

## **An Interview with Dr. Pauline Jones Luong:**

### **Empirical Puzzles in International Relations**

By Jennifer Good

On Tuesday, November 23<sup>rd</sup> at the Marian Minor Cook Athenaeum, Dr. Pauline Jones Luong, in her speech entitled, *The Myth of the Resource Curse*, countered the false assumptions underlying the research curse by arguing that poor ownership structures cause the economic, political, and social problems associated with natural resources, not the resources themselves. Dr. Pauline Jones Luong is an Associate Professor in the Department of Political Science at Brown University. Her most recent book, and the source for her speech at the Athenaeum, is *Oil is Not a Curse: Ownership Structure and Institutions in Soviet Successor States*. Her other books include *The Transformation of Central Asia: States and Societies from Soviet Rule to Independence* and *Institutional Change and Political Continuity in Post-Soviet Central Asia*. Dr. Luong has also published articles in many journals, including *American Political Science Review*, *Comparative Political Studies*, and *Foreign Affairs*.

### **Languages, Central Asia, and Radical Political Islam**

#### **Q – What advice do you have for International Relations majors?**

A– First and foremost, you have to master a foreign language. You can't be serious about studying international relations without knowing a foreign language. Second, rather than studying theory and only getting a general sense of how international relations works, master a country or area of a world. That is a very good vantage point to speak to policy makers and to understand how international relations really works.

#### **Q- What language did you learn and what is your focus?**

A– My focus is the former Soviet Union, primarily Central Asia. I speak Russian and Uzbek. I also took Turkish because everyone told me that Uzbek was totally intelligible if you knew Turkish - which totally isn't true. It did help me in terms of getting the grammar down though.

#### **Q – What are the most crucial issues in Central Asia today?**

A – Central Asia is at the nexus of the three main foreign policy issues the US is facing. First is the rise of political Islam. Central Asia borders Afghanistan but also harbors indigenous radical movements. Second, it also has personal-style dictatorships. Third, states are dominating economic development. Central Asia is a challenge for the US both for security reasons and also because the US is and should be worried about its ability to foster its own models of political and economic development.

**Q – How much of the Radical Political Islamist movements in Central Asia are imported and how much are indigenous?**

A – You cannot just create something out of nothing. If Radical International Political Islamists came to Central Asia and there was no basis, they'd probably be an abject failure. My definition of radical political Islam is someone who wants to impose Sharia law as the only basis of legal and political institutions. In that form, radical political Islam has been in Central Asia since the 14<sup>th</sup> century. The international radicals are bringing in more sophisticated ideology and much more sophisticated weaponry.

## **The Resource Curse**

**Q- How did you get interested in the resource curse?**

A – Most of my work is driven by empirical puzzles where our existing knowledge tells us that something that we know is otherwise, where conventional wisdom is not based on theory. In the mid 1990s, I was hanging out in Kazakhstan and Uzbekistan, and I notice that in Uzbekistan oil companies hang out for 4 years and there's no hope of a contract but in Kazakhstan the oil companies come in and it is like red carpet. I noticed that the way they were developing their oil resources was really different. I started with the question of why are there these variations in ownership structure. There was no explanation in the literature because the assumption was that oil would be state owned. I looked at other petroleum rich countries and found out that they were all doing something different. Then, I asked, does it matter? Is oil going to be a curse regardless?

**Q – What are the implications of people misunderstanding the resource curse?**

A- The assumption is that if a country discovers oil, it is doomed to suffer from a host of negative political, social and economic outcomes: poverty, inequality, even civil war. Since the links between oil and these outcomes were unclear, some people have said, "Leave it in the ground. Only ill will come of it." My argument is that how oil is managed determines state institutions, how resources are spent, and their impact on the economy. Get the right ownership structure and you'll reap more benefits than costs. During the period of time from which the bulk of data supporting the resource curse is drawn, the 1960s to late 1980s, state ownership dominated. There is a correlation between state ownership and the resource curse, but the assumption was that oil will be state owned because it is the only way that is just or viable. When you look at 50 different petroleum rich countries around the world, you see that there are actually many types of resource ownership.

**Q – Do you think that state ownership is more just?**

A – I don't subscribe to the view that because a country possesses natural resources it belongs equally to all the people. That notion is part of the normative underpinnings that state ownership

is both necessary and just. When the state owns natural resources, it usually squanders them. When resources are state owned, the state has more of a distributive imperative than extractive imperative. The state is interested in showing the population that it is spending the rents. It does this in ways that are often antithetical to economic development like building lots of national prestige projects like big dams and lots of gold statues. When the resources are privately owned, the state has an extractive imperative. The state is taxing in an explicit manner and publicizing how much they're taxing the owners so the amount of oil money in the budget is very transparent.

**Q – What do you think the future trends will be in ownership structures?**

A – It depends on the international oil company's interest in continuing to explore foreign oil reserves. A lot of the oil reserves that are being tapped now are small; they're not the gulf. The big name oil companies are not necessarily going to be as interested. A lot of what is happening now is that emerging countries, like Brazil, are using their own national oil companies to compete against international oil companies.

**Q – What do you think will be the impact of developing countries using more oil?**

A - We have seen the effect already. China is oil thirsty and willing to go into any country and accept any political deal. The effect is very negative. I think private foreign ownership is good if you have the right investors. China is exactly the wrong type of owner. China is not going to care about global economic development, poverty alleviation, or transparency. I expect this increase in these types of investors to make countries that adopt private foreign ownership do worse. I didn't want to say this is a trend because it is so disappointing. These types of foreign investors will lead to second best outcomes, but it is still better than state ownership with control.