

Nature's blessing or nature's curse: the political economy of transition in resource-based economies

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Abstract

The 15 newly independent states that emerged from the breakdown of the Soviet Union are now celebrating their 10th anniversary of independence. This paper looks back over the first decade and draws some lessons from the experience made to date. It focuses on the energy-rich states of the Commonwealth of Independent States (CIS), namely Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan (AKTU for short) and contrasts their development to that in the resource-poor countries at the CIS periphery.

The main argument of the paper is that far from being a blessing that would have allowed resource-rich countries to cushion the impact of reforms and thus make faster progress, resource rents have often been wasted or appropriated by the ruling elites. Progress in key structural reforms has in some cases lagged even behind other CIS countries and significant policy challenges need to be addressed if natural resource wealth is not to turn into a curse for the region.