, and oil as a primary export commodity all played contributing roles in the outbreak of conflict. Of the sixteen case studies examined, twelve of the states showed a reliance on oil as its primary commodity export (Algeria, Angola, Azerbaijan, Burma, Chad, Colombia, Iran, Iraq, Nigeria, Russia, Sudan, and Yemen all produced

figures revealing that oil exports contributed at least 20% or more to their national GDP). I argue that this factor is relevant because it contributes to the *conditions* leading to conflict. National GDP percentages are not necessarily a contentious point instigating opposition, but rather it creates an economic environment where the natural resource industry is seen as one of the only stable, profitable, and viable industries in a given state. A reliance on sector of an economy can contribute to weakness and insecurity in other sectors, thus states with a strong resource industry will attract people to that one area. With more attraction to the resource industry, competition will heighten, and without viable options in other economic sectors, that competition may heighten to such a degree that people will be willing to engage in armed conflict in order to establish their preferential access. Within this case study, Angola (oil accounts for 85% of GDP) and Azerbaijan (oil accounts for 90% of GDP) are amongst the strongest examples.

The second and third variables found to be relevant in contributing to the outbreak of conflict are very much connected to the greed and grievance influences mentioned above – citizen grievances and governance systems. Like the primary export variable, governance systems did not so much serve as the point of contention in the conflict, but contributed to the conditions leading to the outbreak of conflict. The oil-rich, conflict-ridden states examined in this study shared many qualities in government structures. Ten of the sixteen states were considered to be “authoritarian regimes” (Algeria, Angola, Azerbaijan, Burma, Chad, Indonesia, Iraq, Nigeria, Sudan, and Yemen), and not a single case study earned recognition as a functioning democracy. I argue that this lack of democratic practice within the examined states contributed to the outbreak of conflict as



citizens and opposition groups were forced to state their claims through armed aggression as they were afforded no other option (ie: political activism, political lobbying, effective social movements, etc.). Furthermore patronage systems, present in thirteen of the sixteen case studies (Angola, Azerbaijan, Burma, Chad, Colombia, Indonesia, Iran, Iraq, Nigeria, Peru, Romania, Russia, and Sudan) proved to be another significant way in which governing bodies abused their control over the oil industry, and thus contributed to opposition outcry and conflict. These greed-inspired actions of the states, in part, inspired opposition groups and the relevance of citizen grievances as a contributing element influencing the outbreak of conflict.

The citizen grievance variable provided the strongest arguments answering the question of *why* conflict broke out in the oil-rich states. The type of expressed citizen grievances in the examined oil-related conflicts included: issues over poverty and unemployment in oil-rich areas, lack of community access and control over oil resources, environmental degradation, and the resulting blame put on the authorities responsible for the oil operations. Although all of those grievances contributed to the outbreak of conflict, it seemed that the most relevant form of grievance, most capable of causing conflict, was when citizens' livelihoods and abilities to access viable forms of employment and self-sufficiency were impeded or eliminated as a direct result of oil operations in their region. The Niger Delta case study provides an ideal example of how oil extraction operations destroyed their traditional employment and livelihood practices (through severe environmental degradation, displacement, and rampant poverty).

Another significant element of the citizen grievance findings addresses the nature of oil conflicts. Along with issues of employment and poverty in oil-producing regions, another salient grievance common in many of the conflicts examined in the data set is related to a lack of resource community control. Believing they had little to no say in the way their regions' resources were exploited and the resulting rents spent, many communities engaged in a secessionist-based conflict against the main state. Ten of the sixteen case studies included citizen grievances resulting in armed movements for secession, and the creation of an independent oil-rich entity, separate from the pariah state (secession movements in oil-rich regions occurred in: Angola/Cabinda; Azerbaijan/Nagorno-Karabakh; Burma/Karen/Kachin/Arakan; Georgia/Abkhazia/South Ossetia; Indonesia/Aceh/Java/West Papua/South Molucca; Iran/Kurdistan/Assyria/Arabistan; Iraq/Kurds; Nigeria/Biafra/Niger Delta; Russia/Chechnya; Sudan/Southern Sudan; and Yemen/South Yemen/Sa'ada/Aden).

The second set of variables examined in this study, analyzed the role that oil played in affecting the duration of conflict. The lootability variable and booty futures variable were not as common of influences as the onset-related variables in oil-related conflicts, but when they were present, did significantly change the course of the conflict. Addressing the lootability factor, it was found that rebel groups rarely looted oil resources as a tool of funding. Only six of the sixteen case studies included situations where rebel groups were financially strengthened by oil-related revenues. Bunkering, a system of siphoning oil resources from operating pipelines, only proved to be significant in one case study – the Nigerian Niger Delta conflict. Other than that, some rebel groups

used extortion and kidnapping techniques to financially gain from the operating oil industry (Colombia, Indonesia, Nigeria, Peru, and Sudan). Although the practice of oil looting was not a common theme throughout the case studies, it should not be discounted as a relevant feature of oil conflict as it significantly contributed to the economic relevance and sustainability of the rebel groups. Through looting techniques, the rebel groups in the six conflict examples were able to sustain their movements, and thus extend the length of the armed conflicts.

Although the lootability factor was not a particularly common trend amongst rebel groups, it was found that the state governments commonly “looted” the oil rents from national coffers, and distributed them to state militaries. Using money generated through nationalized oil industries, many of the state governments expended significant portions of their state GDPs to resourcing efforts for their state militaries. An interesting finding is that, because the governments spent enough to make the military a viable force, armed opposition groups were presented with a resourced opponent. However, because the states did not spend enough on their militaries, opposition groups were capable of mounting effective attacks (as the groups were more or less equal in available resources and capacity). This neutralization of force strength between the state militaries and the rebel groups resulted in lengthened conflicts.

Similar to the lootability findings, the booty futures variable was not a common trend prevalent throughout the sixteen case studies. Only four of the sixteen conflicts (Angola, Azerbaijan, Chad, and Sudan) were influenced by booty futures. Also, like the lootability variable, it is important to note that simply because booty futures were not

prevalent in many of the examined conflicts, it does not negate its significance as a possible influence in oil-related wars. As described later in the study, booty futures played an integral part in determining both the length and the ultimate victor in Angola's second civil war.

#### *Oil Discovery Dates and Timeline Relevance of Resource Conflicts*

Before the various variables were applied to the case studies, an initial examination of the states' historic timelines was necessary. The purpose of the study is to uncover and identify the potential role and influence oil has on conflict. To check for a connection between oil and conflict, oil needs to be a present factor and consideration in the state. In order to test for the possibility for an oil influence, oil had to have been discovered within the borders of the state in question. Comparing the dates in which oil was discovered in the sixteen states with the dates marking the outbreak of civil war, I was able to provide initial assurance, that there indeed existed the possibility for an oil influence in each conflict. Although this method of timeline comparison is incapable of determining whether or not oil actually influenced the onset or duration of the conflict, it does provide the validation that because oil was known to exist within the state, it had the potential to influence the conditions of conflict. Every state, with the exception of three states experienced oil discovery before experiencing any situations of civil conflict [see appendix]. The three case studies not easily fitting into the oil first, conflict second timeline ramifications are Chad, the Sudan, and Yemen, but this does not negate the possibility of oil playing a partial influencing role in some of the states' conflicts.

The case study of Chad does not fit easily into the timeline argument only because of production and extraction of the state's oil reserves only occurred when the state's civil wars had been brought to an end. In one regard, Chad fits into the stated necessary conditions of oil discovery preceding conflict outbreak as the natural resource was discovered under the state's surface in the 1960s, well before the first bout of official war broke out in 1980. Where Chad differs from the other case studies is that oil was never extracted from the country's known reserves until 2003, after both civil wars had ended. One might argue that because oil was never actually produced and turned into a valuable commodity, it could not serve as a traditional variable affecting greed or grievances arguments for conflict onset and duration. Although oil cannot be "looted," governing bodies cannot use its rents to equip and strengthen state militaries, and it may not be factored into state GDP percentages, there is the possibility for the *prospect* of oil revenue to affect the conflict. Despite knowing valuable oil existed in Chad, multinational oil companies were reluctant to invest in the unstable country because of the looming threat that conflict and civil unrest would disrupt the extractive process.

Although very profitable in the end, oil production is very front heavy in investment needs. The initial cost of exploration and infrastructure build-up in the oil extraction industry is quite expensive, and the risk that oil production may be disrupted by insecure conditions within the state proved too great a risk for possible investors in Chad. Considering the fact that security concerns were the most significant impediment to the generation of oil wealth in Chad, state actors had an incentive to resolve Chad's conflicts, establish a semblance of order and security, and thus create conditions

welcoming to foreign oil investment and the generation of resource rents. In this way, the prospect of oil wealth may have played a role in affecting the duration of the state's conflict by bringing an end to it.

The remaining two outliers in the timeline analysis do not fit easily into the model because they both experienced initial conflicts before the discovery of oil was made. In the Sudan, the first civil war occurred between the years of 1963 and 1972. Oil could not have played a role in this first conflict as oil was not discovered in the southern region of the state until 1979.<sup>41</sup> The second instance of civil war beginning around 1983 and lasting through to present times, serves as a potential example of oil influenced conflict due to its onset following the discovery of oil. A similar stipulation may be applied to the Yemen case. The first situation of conflict within the state occurred between 1962 and 1969 which preceded the 1984 discovery of oil in the state. Although oil could not have played a role in Yemen's first conflict, it has the potential to influence the state's conflicts occurring in the years: 1986, 1990-1994, and 2004-present day.

### *Conflict Onset Findings*

The following section includes analysis and discussion of the proposed variables linked to the onset of conflict.

### *Primary Commodity Export Variable and Economic Oil Dependence*

Upon completion of the study's testing, it was found that the arguments pointing to the relevance of natural resource economic dependence and the corresponding likelihood of civil war, indeed have merit. Collier and Hoeffler et. al. argued that when a

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<sup>41</sup> Qualitative historic research supports the lack of resource influence in the Sudan's first civil war as it was largely based around religiously fueled political power struggles.

state relies on a natural resource as its primary commodity export (specifically oil), the state is more likely to experience the outbreak of civil war. In their argument, Collier and Hoeffler asserted that when a state relies on a single natural resource for more than 30% of its GDP, then it will experience a 50% chance of experiencing civil war. In the sixteen case study data set, at least half of the states register as experiencing at least a 30% dependence on oil. If you extend down to a range of 20% dependence on oil for GDP contributions, at least 12 of the 16 case studies are relevant (see appendix for full list of states and figures). These figures serve as support for the argument linking economic reliance on oil and the onset of conflict.

Although figures were not available for all states, another important element found in this section is the significance of oil contributing to states' budget revenues. These figures perhaps are more telling of the importance than oil rents play in the dynamics of oil-rich states. Regardless of the overall economic health of a state, these figures reveal the government's reliance on oil rents. This reliance makes it even more obvious why governments have an active interest in protecting their control of the state's resources and preventing secession, building up support through clientelistic relationships with the military and other powerful entities, repressing dissent and opposition, and consolidating power within the governing body. Without access to oil rents, these governing bodies would be broke and powerless and less inclined to remain in their position. Further discussion of secession, military spending, and other such elements will be included in the following sections.

As evidenced by the data revealing the overwhelming importance of oil export earnings as part of the sixteen case studies' states' economic percentages, the findings provide strong support for Collier and Hoeffler's original argument about the heightened risks of conflict associated with states' dependence on consolidated natural resource based economies. Based on the cross-case data analysis, it appears that the states which have the highest reliance on natural resource exports (as evidenced by the highest GDP export percentages) also have the most instances and longest lasting civil conflicts within their borders. Algeria, Angola, Azerbaijan, Yemen, Nigeria, Iran, and Iraq provide some of the most telling situations illustrative of economic reliance on oil rents, and the resulting correlative high levels of conflict length and frequency<sup>42</sup> (see appendix for complete figures).

Each of these states relies on the export of their oil natural resources for a significant portion of their GDP. Furthermore, each country has experienced at least two separate instances of civil war (many have experienced at least three), as well as registering amongst the highest numbers of total years at war within the data set. This fact supports the legitimacy of the arguments that dependence on oil rents for national revenue contributes to state weakness, insecurity, and situations of conflict.

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<sup>42</sup> As further evidence of economic oil dependence, World Bank data from 1995 showed that Algeria, Angola, Nigeria, Yemen, and Iraq were all significantly "dependent" on oil rents. Determining oil dependence by compiling the ratio of non-fuel mineral exports to GDP compared with the ratio of oil, gas, and coal exports to GDP. Algeria registered as 23.5% dependent on energy exports; Angola was 68.5% dependent; Nigeria was 39.9% dependent; Yemen was 46.2% dependent; and Iraq was 19.4%.



*Citizen Grievances: Poverty, Unemployment, Inequity and Secession*

Considering the variables leading to the onset of oil conflict, it was found that the citizen grievance variable proved to be a particularly relevant influence contributing to the outbreak of civil war. The most salient grievances found across the sixteen case studies included poverty, unemployment, inequitable wealth distribution, and a lack of autonomy. In this way Collier and Hoeffler's argument that grievances can contribute significantly to the onset of conflict is supported. Furthermore, Collier and Hoeffler, and Ron's assertion that poverty also plays a significant role in causing the onset of conflict, appears as a significant variable and truth. On the poverty note, every state included in the study had experienced double digit percentages of populations below the poverty line. Although this alone seems relevant, and cause for a grievance-based opposition movement, I argue that unemployment rates serve as a more appropriate indicator of grievance-based oil conflicts.

Just as poverty figures ranked in the double digits for the sixteen case studies, unemployment rates also tended to lie in the double-digits. Although both variables represent conditions of human struggle and suggest poor living standards, from the research collected during this study, it seems that unemployment is the stronger grievance capable of eliciting violent responses from the citizenry. In the case examples addressing oil conflicts, it seemed that one of the most prominent complaints, and the final "straw that broke the camel's back" occurred directly before the onset of conflict was the disruption of employment caused by oil operations. Ways in which groups' traditional forms of employment were interrupted in the case studies included: when environmental

degradation caused severe damage to fishing waters and growing lands (and they could no longer earn a living from these farming/fishing economies); when the introduction of oil companies into a region caused an influx of foreigners and migrant workers resulting in over-competition for viable employment opportunities; or when oil industry jobs were only held by specially educated foreigners. In many cases it seemed that the citizens residing in the oil-rich regions embroiled in conflict were not necessarily in ideological or practical contention with the practice of oil extraction. The reasons they were so angry and willing to fight in opposition were because they were so desperate from the destruction of their former channels of employment and needed change. In one way, taking up arms in an opposition movement serves as a way for citizens to attempt to address and fix their grievances. In another way, however, war and conflict can serve as a conditional opportunity and method of alternative employment. Citizens may be impelled to take up arms in order to secure access to looted rents (and thus money), access a paycheck as a “soldier,”<sup>43</sup> or even simply support the conflict because the insecurity and chaos it causes creates environments conducive to widespread illegal and black market trade (which can be more profitable than legitimate channels of employment during peacetime).<sup>44</sup> If residents of oil-rich regions are provided with viable forms of employment, I argue that grievance-based conflicts will be less likely to occur.

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<sup>43</sup> This paycheck can either come in the form of an actual legitimate paycheck from the government (in some cases very high due to the government’s patronage to the military), or in the form of food, weapons, and other life-essentials from rebel leaders (this kind of arrangement has been a documented effect resulting in child soldiers’ re-enlistment to rebel groups - not necessarily out of desire, but out of necessity for lack of any better way of accessing food, support, shelter, and other such resources).

Secession also proved to be a salient feature of oil-related conflicts. As noted earlier, of the sixteen states examined as part of the study's data set, eleven of them included rebel interests, motivations, and demands for regional autonomy and secession. These figures support the arguments made by Le Billon, Fearon, and Collier and Hoeffler which assert that rebellions in oil-rich states will be motivated and shaped by secessionist demands. For oil to really be a causal factor and qualify a secession conflict as a resource conflict, I argue that the region wishing to secede from the state must host the oil resources. If the oil fields, oil wells, and oil production facilities are located in an area other than the area wishing to secede, some other grievance, unrelated to oil, must be at play. Although this may be the case in some instances of secession-based civil wars, none of the civil wars included in this data set involving secession demands involved areas which did not host oil. The evidence revealing the strong presence of secession-minded motivations within the data set supports the existing arguments regarding the likelihood of oil-rich states to experience secession-based conflicts. The many examples of secession interests in the examined case studies makes a strong case for arguments supporting both greed and grievance related motivations in the onset of conflict. Grievances about the distribution of oil rents, as well as complaints regarding the negative externalities resulting from the oil-extractive industries, proved to be strong motivations for populations to mobilize and support the movement for secession.

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<sup>44</sup> Phil Williams, "Transnational Criminal Enterprises, Conflict, and Instability," *Turbulent Peace: The Challenges of Managing International Conflict* (Washington D.C.: USIP Press, 2001).

Three case studies included in the data set serve as particularly strong examples illustrating how citizens' grievances can contribute to the onset of conflict. Furthermore, the selected case studies of Angola, Indonesia, and Nigeria provide strong examples of how citizens' grievances over complaints of poverty, unemployment, and denied access to adequate shares in oil rents may be manifested through armed movements to secede.

Nigeria provides two strong examples of armed conflict intended to establish a ceded, autonomous, and independent oil-rich region. The first case of grievance-based secession interests in Nigeria occurred between the years of 1966 and 1970 in the first civil war of Nigeria. Although this first war showed the relevance of oil in contributing conditions to the onset of conflict (competition for control of the resources and its rents, and grievances from regions claiming to have inadequate shares of revenue), a discussion of the current conflict in Nigeria's Niger Delta provides obvious and overt examples of grievance-based armed movements in oil-rich areas.

The second case of Nigerian civil war is situated in the Niger Delta and is comprised of a grassroots-led coalition of resident dissidents protesting the actions and dealings of the operating oil industries in the region. Just recently, an uncertain ceasefire has been established in the oil-rich southern region as the conflict continues.<sup>45</sup> This case study provides key evidence of: citizen grievances over inequitable access to oil rents and devastating environmental damage, poverty and high unemployment amongst the indigenous residents, and interests to cede from the Nigerian state.

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<sup>45</sup> John Campbell, "Nigeria Proposes Reform of Oil Industry," *Council on Foreign Relations*, 2009.

The Niger Delta conflict provides a near textbook case of oil-related injustices suffered by local populations. Despite the Niger Delta providing the Nigerian state with the majority of its export earnings, budgetary funding, and state wealth through the oil extracted on its lands and offshore facilities, Niger Deltans experience the lowest levels of poverty in the whole Nigerian state - a state, it should be noted, that registers dismal scores in terms of Human Development Indicators, ranking 158th out of 177 countries.<sup>46</sup> Despite having a wealth of valuable natural resources, the indigenous people of the Niger Delta average two to seven percentage points lower than the average Nigerian in GDP per capita figures. Not only do the residents of the Niger Delta see little development and reinvestment into the area where so much wealth is derived from, but their everyday life is degraded as a result of the damaging externalities associated with the oil extraction and refining. Environmental degradation resulting from oil production has severe repercussions on residents' health shorten average life spans, as well as diminishing the productive capacity of the land and water - resources which the Niger Deltan people rely on for food and livelihood. Many of the communities throughout the delta rely heavily on subsistence farming and small-scale economic endeavors such as fishing. Due to oil spills, leaky structural systems, and the pooling of oil by-products, the once vibrant delta, now hosts polluted and empty waters and dead, non-producing land. Furthermore, gas flaring (the practice of burning oil excess and by-products) is a common practice in and around the oil facilities homed in the Niger Delta. Gas flaring is a major contributor to the denigration of air quality around the region and medical research has shown links

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<sup>46</sup> CIA World Factbook, 2008

between gas flaring and heightened cases of respiratory problems and diseases, cancer rates, child deaths, and other such health issues experienced by Niger Deltan residents. Furthermore, many villages and shantytowns have been destroyed in efforts to make room for increased oil production within the region. Thousands of people have been displaced, had their homes destroyed by the government and provided with no other shelter alternative.

Oil production in the Niger Delta has effectively further impoverished the residents, destroyed traditional forms of employment while failing to provide any viable livelihood alternatives, left residents homeless, caused them irreparable health damage, and starved them of any financial benefits their region's oil has produced. These grievances directed both at the notoriously corrupt Nigerian government and the actual oil companies operating within the region, have influenced large-scale support for opposition groups seeking secession. The grievances have provided relevant catalysts for the onset of conflict and serve as an example of how oil can contribute to situations of conflict.

The final bit of evidence supporting the notion that oil has played a direct role in the onset, as well as the duration of the Niger Delta conflict is the way in which peace settlements have progressed. Various ceasefires have been agreed upon between the Nigerian government forces and the armed opposition groups, but with little to no conditional changes made in the Niger Delta, opposition groups have always again picked up their arms and resumed fighting. In November of 2009, the issue of oil rents has finally been addressed in Niger Deltan peace talks, and depending upon whether or

not President Yar'Adua's administration keeps its word, perhaps the conflict will finally draw to a close. The difference between the November peace accord and the other failed talks, has been the willingness to grant greater shares of oil rents and financial support to the Niger Delta. The government has agreed to allot 10% of Nigeria's total oil revenues to the Niger Delta for projects aimed at development projects, poverty alleviation, and other such human investments.<sup>47</sup> If the government does indeed live up to its word, and the money is effectively spent in the oil-rich region, the Niger Delta conflict may come to an end as a result of addressed and ameliorated citizen grievances over oil-related issues.

The Indonesian example of citizen grievances includes many of the same elements present in the Nigeria case. In 1975, a new build-up of natural gas industries was promoted in Aceh, Indonesia. The grievances included environmental degradation, displacement of families and villages, waves of immigration, lack of employment, and lack of access to gas rents. With the developed gas industry in Aceh, more room was needed in the gas-specific pump and refining areas. This resulted in the government forcing the displacement of hundreds of families and entire villages were left homeless. For those residents left nearby the natural gas facilities, their environment and health suffered significantly from gas leaks and the discharge of dangerous chemical waste products. Besides the intrusion on the citizens' homes, environment, and health, their livelihoods were also affected. For those people intricately connected to the land for farming and fishing, much of the pollution and barred areas close to gas facilities, their livelihoods and way of providing food for themselves was significantly disrupted.

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<sup>47</sup> Tashikalmah Hallah, "Nigeria: Niger Delta to Get 10 Percent of Oil Wealth," *AllAfrica*, 2009.

Furthermore, the new built-up gas industry did not provide any new employment opportunities to the indigenous people of Aceh. Most of the workers used in the gas facilities were foreign immigrants specifically trained in the field. The influx of immigration not only brought greater competition for resident jobs, but also brought along common problems associated with large populations of migrant workers - crime, disease, and corruption.

Motivated by the way the natural gas industry actively degraded the quality of life for Acehnese residents, an armed movement vying for secession was born. Much of the movement's propaganda spread message of unfair access to the natural resource riches born in the ground of the native peoples. The movement's leaders argued that the people of Aceh, if they could secede from Indonesia and form their own state, would all be rich and benefit from the natural gas extraction as the people of Brunei had done. Dissatisfied with the inequitable distribution, unemployment, overcrowding, and degradation around them, many in Aceh have supported the armed movement against Indonesia in hopes to one day secede, and form their own autonomous state. Aceh secession movements are still active today.

The final example of citizen grievances, is presented in the case study of Angola. Although Angola has experienced two very bloody and damaging civil wars revolving mostly around the mainland which is often the main focus of conflict research in the state, a small separatist armed conflict in the northern province of Cabinda, has been brewing since Angola's independence and continues on today. Unlike the rest of the Angolan provinces, Cabinda is not actually geographically connected with the Angolan



state. It is bordered by the Republic of Congo, the Gulf of Guinea, and a narrow land corridor of the Democratic Republic of Congo (this DRC land strip lies between Cabinda and the rest of Angola). Comprised primarily of the Bakongo ethnic group, residents of Cabinda see themselves as having a distinctly different culture and history from mainland Angolans. Since Cabinda became a part of Angola during the post-colonial process of state-making,<sup>48</sup> the Cabindan separatist group, the Front for the Liberation of the Enclave of Cabinda (FLEC), have mobilized and physically fought for independence.

The eventual recognition of Cabinda as its own distinct state may have eventually happened had it not been for the discovery of oil in its offshore territories. Since the discovery of immense oil abundance in the 1960s, Cabinda has been adopted as a vital financing region to the state of Angola. Angola has been and remains very much dependent on oil revenue for the health of its economy, state wealth, government budget, debt pay-off, and development schemes. Considering the fact that Angola depends so heavily on oil rents, and more specifically, depends so heavily on oil rents generated out of Cabinda (Cabinda oil amounts to about 60% of Angola's total oil production), it makes sense that the government would do everything in its power to prevent the secession of their northern province.

Not only are the people of Cabinda eager to establish their own autonomous state because of their belief in their distinct differences distinguishing their ethnic and cultural group from mainland Angolans, but groups like FLEC are also relevant because they act

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<sup>48</sup> Cabinda was actually seen as a separate Portuguese colony during the colonial period in Africa. There were intentions to make Cabinda its own nation but during the final steps of the state creation, the Cabindan people were left out of the negotiations and was lumped into the Angolan state.

upon citizen grievances. One of the principle complaints issued by FLEC criticizes the lack of oil-generated revenue that trickles down into the Cabindan province (especially considering the majority of the state's wealth is generated from the rents of Cabindan oil sales).<sup>49</sup> Poverty and unemployment rates are quite high in Cabinda despite the region's capacity to generate so much oil wealth. Like the Indonesian case study, the foreign oil companies entering Cabindan lands have failed to stimulate local economies as the oil MNCs bring their own employees and even import their own food, water, and other goods from Western markets with a literal and figurative wall constructed between the oil personnel, and the indigenous people of Cabinda..

*Governance, Democracy, Patronage, and the Consolidation of Power*

The findings addressing issues of governance support the previously made arguments made by scholars connecting undemocratic and rent-seeking government behavior, to increased likelihoods of conflict onset. Nearly every government of the sixteen case studies selected for this study implemented authoritarian policies, repression of dissent, patronage relationships, and poor democratic principles. Using democracy indicators derived from an index constructed by *The Economist*,<sup>50</sup> it was found that nearly all of the governments in question were considered "Authoritarian Regimes"<sup>51</sup> (ten of the

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<sup>49</sup> For further reading and information on the FLEC position, refer to the FLEC Manifesto entitled, "The Nation of Cabinda Conscience Manifest" penned on March 10, 2008.

<sup>50</sup> *The Economist* 2008-2009

<sup>51</sup> *The Democracy Index* ranks each state on their performance in free elections, security of voters, influence of foreign powers on governments, and the strength and capacity of civil society (employing polity data). Depending on their score, each examined

sixteen governing bodies were considered “Authoritarian Regimes;” three were ranked as “Hybrid Regimes;” and three scored as “Flawed Democracies.”) (see appendix for full list). This absence of democratic policies, practices, and ideals within the ruling state bodies, coupled with the consideration that each state experienced civil war, provides ample evidence supporting Ross’ assertion that democracy and oil conflict are negatively correlated.

Further on the issue of governance and conflict, the arguments made by Beblawi, Collier and Hoeffler, and Fearon and Laitin regarding oil-rich states’ tendencies to adopt rent-seeking behavior and patronage relationships is supported by the findings of this study. Through qualitative analysis of each case study, the governing bodies of most states experienced, at some point, efforts to claim and control oil rents, as well as the limited distribution of said rents to key strategic partners (often the military) in efforts to remain in power and influence. One such way governing bodies acted to preserve their ability to access oil rents was through nationalization schemes. By removing, or at least controlling private sector operations in their state’s oil industry, nationalized states for the most part assumed full ownership of natural resources, and therefore assumed full access to the rents and revenues generated from their extraction. In thirteen of the sixteen states examined in this study, state-run oil nationalization was a present force.<sup>52</sup> Through

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governing body is concerned either a Full Democracy, Flawed Democracy, Hybrid Regime, or Authoritarian Regime.

<sup>52</sup> Some states were considered to be “partially” nationalized. To be considered partially nationalized, the state may have allowed limited foreign MNC activity to aid in the high-tech operations of oil extraction. Another way to be considered partially nationalized is if

nationalization, corrupt governing bodies are able to manipulate the national financial system and channel, redirect, and absorb national profits into their own accounts.

Illustrating common governance styles and characteristics in oil-rich, conflict-prone states are the case examples of Burma/Myanmar,<sup>53</sup> Iran, and Iraq. Each case study supports the argument that oil abundance tends to impel governing bodies to create and implement conditions in which they control a consolidated governing structure, enrich themselves and those around them through oil rents (in classic patronage/clientelistic patterns), and repress democratic and/or social developments to ensure future power. Nearly all of the governments included in the case study are corrupt to some degree, and it is a common practice for government personnel to enrich themselves individually with the rents derived from the oil sector (of which they nearly always control through nationalization-type strategies). The governing bodies in Burma/Myanmar, Iran, and Iraq were no different.

Burma has seen two significant eras of authoritarian and oppressive rule since their independence from Britain colonization in 1948.<sup>54</sup> In 1963, Ne Win successfully

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a very high majority of the state's oil/gas sector is dominated by state-owned companies (like Russia's Gazprom and Rosneft, or Colombia's Ecopetrol).

<sup>53</sup> Under order of the ruling military junta of the South Asian state, in 1989, Burma's name was officially changed to Myanmar. There is various degrees of controversy regarding the name change as various international actors and bodies fail to acknowledge the name change because of their failure to acknowledge the ruling junta as a fair, legitimate, or democratic entity.

<sup>54</sup> It is significant to note that Burma had a very strong and vibrant oil economy in place during British colonial rule. Britain depended on their easy and cheap access to Burmese oil to fuel war efforts, budding industrialism at home, and improved qualities of life for British citizens. Because Great Britain has negligible supplies of its own domestic oil for

implemented a coup d'état, and consolidated rule under his socialist vision. Ne Win's vision was to isolate Burma and make it a sort of socialist archetypal system. Through his vision, Burma became a socialist, one-party state with consolidated power in Ne Win's hands. Most sectors of the economy were nationalized, including the creation of Myanma Oil and Gas Enterprise (MOGE). Although Ne Win was very much influenced by socialist ideology and motivated by his belief in such a system, there certainly exists the possibility that he recognized the wealth and security he could obtain if he indeed controlled one of the largest revenue makers - a sole-operating oil company.

Although Ne Win put in place many of the governing systems consistent with other oil-rich conflict-prone states, he would not be the last to benefit from his consolidation efforts. In 1988, a military junta overthrew Ne Win and has ruled the state ever since. Ongoing conflicts between the heavily financed Burmese army (the military enjoys direct access to oil rents) and grassroots opposition groups discontent with the ruling junta are still present today. The junta adopted similar governance styles as enacted by Ne Win, but arguably, have been taken to a new level of intensity and repression.

Since the 1989 take-over, the Burmese government has come to exemplify a governing body effectively using their state's natural resource wealth to their advantage. The "advantage" however, also creates a fair amount of blowback in the form of citizen discontent and their willingness to take up arms in opposition. The ruling junta in Burma

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energy needs, it relied heavily on its colonies for natural resources. It is also important to note that the Burmese independence movement was largely situated around citizens' grievances (for economic discontent) and the waves and strikes spurring the independence movement in Burma were born from and occurred at the oil fields in 1938.

conclusive and thorough information to be reported, but various accounts have made their way outside of the country. Such information points to the authoritarian and repressive governing style, dependence on patronage systems, and even the use of forced labor. In terms of oil-related elements of the junta's governance, the revenues create both selfish incentive, as well as necessary distribution patterns. The junta controls all aspects of the state, including the oil industry (although, in 2007, Burma did welcome foreign investment from 16 different oil companies to work in collaboration with MOGE in the hopes to even further boost revenue and economic security for the state through oil rents). There have been several claims that the leaders provide direct access of oil revenues to the military.<sup>55</sup> Exemplifying the workings of a patronage system, the ruling junta has coerced the support of the military as well as several other influential groups. Through this coercion (using a portion of oil rents), the ruling junta has satisfied and made complacent those entities capable of threatening their continued power. Using just enough money out of their own piles of oil rents, the junta has invested in their longevity as powerful actors within the Burmese state.

Along with establishing clientelistic relationships with the military and other influential state groups, there also exists evidence that the state actually enforced unpaid labor by civilians on oil industry building projects. Furthermore, a lawsuit accusing Unocal (an oil MNC) of sharing responsibility for human rights violations in Burma highlights the corrupt role the governing junta has ascribed to. It is argued that because

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<sup>55</sup> On a further note, the military is notorious for paying its soldiers well, thus suggesting war and conflict contributes to positive employment outlets, as well as dissuading their trained soldiers from joining more populist based armed movements.

Unocal (who operates in oil production in Burma) contributes direct funds to the government, they may be considered accessories and responsible parties to any crime or injustice committed by the government. Indirectly, this lawsuit, filed under the Alien Torts Claim Act in the United States, points to the guilt and corruption of the Burmese ruling junta. If democracies and democratic principles are indeed contributing conditions of peace, then Burma's dismal democratic performance and corresponding constant level of civil conflict serves to support the theory coupling democracy and peace as a dependent pair.

The case study of Iraq also reveals the ways in which governing styles can play a role in the onset and duration of conflict. Following the 1963 coup which brought the Baathist victors to power, the democratic, progressive, and flourishing Iraq which had been built on effective development investments from the deep wealth acquired through the state's oil industry, was soon to be transformed into a repressive, authoritarian, impoverished, and broken state. From the time oil began to flow in Iraq, conflict and competition for control over the considerable reserves of valuable resources led to successive coups and violent regime changes. Despite the turbulence in government, the state itself benefitted from wisely constructed development plans and oil rent distribution to social services for the general population (including, free education for all Iraqi children up through the university level, free healthcare available to all citizens, access to

cheap food, protection from a sophisticated military, and reserves of over \$35 billion to ensure the future provision of such services).<sup>56</sup>

Following the 1963 coup and the concurrent rise to power of Saddam Hussein, the state began to fall into disrepair, particularly after Hussein sustained a devastatingly costly war against neighboring Iran in the 1980s (estimated at costing around \$100 billion).<sup>57</sup> Hussein served as a perfect example of oil-backed authoritarian. From his position of power Hussein further consolidated his Baath party's grip on power, as well as his own position of power within the party, and consequently the state. He killed political opponents, subjugated and arguably terrorized portions of his population, and abused the continued flow of oil wealth for his own personal use, while his once thriving state fell into disrepair and destruction during the Iran-Iraq war. Like the Burmese junta, Hussein and his Baathist supporters employed the tactics of patronage and clientelism to gain support for themselves, and unsubstantiate opponents (they courted the military with some of the highest percentages of spending contributed to this sector, as well as other leaders and "loyal" groups). With rule consolidated in Hussein, Iraq resembled nothing of a democracy. The way oil wealth was used to shape and bolster the governing body at the expense of other areas, it seems to have contributed to the civilian opposition and motivation for conflict within the state.

Like Burma and Iraq, Iran too shared many qualities indicative of an authoritarian, undemocratic governing body, and abused its control of oil rents to

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<sup>56</sup> Craig S. Davis, *The Middle East For Dummies* (Indianapolis: Wiley Publishing, Inc., 2003).

<sup>57</sup> *Ibid.*, 204.



establish such a system. Diverging from the Burmese and Iraqi model, Iran seemed to work backwards, beginning with capitalism and privatization, undergoing a revolution, and then ushering in a more socialist regime. The history of oil in Iran is long and complicated with many actors' investing their interests and motivations into the oil industry, attempting to gain access to the incredible stores of oil and its related rents located below the Iranian state. Since oil was discovered and produced in Iran (around 1908 through the Anglo-Persian Oil Company), foreign influences have effectively exerted their agendas on the state. This influence helped shape the political state into what it became. Effectively describing the role oil played in Iranian politics, scholar Joseph Tragert described the Iranian relationship (under the Shah) with oil as,

“The Shah’s regime was secular and capitalist at its core. The system functioned like this: Oil revenues purchased the necessary food and supplies for the population. Industrial ownership was concentrated in a small group of wealthy elites, who were generally aligned with the Shah. Foreign oil companies made sure that the oil was flowing and that the subsidies that generated revenue masked the inefficiencies of domestic industry. However, there were shortages, and many people did without luxuries - or even without the basics. Against this backdrop, the Shah staged an almost obscenely opulent party to celebrate the 25,000th anniversary of the founding of the Persian Empire by Cyrus and of monarchical rule in Iran.”<sup>58</sup>

This succinct description of the state’s relationship with oil reveals the conditions leading to civilian discontent and the birth of a revolution. The case in Iran reveals the vast inequality and inequitable distribution of resource rents that is a salient feature of the oil-rich conflict-prone states included in this study. Following the Shah’s reign<sup>59</sup> a populist,

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<sup>58</sup> Elaine Sciolino, *Persian Mirrors The Elusive Face of Iran* (New York: Simon and Schuster, 2000).

socialist revolution in 1979 gained popular support and succeeded in replacing the Westernly-oriented Shah. Riding off of the nationalist and socialist rhetoric established by popular leader Mohammad Mossadegh, the Iranian Revolution of 1979 introduced a new way of governance. Based on more socialist platforms, Islamic Republic leader Khomeini took control of the state. In a nationalist move, Khomeini kicked out all foreign oil MNCs and nationalized the oil industry. Using oil rents to spur the growth of alternative economic sectors, the new Iranian regime attempted to diversify the economy and promote small-scale growth, but unlike the Shah, Khomeini failed to employ the services of trained and knowledgeable economists. Through misguided investments and an overwhelming expense on the Iran-Iraq war (like Iraq, the war effort drained the state's savings from an estimated \$100 billion war bill), the new Iranian government also failed to effectively and equitably manage its oil wealth. The disconnect between the ruling power controlling the distribution of resource rents, and the everyday citizen starved of resource rents access contributed significantly to the instance of conflict.

As the examples of Burma, Iraq, and Iran reveal, there seems to be a correlations between weak or non-existent democratic principles in oil-rich governing bodies, and a high propensity for conflict. Furthermore, governing bodies who fail to distribute resource rents equitably throughout the population are more open to the threat of conflict.

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<sup>59</sup> For a valuable discussion on the relationship and governance of the Shah and his competitor Mossadegh, authors Prados (2006), Blum (2004), and Kinzer (2003) provide in-depth analyses and information regarding the relationship Iran held with the oil industry, oil export partners, and oil MNCs.

### *Conflict Duration Findings*

The following section includes analysis and discussion of the proposed variables linked to the duration of conflict.

#### *The Lootability Variable: Bunkering, Extortion, and Military Spending*

Upon examination of the sixteen case studies, the findings addressing the relevance of oil as tool for armed group funding was mixed. Supporting Ross' argument that oil conflicts fail to include strong elements of looting, oil as a resource was not often "looted" by rebel groups and used for financial support in the selected sixteen case studies. I propose that this finding is a result of the inherent qualities associated with oil that make it harder to be "looted." Because oil is a harder resource to transfer inconspicuously (note the discussion on the differences between oil and other natural resources such as diamonds and narcotics in the section headed "Why Oil?"), it is probably less frequent that rebel groups will seek its extraction as a viable method of funding. Furthering the disincentive to use oil as a form of funding for belligerent groups is the fact that oil extraction necessitates a certain level of expertise and legitimate infrastructure, which many rebel groups are not equipped to operate.<sup>60</sup>

Despite the argument that oil looting is not a very relevant variable in oil-related resource conflicts, it does play a role in *some* conflicts. Of the sixteen case studies analyzed, six cases presented evidence of how oil was co-opted and "looted" by rebel

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<sup>60</sup> A final reason preventing oil from being an effectively looted resource to trade as a contraband commodity, may be the way in oil is so stringently regulated and monitored as an industry. With regulatory bodies like OPEC and heavy industry dominance of major oil MNCs, it may be difficult for illegitimate and belligerent traders to find a viable market in which to sell any contraband resources.

groups to aid in their funding efforts. Nigeria was the only case where contraband oil was acquired and transformed into supporting funds in the more traditional sense of a “lootable” resource. In areas around the Niger Delta of Nigeria, several opposition groups have mobilized and become legitimate forces in the region. Various groups such as MEND have established themselves as legitimate parties in the Niger Delta reality, largely in part of the sustained relevance they have achieved as an armed group through the financial support provided by the revenue generated from the stolen oil.

The way in which oil can be “looted” is through a process referred to as “oil bunkering.” Through this process, thieves may directly tap into legitimately operating oil pipes used to transport the natural resource from the site of the well to its final destination (often a refining site, port for transport, etc.). This siphoning off of the flowing oil can result in hundreds of thousands of stolen barrels of oil sold fit to be sold on the black market. In the Niger Delta, a sophisticated and effective operation of oil bunkering has been established by various rebel groups and opportunists.<sup>61</sup> Stolen crude from the Niger Delta can be sold at rates estimated between \$15 and \$20 (USD) per barrel - well below the legitimate international market price. Because there are virtually zero operational costs (the oil is pumped for them using the tools, resources, and skills of the present oil companies), the rents derived from the bunkered oil translate into pure rents. One

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<sup>61</sup> In the Niger Delta, bunkers often tap directly into existing pipelines and siphon oil into barges waiting in the shallow waters of the delta. Due to significant corruption, police forces are often paid off and do nothing to prevent the illegal bunkering from happening. Also, because of the violence associated with groups engaged in bunkering activities, many locals avoid traffic through known creeks and water passages around bunkering areas making it that much more convenient for the thieving groups to operate easily. The stolen oil from such operations are often then transported to near-by weak states such as Benin and Ivory Coast.

estimate has guessed that oil bunkering in the Niger Delta, at the height of its popularity as an illegal money-making enterprise, created profits of up to US \$2-3 million daily and \$750 million- \$1 billion annually.<sup>62</sup> Supporting Weinstein's argument<sup>63</sup> saying that ideological leaders are often crowded out by opportunistic finance-driven leaders, in the Nigerian case of oil bunkering, it seems that groups looking to take advantage of weak security situations are just as relevant in oil bunkering operations as those groups seeking to bunker as a way of supporting their ideological battle against the state and oil companies, and highlighting their grievances with the conditions within the Delta. In an obvious way, bunkering raises funds to support aggrieved groups' missions, but also serves to support their movement as a form of protest and disruption. At the height of insecurity and conflict in the Niger Delta in the mid-2000s, rampant sabotage and oil bunkering resulted in a significant decline in oil production as exports from the region slowed to a trickle due to oil companies' reluctance to operate in the danger and conflict-ridden area. This scaled back oil operation resulted in billions of dollars of lost revenue, as well as more oil spills (intentional and unintentional) furthering the environmental damage and inhospitable living conditions in the Niger Delta. Such actions did however increase the power and influence of such belligerent groups as the government was forced to address their grievances and negotiate an ameliorated solution.

The second way rebel groups were able to manipulate and benefit financially from their regions' oil abundance was the practice of kidnapping oil employees and holding

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<sup>62</sup> Human Rights Watch "Oil Bunkering"

<sup>63</sup> Weinstein, 2007

them for ransom, extorting major oil companies. Kidnapping oil workers as a method of raising funds for rebel groups has been an effective method in the Niger Delta of Nigeria, Colombia, Peru, the Sudan, and Indonesia. It is also relevant to note that the kidnapping tactic has been a fairly new phenomenon. All of the conflicts involving oil personnel kidnappings are all current conflicts, still progressing in 2009. Considering that the kidnap/ransom tactic is a fairly new phenomenon, it should be noted by scholars, policy-makers, and operational strategists that it has the potential to grow further as a trend and may serve as an effective area to try and prevent in efforts to end conflict, limit the civilian affects of conflict, and insulate conflict within as small parameters as possible. There also exists the danger that the kidnap/ransom tactic is part of a copy-cat trend. If this is true, kidnappings and ransoms may emerge as a relevant weapon and funding tool for rebel groups operating in all types of conflicts, not just resource conflicts.

The next topic addressing the ways oil may be manipulated as a financial asset used to prolong conflict is military spending. The rationale motivating the examinations and analyses of funds expended to national military units in conflict states, is the notion that oil wealth generated by the state, particularly in states where the hydrocarbon sector is nationalized, may be used by the military to protect the empowered regime's security. If a governing body depends on, or even simply benefits from the financial contributions provided by oil rents, it would make sense that that governing body would take proactive steps to ensure the security and sustained flows of such vital resources.

As discussed in the section addressing governance issues of oil states, corruption and unethical distribution of oil rents is common practice. In many cases, the governing body

and its personnel benefit individually as their own accounts are often substantially enriched with portions of oil rents. In “greed” scenarios like these, it would make sense that whoever is in power and control of the state would enact certain plans to ensure that they remain in power and further enjoy the financial benefits of claiming state oil revenue. One such way a state may create such protection is to court, and resource the military. Providing generous resources to the military can lead to a sympathetic and obliging military body, willing to help the hand which feeds it. Furthermore, a strong and financed military (which indeed is obedient and loyal to the acting government) can serve as an effective and powerful force capable of protecting the residing government and repelling any attacks or threats from opposition groups (both armed or political).

I hypothesized that states abundant in oil would have built-up militaries with significant portions of funding allotted to them. Considering the sixteen state data set, I expected that the states would have well-resourced militaries and a resulting quickness to employ a “military answer,” thus contributing to the overall prevalence of conflict. Despite the proposed logic, the data analysis conducted in this study failed to support such a hypothesis, but was capable of providing a viable alternative theory.

In order to test for a state’s propensity to enrich its military by way of oil rents, I examined the percentages and amounts of money invested in military spending per state. I expected oil rich states to reveal the highest numbers for military spending, but found that the study’s sixteen states actually fell within the upper-middle in terms of state military expenditures. The average expenditure of each state was similar to that of the

57th highest military spending state out of 174 polled (with about 2.7% of their GDP spent on military expenditures).

This finding does not negate any possibility of a correlative link between state military spending and conflict. The analysis suggests that state military spending and conflict are linked, and that the amount of expenditure devoted to the military is significant. I argue that the states in this data set experienced conflict because the state did not invest *enough* money in their militaries. The argument exists that state money devoted to military build-up leads to conditions conducive to conflict. This may be the case in conflicts where natural resources do not play a role, but in resource conflicts, it seems to follow that in general, states devoting significant portions of their GDP earnings towards military resourcing do not experience conflict as often as states which spend less on military. Furthermore, it seems that states who spend the least on their militaries experience few conflicts (which is probably attributed to a lack of concern over security issues or a lack of concern over realistic threats). This leaves the middle-spending section of states as those experiencing the most frequent situations of conflict, including those related to oil.

It is interesting to note that oil states do indeed tend to spend more on their militaries than some other states - Oman, Qatar, Saudi Arabia, and Kuwait, some of the richest oil states in the world, all register within the top 15 highest military spending states. The difference between those oil-rich states, which have not experienced much conflict, and the oil-rich states included in the study, is that the oil-rich states of this study simply did not invest enough in their military. Supporting Bennett and Stam's argument



that predicts when opposing sides' resources are even, a conflict will last longer, had the state provided more resources and financial support to its military, the conflicts present in the sixteen analyzed states may have ended earlier, or not even occurred in the first place. Had the state tipped the scales on their own military's behalf, opposition groups may not have seen an armed movement a viable option (as they would be immediately overwhelmed and beaten), or the government could have provided a resource advantage to their military over the opposition group, and thus ended the conflict in their favor at an earlier juncture. Because the states invested enough of their budgetary wealth on the military, they were a close match for the mobilized opposition armed group which caused an even-sided match, and thus an extended conflict. Because the states did not invest enough, the opposition armed group recognized the potential military weakness and took the opportunity to express their discontent with the government through a more drastic avenue - armed civil war.<sup>64</sup> In these ways, state military spending in oil-rich states can both affect the onset and duration of conflicts in unanticipated ways.<sup>65</sup>

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<sup>64</sup> This discussion is in no way to be intended as a call for oil-rich states to build up their militaries as a way to reduce the risk and prevalence of conflict. Police states with overwhelming strong militaries are often amongst the lowest performing states in terms of human rights, democratic principles, and human independence. The intention is only to acknowledge the way in which military funding can affect the onset and duration of a conflict.

<sup>65</sup> A second note on military spending in oil-rich states acknowledges the role of nationalization strategies. States with nationalized oil economies may be more capable of spending higher proportions of state revenues on the military because, depending on the overall economic strategy, they may have a significant amount of extra oil revenue at their disposal (more so perhaps than states harboring privatized oil operations which sees portions of the oil rents leave the country through private investors). In this way, nationalization may be an important element in determining the amounts of money and resources a state has at its disposal.

Although there was an anticipated connection between military spending and conflict in oil-rich states, a final element of how resources may be used to fund armed groups is relative to non-formal payments, perhaps left out of the national budget figures. Throughout the research relative to the sixteen case studies, a trend of “arms-for-oil” seemed to persist throughout several of the states. In such cases, oil would be directly traded for arms and weapons, or traded for money intended and used to purchase such military resources. Such examples provide even more obvious evidence pointing at how oil as a natural resource, can be traded and sold as a viable product in exchange for weapons and resources to fuel conflict. A few examples of such transactions include arrangements in Indonesia, Sudan, Colombia, Chad, and Angola.

In Indonesia, it has been cited that the military under Suharto enjoyed direct access to resource rents through the company PermaMina. Suharto came to power through his partnership with the military, and remained in power through brutal military-led repression for many years as a result of his generosity to the national armed forces. In Chad, the government used \$4.5 million of the awarded \$25 million bonus received by the state from oil companies setting up shop to begin oil extraction and construction of the oil pipeline in 2000. This is particularly relevant as this arms procurement contradicted the later reneged upon World Bank and IMF mandated plan instructing that at least 80% of the generated oil revenues had to be spent on development and public works projects.<sup>66</sup>

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<sup>66</sup> Daniela Krosiak, “Chad: The Oil Effect?” *International Crisis Group*, 2009.

In Colombia, the United States has developed and invested several hundreds of millions of dollars in its military partnership with the South American state. Although it may be argued that this partnership is part of a plan under the “War on Drugs,” Colombia does provide the United States with oil resources. In 2009, the United States increased its military support in Colombia to include significant resourcing to a military base on the Colombia/Venezuela border which prompted Venezuela’s president, Hugo Chavez, to issue statements arguing that this partnership may represent an act of aggression on the part of both Colombia and the United States and may prompt a war between the neighboring South American states. The proximity of the base with some of Colombia’s most productive oil wells may be significant as well.

In the Sudan, there has been documentation showing how state wealth generated by oil production in the South, has been directly used to purchase weapons used in the conflicts around Darfur, and southern secession. The proposed plan to allow Southern Sudan the right to vote for autonomy and secession has been a highly contested area of peace negotiations in the on-going conflict.<sup>67</sup> The government’s disinterest in losing the oil-rich region, a major source of their financing, is likely the primary factor causing strained relations and violence over the future vote.

Finally, in Angola, the United States made a deal trading weapons for oil resources. The transfer of arms to Angola must be significant as Angola provides the United States with 7% of its imported oil. Furthermore, China has recently upped its presence and trade in the African continent. Between 2003 and 2006, China traded up to

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<sup>67</sup> Julie Flint and Alex De Waal, *Darfur: A Short History of the Long War* (London and New York: Zed Books, 2005).

\$500 million worth of weapons in exchange for access to Angola's oil supplies. In a US Congressional Research Service report, it was argued that such sales and trades is meant to "enhance" the status of China as an international political player, and, "increasing its ability to obtain access to significant natural resources, especially oil."<sup>68</sup> Such blatant maneuvering of resource-rich states, and eager clients of those states, highlights yet another way in which oil can serve an active role in contributing to the conditions of conflict.

*The Angolan Civil War and the "Booty Futures" Variables*

Arriving at our next variable, the relevance of "booty futures," it was found that it did not play a significant role in affecting the duration of conflict in the sixteen case studies. Of the sixteen states analyzed, only four cases revealed that the employment of booty futures acted as a relevant influence in the conflict. Although this variable does not have strong evidence suggesting its overall importance in oil conflicts, it is hard to completely discount the relevance of booty futures in resource wars for two reasons. The first reason is that, although booty futures do not appear to play a significant role in oil-specific resource conflicts, they may prove to be relevant influences in other resource-based conflicts (diamonds, water, timber, etc.), and thus deserve attention and consideration in other areas connected with resource conflict.<sup>69</sup> The second reason why the booty futures variable should not be completely ignored is the fact that it was indeed quite significant in affecting the duration of at least four situations of conflict. Although

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<sup>68</sup> Council on Foreign Relations, 2009

<sup>69</sup> Ross, 2002.

it may not emerge as a common trend or relevant feature for policy-makers, conflict specialists, and other practitioners to have high on their radar, it is a worthwhile area to at least consider when examining any given conflict. Although booty futures played a pertinent role in four of the sixteen case studies, it is not enough to support the notion that this variable has widely applied effects on conflict.

As was the case with some of the other variables, developing a systematic way of testing for the presence of “booty futures” was difficult. Because booty futures are a considerably taboo and negatively perceived economic tactic, and due to the lack of transparency and accurate systems of data collection within many of the conflict states included in the data set, accessing the types of information capable of highlighting the existence of booty futures was very difficult, and in many cases, perhaps even non-existent. Regardless of the difficulty in uncovering a consistent and applicable data source for the cross-case analysis, research revealed some situations where booty futures indeed played a role in affecting the duration of states’ civil wars. Using the Angolan conflict as a particularly relevant case study, the following description will use collected data on that state’s government oil trade as a prime example of how the booty futures variable can influence situations of conflict.

The Angolan civil war is one of the richest examples of conflicts affected by natural resource wealth. Experiencing three major conflicts since the 1960s, Angola provides a classic case study of how natural resource control and extraction serves to lengthen conflicts as a means of providing valuable and consistent financing to armed

groups. Interestingly, the Angolan case includes groups dependent both on diamond resources, as well as oil resources.

During the Cold War, Angola was the battleground of an international proxy war, which pitted the two world superpowers against each other. In the epic quest to claim support and influence throughout the Third World, the Soviet Union and United States were confronted with opposing interests in Angola. The United States chose to support the anti-Communist, Western friendly group, National Front of Angola (FNLA)/National Union for the Total Independence of Angola (UNITA),<sup>70</sup> while the Soviets devoted their support to their ideological match, the communist leaning Populist Movement for the Liberation of Angola (MPLA). Providing arms, money, and resources, the two superpowers more or less served as financiers for the bloody civil war.<sup>71</sup> Following the decline of Cold War sponsorship in the 1980s, each group was forced to find alternative funding, and soon found it in the state's abundant natural resource reserves.

Operating as the more belligerent group, MPLA mainly operated and flourished in fringe areas of the countryside. This led to their procurement and control of the country's many richly endowed diamond fields. In typical "blood diamond" fashion, the MPLA rebel group became wealthy and capable of continuing operations due to the revenue

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<sup>70</sup> For the purposes of this study, FNLA and UNITA will be considered as a common group. Although the groups were distinct, in most situations they worked together, one forming from the other. The groups did at some points of the civil war fight against each other, the significant factor is that they fought in opposition of the MPLA, were both sponsored by the United States. For the sake of convenience, UNITA will be acknowledged as the primary group.

<sup>71</sup> John Prados, *Safe for Democracy The Secret Wars of the CIA* (Chicago: Ivan R. Dee, 2006).

gleaned from diamond sales. On the other hand, because UNITA was in support of the acting government, and because the government controlled the oil industry, UNITA was largely funded by the rents derived from Angola's national oil trade.<sup>72</sup> Because the two sides were financed in similar ways - through the extraction and sale of natural resources - neither side ever made significant gains against the other, resulting in a prolonged and extended conflict, until 1992, when MPLA seized control of an important oil town, Soyo. Able to impede a significant source of their opponent's financial support through the Soyo oil hub, the MPLA took a significant advantage over UNITA. Realizing their reliance on oil rents to finance their armed struggle and remain a viable entity, UNITA made a desperate move to make up some financial ground on their MPLA opponents. In three deals, the government-supporting UNITA sold the future rights to Angolan diamond mines and, specific to this study, future oil rights. In terms of diamond booty futures, UNITA made a deal with IDAS, a private military/security firm, stipulating that if the contractors could wrest control of the diamond mines away from MPLA (and thus remove their financing tool), IDAS would be rewarded with a cut of the future rents generated by those diamond mines. In another diamond booty futures deal, UNITA sold the international diamond conglomerate, DeBeers, the rights to offshore mining rights for

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<sup>72</sup> As described, the Angolan case study also provides exemplary evidence of how natural resources may be looted and used to fund armed groups (another variable included in this study). Also of note, this case study provides interesting evidence of how the location of natural resources can help determine conflict situations. Because UNITA was funded by oil rents, largely in the form of off-shore sources, the violence and insecurity rampant throughout Angolan lands which affected the flow of diamond revenues (and therefore the viability of MPLA) did not affect UNITA's financial support. Other scholars speak further on the relevance of geography and location in shaping resource conflicts.

\$17 million. Furthermore, and of significance to this study of oil, UNITA was significantly enriched through a reported booty futures deal. Supposedly gaining \$3.5 billion for the 7 year future rights to an off-shore oil field block, UNITA once again had its needed financing. Much of the \$3.5 billion booty futures pay-out was put towards buying military equipment.<sup>73</sup> This change of fortunes for UNITA made up for their losses in Soyo at the hands of the MPLA, and evened the capacity levels of each armed side. It may be argued that because of the booty futures pay-out, UNITA avoided looming defeat and an end to the civil war with the MPLA as the victors. Instead of UNITA running out of financial resources and thus losing, the booty futures contributed to the further viability of the government-sponsored armed group, resulting in the civil war's duration extended by another seven years. In an unrelated conflict in the province of Cabinda, separatist fighters have managed to seize some oil and gas production capacities, and announced the, "commencement of oil and gas lease operations in the territory secured by the Cabinda Defense Force."<sup>74</sup> In selling the rights to the seized oil and gas facilities, the separatist movement will be able to financially benefit and sustain their fighting efforts. By selling the future rights to the state's oil fields, Angola's civil war was lengthened in a prime example of how booty futures can significantly impact conditions of conflict.

In a final note on booty futures, although the sixteen case study analysis failed to reveal a strong presence of booty futures use as a method oil influence in conflict, the

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<sup>73</sup> Ross, 2005

<sup>74</sup> AfrolNews, 2008



variable is on the radar of international organizations seeking to resolve and limit situations of conflict. More in a response to booty futures in other natural resources (diamonds, minerals, etc.), the United Nations Security Council has issued various decrees and resolutions seeking to eliminate the sale and thus the conflict relevance of booty futures in specific states like Sierra Leone, Democratic Republic of Congo and Liberia.

## CHAPTER VI

## AN OIL INFLUENCE IN INTERSTATE WARS?

Many of the academics examining the conditions and circumstances of “resource conflict” concern themselves with the instances of *intrastate* wars and conflicts. Using data sets comprised of civil wars, a majority of the academic literature draws connections between a singular country’s natural resource abundance and its consequent higher propensity to fall into conflict within its own borders. Largely left out of the natural resource conflict discussion is the affect natural resources may play in *interstate* conflicts. Supposing that a natural resource, whether it be diamonds, timber, water, oil or gas, has the ability to influence the onset and duration of intrastate conflicts, can the same argument be made for interstate conflicts? Extending the resource conflict concept to data sets and case studies of interstate conflict, in addition to the more extensive research collected on intrastate conflict, a new and valuable dimension of natural resources may be conceived.

In analyzing the motivations and reasons explaining the link between natural resources and conflict, many researchers have argued a “greed” or “grievance” theory.<sup>75</sup> In the “grievance” scenario, the theory argues that rebels groups will organize and fight as a result of their unmet grievances. Most of theses grievances are directed at the governing body of a particular state, and in the case of resource based conflicts, the

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<sup>75</sup> Collier and Hoeffler, 2004.

grievances tend to revolve around the general population's access (or lack thereof) to any accrued benefits (usually monetary benefits) of natural resource extraction and sale.

With the extension of the resource conflict theory in explanations of interstate conflict, the grievance premise would not necessarily be applicable as the conflict would be between two states with two separate governing bodies. It would be unlikely that the citizenry of one state would aggress against the governing body of another state - a governing body which would seemingly have no responsibility to serve, protect, or dispense resource rents to the aggrieved foreign nationals. In this way, the "greed" theory appears to be the likely motivation for actors of different states to be impelled to engage in war or conflict over natural resource interests.

As an introduction to this area of study, this section will briefly examine the possible role that oil and gas have in influencing the instance of interstate conflict.<sup>76</sup> The main hypothesis driving this examination is the idea that, if natural resources, specifically oil, have the ability to influence the onset, duration, and characteristics of conflict in the realm of intrastate wars, it should also have an effect and influence in shaping the nature of some interstate wars. If for instance a rebel group, secessionist group, or other such sub-national entity should be economically tempted to engage in conflict with the presiding controller of a state's oil operations (and therefore oil rents), why would a state

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<sup>76</sup> As is the case for intrastate conflicts, several types of natural resources have been theorized as having a role in influencing the onset and duration of conflict. Diamonds, timber, water, minerals, etc. all have the potential to influence the existence of conflict, but this study is concerned with the particular role of oil in conflict. Furthermore, there have been some hypothesized connections between the diamond trade and its ability to influence interstate conflict through rebel financing through "neighboring" theories of conflict (ie: conflict connections between neighboring states of Liberia and Sierra Leone, or South Africa and Zimbabwe).

not be tempted to gain control of another state's oil resources if the war "prize" is the promise of increased oil supplies and its resulting rents. It is argued that the economic incentive for a belligerent group operating in a national context, on the most basic level, is the same incentive for a belligerent state operating in an international context.

A further extension of the "greed" theory driving the relevance of oil in interstate conflicts, is the notion that a state's national security is now intricately linked to its energy security. In this argument, it is hypothesized that a state, in the interest of its national security, may be incentivized to exert its influence over other states linked to the oil trade. This "influence" may consist of any realm of coercive measures, geopolitical manipulations, clandestine operations, economic posturing, or active military engagement and declaration of war leading to interstate conflict. The states "linked to the oil trade" may consist of states with active oil production operations, proven oil reserves, oil refinery capabilities, or even may depend on their geographic location and proximity to hydrocarbon pipelines, and water or land oil transit routes. Ultimately, the state must hold some capacity for determining the production, distribution, and access of foreign states to oil supplies. If in fact access to oil and gas (ie: energy sources) is an integral element of a state's national security strategy, it may be likely that in an environment of oil scarcity and lack of access, a state may be impelled to take military and violent action against a state that may be contributing to that scarcity and lack of access as a matter of "national security."

There is no question that both major oil producers and oil consumers have engaged in interstate conflict within the past sixty years<sup>77</sup> and it is not the purpose of this study to argue that *all* instances of interstate conflict were connected or directly resulting from states' oil interests. It is intended only to suggest the possibility of evidence pointing to the *partial* role oil may have played in *some* interstate conflicts. There exist many theorized reasons why a state may engage in war with another state, particularly in the Cold War context (of which a majority of the post-WWII history lies in).<sup>78</sup> Can a state's interest in securing and controlling natural resources, specifically the economically and strategically valuable oil resource, be added to the list of those theorized reasons, even if it is only one reason out of many impelling state's decision to engage in war?

*Did They Do It for Oil?*

Considering the conditions of foreign relations and conflict histories of various oil producers and consumers, several examples of the oil variable shaping and influencing interstate conflict have been theorized upon. In general, the conflicts in which oil interests plays a significant role in shaping the specifications, motivations, and outcomes of the conflict are expected to fall into two separate categories: conflicts between border states disputing who controls and owns sub-surface oil reserves; and conflicts between states disputing access of a consuming nation to a producing nation's oil reserves.

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<sup>77</sup> The distinction of "sixty years" is used because this was about the amount of time past the end of WWII. WWI saw the beginning of oil relevance, and WWII saw a significant increase in nations' reliance on oil as their principle energy source.

<sup>78</sup> S. Van Evera (1999), M. Finnemore (2003), R.J. Art (1971)

Conflicts proposed for future study on oil-related interstate wars include: the Iraqi invasion of Kuwait in the early 1990s; disputes along the border of Colombia and Venezuela; maritime border disputes between Cameroon and Equatorial Guinea located in the oil-rich Gulf of Guinea; the war between Iraq and Iran in the 1980s; the 2008 war between Georgia and Russia; the United States' invasion of Iraq (Gulf War I and II); and the United States' intervention in various oil-rich developing countries throughout the Cold War (Indonesia, Angola, Iran, etc.).<sup>79</sup> More insight into these interstate conflicts and others involving oil-rich states may serve to uncover and promote a new area of resource conflict.

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<sup>79</sup> See Appendix B for a map highlighting the major oil fields, or “giants” (“giants” are what particularly large and high volume producing oil fields are often referred to as). The map is was designed by researchers P. Mann, M.K. Horn, and I. Cross through the University of Texas at Austin’s Jackson School of Geosciences. <

## CHAPTER VII

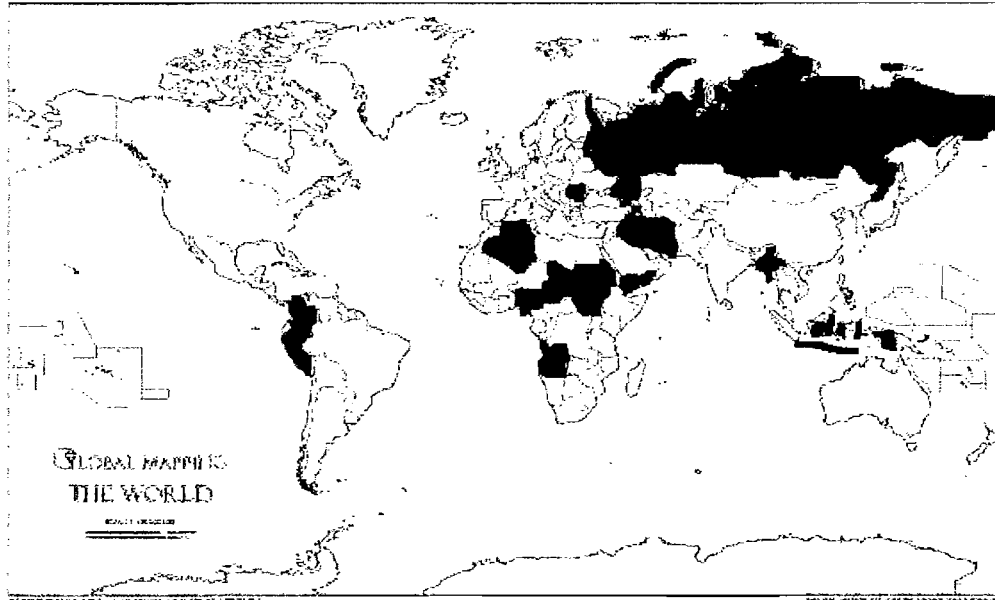
### CONCLUSION

From the time oil was drilled from the ground and invented as a new form of energy, its strategic worth as a valuable natural resource has become evident. Holding political, economic, environmental, and social clout, it seems that the oil natural resource also holds significant influence in the realm of conflict and security. Positioning this paper in the resource curse realm of academic study, I have supported the arguments that oil has an influence in conditioning the onset and duration of conflict, and indeed is a natural resource capable of causing a “curse” on its host state. Upon the examination of sixteen examples of states which have experienced both civil war and oil extraction, it has become apparent that elements of greed and grievances over oil play a role in causing the outbreak of conflict, and affecting the length of said conflict. This study’s results assert support for the notions that: (1) when oil acts as a primary commodity export and significant contributor to states’ budget revenue, the likelihood of civil war will heighten; (2) when oil industries correspond with regional poverty, unemployment, inequities, and environmental degradation, citizen grievances will likely induce civil conflict; (3) when governments are corrupt, clientelistic, authoritarian, and repressive, the likelihood of conflict is raised; (4) perhaps unlike other natural resources, oil is not commonly looted for support of rebel groups, but oil rents are often used to bolster state militaries in such a way that contributes to the lengthening of conflict, and; (5) “booty futures” however

salient they are in other situations of resource conflicts, are not as salient in oil civil wars. Through this cross-case analysis, I hope that the findings uncovered in this study prove to contribute valuable insights into the realm of resource conflicts. Validating some past research, and providing areas of study for future research, I hope that this study proves to be a beneficial contribution to the further understanding of such an important area study - resource conflict.

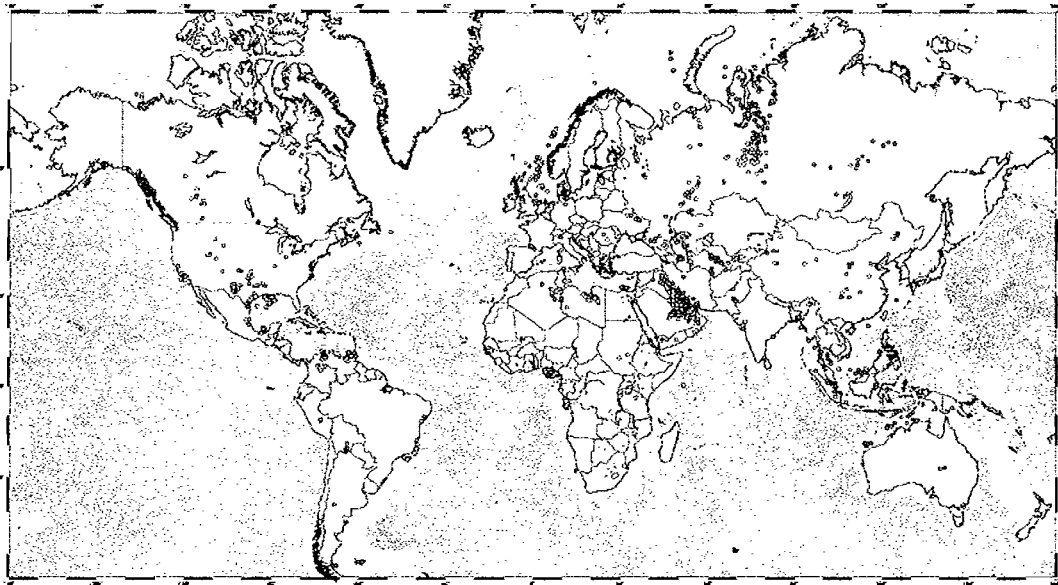


APPENDIX A  
MAP OF CASE STUDY STATES



States include: Algeria, Angola, Azerbaijan, Burma/Myanmar, Chad, Colombia, Georgia, Indonesia, Iran, Iraq, Nigeria, Peru, Romania, Russia, Sudan, Yemen.

APPENDIX B  
MAP OF GAS AND OIL "GIANTS"



This map depicts the known oil and gas "giant" fields in the world. Note the clustering of oil fields (represented by the dots) along state borders.

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