

When Can Oil Economies Be Deemed Sustainable: The Political Economy Of The Oil Curse

The discovery of oil can be a transformative event for a country. It can bring in vast wealth, leading to improved living standards, economic growth, and increased political power. However, the oil curse is a well-known phenomenon in which countries that are heavily dependent on oil revenues often experience economic and political instability, corruption, and conflict.



When Can Oil Economies Be Deemed Sustainable?

(The Political Economy of the Middle East) by Suzuki Tanaka

★★★★★ 5 out of 5

Language : English
File size : 18426 KB
Text-to-Speech : Enabled
Enhanced typesetting : Enabled
Word Wise : Enabled
Print length : 434 pages



There are a number of factors that can contribute to the oil curse. One is the Dutch disease, which occurs when the influx of oil revenues leads to an appreciation of the country's currency, making other sectors of the economy less competitive. This can lead to a decline in manufacturing and agriculture, and an increase in unemployment.

Another factor that can contribute to the oil curse is the lack of transparency and accountability in the oil sector. This can lead to

corruption, as well as the diversion of oil revenues into the hands of a small elite. This can exacerbate inequality and poverty, and can also lead to social unrest.

Finally, the oil curse can be exacerbated by political factors. In some cases, oil revenues can be used to finance authoritarian regimes, which can suppress dissent and stifle political development. In other cases, oil revenues can be used to fund armed conflict, leading to further instability and violence.

Given the challenges associated with the oil curse, it is important to identify the conditions under which oil economies can be deemed sustainable. One important factor is the level of economic diversification. Countries that are able to diversify their economies away from oil are less likely to experience the negative effects of the oil curse.

Another important factor is the level of transparency and accountability in the oil sector. Countries that are able to implement strong governance practices are less likely to experience corruption and the diversion of oil revenues. Finally, the political environment is also important. Countries that are able to establish stable and democratic governments are less likely to experience the negative effects of the oil curse.

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However, there are also a number of steps that can be taken to mitigate these risks. By diversifying their economies, implementing strong governance practices, and establishing stable and democratic governments, countries can avoid the negative effects of the oil curse and achieve sustainable economic development.

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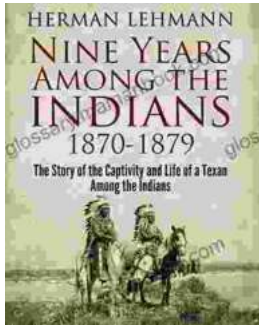
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