



Munich Personal RePEc Archive

Critiques on “Mining and Local Corruption in Africa”

Lema, Bizuayehu

13 October 2017

Online at <https://mpra.ub.uni-muenchen.de/81938/>
MPRA Paper No. 81938, posted 16 Oct 2017 20:29 UTC

Critiques on “Mining and Local Corruption in Africa”

The title of this article is good in its length since it used less than fifteen words. Besides, the researchers’ topic is free of any ambiguity in that it’s quite clear and directional to make the reader easily understand the nature of the research focusing on two issues: “Mining” and ‘local corruption’” (pp-320). The terms used to construct the title are phrased in simple title case approach of titling the research problem. But, the topic of corruption might be obsolete unless the researchers aimed to give specifically untouched part of corruption on mining in Africa to have current importance. Unless, the topic will be questionable on its marketability.

The authors summarized their purpose in abstract that they aimed at investigating whether mining affects local corruption in Africa. They clearly described the participants mentioning that they connected with 92,762 Afro-barometer survey respondents to spatial data on 496 industrial mines. While describing gaps in prior research, they indicated that no evidence of country-level “political resource curses” studies of natural resources shows adverse effects on political institutions by increasing corruption other than cross-country analyses report. It’s stated that prior researches lack well-known endogeneity and “other” methodological issues (pp-320). What are these “other” methodological issues? It would have been better explained precisely. The study employed micro-level data that allowed them to draw stronger inferences in their analytical methodology. Using a difference-in-differences strategy, they summed up the finding that mining increases bribe payments; mining areas turn more corrupt after mines open and local economic activity relates differently to corruption in mining and non-mining areas. The implication of the findings is also undoubtedly put that mining income incentivizes and enables local officials to require more bribes.

In the introduction, prior studies are summarized to lay a foundation for understanding the research problem. The researchers reviewed different studies about the less correlation between abundance/dependence on natural resources and less democratic regime forms and worse governance. It's explained how their study specifically addresses deficiency in the literature in that the prior research on resource dependence–corruption relationship simply reflects corrupt countries have poorly performing industrial sectors and few other exports, and fixed effects models on country-level panel data but fail to identify effects that exist making “Type II errors”. And their core finding is that mining causes local corruption to increase (pp-320-321). However, other than noting the empirical findings, policy contributions and implications of this study are not mentioned in depth.

The related literature part compressively reviewed the conclusions drawn from different previous literatures. The relevant literature reconsidered include on topics of economic and political “resource curses”, natural resource and corruption, using local-level data to draw inferences, mining and corruption: potential mechanisms and threats to inferences, and endogenous resource extraction (pp-321-325). It demonstrated gaps in knowledge of the topic. For example, on the central debate if there are “resources curses”, the authors mentioned literatures focusing on GDP growth and the adverse political and institutional consequences of natural resources. And finds show indications of oil affecting regime type, using cross-country panel data though it remains unclear whether natural resource activities cause autocracy. One can see that the review is conducted from reliable sources. Definition of key terminologies addressed in numerous studies like “resource curse” have been explained as the potential economic and political consequences of natural resources production, dependence, wealth, or reserves (pp-321). Confirming the availability of duplicated researches, the reviewers generalized the local

corruption is not necessarily driven by the same factors as national corruption and the scale of their measure differs beside and result document a local political resource curse. But, the empirical and theoretical literature reviewed lacks logical flow in its organization. It would have been better to narrow enough to eliminate irrelevant information from the research.

The data source particularly the novel, longitudinal data set on large-scale mines, the Raw Materials Database from SNL Metals and Mining (2014) which contains information on past and current industrial mines could possibly be stable and consistent data (pp-325-326). This makes that the research replicable so that the research results can be verified to help in building basis for better decisions and external validity. Ordinal measures are used to measure corruption asking respondents about how many of their local government councilors and within the police force they think are corrupt ranging from 0-3 to make it easy-to-interpret linear models employing ordinal logit or to recoding the indices as dummy variables (pp-326). I found selection of the respondents is logical in that they scientifically took 604 mines who have information on location and opening year in Africa, whereof 496 which matched to Afro-barometer survey clusters, and 426 are within 50 km of ≥ 1 cluster. The researchers employed quantitative methods transforming Afrobarometer and RMD data transformed into numerical measures statistically testing hypothesis using other data sets on alluvial diamonds, a wider set of small-scale and large mines, and onshore oil. What makes their hypothesis good in its characteristics is its being based on observable things since they found strong relationships with local corruption for those measures (pp-326). Main results indicate that active mining areas are associated with more bribe payments based on reports of baseline regression model. In sum, their results indicate that mining increases local corruption although results are less robust for

perception-based measures; the mining-specific supply mechanism contributes to explain why mining increases corruption (pp-330-332). The authors used three table reports namely, table-1: effects of mine openings on corruption: baseline models, table-2: effects of mine openings on corruption: mine fixed effects and table-3: using nighttime lights to explore mechanisms (pp-329-331). Though the research reports discussed are result focused and result oriented, they are not reader-friendly to be read, remembered and acted upon other than scientific researchers.

The researchers repeated the thesis statement that was included in the original introduction at the end of the opening paragraph about the existence of no consensus concerning whether natural resource extraction increases corruption (pp-332). This idea makes the conclusion clearly stated. Besides, they summarized the counterpoint in that numerous literatures contain cross-country regression studies facing endogeneity issues. In addition, mentioning the two contributions of their research providing new evidence of the much-debated causal link between natural resources and corruption, and adding to literatures on local effects of mining and determinants of local-level institutions, the writers made the reader feel that they have achieved their point they wish to make. Lastly, I liked the approach of the authors offering suggestions of how the issues raised by the paper's core ideas might be explored in the future. They have mentioned aspects of the research and related questions that they feel the paper did not address effectively. Specifically, arguments on how mining affects local bureaucratic capacity or political participation could be possibly be investigated with similar designs by future researchers.

Reference

Knutsen, Carl H; Kotsadam Andreas, Olsen Eivind, Wig Tore. "Mining and Local Corruption in Africa", *American Journal of Political Science*, Vol. 61, No. 2, (April 2017), Pp. 320–334