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# **Squaring the Circle? The Resource Curse and Normative/ Security Policy Agendas in the EU's Periphery**

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## **Abstract**

*This paper argues that both the literature and practice of EU external relations are characterised by a surprising inattentiveness to the phenomenon of the resource curse. Despite this lack of attention by both scholars and practitioners however, the EU's external relations with its periphery (including the former Soviet Union) are today targeted towards an arc of countries that can be seen as exhibiting resource curse (and rentieristic) characteristics. Understanding the significance of these phenomena is important as the resource curse and (rentierism more generally) undermines a number of key EU foreign policy agendas in the EU's periphery, most notably in good governance, energy security and stability. This paper seeks to demonstrate how these foreign policy objectives are negatively affected by the resource curse and how greater attention to the resource curse may present a long-term opportunity to reconcile the EU's (sometimes seemingly competing) normative and security objectives.*

## **Introduction**

The notion of a *resource curse* refers to the negative political and economic trends that are seen to accompany the development of natural resources in certain countries (Ross: 2001; Frankel, 2010). The phenomenon is most commonly analysed in terms of the domestic socio-economic development and political trajectory of energy producing states (or lack thereof) (Bojrvatn, Farzanegan & Schneider, 2012; Kaldor *et al*, 2007). The focus of resource curse analysis tends to be directed towards the internal domestic political and economic behaviour of energy and other natural resource producing states. Within, the broader International Relations and International Economics literatures, most evidently in International Development Studies, there exists a well-established corpus of research into the resource curse and its effects on socio-economic development in resource-rich countries (including in many countries in the EU periphery) (Bojrvatn, Farzanegan & Schneider, 2012; Tsalick, 2003; Meissner, 2010; Franke *et al*, 2010; Basedau & Lay; 2009).

However, despite the prevalence of this phenomenon in the EU periphery, the literature on EU foreign policy demonstrates a dearth of studies into the role or importance of the resource curse. Likewise, the EU itself seldom discusses the resource curse in the context of relations with neighbours. The term is not mentioned once in the 2003 European Security Strategy (ESS), nor does it feature in the 2008 Implementation report on the ESS. Likewise, the much discussed Council, Commission and Parliament communication on partnership, democracy and shared prosperity with countries of the Middle East and North Africa (MENA) region that followed the Arab Spring in 2011 does not mention the resource curse. This is particularly surprising given the fact that all of these documents (and many, many more) directly discuss trends and phenomena (such as instability, poor governance) to which the resource curse directly contributes, or at the very least exacerbates (see below).

This lack of a resource curse perspective in EU foreign policy is erroneous. While often disastrous for many of the citizens of countries afflicted by it, the resource curse also presents a profound set of challenges for the European Union. These issues have particular significance given the fact the EU is surrounded by a ring of countries rich in natural resources – most notably oil and natural gas. These include (to differing levels) Algeria, Libya, Egypt, Syria, Azerbaijan, Iran, Turkmenistan, Uzbekistan, Kazakhstan and Russia. It can be argued that many of these countries show symptoms of both the resource curse and rentieristic state structures. It can also be argued that a number of these countries (Russia, Turkmenistan, Egypt for example) have at times pursued various forms of resource nationalistic behaviour, particularly since the mid-2000s (Partlett, 2010). While, this paper focuses on the resource curse, it should be borne in mind that nearly all of the EU's other non-resource rich neighbours suffer from rentieristic or semi-rentieristic politico-economic structures (to which the resource curse is closely related<sup>1</sup>).

The argument forwarded here is that the resource curse (and rentierism more broadly) presents a threat to a number of the EU's foreign policy objectives most notably in good governance, energy security and the broader stability of the periphery. Firstly, the resource curse impacts on the many of the stated good governance and human security objectives of EU foreign policy. High resource rents both encourage poor governance (such as *inter alia* repressive security structures, corruption) and insulate leaders from EU pressure to reform. To give one example, Azerbaijan receives more money in one day from oil revenues than the EU offers in aid in a year (Kobzova &

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<sup>1</sup> For more information on the 'rentier effect' of the resource curse see Ross (2001).

Alieva, 2012, p.5). Secondly, in terms of energy security, the risk of resource nationalism and assertive producer-state behaviour is exacerbated by the resource curse. While the effects of both resource nationalism and the resource curse are well documented independently of one another, the potential for an explicit cyclical interaction between the two is seldom stated and consequently the energy security consequences of the resource curse tend to be downplayed. In reality, as outlined below, the effects of the resource curse provide motivations for producer states to engage in deliberate resource nationalistic behaviour that can have an impact on energy security. Consequently, no real understanding of the risks resource nationalism poses to energy security can be gained without an appreciation of its potential resource curse antecedents. Thirdly, the resource curse produces destabilizing effects that can have serious energy security and broader security implications. In the light of the recent Arab revolutions in North Africa and the Middle East, the impact of the negative political and economic effects of the resource curse cannot be thought of as a domestic issue relevant only to the country in question. Rather, as will be discussed, these issues have a significant impact on state stability, particularly given the fact that the resource curse tends to exacerbate precisely the sort of destabilizing underlying political and economic factors that have given rise to the Arab Spring (corruption, unemployment, repressive state practices etc). As it is impossible to foresee what sort of impact such instability might have or when it is likely to occur, the destabilising tendencies of the resource curse in energy-rich countries need continuous attention from those tasked with ensuring the security of overseas energy supplies.

Identification of the resource curse as a key feature in the landscape of EU external relations raises an additional, more practical, issue in the study and exercise of European Union foreign policy in the EU neighbourhood. As Bailey and Bossuyt (2011, p.4) argue, the literature on EU external relations is often characterised by a normativity-outcomes gap. This 'gap' refers to divergence between perceptions of the EU's role as a norm promoter in world politics and its record of translating these normative objectives into concrete outcomes. Likewise, this debate is closely linked to perceptions of EU foreign policy that see the EU as sacrificing its human rights and democracy promotion objectives in order to pursue material interest-based objectives, most notably in the form of energy security and stability (Szente Goldston, 2012). If however, as this article suggests, the resource curse creates (or at least exacerbates) both the normative and security challenges that the EU faces in its periphery, then addressing the resource curse may be a common way to alleviate the (sometimes competing challenges) mentioned above. While not a panacea, tackling the resource curse head on may therefore represent an opportunity to move beyond the interests – norms debate in studies of EU foreign policy and focus on a range of policies

that can go some way to reconciling the EU's normative and strategic objectives in the praxis of foreign policy implementation.

### **The resource curse**

Before turning to the way that the resource curse impacts on the EU's normative and security agendas, it is necessary to initially outline the characteristics of the resource curse. The debates and discussions that surround the resource curse are animated by a paradox. Why is it the case that significant GDP growth, normally expected to have positive political and economic effects for citizens, does not lead to higher levels of socio-economic development when derived from natural resources such as oil and gas? Answers to this problem tend to focus on the both negative economic and political effects that surround the exploitation of natural resource abundance (Ross, 2001; Tsalick, 2003; Frankel, 2010).

Economically, large inflows of capital from the development of the oil sector are thought to contribute to a phenomenon known as the "Dutch disease" (Frankel, 2010, p.17). As money pours into resource-rich states following the discovery of oil or gas, it causes currency appreciation, raises a state's exchange rate value. Goods produced become consequently more expensive both domestically and internationally, whilst imports become relatively less expensive. This has the negative effect of discouraging the non-extractive economy (particularly export-orientated industries, manufacturing, agriculture etc) whilst at the same time increasing domestic political and economic reliance on the hydrocarbons industry. As the extractive industries are generally capital rather than labour intensive, the job-creating parts of the economy falter and the oil and gas sector, that employs fewer people, continues to grow in importance (Frankel, 2010, p.17; Tsalick, 2003).

Due to these problems in the broader economy, governments of resource-rich states will often cross subsidise businesses that are outside of the extractive sector in an attempt to boost the national economy and create jobs. Yet due to high levels of corruption and clientelistic practices, this subsidisation is frequently politically apportioned to powerful business and regional elites on whom the state elite depend for political support. This cross-subsidisation is often awarded on the basis of patronage rather than commercial viability and so it can have the effect of rewarding inefficiency. State elites are very reluctant to stop or reduce it however, as they are politically dependent on the support it generates (Tsalick, 2003; Robinson, Torvik & Verdier, 2006).

The negative effects of the resource curse are not limited to the economy however. The resource curse can be argued to be closely related to the much broader trend of rentierism (Ross, 1999,

p.312; Franke, Gawrich & Alakbarov, 2009). Rentierism refers to the tendency of elites in closed political and economic systems to be able to capture excess profits (rents) from highly profitable and easily controlled industries (minerals, hydrocarbons, tourism etc) and then, once captured, use these rents to pay-off supporters and to repress detractors. Rentierism generally, and the resource curse specifically, have significant detrimental consequences in terms of political pluralism and personal freedoms. As has been well-documented, oil and gas producing countries tend to have higher levels of political repression, corruption and authoritarianism and lower levels of democratic pluralism than most states (Friedman, 2006). These trends appear to become more pronounced as the percentage of state revenues derived from natural resource exports increases. States that do not rely on taxes from their citizens have less need to take their opinions into account (Franke, Gawrich & Alakbarov, 2009, p.112). This is a reversal of the age-old adage “no taxation without representation”. In resource-rich countries, rentier state elites feel little need to take the general will of the population into account when they have an abundant source of easily controllable income that bypasses the citizenry (Franke, Gawrich & Alakbarov, 2009, p.112).

In addition, the high levels of resource wealth permit states to quell dissent and maintain political support through elite patronage, generous state spending programmes (often only to select groups) and large repressive state apparatuses. While elite patronage is common to most rentieristic resource-rich states, generous state spending is more common in states with low population to resource wealth ratios whilst repressive tactics are more common in those states with smaller resource streams and higher populations (Ross, 2001). When combined with poor socio-economic prospects and high corruption, these repressive measures can, however, have the effect of inciting the very dissent and domestic instability they are designed to quell.

The economic and political aspects of the resource curse are mutually reinforcing (Franke, Gawrich & Alakbarov, 2009). As the economy becomes more and more concentrated on high inward financial flows from the resources sector, the government has less incentive to take the opinions of its citizens into account. However, at the same time, as the economy becomes more dependent on hydrocarbons and the effects of the Dutch disease augment, the prospects for dissatisfaction with the economic and political system increase. In these circumstances the ability to control dissent through elite patronage, generous spending programmes and repressive apparatus becomes all the more crucial for leaders. Yet these mechanisms of state control are highly dependent on ensuring continued adequate flows of capital from the extractive sector to meet these spending

requirements. It is in this sense, that the politico-economic effects of the resource curse heighten elite dependence on the petroleum sector.

### The resource curse: Cause or exacerbating factor?

There is some debate in academic circles concerning the extent to which and how the resource curse actually impacts on political and socio-economic development levels (Kenny, 2010; Haber & Menaldo, 2011; Anderson & Ross 2011). In general all participants in this debate accept there is a correlation between resource dependency and authoritarianism, they tend to disagree however on whether resource dependency is a causal factor in trends towards authoritarianism and poor economic performance. Kenny (2010) argues for example that it is poor government that contribute to dependence on resources (i.e. inefficient state managers will rely on resources rather than diversify their economies). He argues, "Once you look at the evidence more carefully, the usual argument is turned on its head. Countries that rely on natural resources for a large part of their output are indeed cursed - by poor quality government and an institutional environment that stifles the growth of manufacturing and services". Likewise, Haber & Menaldo (2011) argue that the resource curse may be dependent, not on levels of resource dependency, but rather on the quality of regime types (p.1). They also argue that much of the resource curse literature focuses on a counterfactual: that "the discovery, production, and ex-port of natural resources is hypothesized to distort a country's regime type, putting it on a different path of political development than it would otherwise have followed" (2011, p.2). Of course, it is highly likely that a countries regime type affects its use of natural resources, as is it the case that some states today that possess resource wealth and low levels of democracy may well have been authoritarian without ever having had natural resources<sup>2</sup>. The relationship between resource dependency and poor governance is highly likely to be cyclical, co-constituted and mutually reinforcing, much like the relationship between free(r) economic systems and democracy (Hayek, 1946). The point is however, there is a correlation between the presence of significant natural resource wealth and the poor governance. Whether high levels of resources are an exacerbating or causal factor in poor governance is not important from the purposes here, in that either causal or exacerbating, the resource curse impacts on the promotion of the three EU foreign policy agendas discussed in this paper.

### **The resource curse and the EU's normative agenda**

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<sup>2</sup> There are of course dozens of examples of authoritarian states that do not possess natural resource wealth. There are very few that do not exhibit rentieristic state structures however.

While much debate exists about the extent to which the EU is and should be a normative power (Manners, 2002; Bicci, 2006; Hyde-Price, 2006), it is certainly the case that the EU (at the very least rhetorically) promotes a particular normative agenda in its foreign policy. The European Security Strategy (ESS) (2003b, p.10) for example stresses that “spreading good governance, supporting social and political reform, dealing with corruption and abuse of power, establishing the rule of law and protecting human rights are the best means of strengthening the international order”. Likewise, the Implementation Report of the ESS (2008, p.2) talks of “a distinctive European approach to foreign and security policy” and argues that the EU works “to build human security, by reducing poverty and inequality, promoting good governance and human rights, assisting development, and addressing the root causes of conflict and insecurity”. The Central Asia Strategy (2007), targeted towards large hydrocarbon producers such as Kazakhstan and Turkmenistan, the talks of the need to promote good governance, democracy and the rule of law and the EU’s intention to “pursue its objectives of ensuring the promotion and protection of human rights throughout the world” (p.9). Documents on the European Neighbourhood Policy (EC, 2003a, p.4; 2012a, p.3) and the Eastern Partnership (EC, 2008, p.6) similarly emphasize the normative characteristics of EU external relations.

However, as the discussion surrounding the resource curse above demonstrates, these normative objectives of good governance, dealing with corruption, political and social reform and human rights protection are all undermined by the effects of the resource curse (and rentierism more generally). As highlighted above, the mutually reinforcing characteristics of the resource curse concentrate power in the hands of elites, reduce incentives to pursue meaningful social and political transition and provide elites with the resources to buy off influential figures through patronage and/or repress others through powerful repressive security apparatuses. All of these features directly undermine the sort of political, economic and social progress that the EU purports to foster via its external relations.

### **The resource curse- resource nationalism nexus: The EU’s energy security agenda**

One of the key energy security challenges afforded considerable tract by the European Commission and member states concerns the countering resource nationalism and ensuring investment stability in energy producing (and transit) countries. Former Commissioner for External Relations Benita Ferrero Waldner argued in 2008 that resource nationalism and state interference was “growing” in oil and gas producing countries. Likewise, former High Representative for Foreign and Security policy Javier Solana noted (also in 2008) that “by 2020, world energy markets will be tighter,

leading to more political tensions” (2008, p.1). This he asserted meant that “the power of resource-holders is set to increase” (2008, p.1). The 2006 joint Commission-CFSP High Representative paper on energy security spends considerable time outlining the risks of market instability, state interference and the need for transparent non-discriminatory investment policies in producing countries (European Commission-HRCFSP, 2006, p.2).

While the effects of both resource nationalism and the resource curse are well documented independently of one another, the potential for an explicit cyclical interaction between the two is seldom stated and consequently the energy security consequences of the resource curse tend to be downplayed. In reality, as outlined below, the effects of the resource curse provide a strong motivation for producer states to engage in deliberate resource nationalistic behaviour. Consequently, no real understanding of the energy security risks of resource nationalism can be gained without looking at how it can be exacerbated by the resource curse. Before outlining this connection however, it is necessary to briefly set out in detail what is meant by resource nationalism and how it affects energy security.

*Resource nationalism* refers to efforts by resource-rich countries to increase their control over (and the benefits from) natural resource exploitation by limiting the role of international companies and other states in the energy sector (Bremmer & Johnston, 2009; Stevens, 2008; Vivoda, 2009). These kind of actions range from soft resource nationalism that involves tweaking fiscal arrangements to get a bigger tax share for the state, to outright expropriation and nationalisation of foreign-owned companies – so-called “revolutionary resource nationalism” (Bremmer & Johnston, 2009, p.150-152). Resource nationalism is often thought to come in waves reflecting the broader cyclical balance of power between producing states and foreign companies, a balance that it is itself related to the fluctuating price of oil.

Wilson’s famous ‘petro-political cycle’ (PPC) model describes these trends (Wilson, 1986). The PPC model argues that the politicisation of oil markets is a result of oil prices. Because oil is of such strategic and economic importance to both producers and consumers, instances of boom or bust in the oil market are likely to be widely politicised. At times of higher prices, producing states become less dependent on foreign companies as they have both more available capital and can buy in certain technologies which they would normally rely on foreign companies to provide. Under these circumstances, and given the high sunk costs for foreign firms, producer states have a strong position from which to renegotiate contracts or ownership structures in the oil and gas sector.

Apart from the risk to the financial health of international oil companies and the states that depend on them, resource nationalism also presents an energy security risk due to reduced efficiency and reduced investment capacity. National Oil Companies (NOCs), who are the usual beneficiaries of resource nationalism, are often unwilling to commit adequate investment into future supplies due to depletion policies that view oil in the ground as 'worth more than money in the bank' (due to expected price rises) and are unable to invest as many producer governments are not forthcoming with sufficient investment funds (Stevens, 2008). Likewise, generally higher levels of inefficiency and opaque business practices amongst NOCs exacerbate this risk by restricting the ability NOCs to attract financing from international capital markets.

If national companies, such as Gazprom for example, do not make these necessary investments or do not permit international oil companies to do so, then there is an increased chance of international energy demand outstripping supply with price rises, supply disruptions and generally weaker energy security for those (such as the states of the EU) who are dependent on these supplies.

While the connection between them is rarely stated, the resource curse and resource nationalism are inherently interrelated. The key concept here is elite autonomy. High influxes of wealth from hydrocarbons tend to increase governments' autonomy from both their citizenry and other international actors such as Western countries and foreign oil firms. However elites can only ever gain a certain degree of autonomy from the citizens over whom they rule. The negative effects of the resource curse, both economic (weakened non-petroleum sector) and political (stability through patronage and heightened repression) increase the dependence of authoritarian producer state elites on the hydrocarbon sector in order to maintain autonomy and ensure their political and economic survival. This over-reliance itself increases the propensity for states to engage in resource nationalistic behaviour because both the costs of not doing so and the rewards expected are higher the greater elites' dependence on hydrocarbon income wealth. In turn however, resource nationalistic behaviour increases the producer government's shares of hydrocarbon rents and in turn further contributes to the resource curse effects.

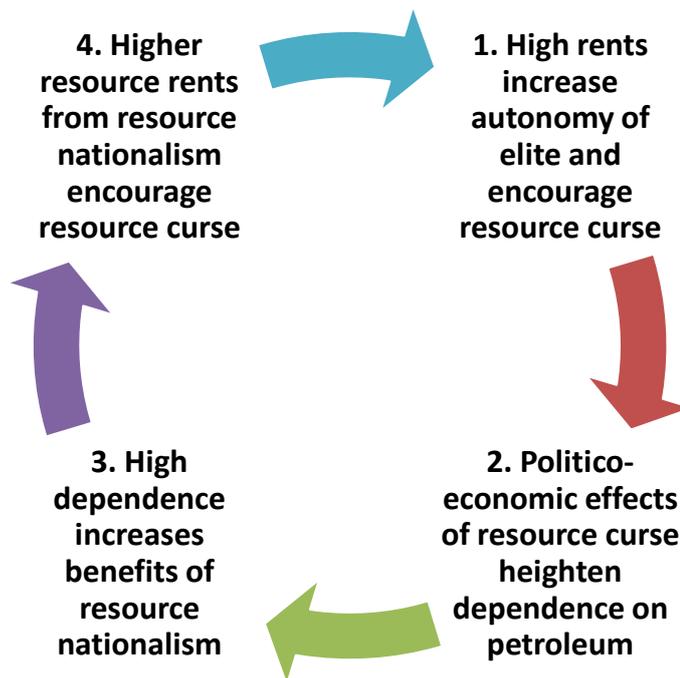


Figure one: The resource curse – resource nationalism cycle

This cycle is underpinned by perceptions of legitimacy in resource-rich countries. Most countries that exhibit resource curse traits do not possess liberal-democratic institutions. As such, leaders of these countries do not derive their legitimacy from popular elections, but rather primarily through economic success at home and relations with foreign leaders and international institutions overseas. The resource curse undermines both of these sources of legitimacy as the negative economic effects challenge the government’s ability to deliver economic progress and the anti-democratic political tendencies created by the resource curse draw in negative comments and international sanction from other states and multilateral organisations internationally.

However, in many resource-rich countries, populations exhibit a strong feeling that Western companies receive too large a share of the country’s resource wealth (Blas, 2012). Often these ideas are tied up with perceptions of former colonial powers and/or geo-strategic rivals. Local populations can also frequently have unrealistic expectations concerning the role of large multinational companies leading to both local and national tensions between foreign companies and populations (Haglund, 2011, p.23). This means that resource nationalistic behaviour that targets companies has the potential, in these circumstances, to boost the legitimacy of leaders whilst at the same time providing them with more resources to off-set the negative economic and political effects of the resource curse. Just as the resource curse can undermine leaders' legitimacy

so too can resource nationalism serve to provide leaders with an opportunity to bolster their eroded legitimacy, at least in the short term.

Given the potential for the resource curse to encourage resource nationalism, the effects of the resource curse have the potential to undermine a substantial part of the EU's energy security agenda in its periphery. The propensity for the resource curse to increase elite reliance on natural resources, the benefits that therefore accrue to elites from increasing control over resources and the prospect of making up for legitimacy deficits caused by the resource curse all make resource nationalistic behaviour more likely, particularly at times of high commodity prices.

### **The resource curse and the EU's quest for a stable periphery**

Ensuring a stable ring of countries in the EU periphery is one of the key challenges of European foreign policy – both for energy supplies (Solana, 2008; EC, 2008, p.5) and in terms of security more broadly (EC, 2003b; 2012a, p.2). Firstly in terms of energy, as Fraser and Bomford argue (2012), micro level in-country developments are intrinsically linked to the macro level of global energy supplies. Major disruptions in oil producing states, large-scale instability and revolutionary uprisings, such as those seen recently in Libya and Syria, all threaten to restrict the flow of specific energy exports and place a security margin on all barrels of oil internationally. However the EU's desire for a stable periphery goes far beyond energy security. The 2008 implementation report of the ESS argues that “the world around us [the EU] is changing fast, with evolving threats and shifting powers” and that Europe “must do more to shape events” (2008, p.12.). In the same implementation report, the EU's eastern periphery is presented as being a source of instability that threatens European security (2008, p.10). Likewise, the Southern Mediterranean is considered to pose risks of instability deriving from insufficient political reform and illegal immigration (2008, p.7). The Arab Spring has perhaps demonstrated most clearly the fragility of stability in the European periphery and events in the MENA region continue to present significant security challenges for Europe and (especially for) the local populations affected by unrest and violence.

It would of course be an exaggeration to suggest that the Arab Spring was *caused by* the resource curse, not least because not all of the countries that have seen unrest are rich in natural resources. Multiple factors, economic, political and cultural combined in 2011 to ferment the ouster of incumbent leaders across North Africa and the Middle East. However, it certainly is the case that many of the forms of dissatisfaction and grievance that led to the demise of the likes of Gaddafi, Mubarak and Ben Ali are certainly exacerbated by the resource curse and rentierism.

The countries that have experienced revolution in North Africa and the Middle East were, prior to upheaval, characterised by a form of negative stability. This fooled many into thinking they were stable for the long term. However, rather than possessing the institutional democratic release valves that allow populations to vent frustrations and appoint alternative leaders, these countries relied on palliative measures, such as the patronage networks and repressive state apparatus discussed above, to maintain stability. This kind of negative stability has the uncanny characteristic of seeming like genuine stability on the surface (which is why so few predicted the Arab Spring). However, as the institutional mechanisms for expressing dissent are non-existent or largely cosmetic, like in Libya, the transition from 'stability' to revolution can be very quick indeed with precipitant detrimental effects for security.

Furthermore, the resource curse is not limited to the Middle East and North Africa. It is also present in other countries on which EU states rely, including several countries across the former Soviet Union. A number of these states exhibit various degrees of negative stability similar to those seen in North Africa and the Middle East. Many of the effects of the resource curse are present in Russia, for example, and perhaps even more so in countries such as Turkmenistan from where the EU hopes to source substantial gas resources in the near future. This is not to claim that revolution is likely in Russia or Turkmenistan in the short term, there are also many differences between the states and those that have seen upheaval during the Arab Spring. However, the effects of rentierism and the resource curse can have a corrosive effect on all states and the way in which these trends play out in practice is very hard to predict.

### **The resource curse in the study and conduct of EU foreign policy**

Both the literature and the conduct of European external relations demonstrate a surprising lack of attention to the resource curse. To be clear, the EU does pursue certain policies that tackle aspects of the resource curse – mostly relating to transparency in the natural resources sector. The Extractive Industries Transparency Initiative (EITI) that requires natural resource producing countries and companies to publish what they pay and receive from their natural resources sector is supported by the EU in countries such as Azerbaijan, Ghana and Liberia (*inter alia*) (EC, 2012). Likewise, the new transparency and accounting directives proposed by the European Commission would compel EU-listed companies to report their payments to foreign governments on a country by country and project basis (EC, 2011; Hayman, 2012). However, while these are important measures, they only address one aspect of the resource curse and are not targeted in particular (at least not systematically) to the countries in the EU periphery.

Arguably, the literature on EU external relations demonstrates an even greater dearth of attention to the resource curse. There are a number of possible reasons for this. Firstly, as Ross (1999) argues the literatures on the resource curse can be divided into economic and political accounts that tend to speak past one another. The discussion of the resource curse highlighted above only scratches the surface of this complex and multifaceted topic. This makes the literature difficult to summarise and incorporate into studies of EU external relations. Secondly, the resource curse is often overshadowed by its consequences (or the trends to which it contributes) corruption, authoritarianism, human rights issues all feature in the literature on EU foreign policy (and coincidentally represent aspects of EU foreign policy itself). However, the causes of these phenomena, including the contribution of the resource curse receives less attention. Thirdly, and perhaps more seriously, much of the literature on EU external relations exhibits a euro-centric bias (see Hobson, 2012), in that a large number of theoretical accounts of EU foreign policy focus on the EU's ability to change others (think conditionality and socialisation) and brush over the dynamics that help or hinder this process in third countries (notable exceptions include Youngs, 2009, Börzel & Pamuk, 2011). In doing so, these accounts reproduce a euro-centric, modernist teleological bias and thus may well exaggerate the EU's agency and reduce the explanatory factors that are found in countries outside of the EU.

### **In lieu of a conclusion: moving beyond the normativity-outcomes gap?**

As mentioned above the EU's foreign policy is often accused of exhibiting a normativity-outcomes gap highlighting the seeming distance between the EU's stated objectives and its actual record of promoting these objectives. Perhaps the most strident criticism of this sort concerns the apparent pursuit of security and material energy interests over human rights and good governance concerns. As discussed above, the EU pursues multiple and overlapping agendas in its periphery and as this discussion of normativity-outcomes gaps testifies, these agendas are often seen to be inconsumerate with one another.

However, as this paper has argued, the three agendas discussed here of good governance, energy security and stability are all affected negatively by the resource curse (and rentierism more broadly). Firstly, the resource curse hinders the EU's ability to pursue meaningful political transition in neighbourhood countries by exacerbating authoritarian tendencies, fostering an economic climate that encourages these tendencies and shielding leaders from EU pressure as the Azeri context above demonstrates. Secondly, the resource curse impacts on the EU's energy security agenda by increasing the prospects of resource nationalism that both heightens the

likelihood of energy being used for political purposes and weakens the investment protections that outside investors need in upstream markets to guarantee continuing levels of supply. Finally, the resource curse exacerbates the very tendencies that lead to instability in the EU's periphery. As the Arab Spring has so aptly demonstrated, negative stability of the sort ensured by Mubarak or Gaddafi is transitory and extremely fragile. By encouraging authoritarianism, corruption and repressive state apparatus as well as having negative economic effects, the resource curse blocks meaningful, peaceful transition and rather contributes to explosive revolutionary change that presents security risks for Europe and potentially significant suffering amongst local populations as seen in Syria and Libya.

Given the fact that the resource contributes to each of these phenomena, it is surprising that it does not feature more prominently in EU policy and the literature that seeks to understand it and the challenges it faces. Tackling the resource curse more explicitly may present a way to move beyond the norms-interests/normativity-capabilities gap both in the practice of EU foreign policy and in the literature. While this is of course no one-size-fits-all panacea, addressing the resource curse head-on may provide part of the solutions to reconciling the EU's seemingly irreconcilable normative and security agendas in its neighbourhood.

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