COMMODITY BUBBLES AND THE RESOURCE CURSE

The FT links to this Oxford Policy Management study showing that 15 low and medium income countries have become newly dependent primarily on some commodity—fuel or minerals—for export income in the last 14 years.

> The number of low- and middle-income countries1 that depend on minerals for more than 25%
> of their tangible exports – defined as 'mineral-dependent' countries – increased by more than
> 30% between 1996 and 2010, from 46 to 61 countries.
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> - *Over this period, seven low- and middle-income countries became dependent on non-fuel minerals including: Montenegro, Guyana, Laos, Burkina Faso, Bolivia, Georgia, Somalia and Ghana.*
> - *Six low- and middle-income countries became dependent on fuel-based minerals including: Belarus, Belize, Chad, Cote d'Ivoire, Myanmar and Timor-Leste.*
> - *By 2010, more 80% of non-fuel, mineral-dependent states were low- and middle-income*

> *countries, compared to about 70% of fuel-dependent countries.*
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> - *Overall, 45 countries depend on fuel-based minerals and 40 countries depend on non-fuel minerals, nearly half of which are in Africa.*

The report goes on to raise concerns about the "resource curse," the common occurrence by which oil and mineral dependent countries become especially corrupt, resulting in a decline in quality of life for the bulk of people in those countries.

This is an unsurprising outcome of the development- and speculation-driven growth in commodity prices of late. But that–plus our stated intent to conduct small-footprint paramilitary operations in to pursue claimed terrorist and drug threats–does suggest we're headed for further globalization-driven destabilization. Sure, globalized finance was always part of the problem in developing countries, as corrupt elites incurred debts, stripped their country of cash, and then hid it outside of the country (where it would make western bankers a profit).

But now, it seems likely you'll see more cash coming in, more weapons, and more inequality.